



**Wells Ranch Phase 2  
Application for Financial Assistance  
For**



**Prepared By:**

**LNV**

engineers | architects | surveyors

TBPE FIRM NO. F-366

**Date: June 2, 2015**

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# **APPLICATION**

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**APPLICATION FOR FINANCIAL ASSISTANCE**  
**FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS**

**NOTICE TO ALL APPLICANTS**

This application is comprehensive, covering all loan and grant assistance applications for water and wastewater infrastructure financing through the various Texas Water Development Board (TWDB) programs. The format of the application is intended to expedite the review process for both the applicant and TWDB staff. This application is intended for political subdivisions, including Water Supply Corporations.

Each applicant must submit **ONE** double-sided **ORIGINAL** and **ONE** indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat. The application must be submitted to:

Texas Water Development Board  
Water Supply and Infrastructure-Regional Water Planning and Development  
P O Box 13231  
1700 N. Congress Avenue, 5<sup>th</sup> Floor  
Austin, Texas 78711-3231  
(78701 for courier deliveries)

Only **COMPLETE APPLICATIONS** for projects will be considered for funding. A **COMPLETE APPLICATION** consists of all of the applicable information and forms requested in this document.

**IMPORTANT NOTICE**

Applicants **MUST** use this form for application to ensure all requested information is included for review.

**TWDB Use Only**

Name of Applicant: \_\_\_\_\_

Date application received: \_\_\_\_\_

Date administratively complete: \_\_\_\_\_

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**Part A: General Information**

1. The legal authority under which the applicant was created and operates.
  - a)  TYPE A GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.001)
  - b)  TYPE B GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.002)
  - c)  TYPE C GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.003)
  - d)  HOME-RULE MUNICIPALITY (Texas Local Gov't Code Sec. 5.004)
  - e)  SPECIAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.005)
  - f)  NONPROFIT ORGANIZATION (Business Organization Code Chapter 22)
  - g)  NONPROFIT WATER SUPPLY OR SEWER SERVICE CORP. (Texas Water Code Chapter 67)
  - h)  ALL DISTRICTS (Texas Water Code Chapter 49)
  - i)  OTHER (See Attachment A)

2. Applicant Name and Contact Information:

<b>Name:</b>	Canyon Regional Water Authority
<b>County:</b>	Guadalupe
<b>Physical Address:</b>	850 Lakeside Pass, New Braunfels, Texas 78130-8282
<b>Mailing Address:</b>	850 Lakeside Pass, New Braunfels, Texas 78130-8282
<b>Phone:</b>	(830) 609-0543
<b>Fax:</b>	(830) 609-0740
<b>Website:</b>	www.crwa.com

3. Brief description of the project: Expansion of Wells Ranch Supply Project to include new wells, new collection lines, water treatment plant expansion, new tanks, new pumps, new waterlines, ancillary electrical, mechanical and controls equipment, right-of-ways and other items necessary and incidental to completion of the project.

4. Applicant's Officers and Members:

<u>Name</u>	<u>Office Held</u>
Steve Liparoto	Chairman
Albert Strzelczyk	Vice Chairman
Randy Schwenn	Treasurer
Mike Taylor	Secretary
Jack Carson	Member
Dennis Dryer	Member
James Robinson	Member
Allen Dunn	Member
Scott Smith	Member
Joy Jungers	Member
Jennifer Moczygemba	Member
Robert Gregory	Member
Ann Smith	Member
Doug Spillmann	Member
Bill Seiler	Member
Phillip David Wuest	Member
Craig Russell	Member
Elizabeth Wells	Member

Barbara Ilse	Member
James Pederson	Member
Deborah James	Member
Jon Lindgren	Member

5. Applicant's **primary contact person** for day-to-day project implementation.

<b>Name:</b>	Humberto Ramos
<b>Title:</b>	Water Resources Director
<b>Address:</b>	850 Lakeside Pass, New Braunfels, Texas 78130-8282
<b>Phone:</b>	(830) 609-0543
<b>Fax:</b>	(830) 609-0740
<b>Email:</b>	huramos@crwa.com

6. Applicant's Consultants (Attach copies of all draft and/or executed contracts for consultant services to be used by the Applicant in applying for financial assistance or constructing the proposed project.):

a) Applicant Engineer N/A

<b>Firm Name:</b>	River City Engineering
<b>Contact:</b>	Patrick A. Lackey, P.E.
<b>Address:</b>	1011 West County Line Road, New Braunfels, Texas 78130-8339
<b>Phone:</b>	(830) 626-3588
<b>Fax:</b>	(830) 626-3601
<b>Email:</b>	palackey@rcetx.com

b) Bond Counsel N/A

<b>Firm Name:</b>	Norton Rose Fulbright
<b>Contact:</b>	W. Jeffrey Kuhn
<b>Address:</b>	300 Convent Street, Suite 2100, San Antonio, Texas 78205-3792
<b>Phone:</b>	(210) 270-7131
<b>Fax:</b>	(210) 270-7205
<b>Email:</b>	w.jeffrey.kuhn@nortonrosefulbright.com

c) Financial Advisor N/A

<b>Firm Name:</b>	SAMCO Capital Markets, Inc.
<b>Contact:</b>	Mark M. Mcliney
<b>Address:</b>	8700 Crownhill Boulevard, Suite 601, San Antonio, Texas 78209-1130
<b>Phone:</b>	(210) 832-9760
<b>Fax:</b>	(210) 832-9794
<b>Email:</b>	mmcliney@samcocapital.com

d) Certified Public Accountant (or other appropriate rep) N/A

<b>Firm Name:</b>	Armstrong, Vaughan & Associates, P.C.
<b>Contact:</b>	
<b>Address:</b>	941 West Byrd Blvd., Suite 101, Universal City, Texas 78148-3339
<b>Phone:</b>	(210) 658-6229
<b>Fax:</b>	(210) 659-7611
<b>Email:</b>	vaughan@avacpa.com

e) Legal Counsel (if other than Bond Counsel) N/A

<b>Firm Name:</b>	Law Office of Louis T. Rosenberg, P.C.
<b>Contact:</b>	Louis T. Rosenberg
<b>Address:</b>	322 Martinez Street, San Antonio, Texas 78205-3407
<b>Phone:</b>	(210) 225-5454
<b>Fax:</b>	(210) 225-5450
<b>Email:</b>	firm@ltrlaw.com or sb@ltrlaw.com

f) Any other consultant representing the Applicant before the Board N/A

<b>Firm Name:</b>	LNV, Inc.
<b>Contact:</b>	Alan Thompson, P.E.
<b>Address:</b>	8918 Tesoro Drive, Suite 401, San Antonio, Texas 78217-6220
<b>Phone:</b>	(210) 822-2232
<b>Fax:</b>	(210) 822-4032
<b>Email:</b>	athompson@lvinc.com

7. List the counties within the Applicant's service area. Guadalupe, Bexar, Caldwell, Hays, Wilson

8. Identify the Applicant's total service area population: 140,756

9. Applicant is requesting funding from which programs? Check all that apply.

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAFF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ <u>55,000,000.00</u>
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

10. Other Funding Sources: Provide a list of any other funding source(s) being utilized to complete the project, including Applicant's local contribution, if any, or commitments applied for and/or received from any other funding agency for this project or any aspect of this project. **Provide commitment letters if available. Additional funding sources must be included within the Project Budget (TWDB-1201).**

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
Previous Contract Revenue Bonds	Previous Contract Revenue Bonds			
<b>Total Funding from All Sources</b>		\$		

Comments: The abridged application included Wells Ranch Phase I that has been funded by three previous Contract Revenue Bonds (Series 2007, 2009, and 2011) and construction has been completed. Well Ranch Phase II, for which this application applies, is reliant on Wells Ranch Phase I, so we have included the other previously issued Bonds as in kind contributions. See Supporting Document

11. Applicant is requesting funding for which phase(s)? Check all that apply.

- Planning
- Acquisition
- Design
- Construction

12. Is Applicant requesting funding to refinance existing debt?

- Yes If yes, attach a copy of the document securing the debt to be refinanced.
- Attached document**
- No

### Part B: Legal Information

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues. Same as enabling legislation (See Attachment A)

14. What type of pledge will be used to repay the proposed debt?

- Systems Revenue
- Taxes
- Combination of systems revenues and taxes
- Other (Contract Revenue, etc.)

15. Provide the full legal name of the security for the proposed debt issue(s). See Bond Resolution. (See Attachment G)

16. Describe the pledge being offered and any existing rate covenants. Annual payments as defined in the new water supply contract. (See Attachment N)
17. Attach the resolution from the governing body requesting financial assistance.  
 TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)  
 **Attached Resolution (See Attachment D, including Reimbursement Resolution)**
18. Attach the Application Affidavit  
 TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)  
 **Attached Applicant Affidavit (See Attachment E)**
19. Attach the Certificate of Secretary  
 TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)  
 **Attached Certificate of Secretary (See Attachment F)**
20. Is the applicant a Water Supply Corporation (WSC)?  
 Yes If yes, attach each of the following:  
 **Articles of Incorporation**  
 **Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary**  
 **By-laws and any amendments**  
 **Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)**  
 **Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).**  
 No
21. Is the applicant proposing to issue revenue bonds?  
 Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.  
 **Attached resolution/ordinance(s) (See Attachment G)**  
 No
22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?  
 Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.  
 **Attached CCN and service area map**  
 No If no, indicate the status of the CCN. \_\_\_\_\_  
 N/A

23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?
- Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.
- Attached**
- No
24. Are any facilities to be constructed or the area to be served within the service area of a municipality or other public utility?
- Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?
- If yes, attach a copy of the affidavit.
- Attached affidavit**
- If no, provide an explanation as to why not. The area served within the municipality is by reason of membership in CRWA.
- No
25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)
- Yes Enter date of Applicant's WCP adoption: 04/14/2014
- No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)
- Attached Draft WCP and Drought Contingency Plan**
- Attached Utility Profile TWDB-1965**
- <http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>
- N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

**Note:** If the applicant will utilize the project financed by the TWDB to furnish services to another entity that in turn will furnish services to the ultimate consumer, the requirements for the WCP may be met through contractual agreements between the applicant and the other entity providing for establishment of a water conservation plan. The provision requiring a WCP shall be included in the contract at the earliest of: the original execution, renewal or substantial amendment of that contract, or by other appropriate measures.

26. Does the applicant provide retail water services?
- Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?
- Yes
- No If no, please download survey forms and attach a copy of the completed water use surveys to the application.
- <http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
- Attached Water Use Survey**
- No

27. Is the applicant a retail public utility that provides potable water?  
 Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?  
 Yes  
 No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.  
 **Attached TWDB Water Audit worksheet**  
 No

28. Does the Applicant provide wastewater services?  
 Yes  
 No

**Part C: Financial Information**

**Regional or wholesale providers, complete questions 29-31.**  
**Retail providers, complete questions 32-34.**

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
San Antonio Water System	1,120,769,000	31.52%	N
Green Valley SUD	512,167,000	14.40%	N
City of Cibolo	509,227,000	14.32%	N
Springs Hill WSC	355,942,866	10.01%	N
East Central SUD	321,730,040	9.05%	N
Crystal Clear WSC	221,223,400	6.22%	N
Maxwell WSC	193,551,000	5.44%	N
County Line SUD	162,586,000	4.57%	N
City of La Vernia	81,680,700	2.30%	N
City of Marion	51,605,544	1.45%	N
Martindale WSC	25,680,000	0.72%	N

Comments: \_\_\_\_\_

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)
San Antonio Water System	\$7,102,762.60	38.30%	N
City of Cibolo	\$2,822,085.61	15.22%	N
Green Valley SUD	\$2,414,923.48	13.02%	N
East Central SUD	\$1,944,138.27	10.48%	N
Springs Hill WSC	\$1,152,076.98	6.21%	N
County Line SUD	\$934,982.92	5.04%	N
Maxwell WSC	\$811,122.96	4.37%	N
Crystal Clear WSC	\$710,819.65	3.83%	N
City of Marion	\$273,658.04	1.48%	N
City of La Vernia	\$256,611.73	1.38%	N
Martindale WSC	\$120,239.76	0.65%	N

31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other

Comments: See Attachment H "Wholesale Contract"

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water					
Wastewater					

34. Provide the number of customers for each of the past five years.

Year	Number of Customers
20	
20	
20	
20	
20	

**All applicants complete questions 35-51 of the financial section, as applicable.**

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

CRWA is not aware of any issues related to this question.

36. Has the applicant ever defaulted on any debt?

- Yes If yes, disclose all circumstances surrounding prior default(s). \_\_\_\_\_  
 No

37. Does the applicant have taxing authority?

- Yes  
 No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
20							
20							
20							
20							
20							

Comments: N/A

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a)  **20 14 See Attachment I**  
 b)  **20 attached**  
 c)  **20 attached**  
 d)  **20 attached**  
 e)  **20 attached**

40. Attach the direct and overlapping tax rate table:

- Attached tax rate table**

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)

Comments:   N/A  

42. Provide the maximum tax rate permitted by law per \$100 of property value.   N/A  

43. Does the applicant collect sales tax?  
 Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
20	
20	
20	
20	
20	

44.  No  
 Indicate the tax status of the proposed loan?  
 Tax-Exempt  
 Taxable

45. Proforma (**Select one of the four listed below**) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.

a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:

- projected gross revenues
- operating and maintenance expenditures
- outstanding and proposed debt service requirements
- net revenues available for debt service and coverage of current and proposed debt paid from revenues

- b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
- outstanding and proposed debt service requirements
  - the tax rate necessary to repay current and proposed debt paid from taxes
  - list the assumed collection rate and tax base used to prepare the schedule
- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
  - outstanding and proposed debt service requirements
  - the tax rate necessary to pay the current and proposed debt
  - list the assumed collection rate and tax base used to prepare the schedule
- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.
- Attached. (See Attachment J)
46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
- Attached Operating Statement (See Attachment K)**
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
- Attached Annual Audit (See Attachment L)**
  - Attached Management Letter (See Attachment L)**
  - If applicable, attached interim financial information (See Attachment L)**
48. Does the applicant have any outstanding debt? (Check all that apply)
- Yes, General obligation debt
  - Yes, Revenue debt
  - Yes, Authorized but unissued debt
  - No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

Yes

**Attached schedule. The schedule should also identify the debt holder.**

No

b. Revenue:

Yes

**Attached schedule. The schedule should also identify the debt holder (See Attachment M)**

No

c. Authorized by Unissued Debt:

Yes

**Attached schedule. The schedule should also identify the debt holder.**

No

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Judson Independent School District	2905
East Central Independent School District	1213
Unites States Armed Forces	780
Scherts-Cibolo Independent School District	685
Sanjel, USA	405
Kalmar RT	170
Marion Independent School District	137
City of Cibolo	120
City of Converse	115
AGE Industries	73

Comments (example, any anticipated changes to the tax base, employers etc.) None Known

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.						
Revenue	A+	3/2/2014	---	---	---	---

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?
- Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.
- Attached (See Attachment N)**
- No.

#### Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):
- The project is needed to expand water supply and delivery capacity of the Wells Ranch to its full development and meet the increasing water demands of the Canyon Regional Water Authority's growing member entities.

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):
- The Wells Ranch Phase 2 Water Supply Project is the last phase of a multi-year phased groundwater supply project that includes multiple well installations, well collection systems, water treatment plant expansion, pumping, and storage facility expansion and transmission main installations to deliver an additional 7,829 acre-feet/year of water to multiple CRWA member entities across several counties.

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.
  - Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal
  - Attached (See Attachment O)**
- b. **If project is for Construction only, then attach** the appropriate Engineering Feasibility Report:
  - a) **Water** (TWDB-0555 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0555.pdf>)  
 **Attached**
  - b) **Wastewater** (TWDB-0556 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0556.pdf>)  
 **Attached**
- c. DWSRF applicants must complete a Projected Draw Schedule (**See Attachment P**) (TWDB-1202 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1202.xls>)

55. Water Made Available (For projects requesting a construction component):

- a. *New supply 7,829 (acre-feet/year) 55,000,000 (\$) capital cost*
  - o The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
  - o Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.

- b. *New Conservation savings* N/A (acre-feet/year) \_\_\_\_\_ (\$) *capital cost*
- Annual volume of anticipated water savings resulting from implementation of the proposed conservation project including water loss) and other conservation activities,
  - Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.
- c. *New Reuse supply* N/A (acre-feet/year) \_\_\_\_\_ (\$) *capital cost*
- Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
  - Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.
- d. *Maintenance of Current Supply* N/A (acre-feet/year) \_\_\_\_\_ (\$) *capital cost*
- Volume of recipients' current supplies that will be maintained by implementing the proposed project
  - Water Plan project examples: None. Not a water plan project. (Examples of these type projects: treatment rehabilitation, system storage facilities, system upgrades).

56. Project Location:  
See Attached Map (See Attachment Q)

Attach a map of the service area and drawings as necessary to locate and describe the project. The map should show the project footprint and major project components.

**Attached**

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:  
<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.

**Please follow these steps:**

- Select Advanced Search.
- Select the Geographies button located below Topics (left side of page).
- On the top of the window select the Name tab.
- In the text box, type "All Census Tracts within\_\_\_\_" (Fill in the blank with the name of a County Subdivision or a Place.) Select "Go".
- If your town is a County Subdivision, select the geography labeled "All Census Tracts (or parts) within City, County, State" from the Geography Results. If your town is a place select the geography labeled "All Census Tracts (or parts) full-or-partially within City, State" from the Geography Results.
- Close the Geographies Search window.
- Use the Topics on the left side of the page to further refine your search or to select a table(s) from your search results.

**Attached Census Tracts (See Attachment R)**

58. Project Schedule:
- a) Requested loan closing date.  
November 2015
  - b) Estimated date to submit environmental planning documents.  
July - October 2015
  - c) Estimated date to submit engineering planning documents.  
September 2015
  - d) Estimated date for completion of design.  
December 2016
  - e) Estimated Construction start date for first contract.  
April 2016
  - f) Estimated Construction end date for last contract.  
April 2018
59. **Attach** a copy of current and future populations and projected water use or wastewater flows. Include entities to be served.  
 **Attached (See Attachment S)**
60. Attach the most current itemized project cost estimate (include all costs and funding sources). Utilize the budget format provided (TWDB-1201 at <http://www.twdb.texas.gov/financial/instructions/>). If applying for pre-construction costs only (i.e., P, A, D) then itemize only the relevant portions in the attached budget template  
 **Attached (See Attachment T)**
61. Attach the appropriate Project Information Form:  
 **Wastewater:** Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>  
 **Water:** Attached a completed Water Project Information Form (**See Attachment U**) WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>
62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities.  
 **Attached**  
 No. Provide explanation: N/A

63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.

a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?

- Yes If yes, please attach the completed, appropriate form.
1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)
    - Attached**
  2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)
    - Attached (See Attachment V)**
- No
- N/A

b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

Type of Permit Water Right	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.

Comment: See Attachment W “November 11, 2014 Board Meeting”

c) List any major permits not identified elsewhere that are necessary for completion of project. Also, list any more necessary minor permits that may involve particular difficulty due to the nature of the proposed project.

Permit	Issuing Entity	Permit Acquired (Y/N)

64. Has the applicant obtained all necessary land and easements for the project?

Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)  
 **Attached**

No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)
Easement	Schaefer, Alwin	Full Ownership	September 2015	No
Easement	Samuel C. Bretzke Family Trust	Full Ownership	September 2015	No

65. Has a Categorical Exclusion (CE), Determination of No Effect (DNE), Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?

Yes  
 Attach a copy of the finding (See Attachment X)  
 No

66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?

Yes  
 No

67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?

Yes  
 If yes, attach additional information  
 No

**Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:**

68. Identify the type of SWIFT funding (If more than one funding option is being requested indicate the amount of funding for each):

Deferred \$  
 Low Interest Loan \$ 55,000,000.00  
 Board Participation \$

69. For multi-year funding request or phased commitments, provide a schedule reflecting the closing dates for each loan requested.

**Attached**

**Comment:** Anticipate that CRWA will request a 1 time funding request

70. **Notice to SWIFT Applicants:** Texas Water Code Sec. 15.435(h) requires all recipients of financial assistance from the State Water Implementation Fund for Texas (SWIFT) to acknowledge any applicable legal obligations in federal law, related to contracting with disadvantaged business enterprises, and state law, related to contracting with historically underutilized businesses. Checking the boxes below serves as this acknowledgement.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with any applicable legal obligations in federal law related to contracting with disadvantaged business enterprises.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with applicable legal obligations in state law (Texas Government Code Chapter 2161 and Texas Administrative Code Chapter 20, Subchapter B) related to contracting with historically underutilized businesses.

71. Provide drafts of the following documents:

a. Proposed Bond Ordinance

**Attached (See Attachment G)**

b. Private Placement Memorandum

**Attached (See Attachment Y)**

#### **Part F: Economically Distressed Programs (EDAP) Applicants Only:**

In accordance with TWDB Rules (31 TAC Chapter 363), an application for EDAP will **not** be considered until the County has adopted and is enforcing the Model Subdivision Rules (MSRs) Texas Water Code § 16.343. If the proposed project is within a municipality or its extraterritorial jurisdiction (ETJ), or if the applicant is a municipality, the municipality must also have adopted and be enforcing MSRs.

72. Describe procedures for collecting monthly customer bills (include procedures for collection of delinquent accounts)

\_\_\_\_\_

73. Is financing being requested for a **wastewater** project?

Yes If yes, does the applicant have the required resolution/ordinance establishing a mandatory hookup policy?

Yes. If yes, attach a copy of the resolution/ordinance.

**Attached**

No. If no, explain\_\_\_\_\_

No

74. Required documentation for the project area for Preliminary EDAP Eligibility (31 TAC Chapter 363)

**Attached** documentation of inadequacy of water and/or wastewater services.

**Attached** documentation regarding the financial resources of the residential users in the EDAP area. Census data or documentation regarding median household income should be provided.

**Attached** documentation demonstrating existence of a residence in the project area prior to **June 1, 2005**. This could include tax records of residence, dated aerial maps, or, other documentation demonstrating existence of a residence.

75. Has the Department of State Health Services issued a determination stating a public health nuisance exists in the project area?

Yes If yes, attach a copy of the determination.

**Attached**

No If no determination exists, attach documentation demonstrating a public health nuisance exists in the project area. (*Photographs may be submitted, but they **must** be labeled with location and date when taken. If the soil types are mentioned in the project area as an issue, include soil profile maps*) This documentation will be used by TWDB staff to request a determination from the Department of State Health Services

**Attached**

76. Is this project providing new service?

Yes If yes, attach plats of the affected subdivisions.

**Attached**

No

77. Attach an EDAP Facility Engineering Plan/Scope of Services report that complies with the requirements of WRD-023A. <http://www.twdb.texas.gov/financial/instructions/index.asp>

**Attached**

### Part G: CWSRF/DWSRF Applicants Only

**Only applicants applying for funding from the CWSRF and DWSRF Programs must complete this section.**

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to obtain a DUNS number that will represent a universal identifier for all federal funding assistance. DUNS numbers can be obtained from Dun and Bradstreet at <http://fedgov.dnb.com/webform/>

78. Applicant's Data Universal Number System (DUNS) Number:  
DUNS \_\_\_\_\_

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to register with System for Award Management (SAM) and maintain current registration at all times during which the Board loan agreement is active or under consideration by the Board. Register at: <https://sam.gov>.

79. The applicant has registered and will maintain current SAM registration at all times during which a federal subaward is active or under consideration by the Board.

Yes

No

80. Federal Awards information:

1. Did applicant receive over 80% of their revenue from Federal Awards last year?

Yes

No

2. Did applicant receive over \$25 million in Federal Awards last year?

- Yes  
 No

3. Public does not have access to executive compensation information via SEC or IRS reports?

- Yes  
 No

81. If applicant checked **YES** to **ALL** three boxes in 3 above, applicant is required to disclose the name and compensation of the five most highly compensated officers.

Officer's Name	Officer's Compensation (\$)

82. Complete form WRD 213 (<http://www.twdb.texas.gov/financial/instructions/index.asp>) - Certification

Regarding Lobbying

- Attached**  Yes  
 No  
 N/A

83. If applying for CWSRF Equivalency or DWSRF, **attach** the Certification Regarding Debarment, Suspension and Other Responsibility. SRF-404

(<http://www.twdb.texas.gov/financial/instructions/doc/SRF-404.pdf>)

- Attached**  Yes  
 No  
 N/A

84. If applying for CWSRF Equivalency or DWSRF, **attach** the Assurances – Construction Programs. EPA-424D (<http://www.twdb.texas.gov/financial/doc/EPA-424D.pdf>)

- Attached**  Yes  
 No  
 N/A

85. The applicant must comply with the Davis-Bacon Act regarding prevailing wage rates. The applicant acknowledges that they are aware of, and will abide by, the Davis-Bacon Act requirements.

- Yes  
 No

Further information on the Davis-Bacon requirement is available through the TWDB Guidance document, DB-0156 (<http://www.twdb.texas.gov/financial/instructions/index.asp>)

All project costs funded by the TWDB through CWSRF Equivalency or DWSRF must comply with the federal Disadvantaged Business Enterprise (DBE) program rules and requirements. The federal DBE program requires a good faith effort to contract with DBE's for all procurements including: professional

and non-professional consulting services, equipment, supplies and construction to be funded by federal equivalency dollars. Guidance and forms are found at:

TWDB-0210 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0210.pdf>)

86. **At a minimum, you must complete and attach** the Applicant Affirmative Steps Certification and Goals. This form is required to obtain a financial assistance commitment.

TWDB-0215 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0215.pdf>)

**Attached**       Yes  
                     No

87. If you have already solicited contractors, complete and attach the Affirmative Steps Solicitation Report. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-216 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0216.pdf>)

**Attached**       Yes  
                     No  
                     N/A

88. If you have awarded contracts to contractors, complete and attach the Loan/Grant Participation Summary. This form must be submitted for review prior to loan closing and release of funds. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-0373 (<http://www.twdb.texas.gov/financial/doc/TWDB-0373.pdf>)

**Attached**       Yes  
                     No  
                     N/A

89. All Contractors that have been awarded will need to complete and attach the Prime Contractor Affirmative Steps Certification and Goals This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-217 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0217.pdf>)

**Attached**       Yes  
                     No  
                     N/A

90. **All CWSRF applicants** must be a Designated Management Agency (DMA) for wastewater collection and treatment. Please complete and attach DMA resolutions. WRD-210 (<http://www.twdb.texas.gov/financial/doc/WRD-210.pdf>) is an example of this type of resolution.

**Attached**  
 N/A

## Part H: Documentation of “Green” Projects and Project Components

CWSRF and DWSRF Applicants Only

**All SRF applicants must complete this section if green benefits are all or part of the project (more than an incidental benefit).** Project is defined as the entire project or a stand-alone component of the project. This section is required so that the TWDB may determine whether the project qualifies as “green” pursuant to Environmental Protection Agency (EPA) Guidance.

A project (or project component) is “green” if the primary purpose qualifies under EPA Guidance as one of the following:

- a. Green Infrastructure,
- b. Water Efficiency-related,
- c. Energy Efficiency-related, or
- d. Environmentally Innovative.

You must use the Green Project Reserve guidance to complete this section. Current guidance may be found at: **Green Project Reserve: Guidance for determining project eligibility**  
TWDB-0161 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0161.pdf>)

91. Does your project or a component of your project qualify as Green, per EPA guidance?  
 Yes  
 No

If Yes, Please complete the remainder of Section G.

92. Type of Green Project  
 Water Efficiency       Energy Efficiency       Green Infrastructure       Environmentally Innovative

93. The correct worksheets must be completed.  
**Green Project Reserve: CWSRF Green Project Worksheets**  
TWDB-0162 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0162.pdf>)  
**Attached**       Yes  
                          No  
                          N/A

- Green Project Reserve: DWSRF Green Project Worksheets**  
TWDB-0163 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0163.pdf>)  
**Attached**       Yes  
                          No  
                          N/A

TWDB will make the final determination whether your project (or project component) meets federal criteria as “green”. You may be required to submit a **business case, utilizing the Green guidance**

## Part I: Summary of attachments to application

Following is a list of the documents that may be necessary in order to process this application. While not all of the listed information below may be required for all projects, an applicant should review the application carefully because incomplete applications will not be processed until all of this information has been provided. In addition, please make sure your entity system name appears on every attachment. **Label each attachment with the number of the pertinent application section (i.e. "Part B5").**

Check list for your convenience

### Part A

#### General Information

- No. 6 Draft or executed consulting contracts (engineering, financial advisor, bond counsel)
- No. 12 Existing security document for refinancing

### Part B

#### Legal

- No. 17 Resolution (TWDB-0201A)
- No. 18 Application Affidavit (TWDB-0201)
- No. 19 Certificate of Secretary (TWDB-201B)
- No. 20 Water Supply Corporations
  - Articles of Incorporation
  - Certificate of incorporation from the Texas Secretary of State
  - By-laws and any amendments
  - Certificate of status from the Texas Secretary of State
  - Certificate of account status from Texas Comptroller
- No. 21 Resolution/ordinance authorizing the issuance of parity debt
- No. 22 Certificate of Convenience & Necessity
- No. 23 Enforcement Actions
- No. 24 Affidavit of No Objection
- No. 25 Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965)
- No. 26 Water use surveys
  - <http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
- No. 27 Water Loss Audit
  - <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp>

### Part C

#### Financial

- No. 39 Assessed Values by Classifications
- No. 40 Direct and Overlapping Tax Table
- No. 45 Proforma for each year of debt outstanding
- No. 46 Five year comparative system operating statement.
- No. 47 Annual audit and management letter
- No. 49 Outstanding debt schedule
- No. 52 Service provider contracts

### Part D

#### Project Information

- No. 54a Preliminary Engineering Feasibility Data (PEFD)
- No. 54b Engineering Feasibility Report
  - Water (TWDB-0555)
  - Wastewater (TWDB-0556)
- No. 54c Project Draw Schedule (TWDB-1202)
- No. 56 Project Map
- No. 57 Census Tract(s)
- No. 59 Current and future populations and projected water use or wastewater flows
- No. 60 Project Cost Estimate Budget (TWDB-1201)
- No. 61 Wastewater Project Information Form (WRD-253a)
- Water Project Information Form (WRD-253d)
- No. 62 Texas Pollution Discharge Elimination System Permit

- No. 63 If applicant has property rights and permits
  - a. WRD-208A (Surface Water)
  - b. WRD-208B (Groundwater)
- No. 63c Additional Permits
- No. 64 Site certificate, evidencing land ownership for the project. (ED-101)
- No. 65 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document
- No. 67 Social or environmental issues

**Part E State Water Implementation Fund for Texas**

- No. 69 Multi-year/phased commitment schedule
- No. 71a Draft Bond Ordinance
- No. 71b Private Placement Memorandum

**Part F Economically Distressed Areas Program**

- No. 73 Resolution/ordinance establishing a mandatory hookup policy
- No. 74 EDAP applicants
  - Inadequacy documentation
  - Financial resources documentation
  - Existence of residences prior to 06/01/2005
- No. 75 Public health nuisance
- No. 76 Plats
- No. 77 EDAP Planning Phase – Facility Engineering Plan/Scope of Services (WRD-023A)

**Part G CWSRF/DWSRF Applicants Only**

- No. 82 Lobbying Activities (WRD-213)
- No. 83 Certification Regarding Debarment, Suspension and Other Responsibility Requirements. (SRF-404)
- No. 84 Assurances – Construction Programs (EPA-424D)
  - Disadvantaged Business Requirements Guidance (TWDB-0210)
- No. 86 Affirmative Steps Certification and Goals (TWDB-0215)
- No. 87 Affirmative Steps Solicitation Report (TWDB-216)
- No. 88 Loan/ Grant Participation Summary (TWDB-0373)
- No. 89 Prime Contractor Affirmative Steps Certification and Goals (TWDB-217)
- No. 90 Designated Management Agency (WRD-210)

**Part H Green Projects**

- Guidance (TWDB-0161)
- No. 93 CWSRF Green Project Worksheets (TWDB-0162)  
DWSRF Green Project Worksheets (TWDB-0163)

**Part J: Guidance and Forms**

**Part A General Information**

CWSRF – 31 TAC 375  
 DWSRF – 31 TAC 371  
 EDAP and SWIFT - 31 TAC 363  
 For more information visit, <http://www.twdb.texas.gov/about/rules/index.asp>.

**Part D Project Information**

[State Programs - 31 TAC 363](#)  
[Drinking Water State Revolving Fund - 31 TAC 371](#)  
[Clean Water State Revolving Fund / Equivalency - 31 TAC 375](#)  
[Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375](#)  
 Guidelines for Environmental Assessment, Clean Water Non-Equivalency (ED-001A)  
 Clean Water EID Instructions (SRF-099)  
 Guidelines for Environmental Assessment, State Participation, DFund, RWF and WIF,

(ED-001B)  
Guidelines for Environmental Assessment, EDAP (ED-001C)  
Drinking Water EID Instructions (DW-001)

**Part H**

**Green Projects and Project Components**  
Green Project Reserve: Guidance for determining project eligibility  
(TWDB-0161)

# INDEX

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## **Application for Financial Assistance Attachment Index**

### **Attachment A: Question No. 1 (Legal Authority)**

- **SB1735 (75<sup>st</sup>)**
- **HB01818F (73<sup>rd</sup>)**
- **HB03818F (76<sup>th</sup>)**
- **HB01565F (80<sup>th</sup>)**
- **SB00341F (82<sup>nd</sup>)**

### **Attachment B: Question No. 6 (Available Consultant Contracts)**

- **Norton Rose Fulbright**
- **SAMCO Capital Markets, Inc.**
- **Armstrong, Vaughan & Associates, P.C.**

### **Attachment C: Question No. 10 (Abridged Application)**

- **Cover Letter**
- **SWIFT Abridged Application**
- **SWIFT Abridged Application Regional Project Worksheet**

### **Attachment D: Question No. 17 (Resolution)**

### **Attachment E: Question No. 18 (Applicant Affidavit)**

### **Attachment F: Question No. 19 (Certificate of Secretary)**

### **Attachment G: Question No. 21 (Bond Resolution)**

### **Attachment H: Question No. 31 (Wholesale Contract)**

### **Attachment I: Question No. 39 (Tax Assessed Value)**

### **Attachment J: Question No. 45 (Proforma)**

### **Attachment K: Question No. 46 (Five Year Operating Statement)**

**Attachment L: Question No. 47 (Audit of Financial Statements)**

- Annual Audit
- Management Letter
- Interim Financial Information

**Attachment M: Question No. 49 (Debt Schedule)**

**Attachment N: Question No. 52 (Draft Water Supply Contract)**

**Attachment O: Question No. 54a (Preliminary Engineering Report)**

**Attachment P: Question No. 54c (Project Draw Schedule)**

**Attachment Q: Question No. 56 (Project Location Map)**

**Attachment R: Question No. 57 (Census Tracts)**

**Attachment S: Question No. 59 (Population Projections)**

**Attachment T: Question No. 60 (Project Cost Estimate)**

**Attachment U: Question No. 61 (Project Information Form)**

**Attachment V: Question No. 63.a.2 (Groundwater Rights)**

- Ground Water Affidavit (WRD-208B)
- Brown Trust Agreement (Phase 2)
- Dorothy Morton Lease Agreement (Phase 2)
- Gonzales County Wells Sites – Blanket Assignment and Transfer (Phase 1)
- Gonzales Production Permit 3000 AF
- Gonzales Production Permit 4400 AF
- Guadalupe County Well Sites – Blanket Assignment and Transfer (Phase 1)
- Guadalupe Production Permit – 1400 AF
- Guadalupe Production Permit Approval Letter – 3026 AF Wilcox Aquifer
- Guadalupe Production Permit Approval Letter – 1745.415 AF
- Guadalupe Production Permit Approval Letter – 849 AF
- H.T. Littlefield Lease Agreement (Phase 2)
- Joseph Anthony Burris Lease Agreement (Phase 2)
- Mike Bond Lease Agreement (Phase 2)
- Warranty Deed - Well site #1 - Tommy's Well (Phase 1)
- Warranty Deed - Well site #11 - Coastal Field Well (Phase 1)
- Warranty Deed - Well site #12 - Bull Trap Well (Phase 1)
- Warranty Deed - Well site #13 Georgie Well (future site) (Phase 2)
- Warranty Deed - Well site #2 - Deer Stand Well (Phase 1)
- Warranty Deed - Well site #4 - Pig Trap Well (Phase 1)
- Warranty Deed - Well site #7 -Dead Man's Well (Phase 1)
- Warranty Deed - Well site #8 - Chicken House (Phase 1)
- Warranty Deed - Well site #9 - Camphouse Well (Phase 1)

- **Williamson Bexar Met Water Lease Agreement 1999 (Phase 1)**
- **Williamson, et al - Bexar Met - Recorded Agreement 2004 (Phase 1)**

**Attachment W: Question No. 63.b (Additional Groundwater Rights)**

**Attachment X: Question No. 65 (Environmental Determination)**

**Attachment Y: Question No. 71.b (Private Placement Memorandum)**

**Attachment Z: Response to Environmental and Engineering Questions**

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# **ATTACHMENT**

**A**

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1 AN ACT

2 relating to the creation, administration, powers, duties,  
3 operation, financing, and annexation authority of the Canyon  
4 Regional Water Authority; authorizing the issuance of bonds;  
5 providing the power of eminent domain.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 ARTICLE I. GENERAL PROVISIONS

8 SECTION 1.01. GENERAL FINDINGS AND PURPOSE. (a) The  
9 legislature recognizes that for many years groundwater has served  
10 as a major source of water supply for the territory to be included  
11 in the authority created by this Act, but that like many other  
12 areas of the state the groundwater resources in the territory are  
13 being rapidly depleted. This situation has created the necessity  
14 for establishing a mechanism to encourage water conservation,  
15 acquisition and provision of a reliable potable water supply for  
16 the future, reduction of reliance on a future uncertain supply of  
17 groundwater through an orderly conversion to surface water, and  
18 acquisition of the necessary supplies of surface water. It is the  
19 legislature's intent through the creation of the Canyon Regional  
20 Water Authority to accomplish in an orderly, efficient, and  
21 effective manner each of these stated purposes.

22 (b) It is the intent of the legislature that the authority  
23 not exercise the power to levy and collect taxes.

24 SECTION 1.02. DEFINITIONS. (a) In this Act:

25 (1) "Authority" means the Canyon Regional Water

1 Authority.

2 (2) "Board" means the board of trustees of the  
3 authority.

4 (3) "Bond" includes a note, debenture, interim  
5 certificate or receipt, and other evidence of debt issued by the  
6 authority.

7 (4) "Local government" means a municipality, or a  
8 district created pursuant to Article III, Section 52, or Article  
9 XVI, Section 59, of the Texas Constitution.

10 (5) "Person" means an individual, firm, association,  
11 corporation, business trust, partnership, government or  
12 governmental agency, joint venture, or other legal entity.

13 (6) "Trustee" means a member of the board of trustees  
14 of the authority.

15 (b) Except as provided by Subsection (a) of this section,  
16 the definitions provided by Section 65.001, Water Code, apply to  
17 this Act.

18 ARTICLE II. CREATION OF AUTHORITY

19 SECTION 2.01. CREATION OF AUTHORITY. (a) A regional water  
20 authority, to be known as the Canyon Regional Water Authority, is  
21 created.

22 (b) The authority is created under and is essential to  
23 accomplish the purposes of Article XVI, Section 59, of the Texas  
24 Constitution.

25 SECTION 2.02. PURPOSES OF AUTHORITY. The authority is  
26 created for the following purposes:

1 (1) to purchase, own, hold, lease, and otherwise  
2 acquire sources of a potable water supply;

3 (2) to build, operate, and maintain facilities for the  
4 treatment and transportation of water;

5 (3) to sell potable water to local governments, water  
6 supply corporations, and other persons in this state; and

7 (4) to protect, preserve, and restore the purity and  
8 sanitary condition to water in the authority.

9 SECTION 2.03. BOUNDARIES. (a) The authority includes all  
10 the territory located in the service area of the Crystal Clear  
11 Water Supply Corporation, the East Central Water Supply  
12 Corporation, the Green Valley Water Supply Corporation, and the  
13 Springs Hill Water Supply Corporation as provided by their  
14 respective certificates of convenience and necessity issued by the  
15 commission.

16 (b) The legislature finds that the boundaries of the  
17 authority form a closure.

18 SECTION 2.04. FINDING OF BENEFIT. All of the land and other  
19 property included in the boundaries of the authority will be  
20 benefited by the works and projects that are to be accomplished by  
21 the authority under powers conferred by Article XVI, Section 59, of  
22 the Texas Constitution. The authority is created to serve a public  
23 use and benefit.

24 SECTION 2.05. CONFIRMATION ELECTION NOT REQUIRED. An  
25 election to confirm the creation of the authority is not required.

26 SECTION 2.06. JURISDICTION OF COMMISSION. The rights,

powers, privileges, authority, and functions conferred on the authority are subject to the continuing right of supervision of the state to be exercised by and through the commission.

ARTICLE III. ADMINISTRATIVE PROVISIONS

SECTION 3.01. BOARD OF TRUSTEES. Subject to Subsection (e) of Section 7.01 of this Act, the authority is governed by a board of 12 trustees.

SECTION 3.02. QUALIFICATIONS OF TRUSTEES. To be qualified to serve as a trustee, a person must be:

- (1) at least 18 years old; and
- (2) a resident of the territory located in the authority.

SECTION 3.03. APPOINTMENT OF TRUSTEES. (a) The governing boards of the Crystal Clear Water Supply Corporation, the East Central Water Supply Corporation, the Green Valley Water Supply Corporation, and the Springs Hill Water Supply Corporation each shall appoint three trustees to the board.

(b) Trustees must be appointed not earlier than April 1 and not later than April 30 of each year.

SECTION 3.04. TERM OF OFFICE. (a) A trustee serves for a one-year term.

(b) A trustee takes office May 1 of each year.

(c) A person may not serve more than three terms as a trustee.

SECTION 3.05. VACANCIES. A vacancy in the office of trustee shall be filled by appointment of the governing board of the entity

1 that appointed the trustee that vacated that office.

2 SECTION 3.06. VOTING AUTHORITY. Each trustee is entitled to  
3 one vote on any issue before the board.

4 SECTION 3.07. COMPENSATION. A trustee is not entitled to  
5 compensation for service on the board but may be reimbursed for  
6 travel or other expenses incurred on behalf of the district on  
7 presentation to the board of a verified statement of expenses.

8 SECTION 3.08. ELECTION OF OFFICERS. At the first meeting of  
9 the board after all new trustees take office, the board shall elect  
10 officers for the district, including a president, vice-president,  
11 secretary, and any other officers considered necessary by the  
12 board.

13 SECTION 3.09. OPEN RECORDS. The minutes, orders, contracts  
14 and related instruments, books, records, audits, and other  
15 documents are open records under the open records law, Chapter 424,  
16 Acts of the 63rd Legislature, Regular Session, 1973 (Article  
17 6252-17a, Vernon's Texas Civil Statutes).

18 SECTION 3.10. OTHER APPLICABLE LAW. Except as specifically  
19 otherwise provided by this Act, Sections 65.107 through 65.113 and  
20 65.115 through 65.122, Water Code, apply to the authority.

21 ARTICLE IV. POWERS AND DUTIES

22 SECTION 4.01. POWERS. (a) The authority has the functions,  
23 powers, authority, and rights that permit the accomplishment of the  
24 purposes for which it is created.

25 (b) The authority may purchase, acquire, own, operate,  
26 maintain, repair, improve, or extend inside or outside the

1 authority's boundaries any works, improvements, facilities, plants,  
2 equipment, and appliances necessary to accomplish the purposes for  
3 which it is created, including works, improvements, facilities,  
4 plants, equipment, and appliances incident, helpful, or necessary  
5 to purchase or otherwise acquire, treat, sell, wholesale, supply,  
6 and deliver potable water for any purpose.

7 (c) The authority may provide for:

8 (1) the acquisition, construction, improvement,  
9 maintenance, and operation of wholesale water and wastewater  
10 systems and treatment works necessary to provide wholesale service  
11 to authority customers; and

12 (2) the acquisition, construction, improvement, and  
13 maintenance of any water supply, reservoir, or interest in any  
14 water supply or reservoir necessary to fully implement the powers  
15 and duties of the authority.

16 SECTION 4.02. ADOPTING RULES. The authority may adopt and  
17 enforce reasonable rules to carry out the powers and duties of the  
18 authority under this Act.

19 SECTION 4.03. EMINENT DOMAIN. (a) The authority may  
20 exercise the power of eminent domain to acquire by condemnation a  
21 fee simple or other interest in property located in the territory  
22 of the authority if the property interest is necessary to the  
23 exercise of the rights or authority conferred by this Act.

24 (b) The authority must exercise the power of eminent domain  
25 in the manner provided by Chapter 21, Property Code, but the  
26 authority is not required to deposit in the trial court money or a

1 bond as provided by Subsection (a), Section 21.021, Property Code.

2 (c) In a condemnation proceeding brought by the authority,  
3 the authority is not required to pay in advance or give bond or  
4 other security for costs in the trial court, to give bond for the  
5 issuance of a temporary restraining order or a temporary  
6 injunction, or to give bond for costs or supersedeas on an appeal  
7 or writ of error.

8 SECTION 4.04. EXPENSES FOR MOVING FACILITIES OF RAILROADS  
9 AND UTILITIES. In exercising the power of eminent domain, if the  
10 board requires relocating, raising, lowering, rerouting, changing  
11 the grade, or altering the construction of any railroad, highway,  
12 pipeline, or electric transmission and electric distribution,  
13 telegraph, or telephone lines, conduits, poles, or facilities, the  
14 authority must bear the actual cost of relocating, raising,  
15 lowering, rerouting, changing the grade, or altering the  
16 construction to provide comparable replacement without enhancement  
17 of facilities, after deducting the net salvage value derived from  
18 the old facility.

19 SECTION 4.05. SERVICE OUTSIDE AUTHORITY. The authority may  
20 contract to provide its services outside the boundaries of the  
21 authority.

22 SECTION 4.06. RATES AND CHARGES. (a) The authority may  
23 establish rates and charges to be assessed against customers of the  
24 authority for each service rendered to those customers. The rates  
25 and charges may be established by classes of customers, by project,  
26 or by area of service.

1           (b) If revenue bonds payable wholly from revenue are issued,  
2 the board shall establish and revise rates of compensation for  
3 water sold and for wastewater or other services rendered by the  
4 authority that will be sufficient to pay the expense of operating  
5 and maintaining the facilities of the authority, to pay those bonds  
6 as they mature and the interest as it accrues, and to maintain the  
7 reserve and other funds as provided by the resolution or order  
8 authorizing those bonds.

9           (c) Local governments and water supply corporations and any  
10 other entities that contract with the authority may establish,  
11 charge, and collect fees, rates, charges, rentals, and other  
12 amounts for any services or facilities provided pursuant to or in  
13 connection with a contract with the authority and may pledge  
14 sufficient amounts to make all payments required under the  
15 contract.

16           SECTION 4.07. CONTRACTS BY MUNICIPALITIES, ETC.       (a) A  
17 local government or water supply corporation doing business wholly  
18 or partially in the authority may enter into a contract with the  
19 authority that is considered appropriate by its governing body.

20           (b) The governing body of an entity listed in Subsection (a)  
21 of this section may pledge to the payment of a contract any source  
22 of revenue that may be available to the governing body, including  
23 the levy and collection of ad valorem taxes, if that entity has the  
24 authority to levy and collect those taxes.

25           (c) To the extent a governing body pledges funds to the  
26 payment of the contract that are to be derived from its own water

1 system, its wastewater system, or its combined system, the payments  
2 constitute an operating expense of that system.

3 SECTION 4.08. JOINT AUTHORITY. (a) The authority may enter  
4 into agreements with local governments pursuant to the Interlocal  
5 Cooperation Act (Article 4413(32c), Vernon's Texas Civil Statutes)  
6 to accomplish any of the purposes or powers the authority is  
7 authorized to carry out under this Act.

8 (b) The authority may enter into joint agreements or  
9 contracts with water supply corporations, the state, or any other  
10 entity to accomplish any of the purposes or powers the authority is  
11 authorized to carry out under this Act.

12 SECTION 4.09. ADDITIONAL POWERS AND DUTIES. In addition to  
13 the powers and duties specifically provided by this Act, the  
14 authority may exercise the powers and shall exercise the duties  
15 provided by Sections 65.202, 65.204, 65.206 through 65.211, and  
16 65.214 through 65.234, Water Code.

17 ARTICLE V. GENERAL FISCAL PROVISIONS

18 SECTION 5.01. AUDITS. In addition to any other law, the  
19 appropriate provisions of Subchapter K, Chapter 50, Water Code,  
20 apply to the authority.

21 SECTION 5.02. TAXES PROHIBITED. The authority may not levy  
22 and collect ad valorem taxes in the boundaries of the authority to  
23 carry out this Act.

24 SECTION 5.03. APPLICATION OF OTHER LAW. Sections 65.401  
25 through 65.409, Water Code, apply to the authority.

26 ARTICLE VI. BONDS



1 the territory or service area to the authority and making the  
2 territory or service area subject to the privileges, duties,  
3 assets, and financial obligations of the authority to the same  
4 degree as other territory and service areas already included in the  
5 authority.

6 (e) On addition of a territory or service area to the  
7 authority under this section, the governing board of the local  
8 government or private entity is entitled to appoint three trustees  
9 to the board. Trustees authorized under this subsection are  
10 governed by Article III of this Act relating to trustees of the  
11 authority.

12 SECTION 7.02. APPLICATION OF ADDITIONAL LAW. In addition to  
13 Section 7.01 of this Act, Sections 65.701 through 65.731, Water  
14 Code, apply to the authority.

15 ARTICLE VIII. MISCELLANEOUS PROVISIONS

16 SECTION 8.01. INITIAL TRUSTEES. Not later than the 30th day  
17 after the effective date of this Act, the governing boards of the  
18 Crystal Clear Water Supply Corporation, the East Central Water  
19 Supply Corporation, the Green Valley Water Supply Corporation, and  
20 the Springs Hill Water Supply Corporation shall each appoint three  
21 persons to serve as the initial board. The initial board shall  
22 serve until their successors are appointed in May, 1990, and have  
23 qualified for office. Successors to the initial trustees serve  
24 one-year terms.

25 SECTION 8.02. FINDINGS RELATING TO PROCEDURAL REQUIREMENTS.

26 (a) The proper and legal notice of the intention to introduce this

1 Act, setting forth the general substance of this Act, has been  
2 published as provided by law, and the notice and a copy of this Act  
3 have been furnished to all persons, agencies, officials, or  
4 entities to which they are required to be furnished by the  
5 constitution and other laws of this state, including the governor,  
6 who has submitted the notice and Act to the Texas Water Commission.

7 (b) The Texas Water Commission has filed its recommendations  
8 relating to this Act with the governor, lieutenant governor, and  
9 speaker of the house of representatives within the required time.

10 (c) All requirements of the constitution and laws of this  
11 state and the rules and procedures of the legislature with respect  
12 to the notice, introduction, and passage of this Act are fulfilled  
13 and accomplished.

14 SECTION 8.03. EMERGENCY. The importance of this legislation  
15 and the crowded condition of the calendars in both houses create an  
16 emergency and an imperative public necessity that the  
17 constitutional rule requiring bills to be read on three several  
18 days in each house be suspended, and this rule is hereby suspended,  
19 and that this Act take effect and be in force from and after its  
20 passage, and it is so enacted.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1735 passed the Senate on May 4, 1989, by the following vote: Yeas 27, Nays 0; and that the Senate concurred in House amendment on May 22, 1989, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1735 passed the House, with amendment, on May 20, 1989, by a non-record vote.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor

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AN ACT

relating to the operation and management of the Canyon Regional Water Authority.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 3.03(c), Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, is amended to read as follows:

(c) Notwithstanding any other provision of this Act, the board may provide by resolution that future board membership be limited to one [~~two~~] appointed trustee [~~trustees~~] for each governing body of a local government or private entity entitled to appoint trustees to the board.

SECTION 2. Section 3.04(c), Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, is amended to read as follows:

(c) A person may not serve more than five consecutive [~~three~~] terms as a trustee.

SECTION 3. Article VI, Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, is amended by adding Section 6.03 to read as follows:

Sec. 6.03. LIMITATION ON BOND REVIEW. The authority of the Texas Natural Resource Conservation Commission to review the issuance of a bond by the district applies only to the issuance of general obligation or revenue bonds.

SECTION 4. The reference in Section 6.03, Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as added by this Act, to the Texas Natural Resource Conservation Commission means the Texas Water Commission until the name of the Texas Water Commission is changed to the Texas Natural Resource Conservation Commission as provided by Section 1.085, Chapter 3, Acts of the 72nd Legislature, 1st Called Session, 1991.

SECTION 5. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended,

and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

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President of the Senate

Speaker of the House

I certify that H.B. No. 1818 was passed by the House on April 30, 1993, by the following vote: Yeas 128, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 1818 was passed by the Senate on May 13, 1993, by the following vote: Yeas 30, Nays 0.

---

Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

---

Governor

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AN ACT

relating to the terms of the trustees of the Canyon Regional Water Authority.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 3.04(a) and (b), Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, are amended to read as follows:

(a) Trustees serve two-year staggered terms [~~A trustee serves for a one-year term~~].

(b) A trustee takes office May 1 of the [~~each~~] year in which the trustee is appointed.

SECTION 2. (a) Trustees of the Canyon Regional Water Authority appointed in 2000 under Sections 3.03 and 3.04, Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, shall draw lots to determine which six trustees serve a one-year term and which six trustees serve a two-year term.

(b) Trustees appointed in 2001 and subsequent years serve two-year staggered terms.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

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President of the Senate

Speaker of the House

I certify that H.B. No. 3818 was passed by the House on May 4, 1999, by the following vote:  
Yeas 144, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 3818 was passed by the Senate on May 20, 1999, by the following  
vote: Yeas 30, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

---

Governor

H.B. No. 1565

AN ACT

relating to the powers and duties of the Bexar Metropolitan Water District.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1

SECTION 1.01. Section 3, Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended to read as follows:

Sec. 3. In addition to the powers vested by the Constitution and general laws in such public agency for the greatest practicable measure of the conservation, preservation, and beneficial utilization of its public waters, the power to control and utilize its public waters and to regulate the disposal and the disposal of sewage, waste, and refuse, the District shall have the following general powers:

(a) Through every practical and legal means to develop, transport, deliver, distribute, store, and treat water for use within the District, including the storm and flood waters within the District, including the power to cooperate with the United States Government or any agency thereof, or any municipality, public, quasi-public or private agency and to contract, negotiate, and enter into agreements with any one or more of such agencies in

effecting such purposes;

~~(b) [to store, control, and conserve storm and flood waters of its rivers and streams and to prevent the escape of any such waters without first obtaining therefrom a maximum of public service; to prevent devastation of property from overflow and to protect life and property from uncontrolled flood and storm waters;~~

~~[(e)]~~ to conserve and distribute waters essential for domestic and other uses by the inhabitants of the District, including necessary water supply for cities and towns situated within the District;

(c) ~~[(d) to provide for the development of drainage systems to control, regulate, and dispose of all storm and flood waters of the District so as to protect effectively lives and property, and to utilize such waters for each and every purpose for which flood and storm waters when controlled, conserved, or regulated may be utilized as contemplated by the Constitution and the public policy therein declared;~~

~~[(e)]~~ to provide by purchase, construction, lease, gift, or in any other manner and to operate any and all facilities deemed by the District essential for preserving the purity of all the surface and underground waters of the District for the protection of the health of its inhabitants, and to formulate plans to make and enforce rules and regulations for the effective disposal of any and all sewage wastes, refuse, or residuum, however accumulated; which otherwise would contaminate, pollute, or render unsafe and

insanitary the surface and underground waters of the District and which might threaten or impair the health of its inhabitants or which might adversely affect the health of the inhabitants downstream below the District;

(d) [~~(f)~~] to acquire by purchase, construction, lease, gift, or in any other manner (otherwise than by condemnation) and to maintain, use, and operate any and all property of any kind, real, personal, or mixed, or any interest therein within or without the boundaries of the District deemed by its Board of Directors necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred upon it by this Act;

(e) [~~(g)~~] to acquire by condemnation any and all property of any kind, real, personal, or mixed, or any interest therein, within or outside of the boundaries of the District, necessary to the exercise of the powers, rights, privileges, and functions conferred by this Act, in the manner provided by General Law relative to condemnation, or at the option of the District, in the manner provided by law with respect to condemnation by agencies organized pursuant to Section 59, Article 16 of the Constitution of the State of Texas; provided that the District shall not have the right or power to so condemn any such property that may be owned by any other political subdivision, city, or town located within the District;

(f) [~~(h)~~] to cooperate, contract, and enter into agreements with towns, cities, districts, or political subdivisions

located in or outside of the District and with Bexar County, in the construction, purchase, lease, maintenance, improvement, use, and operation of any and all facilities, works, and plants necessary or convenient to the accomplishment of the purposes for which the District was created;

(g) [~~(i)~~] to make contracts with any person, private corporation, municipal corporation, political subdivision, or the Board of Trustees thereof, operating water distribution facilities for the benefit of a city or town within the District, under which the District may perform services for such parties or such parties may perform services for the District, or under which either may operate all or any part of the facilities of the other, having due regard for the duties and obligations of such parties in the instrument prescribing their or its duties;

(h) [~~(j)~~] to construct, extend, improve, maintain, and reconstruct, to cause to be constructed, extended, improved, maintained, or reconstructed and to use and operate any and all facilities of any kind necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred by this Act;

(i) [~~(k)~~] to sue and be sued in its corporate name;

(j) [~~(l)~~] to make by-laws for the management and regulation of its affairs conformably to the powers and purposes herein conferred and consistent with the Constitution of this State;

(k) [~~(m)~~] to make rules and regulations and to prescribe penalties for the breach of any rule or regulation of the District, which penalties shall not exceed fines of more than Two Hundred Dollars (\$200), or imprisonment for more than thirty (30) days, or may provide both such fine and such imprisonment. The penalties hereby authorized shall be in addition to any other penalties provided by the laws of Texas and may be enforced by complaints filed in the appropriate court of jurisdiction in the county in which the district's principal office is located; provided, however, that no rule or regulation which provides a penalty for the violation thereof shall be in effect, as to enforcement of the penalty, until five days next after the district may have caused a substantive statement of the particular rule or regulation and the penalty for the violation thereof to be published, once a week for two consecutive weeks, in one or more newspapers affording general circulation in the area in which the property of the district is situated; and, the substantive statement so to be published shall be as condensed as is possible to afford an intelligent direction of the mind to the object sought to be accomplished or the act forbidden by the rule or regulation; one notice may embrace any number of regulations; there must be embraced in the notice advice that breach of the particular regulation, or regulations, will subject the violator to the infliction of a penalty and there also shall be included in the notice advice that the full text of the regulation sought to be enforced is on file in the principal office

of the District, where the same may be read by any interested person. Five (5) days after the second publication of the notice hereby required, the advertised regulation shall be in effect, and ignorance of any such regulation shall not constitute a defense to a prosecution for the enforcement of a penalty; and, the rules and regulations authorized hereby, after the required publication, shall judicially be known to the courts and shall be considered of a nature like unto that of valid penal ordinances of a city of the State;

(l) [~~(n)~~] to adopt, use, and alter a corporate seal;

(m) [~~(o)~~] to appoint agents and employees; prescribe their duties and fix their compensation;

(n) [~~(p)~~] to make contracts and execute instruments necessary or convenient to the exercise of the powers, rights, privileges, and functions therein conferred;

(o) [~~(r)~~] to borrow money for its authorized purposes, to accept grants or loans or allotments from the United States Government or any of its agencies, or others, and in connection with any such grants, loans, or allotments to enter into such agreements as may be required to make them effective, and for the purpose of obtaining funds to issue its negotiable tax bonds and its negotiable revenue bonds in the manner and to the extent hereinafter provided;

(p) [~~(s)~~] to operate and maintain with consent of the governing body of any city, town, or political subdivision located

in the District any works, plants, or facilities deemed necessary or convenient to the accomplishment of the purposes for which the District is created;

(q) [~~(s)~~] to enter into planning agreements with the Texas Water Development Board under Subchapter C, Chapter 16, Water Code, for the purpose of conducting studies necessary to maintain retail water supply services to customers within the boundaries of the District; and

(r) [~~(t)~~] to cooperate with and support local fire departments and economic development activities sponsored by local entities within the District that use water and water resources provided, or to be provided, by the District.

SECTION 1.02. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27D to read as follows:

Sec. 27D. (a) No later than 120 days after the text of this section becomes effective, the District shall:

(1) produce a report of an assessment of the operations and maintenance condition of the District;

(2) produce a status report of infrastructure improvements under construction;

(3) produce a report addressing the District's provision of water meeting Texas Commission on Environmental Quality (TCEQ) pressure and quality standards;

(4) provide a report on customer service response time;

(5) produce a report certifying any rate structure changes approved by the District and documenting a schedule for future changes to rate structure anticipated by the District; and  
(6) deliver these reports to the Utilities and District's section of the TCEQ and the oversight committee.

(b) No later than 180 days after the text of this section becomes effective, the District shall produce an assessment of the District's financial condition and present it to the Utilities and District's section of the TCEQ and the oversight committee.

(c) No later than 240 days after the text of this section becomes effective, the District shall:

(1) produce a report of necessary improvements to the system and a schedule for the implementation of those improvements to ensure all service area improvements are included in the Capital Improvement Plan (CIP) and all service areas have defined Operating and Management (O&M) projects programmed to repair or replace existing aged infrastructure;

(2) produce a report on the sustainability and adequacy of the water resources of the District and a plan for obtaining additional water resources if deficiencies exist; and

(3) deliver these reports to the Utilities and District's section of the TCEQ and the oversight committee.

(d) No later than one year after the text of this section becomes effective, the District shall:

(1) produce a report on service delivery improvements

that have been completed and that are in progress;

(2) produce a report identifying all service improvements necessary for the system and a schedule for the completion of those improvements; and

(3) deliver these reports to the Utilities and District's section of the TCEQ and the oversight committee.

(e) No later than eighteen months after the text of this section becomes effective, the District shall adopt a uniform rate structure with rates that are equal to or lower than the rates of other large retail water providers in the region, except that the District may adopt higher rates if necessary to meet debt service obligations or debt coverage requirements.

SECTION 1.03. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 32 to read as follows:

Sec. 32. (a) The District shall permit a customer to pay a bill at one or more retail locations in the District.

(b) The District may not close a customer service branch that is in operation on June 1, 2007, unless a comparable customer service branch is opened. This subsection expires September 1, 2012.

SECTION 1.04. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27A to read as follows:

Sec. 27A. The District shall submit to the oversight

committee the following:

(a) a schedule for achieving the objectives set out in Section 27D within six months of the date the text of this Section becomes effective;

(b) evidence that the District has completed its three-year plan of improvements as adopted by the board of directors of the District prior to the effective date of this Act within one and one half years from the date the text of this Section becomes effective;

(c) current year audited annual financial statements indicating the financial condition of the district within thirty (30) days of completion;

(d) a written projection of all rate and fee increases for three years following the effective date of this Act within six months of the date the text of this Section becomes effective;

(e) a report summarizing the District's efforts to facilitate transition of service areas outside of Bexar and Atascosa Counties to other qualified local water utility service providers;

(f) any documentation or materials used in conducting a standard managerial and financial audit; and

(g) any other information the oversight committee requests.

SECTION 1.05. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27B to read as

follows:

Sec. 27B. (a) The District shall maintain a file on each complaint received by the District that relates to retail water service provided by the District. The file must include:

(1) the name of the person who filed the complaint, unless the person requests anonymity;

(2) the date the District receives the complaint;

(3) the subject matter of the complaint;

(4) the name of each person contacted in relation to the complaint;

(5) a summary of the results of the review or investigation of the complaint; and

(6) an explanation of the reason the file was closed, if the District closed the file without taking action other than investigating the complaint.

(b) The District shall establish and implement procedures for receiving complaints submitted through the Internet and orally.

SECTION 1.06. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27C to read as follows:

Sec. 27C. The District shall maintain a rate structure that promotes and encourages conservation of water and provides for lower rates for customers using lower quantities of water.

SECTION 1.07. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27E to read as

follows:

Sec. 27E. The District shall implement an appeal and grievance process for employees of the District.

SECTION 1.08. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27F to read as follows:

Sec. 27F. The legislature finds that:

(1) the Texas Commission on Environmental Quality has continuing jurisdiction over districts created under Section 52(b), Article III, and Section 59, Article XVI, Texas Constitution;

(2) the management and operation of the District demonstrate the need for an evaluation of the District by an independent third party such as the commission; and

(3) the commission has the expertise and authority necessary to conduct a thorough evaluation of the District and initiate actions to improve the management and operations of the District.

SECTION 1.09. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 27G to read as follows:

Sec. 27G. (a) Not later than the 30th day after the effective date of the Act enacting this section, the Texas Commission on Environmental Quality shall begin an on-site evaluation of the District. The evaluation must include:

(1) a description and analysis of the District's

management structure, policies, practices and procedures, and recommendations for improving them;

(2) a description and analysis of the decision-making policies and procedures of the board of directors of the District, and recommendations for improving the policies and procedures;

(3) a narrative summary of the District's record of compliance with applicable state laws and commission rules, and recommendations for improving the District's record of compliance;

(4) a narrative summary and analysis of the financial policies and practices of the District, including the District's bonded indebtedness and other forms of debt, and a comparison of the District's debt to other water purveyors in the area;

(5) a description and analysis of the water rate-setting policies and practices of the District, and recommendations for improving the policies and practices;

(6) a narrative summary of the District's infrastructure capital improvements budget and a comparison of the budget with the capital improvements budgets of other major water purveyors in the area, and recommendations for improving the District's long-range budget;

(7) a compilation and analysis of customer water service interruptions during the preceding three years that resulted from inadequate infrastructure or other causes, and recommendations for preventing future service interruptions;

(8) a compilation and analysis of incidents in which

contaminated water was supplied to customers of the District during the preceding three years, a description of measures taken by the District to prevent contamination, and recommendations for preventing future contamination; and

(9) a calculation of the annual volume of the District's unaccounted-for water, and recommendations for preventing future system leaks and related problems.

(b) On commencement of the evaluation, the commission shall specify a time period for completion of the evaluation.

(c) The commission may contract with utility management consultants, accountants, and other persons as necessary to conduct the evaluation.

(d) The commission may require the District to reimburse the commission for the reasonable cost of conducting the evaluation.

(e) The commission shall file copies of the completed evaluation with the oversight committee.

(f) On completion of the evaluation, the commission may issue orders compelling any appropriate and necessary actions by the District under Chapter 49, Water Code, and the commission's rules regulating retail public utilities. If the commission finds that the District is incapable of operating the utility in a manner that provides adequate water service to current and future customers, the commission may include, in the final evaluation, a recommendation that the oversight committee consider the option of initiating the process of receivership appointment to operate the

utility under Section 13.142, Water Code.

ARTICLE 2

SECTION 2.01. Chapter 306, Acts of the 49th Legislature, Regular Session, 1945, is amended by adding Section 33A to read as follows:

Sec. 33A. OVERSIGHT COMMITTEE. (a) In recognition of the important goal of the state in providing safe and efficient water supply services to the customers of the District and the necessity for state oversight and regulation of the District to ensure the achievement of this goal there is created the Bexar Metropolitan Water District Oversight Committee.

(b) The oversight committee shall monitor the progress of the district in maintaining a rate structure that conserves water, provides adequate service to low-income customers, and assists in creating uniform rates among water utility providers in the region; the oversight committee also shall monitor the quality of service provided by the district; monitor the plans by the district to provide for sustainability of water resources and plan for infrastructure needs; identify regulatory and statutory barriers to achievement of the district's goals, and make recommendations to the Legislature, if necessary; and perform any other oversight function deemed appropriate by the oversight committee.

(c) The oversight committee is comprised of 5 members appointed to represent the following members:

(1) the Senator sponsor of this Act, or, in the event

this Senator cannot serve, a Senator appointed by the Lieutenant Governor;

(2) the House author of this Act, or, in the event this Representative cannot serve, a Representative appointed by the Speaker of the Texas House of Representatives;

(3) one member with special expertise in the operation of public water utilities appointed by the Governor;

(4) one member appointed by the Governor to represent the public; and

(5) a member of the Bexar County Commissioners Court who represents a precinct in which customers of the District reside.

(d) A member of the oversight committee is not entitled to receive compensation for service on the oversight committee but is entitled to reimbursement of the travel expenses incurred by the member while conducting the business of the oversight committee, as provided by the General Appropriations Act.

(e) The oversight committee shall prepare a comprehensive report to the House and Senate Natural Resources Committee on its findings and recommendations concerning the District's ability to meet service and financial standards and any legislative changes needed in the District's authority or governance.

(f) The District shall provide staff support for the oversight committee.

SECTION 2.02. Subject to approval by the Legislative Audit Committee for inclusion in the annual audit plan, the state auditor

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shall conduct a financial audit of the District upon passage of this Act and submit the findings from the audit in a written report to the members of the oversight committee, the board of directors of the District, and the Texas Legislature. The District shall cooperate and provide assistance and access to all necessary records, confidential or unconfidential, to the state auditor in conducting the audit pursuant to this Section. The District shall reimburse the state auditor for the cost of performing the audit.

SECTION 2.03. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, the lieutenant governor, and the speaker of the house of representatives within the required time.

(d) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled

and accomplished.

SECTION 2.04. Notwithstanding any other provision of this Act, nothing herein shall impair any Canyon Regional Water Authority project contract, project financing obligation issued or to be issued wherein the Bexar Metropolitan Water District is a CRWA member entity project participant.

SECTION 2.05. Notwithstanding any other Act enacted during the 80th Texas Legislature and notwithstanding Sections 311.025 and 312.014, Government Code, this Act prevails over any other Act relating to or amending Chapter 306, Acts of the 49th Legislature, Regular Session, 1945.

SECTION 2.06. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution.

If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 1565 was passed by the House on April 4, 2007, by the following vote: Yeas 142, Nays 0, 4 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 1565 on May 25, 2007, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 1565 on May 28, 2007, by the following vote: Yeas 141, Nays 0, 1 present, not voting.

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Chief Clerk of the House

H.B. No. 1565

I certify that H.B. No. 1565 was passed by the Senate, with amendments, on May 23, 2007, by the following vote: Yeas 30, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 1565 on May 28, 2007, by the following vote: Yeas 30, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor

1 AN ACT

2 relating to authorizing the dissolution of the Bexar Metropolitan  
3 Water District; providing a penalty.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 ARTICLE 1. FINANCIAL AND OPERATIONAL AUDITS

6 SECTION 1.01. Section 1, Chapter 306, Acts of the 49th  
7 Legislature, Regular Session, 1945, is amended to read as follows:

8 Sec. 1. In obedience to the provisions of Article 16,  
9 Section 59 of the Constitution of Texas, there is hereby created  
10 Bexar Metropolitan Water District. [~~hereinafter in this Act~~  
11 ~~sometimes called the "District."~~]

12 SECTION 1.02. Chapter 306, Acts of the 49th Legislature,  
13 Regular Session, 1945, is amended by adding Sections 1A, 34, 35, 36,  
14 37, 38, 39, 40, 41, and 42 to read as follows:

15 Sec. 1A. In this Act:

16 (1) "Board" means the District's Board of Directors.

17 (2) "Commission" means the Texas Commission on  
18 Environmental Quality.

19 (3) "Committee" means the Bexar Metropolitan Water  
20 District Oversight Committee.

21 (4) "Director" means a Board member.

22 (5) "District" means the Bexar Metropolitan Water  
23 District.

24 (6) "System" means a water utility owned by a

1 municipality with a population of more than one million in the area  
2 served by the District.

3 Sec. 34. (a) Not later than the 30th day after the  
4 effective date of the Act enacting this section, the Commission  
5 shall begin an on-site evaluation of the District. The evaluation  
6 must include:

7 (1) a complete inventory and evaluation of each  
8 distinct water system in the District to determine:

9 (A) the District's basis in, or the intrinsic  
10 value of, the infrastructure associated with that water system;

11 (B) the District's bonded debt and commercial  
12 paper reasonably associated with or allocable to the infrastructure  
13 in that water system; and

14 (C) the adequacy of the water supply sources,  
15 water storage facilities, and distribution systems located in that  
16 water system's service area to supply current and projected demands  
17 in that service area;

18 (2) a list of any District assets whose transfer to  
19 another appropriate public water utility would be likely to  
20 improve:

21 (A) service to the former customers of the  
22 District who would be served by that utility; or

23 (B) the District's overall efficiency;

24 (3) a list and copies of existing contracts to which  
25 the District is a party, including for each contract:

26 (A) effective and termination dates;

27 (B) the general scope of the property and

- 1 services involved;  
2 (C) obligations of the District, including  
3 financial obligations;  
4 (D) how the District benefits from the contract;  
5 and  
6 (E) whether the District has waived governmental  
7 immunity;  
8 (4) a list of the following in regard to the District:  
9 (A) property;  
10 (B) rights, including certificates of  
11 convenience and necessity, pumping rights, and any other rights;  
12 (C) staff; and  
13 (D) internal policies, including employment  
14 rules, benefits, and an evaluation of the usefulness and efficacy  
15 of each policy;  
16 (5) a comprehensive rehabilitation plan for the  
17 District that:  
18 (A) identifies strategies for restoring the  
19 District's financial integrity and developing a system of sound  
20 financial management;  
21 (B) describes a standard of ethics,  
22 professionalism, and openness expected of each Director and  
23 employee of the District;  
24 (C) provides a mechanism to enforce compliance  
25 with District policies, including procurement policies;  
26 (D) identifies ways to enhance the District's  
27 operational efficiency and improve the District's provision of

1 redundancy in water services; and

2 (E) provides for educating the Board and  
3 management personnel on improving management practices and  
4 complying with District policy and state and federal laws and  
5 regulations;

6 (6) an assessment of the District's ability to provide  
7 reliable, cost-effective, quality service to customers, including  
8 an assessment of operations compared to the best management  
9 practices of modern utilities;

10 (7) a study of the District's current infrastructure  
11 improvements, including:

12 (A) personnel for the improvements, including  
13 staffing levels of engineers, capital improvement program  
14 personnel, and mains and services personnel; and

15 (B) contracts related to any capital  
16 improvements; and

17 (8) a financial audit of the District.

18 (b) On commencement of the evaluation, the Commission shall  
19 notify the District in writing that the Commission has begun the  
20 evaluation and shall specify a time period for completion of the  
21 evaluation. The Commission may extend the specified time period  
22 for good cause. The District shall cooperate and provide  
23 assistance and access to all necessary records, confidential or  
24 not, to the Commission.

25 (c) The Commission may contract with utility management  
26 consultants, accountants, and other persons as necessary to conduct  
27 the evaluation.

1        (d) The Commission may require the District to reimburse the  
2 Commission for the reasonable cost of conducting the evaluation.

3        (e) The Commission shall file copies of the completed  
4 evaluation with:

5            (1) the committee;

6            (2) the Board; and

7            (3) the lieutenant governor, the speaker of the house  
8 of representatives, and the chairs of the house and senate  
9 committees with primary oversight over the District.

10        Sec. 35. At the Commission's request, the state auditor's  
11 office may audit the District under Chapter 321, Government Code.  
12 The District shall reimburse the state auditor's office for the  
13 cost of the audit.

14        Sec. 36. The Commission may employ or contract with a person  
15 to carry out the duties described by Section 34 of this Act who, at  
16 the time of the person's hire:

17            (1) has demonstrated a high level of expertise in  
18 utility management;

19            (2) is not a Director; and

20            (3) has no financial interest in the District or any  
21 entity that has a contract with the District or that is likely to  
22 develop a contractual relationship with the District.

23        Sec. 37. (a) The Commission may employ or contract with  
24 additional persons who will report to and assist the Commission if:

25            (1) assistance from District staff is not provided; or

26            (2) the Commission needs special expertise from one or  
27 more of the persons.

1        (b) A person employed or contracted with under Section 36 of  
2 this Act and any additional persons employed or contracted with  
3 under this section are entitled to receive a salary determined by  
4 the executive director of the Commission for performing those  
5 duties.

6        (c) The District shall pay the compensation of any persons  
7 employed or contracted with under this section or Section 36 of this  
8 Act.

9        (d) The executive director of the Commission shall set the  
10 compensation of the person employed or contracted with under this  
11 section or Section 36 of this Act after considering the person's:

- 12                (1) level of expertise in utility management; and  
13                (2) certifications and education.

14        Sec. 38. (a) A person employed or contracted with under  
15 Section 36 or 37 of this Act is entitled to reimbursement of the  
16 reasonable and necessary expenses incurred by that person in the  
17 course of performing duties under this Act.

18        (b) The District shall pay the expenses incurred by the  
19 persons employed or contracted with under Section 36 or 37 of this  
20 Act. The executive director of the Commission shall determine if an  
21 expense is reasonable and necessary after considering whether the  
22 expense is:

- 23                (1) necessary to complete the duties assigned by this  
24 Act;  
25                (2) at or below the cost of a similar expense incurred  
26 by other utilities;  
27                (3) documented by an invoice, bill, or work order that

1 includes details relating to the:

2 (A) time spent on services; or

3 (B) cost of supplies; and

4 (4) in accordance with procedures used to minimize  
5 expenses, including comparing vendor rates or competitive bidding.

6 Sec. 39. The executive director of the Commission may  
7 employ or contract with a person to carry out any purpose described  
8 by this Act. The District shall reimburse the Commission for all  
9 related expenses.

10 Sec. 40. (a) This section does not apply to bonds related  
11 to a water supply contract existing on or after the effective date  
12 of the Act enacting this section entered into by the District and a  
13 governmental entity, including the Canyon Regional Water Authority  
14 and the Bexar-Medina-Atascosa Counties Water Improvement District  
15 No. 1, if revenue from the contract is to be pledged wholly or  
16 partly to pay debt service on revenue bonds approved by the attorney  
17 general.

18 (b) From the effective date of the Act enacting this section  
19 until the date election results are certified to the Secretary of  
20 State under Article 2 or 2A of the Act enacting this section, the  
21 attorney general may not approve any public security, as defined by  
22 Chapter 1201, Government Code, of the District unless:

23 (1) the Commission consents in writing before  
24 approval; or

25 (2) the District provides written evidence that  
26 issuing the public security represents a refunding of outstanding  
27 debt for the purpose of realizing debt service savings in each year

1 that outstanding obligations are refunded and that results in a  
2 cumulative net present value savings of at least three percent  
3 compared to refunded debt service.

4       Sec. 41. (a) This section does not apply to a water supply  
5 contract existing on or after the effective date of the Act enacting  
6 this section entered into by the District and a governmental  
7 entity, including the Canyon Regional Water Authority and the  
8 Bexar-Medina-Atascosa Counties Water Improvement District No. 1,  
9 if revenue from the contract is to be pledged wholly or partly to  
10 pay debt service on revenue bonds approved by the attorney general.

11       (b) From the effective date of the Act enacting this section  
12 until the date election results are certified to the Secretary of  
13 State under Article 2 or 2A of the Act enacting this section, a  
14 contract or other agreement entered into, amended, or renewed  
15 during that period to which the District is a party must include a  
16 provision that the contract or other agreement is subject to:

17               (1) review by the System if the contract or other  
18 agreement is assumed by the System; and

19               (2) termination by the System at the System's sole  
20 discretion, including the termination of all rights, duties,  
21 obligations, and liabilities of the District or the System under  
22 the contract or other agreement, if the contract or other agreement  
23 is assumed by the System.

24       (c) A person or entity is not entitled to compensation for  
25 loss or other damages resulting from the termination of the  
26 contract or other agreement under Subsection (b)(2) of this  
27 section.

1        Sec. 42. From the effective date of the Act enacting this  
2 section until the date the election results are certified to the  
3 Secretary of State under Article 2 or 2A of the Act enacting this  
4 section, the District may not dispose of, sell, transfer, assign,  
5 impair, or restrict any of the District's rights or assets outside  
6 the normal and customary course of business.

7        ARTICLE 2. ELECTION; EFFECTIVE DATE OF ARTICLES 3 AND 4

8        SECTION 2.01. (a) In this article:

9            (1) "Board" means the board of directors of the  
10 district.

11           (2) "Commission" means the Texas Commission on  
12 Environmental Quality.

13           (3) "District" means the Bexar Metropolitan Water  
14 District.

15           (b) On the next uniform election date the board, after  
16 consultation with the secretary of state, shall hold an election in  
17 the district solely on the question of dissolving the district and  
18 disposing of the district's assets and obligations.  
19 Notwithstanding Subsection (b), Section 3.005, Election Code, the  
20 board shall call the election not later than the 90th day before the  
21 date the election is to be held or as soon as practicable, if the  
22 effective date of this Act is after the 90th day.

23           (c) The order calling the election must state:

24            (1) the nature of the election, including the  
25 proposition to appear on the ballot;

26            (2) the date of the election;

27            (3) the hours during which the polls will be open; and

1           (4) the location of the polling places.

2           (d) The board shall give notice of an election under this  
3 section by publishing once a week for two consecutive weeks a  
4 substantial copy of the election order in a newspaper with general  
5 circulation in the district. The first publication of the notice  
6 must appear not later than the 35th day before the date of the  
7 beginning of early voting for the election.

8           (e) The ballot for an election under this section must be  
9 printed to permit voting for or against the proposition: "The  
10 dissolution of the Bexar Metropolitan Water District and the  
11 transfer of all the district's assets, obligations, and duties to  
12 the water utility owned by the municipality with the largest  
13 population in the area served by the district."

14           (f) The board shall certify that a majority of the voters  
15 voting in the district have voted:

16                 (1) in favor of dissolution; or

17                 (2) not in favor of dissolution.

18           (g) If the board fails to call an election on or before the  
19 90th day before the date the election is to be held, the commission  
20 or its executive director shall file a writ of mandamus and pursue  
21 all other legal and equitable remedies available to compel the  
22 board to call the election.

23           (h) The election directed to be held under this article is  
24 not intended to prohibit a regular or special election to elect  
25 board members.

26           SECTION 2.02. (a) Not later than the 10th day after the  
27 determination under Subsection (a), Section 67.005, Election Code,

1 of the official results of the election, the board shall certify  
2 that result to the secretary of state.

3 (b) If the proposition is approved by a majority of the  
4 voters voting in the election:

5 (1) Article 3 of this Act does not take effect; and

6 (2) Article 4 of this Act takes effect on the date the  
7 results are certified.

8 (c) If a majority of the voters voting in the election do not  
9 approve the proposition:

10 (1) Article 3 of this Act takes effect on the date the  
11 results are certified; and

12 (2) Article 4 of this Act does not take effect.

13 SECTION 2.03. (a) The purpose of this article is to  
14 provide all of the eligible voters of the district an opportunity to  
15 determine by election whether to continue with the current managing  
16 authority of the district or to transition to another managing  
17 authority which owns, operates, and manages the system, as defined  
18 by Section 1A, Chapter 306, Acts of the 49th Legislature, Regular  
19 Session, 1945.

20 (b) In order to provide all of the district's eligible  
21 voters an equal opportunity to vote on the determination in  
22 Subsection (a) of this section, the preferred method of election is  
23 a district-wide vote with all votes weighted equally. The reasons  
24 for this preference include:

25 (1) the election is a referendum on a single issue,  
26 involving different considerations in its structure than the  
27 considerations for an election to select members of a multi-member

1 governing body;

2 (2) neither the vote dilution principles addressed  
3 under Section 2 of the Voting Rights Act of 1965 (42 U.S.C. Section  
4 1973 et seq.) nor the three-part analytical framework used to  
5 measure vote dilution under Thornburg v. Gingles, 478 U.S. 30  
6 (1986), are applicable to such a single-issue referendum;

7 (3) the explanation in Butts v. City of New York, 779  
8 F.2d 141 (2d Cir. 1985), cert. denied, 478 U.S. 1021 (1986), that,  
9 if "the winner of an election for a single-member office is chosen  
10 directly by all the eligible voters" for that office, electoral  
11 arrangements are unlikely to deny a class of voters equal  
12 opportunity for representation, is equally applicable to the  
13 preferred method of election for the single-issue referendum  
14 established in this article; and

15 (4) the preferred method of election established in  
16 this article adheres strictly to the constitutional principle of  
17 "one person, one vote," a principle which a federal court has stated  
18 specifically applies to the district in an order dated September  
19 21, 2006, in Civil Action No. SA-96-CA-335, Rios v. Bexar  
20 Metropolitan Water District et al., in the United States District  
21 Court, Western District of Texas, and which the district has never  
22 challenged by appeal or otherwise.

23 ARTICLE 2A. ALTERNATE ELECTION PROCEDURES IF ARTICLE 2 ELECTION IS  
24 IN VIOLATION

25 SECTION 2A.01. It is the intent of the legislature that the  
26 preferred method of election be the method described by Section  
27 2.01 of this Act. This article provides an alternate means of

1 conducting the election on the question of dissolving the Bexar  
2 Metropolitan Water District if the method described in Section 2.01  
3 of this Act cannot be used due to a final, unappealable  
4 administrative or judicial decision. It is the intent of the  
5 legislature to comply fully with the requirements of the federal  
6 Voting Rights Act of 1965 (42 U.S.C. Section 1973 et seq.). It is  
7 not the intent of the legislature to influence any preclearance  
8 decision made by the United States Department of Justice relating  
9 to the Act creating this section.

10 SECTION 2A.02. (a) In this article:

11 (1) "Board" means the board of directors of the  
12 district.

13 (2) "Commission" means the Texas Commission on  
14 Environmental Quality.

15 (3) "District" means the Bexar Metropolitan Water  
16 District.

17 (4) "Voting district" means a subdivision of the  
18 district created to elect the district's board of directors.

19 (b) On the next uniform election date following the date of  
20 a final, unappealable administrative or judicial decision that any  
21 portion of this Act is in violation of the federal Voting Rights Act  
22 of 1965 (42 U.S.C. Section 1973 et seq.) or United States  
23 Constitution, the board, after consultation with the secretary of  
24 state, shall hold an election as provided by this section in the  
25 district solely on the question of dissolving the district and  
26 disposing of the district's assets and obligations.  
27 Notwithstanding Subsection (b), Section 3.005, Election Code, the

1 board shall call the election not later than the 90th day before the  
2 date the election is to be held or as soon as practicable, if the  
3 effective date of this Act is after the 90th day.

4 (c) The order calling the election must state:

5 (1) the nature of the election, including the  
6 proposition to appear on the ballot;

7 (2) the date of the election;

8 (3) the hours during which the polls will be open; and

9 (4) the location of the polling places.

10 (d) The board shall give notice of an election under this  
11 section by publishing once a week for two consecutive weeks a  
12 substantial copy of the election order in a newspaper with general  
13 circulation in the district. The first publication of the notice  
14 must appear not later than the 35th day before the date of the  
15 beginning of early voting for the election.

16 (e) The ballot for an election under this section must be  
17 printed to permit voting for or against the proposition: "The  
18 dissolution of the Bexar Metropolitan Water District and the  
19 transfer of all the district's assets, obligations, and duties to  
20 the water utility owned by the municipality with the largest  
21 population in the area served by the district."

22 (f) The election shall be held in numbered voting districts  
23 established by the board. The board shall draw each voting district  
24 to reflect population changes from the latest decennial census and  
25 to conform with state law, the federal Voting Rights Act of 1965 (42  
26 U.S.C. Section 1973 et seq.), and any applicable court order.

27 (g) The board shall certify the election results for each

1 voting district. The board shall then certify that a majority of  
2 the voting districts have voted:

- 3 (1) in favor of dissolution; or
- 4 (2) not in favor of dissolution.

5 (h) If the board fails to call an election on or before the  
6 90th day before the date the election is to be held, the commission  
7 or its executive director shall file a writ of mandamus and pursue  
8 all other legal and equitable remedies available to compel the  
9 board to call the election.

10 (i) The election directed to be held under this article is  
11 not intended to prohibit a regular or special election to elect  
12 board members.

13 SECTION 2A.03. (a) Not later than the 10th day after the  
14 determination under Subsection (a), Section 67.005, Election Code,  
15 of the official results of the election, the board shall certify  
16 that result to the secretary of state.

17 (b) If the proposition is approved by a majority of the  
18 voting districts in the election:

- 19 (1) Article 3 of this Act does not take effect; and
- 20 (2) Article 4 of this Act takes effect on the date the  
21 results are certified.

22 (c) If a majority of the voting districts in the election do  
23 not approve the proposition:

- 24 (1) Article 3 of this Act takes effect on the date the  
25 results are certified; and
- 26 (2) Article 4 of this Act does not take effect.

1 ARTICLE 3. CHANGES TO THE BEXAR METROPOLITAN WATER DISTRICT IF

2 VOTERS DO NOT DISSOLVE THE DISTRICT UNDER ARTICLE 2

3 SECTION 3.01. Section 8, Chapter 306, Acts of the 49th  
4 Legislature, Regular Session, 1945, is amended to read as follows:

5 Sec. 8. (a) [-] The seven [~~five (5)~~] members of the Board  
6 of Directors are [~~shall hereafter be~~] elected to staggered two-year  
7 terms in an election held on the uniform election date in November.

8 Directors are elected from numbered single-member districts  
9 established by the Board. The Board shall revise each

10 single-member district after each decennial census to reflect  
11 population changes and to conform with state law, the federal

12 Voting Rights Act of 1965 (42 U.S.C. Section 1973 et seq.), and any  
13 applicable court order [~~for a term of six (6) years each, provided~~

14 ~~that an election for two (2) Directors for a term of six (6) years~~  
15 ~~shall be held on the first Tuesday in April, 1954; the terms of~~

16 ~~three (3) members of the present Board shall be, and are, hereby,~~  
17 ~~extended to the first Tuesday in April, 1957; and the present~~

18 ~~Directors shall determine such three (3) by lot. Three (3)~~  
19 ~~Directors shall be elected on the first Tuesday in April, 1957, and~~

20 ~~two (2) Directors and three (3) Directors, alternately, shall be~~  
21 ~~elected each three (3) years thereafter on the first Tuesday in~~

22 ~~April as the six-year terms expire]. At an election of Directors,~~

23 the candidate from each single-member district who receives [~~The~~  
24 ~~two (2) or three (3) persons, respectively, receiving]~~ the greatest

25 number of votes is [~~shall be declared~~] elected to represent that  
26 single-member district. Each Director shall hold office until his  
27 successor is [~~shall have been~~] elected or appointed and has [~~shall~~

1 ~~have~~ qualified.

2       (a-1) A person is not eligible to serve as a Director for  
3 more than three terms or for more than a total of seven years of  
4 service.[+]

5       (b) Such [~~such~~] elections shall be called, conducted and  
6 canvassed in the manner provided by the Election Code. [~~Chapter 25,~~  
7 ~~General Laws of the Thirty-ninth Legislature, Regular Session,~~  
8 ~~1925, and any amendments thereto,~~]

9       (c) The [~~the~~] Board of Directors shall fill all vacancies on  
10 the Board by appointment and such appointees shall hold office  
11 until a successor elected at the next scheduled election date has  
12 qualified. [~~for the unexpired term for which they were appointed,~~]

13       (d) Any four [~~any three~~] members of the Board are [~~shall~~  
14 ~~constitute~~] a quorum for the adoption or [~~of~~] passage of any  
15 resolution or order or the transaction of any business of the  
16 District.[+]

17       (e) A Director must [~~Directors succeeding the first Board,~~  
18 ~~whether now or hereafter elected, shall~~] be a qualified voter of the  
19 single-member district from which the Director is elected [~~resident~~  
20 ~~electors of Bexar County, Texas, and owners of taxable property~~  
21 ~~within the area comprising said District, and shall organize in~~  
22 ~~like manner~~].

23       (f) A payment to a Director for fees of office under Section  
24 49.060, Water Code, may not be made for a meeting that occurs in a  
25 different fiscal year from the one in which the payment is made.

26       SECTION 3.02. Section 33A, Chapter 306, Acts of the 49th  
27 Legislature, Regular Session, 1945, is amended by amending

1 Subsection (c) and adding Subsection (g) to read as follows:

2 (c) The oversight committee is comprised of seven [5]  
3 members appointed as follows [~~to represent the following members~~]:

4 (1) two Senators who represent Senate districts that  
5 include territory within the Bexar Metropolitan Water District,  
6 ~~[the Senator sponsor of this Act, or, in the event this Senator~~  
7 ~~cannot serve, a Senator]~~ appointed by the Lieutenant Governor, who  
8 shall also designate one of the Senators as co-chair;

9 (2) two Representatives who represent [~~the~~] House  
10 districts that include territory within the District, [~~author of~~  
11 ~~this Act, or, in the event this Representative cannot serve, a~~  
12 ~~Representative]~~ appointed by the Speaker of the Texas House of  
13 Representatives, who shall also designate one of the  
14 Representatives as co-chair;

15 (3) one member with special expertise in the operation  
16 of public water utilities appointed by the Governor;

17 (4) one member appointed by the Governor to represent  
18 the public; and

19 (5) one [~~a~~] member of the Bexar County Commissioners  
20 Court who represents a precinct in which customers of the District  
21 reside.

22 (g) On or before December 31, 2012, the oversight committee  
23 shall provide a report under Subsection (e) of this section to the  
24 legislature. The committee is abolished and this section expires  
25 January 1, 2013.

26 SECTION 3.03. Chapter 306, Acts of the 49th Legislature,  
27 Regular Session, 1945, is amended by adding Sections 8A, 8B, 8C,

1 10A, 10B, and 43 to read as follows:

2 Sec. 8A. (a) To be eligible to be a candidate for or to be  
3 elected or appointed as a Director, a person must have:

4 (1) resided continuously in the single-member  
5 district that the person seeks to represent for 12 months  
6 immediately preceding the date of the regular filing deadline for  
7 the candidate's application for a place on the ballot;

8 (2) viewed the open government training video provided  
9 by the attorney general and provided to the Board a signed affidavit  
10 stating that the candidate viewed the video;

11 (3) obtained 200 signatures from individuals living in  
12 the District; and

13 (4) paid a filing fee of \$250 or filed a petition in  
14 lieu of the filing fee that satisfies the requirements prescribed  
15 by Section 141.062, Election Code.

16 (b) In this subsection, "political contribution" and  
17 "specific-purpose committee" have the meanings assigned by Section  
18 251.001, Election Code. A Director or a candidate for the office of  
19 Director may not knowingly accept political contributions from a  
20 person or organization that in the aggregate exceed \$500 from each  
21 person or organization in connection with each election in which  
22 the Director or candidate is involved. For purposes of this  
23 subsection, a contribution to a specific-purpose committee for the  
24 purpose of supporting a candidate for the office of Director,  
25 opposing the candidate's opponent, or assisting the candidate as an  
26 officeholder is considered to be a contribution to the candidate.

27 Sec. 8B. (a) A person who is elected or appointed to and

1 qualifies for office as a Director on or after the effective date of  
2 this section may not vote, deliberate, or be counted as a member in  
3 attendance at a meeting of the Board until the person completes a  
4 training program on District management issues. The training  
5 program must provide information to the person regarding:

6 (1) the enabling legislation that created the  
7 District;

8 (2) the operation of the District;

9 (3) the role and functions of the Board;

10 (4) the rules of the Board;

11 (5) the current budget for the Board;

12 (6) the results of the most recent formal audit of the  
13 Board;

14 (7) the requirements of the:

15 (A) open meetings law, Chapter 551, Government  
16 Code;

17 (B) public information law, Chapter 552,  
18 Government Code; and

19 (C) administrative procedure law, Chapter 2001,  
20 Government Code;

21 (8) the requirements of the conflict of interest laws  
22 and other laws relating to public officials; and

23 (9) any applicable ethics policies adopted by the  
24 Board or the Texas Ethics Commission.

25 (b) The Commission may create an advanced training program  
26 designed for a person who has previously completed a training  
27 program described by Subsection (a) of this section. If the

1 Commission creates an advanced training program under this  
2 subsection, a person who completes that advanced training program  
3 is considered to have met the person's obligation under Subsection  
4 (a) of this section.

5 (c) Each Director who is elected or appointed on or after  
6 the effective date of this section shall complete a training  
7 program described by Subsection (a) or (b) of this section at least  
8 once in each term the Director serves.

9 (d) The Board shall adopt rules regarding the completion of  
10 the training program described by Subsection (a) or (b) of this  
11 section by a person who is elected or appointed to and qualifies for  
12 office as a Director before the effective date of this section. A  
13 Director described by this subsection who does not comply with  
14 Board rules is considered incompetent as to the performance of the  
15 duties of a Director in any action to remove the Director from  
16 office.

17 (e) A Director may not:

18 (1) accept or solicit a gift, favor, or service, the  
19 value of which exceeds \$50 per gift, favor, or service, that:

20 (A) might reasonably influence the Director in  
21 the discharge of an official duty; or

22 (B) the Director knows or should know is being  
23 offered with the intent to influence the Director's official  
24 conduct;

25 (2) accept other employment or engage in a business or  
26 professional activity that the Director might reasonably expect  
27 would require or induce the Director to disclose confidential

1 information acquired by reason of the official position;

2 (3) accept other employment or compensation that could  
3 reasonably be expected to impair the Director's independence of  
4 judgment in the performance of the Director's official duties;

5 (4) make personal investments that could reasonably be  
6 expected to create a substantial conflict between the Director's  
7 private interest and the interest of the District;

8 (5) intentionally or knowingly solicit, accept, or  
9 agree to accept any benefit for having exercised the Director's  
10 official powers or performed the Director's official duties in  
11 favor of another; or

12 (6) have a personal interest in an agreement executed  
13 by the District.

14 (f) Not later than April 30 each year, a Director shall file  
15 with the Bexar County clerk a verified financial statement  
16 complying with Sections 572.022, 572.023, 572.024, and 572.0252,  
17 Government Code. The District shall keep a copy of a financial  
18 statement filed under this section in the main office of the  
19 District.

20 Sec. 8C. (a) A Director may be recalled for:

21 (1) incompetency or official misconduct as defined by  
22 Section 21.022, Local Government Code;

23 (2) conviction of a felony;

24 (3) incapacity;

25 (4) failure to file a financial statement as required  
26 by Section 8B(f) of this Act;

27 (5) failure to complete a training program described

1 by Section 8B(a) or (b) of this Act; or

2 (6) failure to maintain residency in the District.

3 (b) If at least 10 percent of the registered voters in a  
4 single-member voting district of the District submit a petition to  
5 the Board requesting the recall of the Director who serves that  
6 single-member voting district, the Board, not later than the 10th  
7 day after the date the petition is submitted, shall mail a written  
8 notice of the petition and the date of its submission to each  
9 registered voter in the single-member voting district.

10 (c) Not later than the 30th day after the date a petition  
11 requesting the recall of a Director is submitted, the Board shall  
12 order an election on the question of recalling the Director.

13 (d) A recall election under this section may be held on any  
14 uniform election date.

15 (e) If a majority of the voters of a single-member voting  
16 district voting at an election held under this section favor the  
17 recall of the Director who serves that single-member voting  
18 district, the Director is recalled and ceases to be a Director.

19 Sec. 10A. All Board reimbursements and expenditures must be  
20 approved by the Board in a regularly scheduled meeting.

21 Sec. 10B. The Board may not select the same auditor to  
22 conduct an audit required by Section 49.191, Water Code, for more  
23 than three consecutive annual audits.

24 Sec. 43. (a) The Commission shall evaluate the condition  
25 of the District and determine whether the District has been  
26 sufficiently rehabilitated to enable the District to provide  
27 reliable, cost-effective, quality service to its customers.

1        (b) If the Commission finds that the District has not been  
2 rehabilitated, the Commission may order the District to implement  
3 any part of the rehabilitation plan developed under Section 34.

4        (c) If the District fails to comply with a Commission order,  
5 the Commission may assess a penalty against the District in the  
6 manner provided by Section 13.4151, Water Code.

7        SECTION 3.04. (a) Section 8, Chapter 306, Acts of the 49th  
8 Legislature, Regular Session, 1945, as amended by this Act, applies  
9 only to a member of the board of directors of the Bexar Metropolitan  
10 Water District who is elected to the board on or after the effective  
11 date of this Act.

12        (b) Section 8A, Chapter 306, Acts of the 49th Legislature,  
13 Regular Session, 1945, as added by this Act, applies only to a  
14 member of the board of directors of the Bexar Metropolitan Water  
15 District who is elected to the board on or after the effective date  
16 of this Act. A director who is elected before the effective date of  
17 this Act is governed by the law in effect when the director was  
18 elected, and the former law is continued in effect for that purpose.

19        (c) For two of the numbered single-member district  
20 director's positions that expire in 2012, the Bexar Metropolitan  
21 Water District shall call and hold an election on a uniform election  
22 date in that year to elect the directors for those positions for  
23 terms that expire on the uniform election date in November 2013.  
24 For the other two director's positions that expire in 2012, the  
25 district shall call and hold an election on the same uniform  
26 election date in that year to elect the directors for those  
27 positions for terms that expire on the uniform election date in

1 November 2014. The district shall determine by lot which  
2 single-member districts shall elect directors to serve one-year  
3 terms and which shall elect directors to serve two-year terms.

4 ARTICLE 4. TRANSFER OF DISTRICT ASSETS AND LIABILITIES IF VOTERS  
5 DISSOLVE THE BEXAR METROPOLITAN WATER DISTRICT UNDER ARTICLE 2

6 SECTION 4.01. Chapter 306, Acts of the 49th Legislature,  
7 Regular Session, 1945, is amended by adding Sections 50, 51, 52, 53,  
8 54, and 55 to read as follows:

9 Sec. 50. (a) The term of each person who is serving as a  
10 Director of the District on the date the election results are  
11 certified to the Secretary of State as authorized by Article 2 or 2A  
12 of the Act enacting this section expires on that date.

13 (b) On the date the election results are certified to the  
14 Secretary of State, the System assumes control of the operation and  
15 management of the District, subject to Sections 52 and 53 of this  
16 Act and other law applicable to the System.

17 (c) Not later than the 90th day after the date the election  
18 results are certified to the Secretary of State, the Commission, in  
19 consultation with the committee, shall transfer or assign to the  
20 System all:

21 (1) rights and duties of the District, including  
22 existing contracts, duties, assets, and obligations of the  
23 District;

24 (2) files, records, and accounts of the District,  
25 including those that pertain to the control, finances, management,  
26 and operation of the District; and

27 (3) permits, approvals, and certificates necessary to

1 provide water services.

2 (d) To the extent that the transfer of an item listed in  
3 Subsection (c) of this section requires the approval of a state  
4 agency, the state agency shall grant approval without additional  
5 notice or hearing.

6 (e) After the Commission has transferred the property,  
7 assets, and liabilities as prescribed by this section, the  
8 Commission shall enter an order dissolving the District.

9 Sec. 51. (a) This Act does not enhance or harm the position  
10 of a contracting party.

11 (b) No law or charter provision may be construed to limit  
12 the System's performance of an obligation under a contract  
13 transferred or assigned to the System as a result of the dissolution  
14 of the District, if revenue from the contract was pledged wholly or  
15 partly to pay debt service on revenue bonds approved by the attorney  
16 general.

17 Sec. 52. (a) Not later than five years after the date the  
18 election results were certified in favor of dissolution under  
19 Article 2 or 2A of the Act enacting this section, the System shall  
20 integrate the services and infrastructure of the District into the  
21 System in a reasonable and orderly manner. The Commission for good  
22 cause may grant an extension to complete integration of not more  
23 than three additional years. The System shall base the integration  
24 on the consideration of relevant information, including:

25 (1) the location and condition of the infrastructure;

26 (2) debt obligations;

27 (3) prudent utility practices and fiscal policies;

1           (4) costs and revenue; and

2           (5) potential impacts on the customers of the District  
3 and the System.

4           (b) During the integration period described by Subsection  
5 (a) of this section, the System shall provide an annual report on  
6 the progress of integration to the Commission, including the status  
7 of any relevant contract provision.

8           (c) Until the date specified in Subsection (a) of this  
9 section, the System may operate the former District as a special  
10 project under the System's existing senior lien revenue bond  
11 ordinances.

12           (d) Once the Commission has transferred the assets,  
13 obligations, and duties to the System, the System shall provide  
14 affordable and reliable water services to all of the former  
15 ratepayers of the District under the System's certificate of  
16 convenience and necessity.

17           (e) After the integration described by Subsection (a) of  
18 this section is complete, the System shall provide water service to  
19 former ratepayers of the District in the same manner the System  
20 provides water service to other ratepayers of the System. The  
21 integration is considered complete if:

22           (1) the areas of service located in the former  
23 District are no longer operated as a special project within the  
24 System;

25           (2) the ratepayers of the former District pay the same  
26 rates for services provided by the System as other similarly  
27 situated ratepayers of the System; and

1           (3) the ratepayers of the former District receive  
2 water service that meets the requirements of the Commission.

3           (f) If the System fails to integrate the services and  
4 infrastructure of the District into the System in accordance with  
5 Subsection (a) of this section, the Commission may find the System  
6 in violation of the obligation under the System's certificate of  
7 convenience and necessity to provide continuous and adequate  
8 service. The Commission may bring an enforcement action against  
9 the System, including the imposition of an administrative penalty  
10 under Section 13.4151, Water Code.

11           Sec. 53. (a) For a 24-month period following the transfer  
12 of the employment of any employee of the former District, the System  
13 may not terminate that employee, except for cause, as defined by the  
14 System's standards of conduct for all employees, if the employee:

15                   (1) is vested in the retirement program of the  
16 District on the effective date of this Act; and

17                   (2) earns an annual base salary of less than \$50,000 on  
18 the effective date of the Act enacting this section.

19           (b) For a five-year period following the transfer of the  
20 employment of any employee of the former District, the System may  
21 not terminate that employee, except for cause, as defined by the  
22 System's standards of conduct for all employees, if:

23                   (1) the employee meets the requirements of Subsections  
24 (a)(1) and (2) of this section; and

25                   (2) the sum of the years of service of the employee and  
26 the employee's age is equal to or greater than 80.

27           (c) An employee who qualifies under Subsection (a) or (b) of

1 this section and who is terminated by the System has the same  
2 opportunity for appeal as a person employed by the System who is not  
3 an employee of the former District.

4 (d) The System is not required to employ an employee of the  
5 District if that person was formerly terminated from, or resigned  
6 in lieu of termination from, the System.

7 Sec. 54. A state agency at which an administrative or  
8 enforcement action is pending against the District shall grant the  
9 System special consideration and reasonable extensions to identify  
10 and resolve the action in a manner satisfactory to the agency.

11 Sec. 55. (a) In this section, "advisory committee" means a  
12 committee appointed under Subsection (b) of this section.

13 (b) Not later than the 60th day after the date the District  
14 is dissolved under Section 50 of this Act, the System shall work  
15 cooperatively with the commissioners court of each county in which  
16 the former District was wholly or partly located to establish an  
17 advisory committee to advise the System regarding the integration  
18 of the services and infrastructure of the former District,  
19 including service integration issues and the delivery of water  
20 services by the System, in specific areas or water systems located  
21 in the area outside the corporate boundaries of the largest  
22 municipality served by the System.

23 (c) The advisory committee shall include at least one  
24 representative from each county served by the System who resides in  
25 the boundaries of the former District or the owner or operator of a  
26 business located in the boundaries of the former District.

27 (d) Until the integration described by Section 52 of this

1 Act is complete, the board of directors of the System shall:

2 (1) consult with the advisory committee about the  
3 matters described by Subsection (b) of this section at least  
4 quarterly, during a regularly scheduled or specially called board  
5 meeting of the System; and

6 (2) on request by the advisory committee chair,  
7 provide members of the advisory committee an opportunity to address  
8 the System's board of trustees on matters relating to the duties of  
9 the advisory committee.

10 ARTICLE 5. DEADLINES; NOTICE; EFFECTIVE DATE OF ACT

11 SECTION 5.01. If a deadline established in Articles 1  
12 through 4 of this Act cannot be met because of a requirement imposed  
13 by the federal Voting Rights Act of 1965 (42 U.S.C. Section 1973 et  
14 seq.), the deadline is the next available date after the  
15 requirement is met.

16 SECTION 5.02. (a) The legal notice of the intention to  
17 introduce this Act, setting forth the general substance of this  
18 Act, has been published as provided by law, and the notice and a  
19 copy of this Act have been furnished to all persons, agencies,  
20 officials, or entities to which they are required to be furnished  
21 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
22 Government Code.

23 (b) The governor, one of the required recipients, has  
24 submitted the notice and Act to the Texas Commission on  
25 Environmental Quality.

26 (c) The Texas Commission on Environmental Quality has filed  
27 its recommendations relating to this Act with the governor, the

1 lieutenant governor, and the speaker of the house of  
2 representatives within the required time.

3 (d) All requirements of the constitution and laws of this  
4 state and the rules and procedures of the legislature with respect  
5 to the notice, introduction, and passage of this Act are fulfilled  
6 and accomplished.

7 SECTION 5.03. (a) Articles 1, 2, 2A, and 5 of this Act take  
8 effect immediately if this Act receives a vote of two-thirds of all  
9 the members elected to each house, as provided by Section 39,  
10 Article III, Texas Constitution. If this Act does not receive the  
11 vote necessary for immediate effect, Articles 1, 2, 2A, and 5 of  
12 this Act take effect September 1, 2011.

13 (b) Articles 3 and 4 of this Act take effect as provided by  
14 Articles 2 and 2A of this Act.

S.B. No. 341

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 341 passed the Senate on March 21, 2011, by the following vote: Yeas 29, Nays 1; May 25, 2011, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 26, 2011, House granted request of the Senate; May 28, 2011, Senate adopted Conference Committee Report by the following vote: Yeas 30, Nays 1.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 341 passed the House, with amendments, on May 23, 2011, by the following vote: Yeas 129, Nays 11, five present not voting; May 26, 2011, House granted request of the Senate for appointment of Conference Committee; May 29, 2011, House adopted Conference Committee Report by the following vote: Yeas 118, Nays 20, four present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor

# **ATTACHMENT**

**B**

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May 11, 2015

Mr. David J. Davenport  
General Manager  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130-8282

Norton Rose Fulbright US LLP  
300 Convent Street, Suite 2100  
San Antonio, Texas 78205-3792  
United States

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**Re: Engagement to Provide Bond Counsel Services to the Canyon Regional Water Authority in Connection with the Issuance of its Canyon Regional Water Authority Tax-Exempt Contract Revenue Bonds (Wells Ranch Project II), Series 2015 (Texas Water Development Board SWIFT Project Financing)**

Dear Mr. Davenport:

This letter confirms that Norton Rose Fulbright US LLP (the "Firm") will represent the Canyon Regional Water Authority (the "Authority") in connection with the proposed issuance by the Canyon Regional Water Authority of its Canyon Regional Water Authority Tax-Exempt Contract Revenue Bonds (Wells Ranch Project II), Series 2015 (Texas Water Development Board SWIFT Project Financing) (the "Obligations") or any other debt (the "Debt") to be issued by the Authority (the "Matter"). Our acceptance of that representation (the "Representation") becomes effective upon the execution of the enclosed copy of this letter.

### **Terms of Engagement**

This letter sets out the terms of our engagement in the Representation. Certain of those terms are included in the body of this letter, and additional terms are contained in the attached document, entitled *Additional Terms of Engagement*. That document is expressly incorporated into this letter, and it should be read carefully. The execution and return of the enclosed copy of this letter constitutes an unqualified agreement to all the terms set forth in this letter and in the attached *Additional Terms of Engagement*.

It is understood and agreed that our engagement is limited to the Representation. We are not being retained as general counsel, and our acceptance of this engagement does not imply any undertaking to provide legal services other than those set forth in this letter.

### **Our Personnel Who Will Be Working on the Matter**

Jeff Kuhn or Clay Binford will be working on the Matter, and you may call, write, or e-mail us whenever you have any questions about the Representation. Other firm personnel, including firm lawyers and paralegals, will participate in the Representation if, in our judgment, their participation is necessary or appropriate.

**Our Legal Fees and Other Charges**

Our fees are based on the time spent by the attorneys and the paralegal personnel who work on the Matter. We will charge for all time spent in representing your interests, including, by way of illustration, telephone and office conferences with you and your representatives, opposing counsel, and others; conferences among our attorneys and paralegal personnel; factual investigation if needed; legal research; responding to your requests for us to provide information to you or your auditors; drafting letters and other documents and travel if needed.

Generally, our hourly billing rates for domestic offices range from \$390 to \$800 for partners; from \$310 to \$485 for senior associates; from \$350 to \$580 for senior counsel; from \$175 to \$525 for counsel; from \$185 to \$350 for associates; from \$150 to \$350 for patent agents; from \$390 to \$800 for of counsel; from \$90 to \$250 for paralegals; and from \$155 to \$255 for senior paralegals. Other lawyers and paralegals may be assigned as necessary to achieve proper staffing. Work performed by paralegals will be charged at rates ranging from \$140 to \$215 an hour. Billing rates for both attorneys and paralegal personnel are reviewed annually and generally are revised at the beginning of each year to reflect an attorney's and paralegal's increased experience level.

As an accommodation to the Authority we agree to cap our Firm's fees for the contemplated sale of the Obligations to the TWDB of a minimum of \$150,000 and a maximum fee of \$250,000.

In addition to our fees for rendering professional services, our statement will include other charges for expenses and services incurred incident to the performance of our legal services, such as photocopying, delivery charges, travel expenses, overtime for secretaries and other nonlegal staff, Texas Attorney General filing fee that we will pay on behalf of the Authority, specialized computer applications such as computerized legal research and filing fees. A copy of our current recharge schedule, which is subject to change from time to time, is attached hereto as Schedule I.

**Conflicts of Interest**

Before accepting the Representation, we have undertaken reasonable and customary efforts to determine whether there are any potential conflicts of interest that would bar our Firm from representing you in the Matter. Based on the information available to us, we are not aware of any potential disqualification. We reviewed that issue in accordance with the rules of professional responsibility adopted in Texas. We believe that those rules, rather than the rules of any other jurisdiction, are applicable to the Representation; and the execution and return of the enclosed copy of this letter by you represents an express agreement to the applicability of those rules.

**Conclusion**

This letter and the attached *Additional Terms of Engagement* constitute the entire terms of the engagement of Norton Rose Fulbright US LLP in the Representation. These written terms of engagement are not subject to any oral agreements or understandings, and they can be modified only by further written agreement signed both by you and Norton Rose Fulbright US

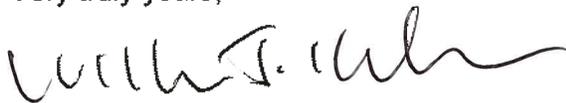
May 11, 2015  
Page 3

LLP. Unless expressly stated in these terms of engagement, no obligation or undertaking shall be implied on the part of either you or Norton Rose Fulbright US LLP.

Please carefully review this letter and the attached *Additional Terms of Engagement*. If there are any questions about these terms of engagement, or if these terms are inaccurate in any way, please let me know immediately. If both documents are acceptable, please sign and return the enclosed copy of this letter so that we may commence the Representation.

We are pleased to have the opportunity to be of continued service to you concerning this Matter. If you need any further information from us concerning this Matter, please do not hesitate to contact me.

Very truly yours,



W. Jeffrey Kuhn

WJK/lf  
Attachment

Canyon Regional Water Authority Agrees to and Accepts this Letter and the Attached Terms of Engagement:

CANYON REGIONAL WATER AUTHORITY (the "Authority")



By: Mr. David J. Davenport  
Title: General Manager  
Date: May 11, 2015

cc: Mr. Clay Binford (Firm)

**SCHEDULE I**

**NORTON ROSE FULBRIGHT US LLP  
(San Antonio)**

**Expenses and Services Summary**

<b>EXPENSE/SERVICE</b>	<b>CHARGE</b>
Binding	N/A (Pricing varies in other office locations)
Deliveries	
Overnight/Express	Direct Cost
Outside Courier	Direct Cost
In-House	N/A
Courthouse Messengers	(Pricing varies in other office locations) \$40.00/Hour plus Transportation (Pricing varies in other office locations)
Document Scanning	\$ .12 per page – Direct Cost
Duplicating	
Photocopy	\$0.15 per page
Color photocopy	\$0.85 per page
Microfilm/Microfiche	\$0.50 per page
Videography (duplication)	\$5.00/tape plus \$20.00/duplication
Electronic Mail (via Internet)	No Charge
Weekend & Late Evening Air Conditioning	N/A (Pricing varies in other office locations)
Postage	Direct Cost on any item or group of items which cost \$1.00 or more
Facsimile (Outgoing)	No Charge
Telephone	
Long Distance (Domestic)	No Charge
Long Distance (International)	No Charge
File Storage Retrieval	N/A (Pricing varies in other office locations)
Firm hosting of on-site document review performed by outside contract attorneys	\$10.00 per hour

## **NORTON ROSE FULBRIGHT US LLP**

### ***Additional Terms of Engagement***

This is a supplement to our attached engagement letter, dated May 11, 2015. The purpose of this document is to set out additional terms of our agreement to provide the Representation described in our engagement letter (the "Representation") concerning the Matter. Because these additional terms of engagement are a part of our agreement to provide legal services, the Authority should review them carefully and should promptly communicate to us any questions concerning this document. We suggest that the Authority retain this statement of additional terms along with our engagement letter and any related documents.

### **The Scope of the Representation**

We will perform all usual, customary, and necessary legal services as Bond Counsel. Specifically, we will prepare and direct legal proceedings and perform other necessary legal services with reference to the incurrence of the Debt, including, but not limited to, the following:

1. Prepare all instruments pursuant to which the Debt will be authorized, issued, secured, sold, and delivered in consultation with the Authority's staff, the Board of Trustees, and other officials and consultants of the Authority.
2. Attend meetings of or with the Board of Trustees, and Authority staff to the extent required or requested.
3. Cooperate with the Authority and its consultants in the preparation of official statements, or other securities laws disclosure documents, if any, including review of the information therein describing the Debt, the security therefor, and the federal income tax status thereof, if applicable.
4. Attend meetings with prospective lenders and Obligation purchasers, and meetings with any rating agencies or credit enhancers to the extent requested or required.
5. Supervise the printing, execution, and delivery of the Debt to the purchasers.
6. Provide legal advice on the use of Obligation proceeds, before and after incurrence of the Debt.

As lawyers, we undertake to provide representation and advice on the legal matters for which we are engaged. It is important for our clients to have a clear understanding of the legal services that we have agreed to provide. Thus, if there are any questions about the scope of the Representation that we are to provide in the Matter, please raise those questions promptly, so that we may resolve them at the outset of the Representation.

Any expressions on our part concerning the outcome of the Representation, or any other legal matters, are based on our professional judgment and are not guarantees. Such expressions, even when described as opinions, are necessarily limited by our knowledge of the facts and are based on our views of the state of the law at the time they are expressed.

Upon accepting this engagement on the Authority's behalf, the Firm agrees to do the following: (1) provide legal counsel in accordance with these terms of engagement and the related engagement letter, and in reliance upon information and guidance provided by the Authority;

and (2) keep the Authority reasonably informed about the status and progress of the Representation.

To enable us to provide effective representation, the Authority agrees to do the following: (1) disclose to us, fully and accurately and on a timely basis, all facts and documents that are or might be material or that we may request, (2) keep us apprised on a timely basis of all developments relating to the Representation that are or might be material, (3) attend meetings, conferences, and other proceedings when it is reasonable to do so, and (4) otherwise cooperate fully with us.

Our Firm has been engaged to provide legal services in connection with the Representation in the Matter, as specifically defined in our engagement letter. After completion of the Representation, changes may occur in the applicable laws or regulations that could affect the Authority's future rights and liabilities in regard to the Matter. Unless we are actually engaged after the completion of the Representation to provide additional advice on such issues, the Firm has no continuing obligation to give advice with respect to any future legal developments that may pertain to the Matter, but we agree to timely inform you of any such development as soon as reasonably practical upon its occurrence.

It is our policy and the Authority's agreement that the person or entity that we represent is the one identified in our engagement letter, and that our attorney-client relationship does not include any related persons or entities. For example, if a corporation, partnership, or other organization is identified as our client in our engagement letter referenced above, we do not represent any related parent companies, subsidiaries, affiliates, employees, officers, directors, shareholders, partners, members, commonly owned corporations or partnerships, or other such persons, entities, or affiliates, whether becoming such by virtue of merger, dissolution, acquisition, or any other means. Accordingly, it is understood that we may represent another client with interests adverse to any such affiliated or related person or entity without first obtaining consent from the Authority. It is further agreed that the attorney-client relationship terminates upon our completion of the services for which we have been retained in the Representation.

### **Who Will Provide the Legal Services**

As our engagement letter confirms, the Firm will represent the Authority in the Matter. The Firm is a registered limited liability partnership under Chapter 152 of the Texas Business Organizations Code.

Although our Firm will be providing legal services, each client of the Firm customarily has a relationship principally with one attorney, or perhaps a few attorneys, such attorneys for this Representation as set forth in the engagement letter. At the same time, however, the work required in the Representation, or parts of it, may be performed by other Firm personnel, including lawyers and paralegals. Such delegation may be for the purpose of involving other Firm personnel with experience in a given area or for the purpose of providing services on an efficient and timely basis.

### **Our Relationships With Others**

Our law Firm represents many companies and individuals. In some instances, the applicable rules of professional conduct may limit our ability to represent clients with conflicting or potentially conflicting interests. Those rules of conduct often allow us to exercise our independent judgment in determining whether our relationship with one client prevents us from representing another. In other situations, we may be permitted to represent a client only if the other clients consent to that representation.

Rules concerning conflicts of interest vary with the jurisdiction. In order to avoid any uncertainty, it is our policy that the governing rules will be those applicable to the particular office of our Firm that prepares the engagement letter for a particular matter. The acceptance by the Authority of our engagement letter constitutes an express agreement with that policy, unless the engagement letter specifically states that some other rules of professional responsibility will govern our attorney-client relationship.

If a controversy unrelated to the Matter develops between the Authority and any other client of the Firm, we will follow the applicable rules of professional responsibility to determine whether we may represent either the Authority or the other client in the unrelated controversy. Additionally, if a controversy unrelated to the Matter develops between the Authority and any current client, and if the Authority elects not to waive any resulting or potential conflict of interest, then the Authority agrees that we may withdraw from the Representation and may treat the Authority as a former client for all purposes under the governing rules of professional responsibility.

From time to time, our Firm may concurrently represent one client in a particular case or matter and, at the same time, our Firm may be asked to represent an adversary of that same client in an unrelated case or matter. We would consider doing so only if it is our professional judgment that the Firm could undertake the concurrent representation impartially and without any adverse effect on the responsibilities that the Firm has to either client.

With respect to any such issues that may relate to the Representation, we agree to exercise our professional judgment in accordance with the governing rules pertaining to conflicts of interest. However, should it be determined that a conflict of interest exists, we will immediately apprise you in writing and seek your waiver of the conflict so that we may undertake the representation of any such other client.

In addition to our representation of other companies and individuals, we also regularly represent lawyers and law firms. As a result, opposing counsel in the Matter may be a lawyer or law firm that we may represent now or in the future. Likewise, opposing counsel in the Matter may represent our Firm now or in the future. Further, we have professional and personal relationships with many other attorneys, often because of our participation in bar associations and other professional organizations. It is our professional judgment that such relationships with other attorneys do not adversely affect our ability to represent any client. The acceptance of these terms of engagement represents an unqualified consent to any such relationships between our Firm and other lawyers or law firms, except with regard to counsel who is representing a party that is adverse to the Authority in the Matter that is the subject of this engagement.

### **Communications and Confidentiality**

We have available Internet communication procedures that allow our attorneys to use e-mail for client communications in many instances. Accordingly, unless the Authority specifically directs us otherwise, we may use unencrypted e-mail sent on the Internet to communicate with the Authority and its personnel and to send documents we have prepared or reviewed.

We recognize our obligation to preserve the confidentiality of attorney-client communications as well as client confidences, as required by the governing rules of professional responsibility. If the Matter involves transactions, litigation or administrative proceedings or like proceedings in which our Firm appears as counsel of record for the Authority in publicly available records, we reserve the right to inform others of the fact of our representation of the Authority in the Matter

and (if likewise reflected of record in publicly available records) the results obtained, unless the Authority specifically directs otherwise.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa (incorporated as Deneys Reitz Inc.), each of which is a separate legal entity, are member firms in Norton Rose Fulbright Verein, a Swiss verein organization that does not itself provide legal services to anyone. Norton Rose Fulbright US LLP and the other member firms in the verein share non-privileged information about our respective clients for research, practice management, training and administrative purposes as a means of enhancing the quality and breadth of the services we are able to provide our clients; and, unless you direct us otherwise, we will share non-privileged information about you with those other member firms. Confidentiality agreements among the firms are in place to ensure maintenance of confidentiality with respect to such shared information.

#### **Disclaimer**

The Firm has made no promises or guarantees to the Authority about the outcome of the Representation or the Matter, and nothing in these terms of engagement shall be construed as such a promise or guarantee.

#### **Termination**

Our representation may be terminated prior to the conclusion of the Matter by either of us by written notice to the other party.

We are subject to the codes or rules of professional responsibility for the jurisdictions in which we practice. There are several types of conduct or circumstances that could result in our withdrawing from representing a client, including, for example, the following: non-payment of fees or charges; misrepresentation or failure to disclose material facts; fraudulent or criminal conduct; action contrary to our advice; and conflict of interest with another client. The right of either party to termination of the Representation is in addition to any rights created by statute or recognized by the governing rules of professional conduct. Further, a failure by either party to meet any obligations under these terms of engagement shall entitle the other party to terminate the Representation. The parties agree to try to identify in advance and discuss any situation that may lead to termination.

Termination of the Representation will not affect the Authority's obligation to pay for legal services rendered and expenses and charges incurred before termination, as well as additional services and charges incurred in connection with an orderly transition of the Matter as determined solely by the Authority. Further, in the event of termination of the Representation, you will take all steps necessary to release Norton Rose Fulbright US LLP of any further obligations in the Representation or the Matter, including without limitation the execution of any documents necessary to effectuate our withdrawal from the Representation or the Matter.

#### **Billing Arrangements and Terms of Payment**

Our engagement letter specifically explains our fees for services in the Matter and the limitations with respect to the Debt. We will bill on a regular basis, normally each month, for fees and expenses and charges. It is agreed that you will make full payment within 30 days of receiving our statement. We will give notice if an account becomes delinquent, and it is further agreed that any delinquent account must be paid upon the giving of such notice. If the delinquency

continues and you do not arrange satisfactory payment terms, we may withdraw from the Representation and pursue collection of our account.

Notwithstanding the foregoing, billing for the matters covered by Schedule I of this Letter will be billed at the conclusion of the transaction (as evidenced by delivery of the Debt) and, unless agreed to otherwise between us and the Authority, will be paid at closing from the proceeds of such Debt.

### **Document Retention**

At the close of any matter, we send our files in that matter to a storage facility for storage at our expense. The attorney closing the file will maintain the files in storage in accordance with all applicable government record retention laws, rules, and regulations. After that time, we will destroy the documents in the stored files.

At the conclusion of the Representation, we return to the client any documents that are specifically requested to be returned. As to any documents so returned, we may elect to keep a copy of the documents in our stored files.

### **Charges for Other Expenses and Services**

Typically, our invoices will include amounts, not only for legal services rendered, but also for other expenses and services. Examples include charges for photocopying, Texas Attorney General filing fees, real estate closing fees, travel and conference expenses, messenger deliveries, and computerized research. In addition, we reserve the right to send to you for direct payment any invoices delivered to us by others, including experts and any vendors.

In situations where we can readily determine the exact amount of expenses for products and services provided by third parties to be charged to your account, our invoices will reflect the cost to us of the products and services. In many situations, however, the precise total cost of providing a product or service is difficult to establish, in which case we will use our professional judgment on the charges to be made for such product or service, which charges may vary from or exceed our direct cost of such product or service. In some situations, we can arrange for ancillary services to be provided by third parties with direct billing to the client. Attached is a copy of our current recharge schedule for expenses and services, which is subject to change from time to time.

### **Standards of Professionalism and Attorney Complaint Information**

Pursuant to rules promulgated by the Texas Supreme Court and the State Bar of Texas, we are to advise our clients of the contents of the Texas Lawyer's Creed, a copy of which is attached. In addition, we are to advise clients that the State Bar of Texas investigates and prosecutes complaints of professional misconduct against attorneys licensed in Texas. A brochure entitled *Attorney Complaint Information* is available at all of our Texas offices and is likewise available upon request. A client that has any questions about State Bar's disciplinary process should call the Office of the General Counsel of the State Bar of Texas at 1-800-932-1900 toll free.

## THE TEXAS LAWYER'S CREED — A MANDATE FOR PROFESSIONALISM

The Texas Supreme Court and the Texas Court of Criminal Appeals adopted this Creed, with the requirement that lawyers advise their clients of its contents when undertaking representation.

I am a lawyer; I am entrusted by the People of Texas to preserve and improve our legal system. I am licensed by the Supreme Court of Texas. I must therefore abide by the Texas Disciplinary Rules of Professional Conduct, but I know that Professionalism requires more than merely avoiding the violation of laws and rules. I am committed to this Creed for no other reason than it is right.

**I. OUR LEGAL SYSTEM.** A lawyer owes to the administration of justice personal dignity, integrity, and independence. A lawyer should always adhere to the highest principles of professionalism. I am passionately proud of my profession. Therefore, "My word is my bond." I am responsible to assure that all persons have access to competent representation regardless of wealth or position in life. I commit myself to an adequate and effective pro bono program. I am obligated to educate my clients, the public, and other lawyers regarding the spirit and letter of this Creed. I will always be conscious of my duty to the judicial system.

**II. LAWYER TO CLIENT.** A lawyer owes to a client allegiance, learning, skill, and industry. A lawyer shall employ all appropriate means to protect and advance the client's legitimate rights, claims, and objectives. A lawyer shall not be deterred by any real or imagined fear of judicial disfavor or public unpopularity, nor be influenced by mere self-interest. I will advise my client of the contents of this Creed when undertaking representation. I will endeavor to achieve my client's lawful objectives in legal transactions and in litigation as quickly and economically as possible. I will be loyal and committed to my client's lawful objectives, but I will not permit that loyalty and commitment to interfere with my duty to provide objective and independent advice. I will advise my client that civility and courtesy are expected and are not a sign of weakness. I will advise my client of proper and expected behavior. I will treat adverse parties and witnesses with fairness and due consideration. A client has no right to demand that I abuse anyone or indulge in any offensive conduct. I will advise my client that we will not pursue conduct which is intended primarily to harass or drain the financial resources of the opposing party. I will advise my client that we will not pursue tactics which are intended primarily for delay. I will advise my client that we will not pursue any course of action which is without merit. I will advise my client that I reserve the right to determine whether to grant accommodations to opposing counsel in all matters that do not adversely affect my client's lawful objectives. A client has no right to instruct me to refuse reasonable requests made by other counsel. I will advise my client regarding the availability of mediation, arbitration, and other alternative methods of resolving and settling disputes.

**III. LAWYER TO LAWYER.** A lawyer owes to opposing counsel, in the conduct of legal transactions and the pursuit of litigation, courtesy, candor, cooperation, and scrupulous observance of all agreements and mutual understandings. Ill feelings between clients shall not influence a lawyer's conduct, attitude, or demeanor toward opposing counsel. A lawyer shall not engage in unprofessional conduct in retaliation against other unprofessional conduct. I will be courteous, civil, and prompt in oral and written communications. I will not quarrel over matters of form or style, but I will concentrate on matters of substance. I will identify for other counsel or parties all changes I have made in documents submitted for review. I will attempt to prepare documents which correctly reflect the agreement of the parties. I will not include provisions which have not been agreed upon or omit provisions which are necessary to reflect the agreement of the parties. I will notify opposing counsel, and, if appropriate, the Court or other persons, as soon as practicable.

when hearings, depositions, meetings, conferences or closings are canceled. I will agree to reasonable requests for extensions of time and for waiver of procedural formalities, provided legitimate objectives of my client will not be adversely affected. I will not serve motions or pleadings in any manner that unfairly limits another party's opportunity to respond. I will attempt to resolve by agreement my objections to matters contained in pleadings and discovery requests and responses. I can disagree without being disagreeable. I recognize that effective representation does not require antagonistic or obnoxious behavior. I will neither encourage nor knowingly permit my client or anyone under my control to do anything which would be unethical or improper if done by me. I will not, without good cause, attribute bad motives or unethical conduct to opposing counsel nor bring the profession into disrepute by unfounded accusations of impropriety. I will avoid disparaging personal remarks or acrimony towards opposing counsel, parties and witnesses. I will not be influenced by any ill feeling between clients. I will abstain from any allusion to personal peculiarities or idiosyncrasies of opposing counsel. I will not take advantage, by causing any default or dismissal to be rendered, when I know the identity of an opposing counsel, without first inquiring about that counsel's intention to proceed. I will promptly submit orders to the Court. I will deliver copies to opposing counsel before or contemporaneously with submission to the court. I will promptly approve the form of orders which accurately reflect the substance of the rulings of the Court. I will not attempt to gain an unfair advantage by sending the Court or its staff correspondence or copies of correspondence. I will not arbitrarily schedule a deposition, Court appearance, or hearing until a good faith effort has been made to schedule it by agreement. I will readily stipulate to undisputed facts in order to avoid needless costs or inconvenience for any party. I will refrain from excessive and abusive discovery. I will comply with all reasonable discovery requests. I will not resist discovery requests which are not objectionable. I will not make objections nor give instructions to a witness for the purpose of delaying or obstructing the discovery process. I will encourage witnesses to respond to all deposition questions which are reasonably understandable. I will neither encourage nor permit my witness to quibble about words where their meaning is reasonably clear. I will not seek Court intervention to obtain discovery which is clearly improper and not discoverable. I will not seek sanctions or disqualification unless it is necessary for protection of my client's lawful objectives or is fully justified by the circumstances.

**IV. LAWYER AND JUDGE.** Lawyers and judges owe each other respect, diligence, candor, punctuality, and protection against unjust and improper criticism and attack. Lawyers and judges are equally responsible to protect the dignity and independence of the Court and the profession. I will always recognize that the position of judge is the symbol of both the judicial system and administration of justice. I will refrain from conduct that degrades this symbol. I will conduct myself in court in a professional manner and demonstrate my respect for the Court and the law. I will treat counsel, opposing parties, the Court, and members of the Court staff with courtesy and civility. I will be punctual. I will not engage in any conduct which offends the dignity and decorum of proceedings. I will not knowingly misrepresent, mischaracterize, misquote or miscite facts or authorities to gain an advantage. I will respect the rulings of the Court. I will give the issues in controversy deliberate, impartial and studied analysis and consideration. I will be considerate of the time constraints and pressures imposed upon the Court, Court staff and counsel in efforts to administer justice and resolve disputes.

# SAMCO CAPITAL MARKETS, INC.

8700 Crownhill Boulevard • Suite 601  
San Antonio Texas, 78209

TELEPHONE 210-832-9760  
877-340-1371

FACSIMILE 210-832-9794

## MUNICIPAL ADVISORY CONTRACT

May 11, 2015

The Honorable Chairman and Members of the Board  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130

Ladies and Gentlemen:

1. We understand that the Authority, from time to time, will consider the issuance of debt obligations and that in connection with the authorization, issuance, sale and delivery of such obligations you desire the Mark McLiney Municipal Advisory team to perform professional services in the capacity of Municipal Advisors for the Authority.
2. We agree to provide all services related to the development and implementation of a debt management plan. These services include, but are not limited to, the structuring of a bond model, the formulation of a bond program, the analysis and completion of refunding programs, consultation regarding bond elections, consultation regarding bond ratings, consultation regarding the available types of financings, etc. The services include communicating and coordinating with other professionals involved in bond transactions and related services (e.g. bond counsel, rating agent, credit enhancement providers, verification agent, arbitrage rebate provider, etc.). The advice and assistance includes serving as a fiduciary to the Issuer and representing the Issuer's interest in the sale and distribution of any debt obligations.
3. We agree to direct and coordinate the entire program of financing herein contemplated. It is specifically understood and agreed, however, that this obligation on our part shall not cover payment of any expenses associated with the issuance of the obligations or the expenses of any litigation, if such would occur.
4. As consideration for the services rendered by us and as reimbursement for the expenses which we are to incur, it is understood and agreed that the Authority is to pay and we are to accept, a cash fee for such professional services in accordance with the fee schedule set forth as follows. Such fee shall become due and payable simultaneously with the delivery of the bonds to the purchaser. It is understood that a miscellaneous expense will be added to the fee to cover reimbursables. This amount shall be capped at \$5,000.

### **FEE SCHEDULE**

The following schedule is an estimate of fees due for Municipal Advisory work. The actual fee will be more or less based upon work performed.

1.50% for the first \$5,000,000

0.75% for the second \$5,000,000

0.50% for the next \$10,000,000

0.25% for all amounts over \$20,000,000

Fees for Revenue Bonds or Bonds issued to State or Federal Agencies shall be as computed from the above schedule, plus 25% (125% of the scheduled amount). For any issue of Advanced Refunding Bonds and/or other Debt Instruments involving Escrow Agreements, it is understood and agreed that our fee will be the fee schedule set out above plus 10%.

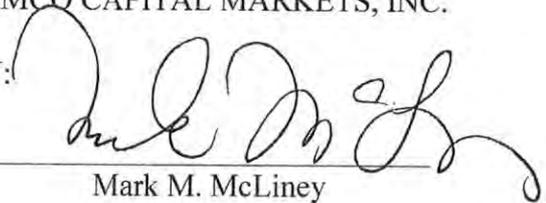
SAMCO Capital Markets, Inc. will bill the Issuer at Closing for each issue of obligations a net amount which will include a fee calculated on the above schedule as well as costs and expenses, where applicable, incurred on behalf of the Issuer for the Bond Attorneys, preparation, printing and distribution of the Notice of Sale, Official Statement, Uniform Bid Form or Private Placement Memorandum, independent consultants, information meetings, if any, presentations to rating agencies and rating fees, if any, printing of Obligations, and all appropriate costs and expenses associated with the closing and delivery of the Obligations.

5. If appropriate, we will assist with the annual filing of all documents related to the Securities Exchange Commission Rule 15c2-12 (Continuing Disclosure). It is understood that we are not your agent for Continuing Disclosure because SAMCO Capital Markets, Inc. cannot be assured of being informed on a timely manner of all material events which require filing during the year. It is further understood that any fees due us for our work in this capacity will be determined on a case by case basis.
6. Due to the personal nature of municipal advisory consulting services, this Agreement is being entered into with the Mark McLiney Municipal Advisory Group of SAMCO Capital Markets. The Issuer expects that all files will be held in duplicate by the group and the company. At the full discretion of the Issuer, this Agreement can be automatically assigned to and transferred to the Mark McLiney Municipal Advisory Group.
7. This Agreement will commence on the date of acceptance and shall remain in effect until terminated or replaced with a subsequent agreement. This Agreement can be terminated at any time, with or without cause, with simple written notice.

Respectfully submitted,

SAMCO CAPITAL MARKETS, INC.

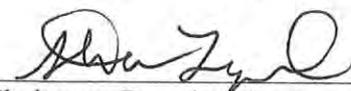
BY:



Mark M. McLiney

**ACCEPTANCE**

ACCEPTED and adopted by the Board of Trustees of the Canyon Regional Water Authority on this the 11<sup>th</sup> day of May, 2015



Chairman, Board of Trustees  
Canyon Regional Water Authority

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SHAREHOLDERS:

Nancy L. Vaughan, CPA  
Deborah F. Fraser, CPA  
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.  
Certified Public Accountants

July 14, 2014

Canyon Regional Water Authority, Texas  
850 Lakeside Pass  
New Braunfels, Texas 78130

The following represents our understanding of the services we will provide Canyon Regional Water Authority.

You have requested that we audit the basic financial statements of Canyon Regional Water Authority, as of September 30, 2014, and for the year then ended and the related notes to the financial statements, which collectively comprise Canyon Regional Water Authority's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and schedule of funding progress for defined benefit pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule – Enterprise Fund

Supplementary information other than RSI will accompany Canyon Regional Water Authority's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1. TCEQ Required Schedules

Canyon Regional  
Water Authority  
JUL 17 2014

## **The Objective of an Audit**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

## **General Audit Procedures**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **Internal Control Audit Procedures**

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

## **Compliance with Laws and Regulations**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Canyon Regional Water Authority's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

## **Management Responsibilities**

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;

- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
  - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - ii. Additional information that we may request from management for the purpose of the audit; and
  - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by the entity's auditor;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities; and
- f. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

### **Reporting**

We will issue a written report upon completion of our audit of Canyon Regional Water Authority's basic financial statements. Our report will be addressed to the governing body of Canyon Regional Water Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

### **Other**

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

## **Provisions of Engagement Administration, Timing and Fees**

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

We anticipate conducting year end audit procedures in mid October and issuing a draft report for management's review in early December.

Phil Vaughan is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be our standard hourly rates plus out-of-pocket costs except that we agree that our gross fee, including expenses, will not exceed \$13,625. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

At the conclusion of our audit engagement, we will communicate to Council the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Armstrong, Vaughan & Associates, P.C. and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Armstrong, Vaughan & Associates, P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulators. The regulators may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes, before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

We appreciate the opportunity to be of service to the Canyon Regional Water Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Respectfully,

*Armstrong, Vaughan & Associates, P.C.*

Armstrong, Vaughan & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the Canyon Regional Water Authority.

By: 

Title: Manager

Date: 8-18-14

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June 8, 2015

Mr. David Davenport  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130

**Re: Wells Ranch Phase 2 Water Supply Project – Proposal for Environmental Services**

Dear Mr. Davenport,

We are pleased to present this proposal to provide environmental services related to the SWIFT funding application recently submitted by CRWA to the TWDB for the Wells Ranch Phase 2 Water Supply Project. RCE proposes to subcontract with SWCA Environmental Consultants to assist in providing the environmental services.

The environmental services will include and have the following objectives:

1. Identify and review previous environmental documentation to determine if updating is required;
2. Summarize the findings of previous environmental studies;
3. Identify data gaps, if applicable; and
4. Provide recommendations on any additional reviews or studies that may be needed to meet SWIFT funding requirements.
5. Conduct additional reviews and/or studies that are needed to meet SWIFT funding requirements.
6. Submit existing and updated environmental documentation for the project elements to the TWDB for determination of a Categorical Exclusion.
7. Upon TWDB determination of a Categorical Exclusion, additional environmental surveys would be completed and coordination letters would be sent to the required resource agencies for their review and concurrence. Coordination with the following agencies is typically required for all TWCB funded projects:

- Texas Parks and Wildlife Department
- Texas Historical Commission
- U.S. Army corps of Engineers
- U. S. Fish and Wildlife Service

Mr. David Davenport  
June 8, 2015  
Wells Ranch Phase 2 Water Supply Project – Proposal for Environmental Services  
Page 2

We are proposing a not to exceed budget of \$25,000 to complete the necessary identified environmental work including submittal to the TWDB and other environmental permitting agencies. This proposal does not include the environmental studies that will be necessary for the Brown Family Trust Tract projects or the Northeast and Southeast Well Field projects.

Should you have any questions, please do not hesitate to contact me at (830) 626-3588.

Respectfully submitted,

David Weikel, PE  
River City Engineering, Ltd.

**Wells Ranch Phase 2 Water Supply Project – Proposal for Environmental Services**

**Accepted By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**ATTACHMENT A**  
**CRWA / WELLS RANCH PHASE 2**  
**CARRIZO AND WILCOX GROUNDWATER GUADLUPE AND GONZALES COUNTY PROJECT**  
**RIVER CITY ENGINEERING**  
**BASIC ENGINEERING SERVICES FEE ESTIMATE**  
**June 8, 2015**

<b>Project &amp; Tasks</b>	<b>Estimated Construction Cost</b>	<b>Basic Services %</b>	<b>% of Design</b>	<b>Budget</b>
<b>Preliminary Engineering Report</b>				
Task 1				<b>\$ 25,000</b>
<b>Santa Clara – Wagner Booster Pump Station Transmission Main</b>				
Task 6 – Final Design	\$ 5,511,000	7%	60%	\$ 231,462
Task 7 – Bidding Services	\$ 5,511,000	7%	10%	\$ 38,577
Task 8 – Construction Phase Services	\$ 5,511,000	7%	10%	\$ 38,577
Task 9 – As-Built Plans	\$ 5,511,000	7%	5%	\$ 19,289
<b>Basic Services Fee</b>				<b>\$ 327,905</b>
<b>Crystal Clear Transmission Main</b>				
Task 6 – Final Design	\$ 4,506,000	7%	60%	\$ 189,252
Task 7 – Bidding Services	\$ 4,506,000	7%	10%	\$ 31,542
Task 8 – Construction Phase Services	\$ 4,506,000	7%	10%	\$ 31,542
Task 9 – As-Built Plans	\$ 4,506,000	7%	5%	\$ 15,771
<b>Basic Services Fee</b>				<b>\$ 268,107</b>
<b>Wells Ranch Wilcox Wells</b>				
Task 2 – Preliminary Design	\$ 2,197,000	4.50%	15%	\$ 14,830
Task 5 – Final Design	\$ 2,197,000	4.50%	60%	\$ 59,319
Task 7 – Bidding Services	\$ 2,197,000	4.50%	10%	\$ 9,887
Task 8 – Construction Phase Services	\$ 2,197,000	4.50%	10%	\$ 9,887
Task 9 – As-Built Plans	\$ 2,197,000	4.50%	5%	\$ 4,943
<b>Basic Services Fee</b>				<b>\$ 98,865</b>

Project & Tasks	Estimated Construction Cost	Basic Services %	% of Design	Budget
<b>Wells Ranch Water Treatment Plant Expansion</b>				
Task 4 – Preliminary Design	\$ 5,285,000	9%	15%	\$ 71,348
Task 5 – Final Design	\$ 5,285,000	9%	60%	\$ 285,390
Task 7 – Bidding Services	\$ 5,285,000	9%	10%	\$ 47,565
Task 8 – Construction Phase Services	\$ 5,285,000	9%	10%	\$ 47,565
Task 9 – As-Built Plans	\$ 5,285,000	9%	5%	\$ 23,783
<b>Total Basic Services Fee</b>				<b>\$ 475,650</b>
<b>Hickory Forrest Elevated Storage Tank</b>				
Task 4 – Preliminary Design	\$ 2,664,000	9%	15%	\$ 35,964
Task 5 – Final Design	\$ 2,664,000	9%	60%	\$ 143,856
Task 7 – Bidding Services	\$ 2,664,000	9%	10%	\$ 23,976
Task 8 – Construction Phase Services	\$ 2,664,000	9%	10%	\$ 23,976
Task 9 – As-Built Plans	\$ 2,664,000	9%	5%	\$ 11,988
<b>Basic Services Fee</b>				<b>\$ 239,760</b>
<b>Leissner Booster Station Improvements</b>				
Task 4 – Preliminary Design	\$ 2,524,000	9%	15%	\$ 34,074
Task 5 – Final Design	\$ 2,524,000	9%	60%	\$ 136,296
Task 7 – Bidding Services	\$ 2,524,000	9%	10%	\$ 22,716
Task 8 – Construction Phase Services	\$ 2,524,000	9%	10%	\$ 22,716
Task 9 – As-Built Plans	\$ 2,524,000	9%	5%	\$ 11,358
<b>Basic Services Fee</b>				<b>\$ 227,160</b>
<b>Wagner Booster Station Improvements</b>				
Task 4 – Preliminary Design	\$ 3,288,000	9%	15%	\$ 44,388
Task 5 – Final Design	\$ 3,288,000	9%	60%	\$ 177,552
Task 7 – Bidding Services	\$ 3,288,000	9%	10%	\$ 29,592
Task 8 – Construction Phase Services	\$ 3,288,000	9%	10%	\$ 29,592
Task 9 – As-Built Plans	\$ 3,288,000	9%	5%	\$ 14,796
<b>Basic Services Fee</b>				<b>\$ 295,920</b>

Project & Tasks	Estimated Construction Cost	Basic Services %	% of Design	Budget
<b>Loop 1604 Booster Station Improvements</b>				
Task 4 – Preliminary Design	\$ 586,000	9%	15%	\$ 7,911
Task 5 – Final Design	\$ 586,000	9%	60%	\$ 31,644
Task 7 – Bidding Services	\$ 586,000	9%	10%	\$ 5,274
Task 8 – Construction Phase Services	\$ 586,000	9%	10%	\$ 5,274
Task 9 – As-Built Plans	\$ 586,000	9%	5%	\$ 2,637
<b>Total Basic Services Fee</b>				<b>\$ 52,740</b>
<b>Brown Family Trust Wells</b>				
Task 2 – Preliminary Design	\$ 3,980,000	4.50%	15%	\$ 26,865
Task 5 – Final Design	\$ 3,980,000	4.50%	60%	\$ 107,460
Task 7 – Bidding Services	\$ 3,980,000	4.50%	10%	\$ 17,910
Task 8 – Construction Phase Services	\$ 3,980,000	4.50%	10%	\$ 17,910
Task 9 – As-Built Plans	\$ 3,980,000	4.50%	5%	\$ 8,955
<b>Basic Services Fee</b>				<b>\$ 179,100</b>
<b>Brown Family Trust Well Field and Piping</b>				
Task 2 – Preliminary Design	\$ 5,844,000	7%	15%	\$ 61,362
Task 5 – Final Design	\$ 5,844,000	7%	60%	\$ 245,448
Task 7 – Bidding Services	\$ 5,844,000	7%	10%	\$ 40,908
Task 8 – Construction Phase Services	\$ 5,844,000	7%	10%	\$ 40,908
Task 9 – As-Built Plans	\$ 5,844,000	7%	5%	\$ 20,454
<b>Basic Services Fee</b>				<b>\$ 409,080</b>
<b>Brown Family Trust Raw Water Transmission Main</b>				
Task 3 – Preliminary Design	\$ 7,974,000	7%	15%	\$ 83,727
Task 6 – Final Design	\$ 7,974,000	7%	60%	\$ 334,908
Task 7 – Bidding Services	\$ 7,974,000	7%	10%	\$ 55,818
Task 8 – Construction Phase Services	\$ 7,974,000	7%	10%	\$ 55,818
Task 9 – As-Built Plans	\$ 7,974,000	7%	5%	\$ 27,909
<b>Basic Services Fee</b>				<b>\$ 558,180</b>
<b>TOTAL BASIC ENGINEERING SERVICES FEE</b>				<b>\$ 3,157,467</b>
<b>TOTAL ESTIMATED CONSTRUCTION COST</b>				<b>\$ 44,359,000</b>

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**PROFESSIONAL SERVICES AGREEMENT**  
**BY RIVER CITY ENGINEERING, LTD. FOR CANYON REGIONAL WATER**  
**AUTHORITY'S WELLS RANCH CARRIZO-WILCOX GROUNDWATER**  
**PROJECT PHASE I IMPROVEMENTS**

THIS AGREEMENT, is made this the 26th of June, 2007 between Canyon Regional Water Authority (Owner) and River City Engineering Ltd.(Engineer),

**W I T N E S S E T H:**

WHEREAS, Owner intends to construct the Wells Ranch Carrizo-Wilcox Groundwater Project Phase I Improvements (the Project); as outlined in the Preliminary Engineering report dated April 2007 and,

WHEREAS, Owner requires certain engineering services in connection with the Project (the Services); and,

WHEREAS, Engineer and its subcontractors are prepared to provide the Services:

NOW THEREFORE, in consideration of the promises contained in this Agreement, Owner and Engineer agree as follows:

**ARTICLE 1 - EFFECTIVE DATE**

The effective date of this Agreement shall be upon the date of last party's signature.

**ARTICLE 2 - GOVERNING LAW**

This Agreement shall be governed by and interpreted in accordance with the laws of the state of Texas, notwithstanding the operation of any conflict or choice of law provisions to the contrary.

### **ARTICLE 3 - SERVICES TO BE PERFORMED BY ENGINEER**

Engineer shall perform the Services described in Attachment A, Description of Basic Services. Engineer shall have no liability for defects in the Services attributable to Engineer's reliance upon or use of data, design criteria, drawings, specifications, or other information furnished by Owner or third parties retained by Owner.

- Within thirty (30) days of execution of this Agreement, RCE will submit, for CRWA's review, discussion and approval, a project function, performance and dateline submission that will comprehensively describe the role of RCE and its subcontractors, engaged by contract by RCE, and include the description of the function and dateline of each entities required performance.
- Contemporaneous with execution of this Agreement, and as an initial addendum thereto, RCE shall furnish to CRWA a table outlining its corporate organization, and giving attention to key individual professionals within RCE, and their responsibility, and outlining to CRWA the order of succession established by RCE in the event of disability or accident and such addendum shall provide to CRWA a designation of those individuals that are authorized to authoritatively communicate for RCE to CRWA or any third party, such as a contractor or regulatory authority. This addendum shall be updated quarterly by RCE to CRWA, and, where appropriate include information regarding RCE, CPY and any subcontractors for which RCE has authorized direct communication with CRWA.

### **ARTICLE 4 - COMPENSATION**

Owner shall pay Engineer in accordance with the particular terms of Attachment C, Compensation.

### **ARTICLE 5 - OWNER'S RESPONSIBILITIES**

Owner shall be responsible for all matters described in Attachment B, Owner's Responsibilities.

## **ARTICLE 6 - STANDARD OF CARE**

Engineer shall exercise the same degree of care, skill, and diligence in the performance of the Services as is ordinarily possessed and exercised by a professional engineer under similar circumstances. No other warranty, express or implied, is included in this Agreement or in any drawing, specification, report, or opinion produced pursuant to this Agreement.

## **ARTICLE 7 - LIABILITY AND INDEMNIFICATION**

7.1 General - Having considered the potential liabilities that may exist during the performance of the Services, the benefits of the Project, and the Engineer's fee for the Services, and in consideration of the promises contained in this Agreement, Owner and Engineer agree to allocate and limit such liabilities in accordance with this Article. Indemnities against, releases from, and limitations of liability expressed in this Agreement, as well as waivers of rights, including, but not limited to, subrogation rights, shall apply even in the event of the fault, tort (including negligence), strict liability or other basis of legal liability by the party indemnified or released or whose liability is limited or allocated to the indemnitor, and shall extend to the officers, partners, directors, employees, licensors, agents, subcontractors, vendors and related entities of such party.

7.2 Indemnification. Engineer and Owner each agrees to defend, indemnify, and hold harmless each other, its agents and employees, from and against legal liability for all claims, losses, damages, and expenses resulting from death or bodily injury to any person or damage or destruction to third-party property to the extent such claims, losses, damages, or expenses are caused by its negligent acts, errors, or omissions. In the event claims, losses, damages, or expenses are caused by the joint or concurrent negligence of Engineer and Owner; they shall be borne by each party in proportion to its own negligence.

7.3 Employee Claims. Engineer shall indemnify Owner against legal liability for damages arising out of claims by Engineer's employees. Owner shall indemnify Engineer against legal liability for damages arising out of claims by Owner's employees.

7.4 Consequential Damages. To the fullest extent permitted by law, Engineer shall not be liable to Owner for any special, indirect, consequential, punitive or exemplary damages resulting in any way from the performance of the Services.

7.5 Limitations of Liability To the fullest extent permitted by law, Engineer's total liability to Owner for all claims, losses, damages, and expenses resulting in any way from the performance of the Services shall not exceed the compensation received by Engineer under that phase of this Agreement.

7.6 Survival Upon completion of all Services, obligations, and duties provided for in this Agreement, or if this Agreement is terminated for any reason, the terms and conditions of this Article shall survive.

#### **ARTICLE 8 - INSURANCE**

During the performance of the Services under this Agreement, Engineer shall maintain the following insurance and provide that CRWA is a named additional insured:

- (1) General Liability Insurance, with a combined single limits of \$500,000 for each occurrence and \$1,000,000 in the aggregate.
- (2) Automobile Liability Insurance, with a combined single limit of \$500,000 for each person and \$500,000 for each accident.
- (3) Workers' Compensation Insurance in accordance with statutory requirements and Employers' Liability Insurance, with a limit of \$500,000 for each occurrence.
- (4) Professional Liability Insurance (***Errors & Omissions***), with a limit of \$1,000,000 per occurrence and a \$3,000,000 annual aggregate.

Upon execution of this Agreement, Engineer shall furnish Owner certificates of insurance, which shall include a provision that such insurance shall not be canceled without at least thirty days' written notice to Owner. All Project contractors shall be required to include Owner and Engineer as additional insureds on their General Liability insurance policies, and shall be required to indemnify Owner and Engineer to the same extent. If Owner purchases, or causes a Project contractor to purchase, builders' risk or other property insurance policy for the Project, Owner shall require that Engineer be included as a named insured on such policy without liability for the payment of premiums.

Engineer and Owner waive all rights, and shall require their insurers to waive rights of subrogation, against each other and their directors, officers, partners, commissioners, officials, agents, and employees for damages covered by property insurance during and after completion of the Services. If the Services result in a construction phase of the Project, a similar provision shall be incorporated into all construction phase contracts entered into by Owner and shall protect Owner and Engineer to the same extent.

#### **ARTICLE 9 - LIMITATIONS OF RESPONSIBILITY**

Engineer shall not be responsible for: (1) construction means, methods, techniques, sequences, procedures, or safety precautions and programs in connection with the Project; (2) the failure of any contractor, subcontractor, vendor, or other Project participant, not under contract to Engineer, to fulfill contractual responsibilities to the Owner or to comply with federal, state, or local laws, regulations, and codes; or (3) procuring permits, certificates, and licenses required for any construction unless such responsibilities are specifically assigned to Engineer in Attachment A, Scope of Services.

#### **ARTICLE 10 - OPINIONS OF COST AND SCHEDULE**

Since Engineer has no control over the cost of labor, materials, or equipment furnished by others or over the resources provided by others to meet Project schedules, Engineer's opinion of probable costs and of Project schedules shall be made on the basis of experience

and qualifications as a professional engineer. Engineer does not guarantee that proposals, bids, or actual Project costs will not vary from Engineer's cost estimates or that actual schedules will not vary from Engineer's projected schedules.

#### **ARTICLE 11 - REUSE OF DOCUMENTS**

All documents, including, but not limited to, drawings, specifications, and computer software prepared by Engineer pursuant to this Agreement are instruments of service in respect to the Project. They are not intended or represented to be suitable for reuse by Owner or others on extensions of the Project or on any other project. Any reuse without prior written verification or adaptation by Engineer for the specific purpose intended will be at Owner's sole risk and without liability or legal exposure to Engineer. Owner shall defend, indemnify, and hold harmless Engineer against all claims, losses, damages, injuries, and expenses, including attorneys' fees, arising out of or resulting from such reuse. Any verification or adaptation of documents will entitle Engineer to additional compensation at rates to be agreed upon by Owner and Engineer.

#### **ARTICLE 12 - OWNERSHIP OF DOCUMENTS AND INTELLECTUAL PROPERTY**

Engineering documents, drawings, and specifications prepared by Engineer as part of the Services shall become the property of Owner when Engineer has been compensated for all Services rendered, provided, however, that Engineer shall have the unrestricted right to their use. Engineer shall, however, retain its rights in its standard drawing details, specifications, databases, computer software, and other proprietary property. Rights to intellectual property developed, utilized, or modified in the performance of the Services shall remain the property of Engineer.

#### **ARTICLE 13 - TERMINATION**

This Agreement may be terminated by either party upon written notice in the event of substantial failure by the other party to perform in accordance with the terms of this Agreement. The non-performing party shall have fifteen calendar days from the date of the

termination notice to cure or to submit a plan for cure acceptable to the other party.

Owner may terminate or suspend performance of this Agreement for Owner's convenience upon written notice to Engineer. Engineer shall terminate or suspend performance of the Services on a schedule acceptable to Owner. If termination or suspension is for Owner's convenience, Owner shall pay Engineer for all Professional Services performed to date of such termination notice per Table 1, Attachment C, based on estimated construction cost at \$28,450,000.

#### **ARTICLE 14 - DELAY IN PERFORMANCE**

Except for Owner's payment obligation, neither Owner nor Engineer shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include, but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war, riots, and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage; judicial restraint; and inability to procure permits, licenses, or authorizations from any local, state, or federal agency for any of the supplies, materials, accesses, or services required to be provided by either Owner or Engineer under this Agreement.

Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement. Engineer shall be entitled to an equitable adjustment in scheduled performance events and dollar compensation *in* relationship to any delay, providing such delay is not attributable to the Engineer or any of its subcontractors.

#### **ARTICLE 15 - PRE-EXISTING CONTAMINATION**

Anything herein to the contrary notwithstanding, title to, ownership of, and legal responsibility and liability for any and all pre-existing contamination shall at all time remain

with Owner. "Pre-existing contamination" is any hazardous or toxic substance, material, or condition present at the site or sites concerned, which was not brought onto such site or sites by Engineer for the exclusive benefit of Engineer. Owner agrees to release, defend, indemnify, and hold Engineer harmless from and against any and all liability which may in any manner arise in any way directly or indirectly caused by such pre-existing contamination except if, and then only to the extent, such liability is caused by Engineer's sole negligence or willful misconduct.

#### **ARTICLE 16 - COMMUNICATIONS**

Any communication required by this Agreement shall be made in writing to the address specified below:

Engineer: River City Engineering, Ltd.  
Patrick A. Lackey, P.E.  
1011 W. County Line Rd  
New Braunfels, Texas, 78130

Owner: Canyon Regional Water Authority  
Mr. David Davenport, General Manager  
850 Lakeside Pass  
New Braunfels, Texas 78130

Nothing contained in this Article shall be construed to restrict the transmission of routine communications between representatives of Engineer and Owner.

#### **ARTICLE 17 - WAIVER**

A waiver by either Owner or Engineer of any breach of this Agreement shall be in writing. Such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

#### **ARTICLE 18 - SEVERABILITY**

The invalidity, illegality, or un-enforceability of any provision of this Agreement or the

occurrence of any event rendering any portion or provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this Agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Article shall not prevent this entire Agreement from being void should a provision, which is of the essence of this Agreement, be determined void.

#### **ARTICLE 19 - INTEGRATION**

This Agreement represents the entire and integrated agreement between Owner and Engineer. It supersedes all prior and contemporaneous communications, representations, and agreements, whether oral or written, relating to the subject matter of this Agreement.

#### **ARTICLE 20 - SUCCESSORS AND ASSIGNS**

Owner and Engineer each binds itself and its directors, officers, partners, successors, executors, administrators, assigns, and legal representatives to the other party to this Agreement and to the directors, officers, partners, successors, executors, administrators, assigns, and legal representatives of such party in respect to all provisions of this Agreement.

#### **ARTICLE 21 - ASSIGNMENT**

Neither Owner nor Engineer shall assign any rights or duties under this Agreement without the prior written consent of the other party, unless otherwise stated in the written consent to an assignment, no assignment will release or discharge the assignor from any obligation under this Agreement. Nothing contained in this Article shall prevent Engineer from employing independent consultants, associates, and subcontractors to assist in the performance of the Services.

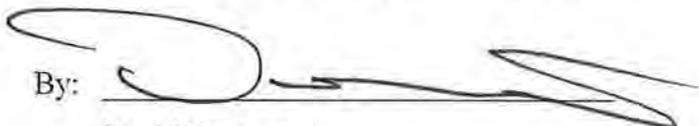
## **ARTICLE 22 - THIRD PARTY RIGHTS**

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than Owner and Engineer.

Executed in multiple copies, copy 2 of 3 originals.

REVIEWED AND RECOMMENDED FOR APPROVAL this 26<sup>th</sup> day of June, 2007.

CANYON REGIONAL WATER AUTHORITY

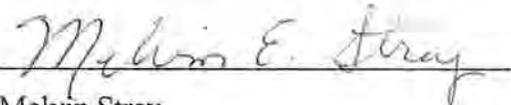
By: 

David Davenport

Its General Manager

IN WITNESS WHEREOF, Owner and Engineer have executed this Agreement on this date of June 26<sup>th</sup>, 2007.

CANYON REGIONAL WATER AUTHORITY

By: 

Melvin Strey

Its Chairman

Date: 7-23-07

Attest:

By: 

Mark Speed

Its Secretary

Date: 7-23-07

RIVER CITY ENGINEERING, LTD.

By: *Patrick Lackey*

Patrick Lackey

Its *Principal*

Date: *6-26-07*

Attest:

By: *Barbara Lackey*  
*Barbara Lackey*

Its *Principal*

Date: *6-26-07*

**ATTACHMENT A**  
**TO**  
**CONTRACT FOR ENGINEERING SERVICES**  
**SERVICES TO BE PERFORMED BY ENGINEER**

**PROJECT: Wells Ranch Carrizo Groundwater Project**  
**Phase I Improvements**

The purpose of this project is to design a well field collection system, water treatment facilities and transmission pipeline and booster station. The scope of services to be provided by Engineer is described below.

**DESCRIPTION OF SERVICES**

**Standards of Performance and Project Management**

Engineer will be responsible for the proper, accurate and adequate design and preparation of plans and specifications and other construction contract documents<sup>1</sup> and for construction administration of the Project. Engineer shall be responsible for project accounting and administration.

**General Items**

Engineer shall meet with Owner to clarify understanding of scope and parameters of the project whenever necessary. Engineer shall be responsible for communicate/meet with State agencies (TNRCC and/or TWDB) and reach an understanding on design objectives and performance requirements and state agency approvals including time sequence. All such communications shall be provided to Owner contemporaneously with preparation and dispatch by Engineer. Owner's review or approval shall be continuously secured throughout project development and construction.

Engineer shall arrange for and participate in informal meetings as required with Owner throughout the design report, preliminary design, and design phase to review progress and exchange ideas and information.

#### **Task 1 - Preliminary Engineering Report**

Engineer shall review the Preliminary Engineering Study dated March 2007 and update the estimated costs and make a recommendation to the owner no later than **thirty (30) days after contract execution** in writing, to the total bond issuance amount for Phase 1 of the project. [NLT DATE: 7-26-07]

#### **Task 2 - Preliminary Design – Well Field Design**

Engineer shall prepare a preliminary set of drawings for the water collection system to tie the production wells together along with roads, electric lines, pad site development for each well head and general well site layout. Drawing shall show the location of the property lines, well location, electric transformer, disconnect and pump motor starter, pump piping, flow meter, sample tap, check valve and all other related appurtenances to the site. Engineer shall submit to the owner for review no later than **sixty (60) days after contract execution**. [NLT DATE: 8-25-07]

#### **Task 3 - Preliminary Design – Water Transmission Line**

Engineer shall prepare a preliminary set of drawings for the water transmission system from the Mesquite Pass elevated tank to FM 1518 EST along the route of the pipeline. The drawings shall include all necessary appurtenances along the pipeline route and property owner locations for the purpose of right of way acquisition. The first page shall start at Mesquite Pass and end at FM 1518 EST. Drawing shall show the location of the property lines, valves, fittings, roadways, topography, piping profiles, and all other related appurtenances to the project. Engineer shall submit to the owner for review no later than **sixty (60) days after contract execution**. [NLT DATE: 8-25-07]

#### **Task 4 – Preliminary Design - Water Treatment Facilities and Booster Stations**

Engineer shall prepare a detailed design report and preliminary drawings for the water treatment plant and Booster Station, as required establishing agreement on scope, parameters, performance requirements, and projecting approach. Submit two copies to Owner for review. The design report will include the following:

- a. General project scope and background references.
- b. Design criteria, including:
  - Flow rates - present and anticipated.
  - Raw water quality - physical, chemical and biological.
  - Iron and ph adjustment criteria
  - Design objective, treated water quality.
  - Sludge quantities and types (lime, alum, etc.)
- c. Applicable codes and standards, including fire and safety codes.
- d. Local building, planning, and zoning department requirements.
- e. Site considerations, including subsurface conditions, flood elevations, drainage requirements, land size requirements, etc.
- f. Preliminary site plan, building layouts, and architecture.
- g. Preliminary hydraulic profile of treatment facilities.
- h. Condensed hydraulic profile of pipelines.
- i. Process and hydraulic systems.
- j. Sludge processing systems and handling.
- k. Sludge disposal method.
- l. Chemical feed and storage.
- m. Operational monitoring and control systems.
- n. HVAC systems.
- o. Electrical systems.
- p. Structural design criteria.
- q. Communications systems.
- r. Access to facilities
- s. Security systems.

- t. Utility requirements. Electric/Telephone/SCADA/Internet/Sewage/Fire Protection

Engineer shall make a recommendation to the Owner on required land acquisitions to accommodate the project.

Engineer shall meet with Owner and obtain Owner's comments on the design memorandum and preliminary drawings. Resolve any questions, revise documents if necessary, and resubmit two copies to Owner.

This task shall be completed by not later than **ninety (90) days after contract execution.**

**[NLT DATE: 9-24-07]**

**Task 5 - Final Design – Water Treatment Facilities, Booster Pump Stations & Well Field Collection System**

Engineer will prepare detailed drawings and specifications and other contract documents for the proposed construction work and for the materials and equipment required. Bidding documents shall include bidding requirements, bid forms, and contract forms. The documents shall be prepared for selection of private construction contractors on a competitive bid basis.

Engineer shall prepare construction contracts as follows for the Wells Ranch Project treatment facility, Booster Pump Stations and Well Field Collection System and prepare an opinion of probable construction cost for the proposed work covered by the contract documents.

In addition the Engineer shall:

- Review contract documents for accurateness, completeness, bid-ability (including pricing issues), and constructability. Engineer will consult with contractors and/or contracting community during project design concerning these issues to avoid bid

mistakes and support budget limitations.

- Provide one set of drawings and specifications to Owner for review at 50 percent completion to be completed by not later than **One hundred and eighty (180) days after contract authorization.** [NLT DATE: 11-23-07]
- Peer Review shall be accomplished by subcontractor Chaing, Patel & Yerby, Inc. (“CPY”), for RCE designs, specifications, contract documents, etc., and RCE will provide peer review for CPY as well as for any other RCE subcontractors.
- At 90 percent project completion and after the contract documents are completed, not later than two hundred and forty (240) days, Engineer will initiate the final formal review process with Owner and regulatory agencies. [NLT DATE: 2-21-08]
- Meet with Owner after documents have been reviewed to discuss them and to resolve any questions.
- After the conference with Owner, make any necessary modifications and submit three sets of revised contract documents to TNRCC and/or TWDB for review and two sets to Owner for record.
- Attend meetings as required in Austin, Texas, with TNRCC and/or TWDB to discuss the documents with regulatory agency officials.
- After receipt of agency review comments and Owner’s comments on final documents, revise if necessary and resubmit if necessary three sets to regulatory agencies and two sets to Owner.
- Upon completion of the review of the contract documents, review the opinion of probable construction cost, and, with Owner, determine any revision required

concerning proposed construction budget.

- Prepare Bidding requirements, Bid Forms, Contract Forms, and Conditions of Contract for the contract documents, and preliminary Invitation to Bid Form.
- With Owner's direction, prepare Bid documents and conduct one or more Bid openings.

### **Task 6 - Final Design - Water Transmission System**

Engineer will prepare detailed drawings and specifications and other contract documents for the proposed construction work and for the materials and equipment required. Bidding documents shall include bidding requirements, bid forms, and contract forms. The documents shall be prepared for selection of private construction contractors on a competitive bid basis.

Engineer shall prepare construction contracts as follows for the Wells Ranch Project transmission system and prepare an opinion of probable construction cost for the proposed work covered by the contract documents.

In addition the Engineer shall:

- Review contract documents for accurateness, completeness, bid-ability (including pricing issues), and constructability. Engineer will consult with contractors and/or contracting community during project design concerning these issues to avoid bid mistakes and support budget limitations.
- Provide one set of drawings and specifications to Owner for review at 50 percent completion to be completed by not later than **One hundred and eighty (180) days after contract authorization.** [NLT DATE: 12-23-07]

- Peer Review shall be accomplished by subcontractor Chaing, Patel & Yerby, Inc. (“CPY”), for RCE designs, specifications, contract documents, etc., and RCE will provide peer review for CPY as well as for any other RCE subcontractors.
- At 90 percent project completion and after the contract documents are completed, not later than two hundred and forty (240) days, Engineer will initiate the final formal review process with Owner and regulatory agencies.  
**[NLT DATE: 02-21-08]**
- Meet with Owner after documents have been reviewed to discuss them and to resolve any questions.
- After the conference with Owner, make any necessary modifications and submit three sets of revised contract documents to TNRCC and/or TWDB for review and two sets to Owner for record.
- Attend meetings as required in Austin, Texas, with TNRCC and/or TWDB to discuss the documents with regulatory agency officials.
- After receipt of agency review comments and Owner's comments on final documents, revise if necessary and resubmit if necessary three sets to regulatory agencies and two sets to Owner.
- Upon completion of the review of the contract documents, review the opinion of probable construction cost, and, with Owner, determine any revision required concerning proposed construction budget.
- Prepare Bidding requirements, Bid Forms, Contract Forms, and Conditions of Contract for the contract documents, and preliminary Invitation to Bid Form.

- With Owner's direction, prepare Bid documents and conduct one or more Bid openings.

**Task 7 - Bidding Services – Water Treatment Facilities, Well Field Treatment System, Transmission System and Booster Station**

This work shall be completed no later than: **three (300) calendar days after authorization. [NLT DATE: 04-17-08]**

Engineer shall:

- Coordinate bid letting date, time, and place with Owner, and prepare final Invitation to Bid.
- Assist and advise Owner in placing the advertisements of the Invitation to Bid.
- Identify potential contractors and suppliers, and distribute copies of Invitation to Bid. Maintain a record of prospective bidders and suppliers to whom contract documents have been issued.
- Distribute construction contract documents to prospective bidders.
- Distribute plan holders' list to recipients of contract documents prior to bid opening.
- Receive non-refundable payments for construction contract documents to be retained by the Engineer to reduce reproduction costs.
- Distribute 10 sets of the construction contract documents to the successful bidder.
- Conduct, at a date and time selected and a place provided by Owner, a pre-bid

conference to:

- a. Instruct prospective bidders and suppliers as to the types of information required by the contract documents and the format in which bids should be presented.
  - b. Review I project requirements and contract documents in general.
  - c. Receive requests for interpretations, which will be issued by addendum.
  - d. Prepare minutes of the conference and issue by addendum.
- Interpret construction contract documents. Prepare and issue addenda to the construction contract documents when required.
  - Assist Owner during bid opening. Answer questions during bid opening; prepare tabulation of bids, and review questionnaires and bids for completeness.
  - Examine the questionnaire during bid opening to identify any supplier whose equipment or materials may not conform to the construction contract documents. This examination will be based on the knowledge and experience of Engineer.
  - Review and evaluate the qualifications of the apparent successful bidder and the proposed major or specialty subcontractors. The review and evaluation will include such factors as work completed equipment that is available for the work, financial resources, technical experience, and responses from references.
  - Prepare and distribute formal bid tabulation sheets, bid evaluation and recommendation. Jointly conduct pre-award conferences and negotiate proposals as necessary to achieve fixed limit of construction cost. Issue post-addenda as required.

- Prepare and distribute conforming copies of the construction contract documents. These services will include review of contractor's bonds, furnishing the Contractor unsigned construction contract documents, and transmitting the construction contract documents to Owner for signature and distribution.

**Task 8 - Construction Phase Services – Water Treatment Facilities, Booster Pump Stations, Well Field Treatment System and Transmission Mains**

Engineer will perform project administration services during the construction phase of the project. By performing these services, Engineer shall not have authority or responsibility to supervise, direct, or control the Contractor's work or the Contractor's means methods, techniques, sequences, or procedures of construction. Engineer shall not have authority or responsibility for safety precautions and programs incident to the Contractor's work or for any failure of the Contractor to comply with laws, regulations, rules, ordinances, codes, or orders applicable to the Contractor furnishing and performing the work. Specific services to be performed by Engineer are as follows:

- Review the Contractor's insurance certificates and forward the certificates to the Owner for acceptance by the Owner's legal counsel. Engineer's review of the insurance certificates is only for the purpose of determining if the Contractor maintains the general types and amounts of insurance required by the contract documents, and is not a legal review to determine if the Contractor's insurance coverage complies with all applicable requirements.
- At a date and time selected by Owner and at a facility provided by Owner, conduct a pre-construction conference. Attend the pre-construction conference and assist Owner during the conference. Engineer shall prepare an agenda for the conference, and prepare and distribute minutes. The pre-construction conference will include a discussion of the Contractor's tentative schedules, procedures for transmittal and review of the Contractor's submittals, processing payment applications, critical work

sequencing, change orders, record documents, and the Contractor's responsibilities for safety and first aid.

- Review and comment on the Contractor's initial and updated construction schedule and advise Owner as to acceptability.
- Review the Contractor's initial and updated schedule of estimated monthly payments and advise Owner as to acceptability.
- The Engineer shall visit the site at intervals appropriate to the stage of construction to become generally familiar with the progress and quality of the Work completed and to determine in general if the Work is being performed in a manner indicating that the Work when completed will be in accordance with the Contract Documents. However, the Engineer shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. On the basis of on-site observations, the Engineer shall keep the Owner informed of the progress and quality of the Work, and shall endeavor to guard the Owner against defects and deficiencies in the Work.
- Review drawings and other data submitted by the Contractor as required by the construction contract documents. Engineer's review shall be for general conformity to the construction contract documents and shall not relieve the Contractor of any of his contractual responsibilities. Such reviews shall not extend to means, methods, techniques, sequences, or procedures of construction or to safety precautions and programs incident thereto.
- Receive and review guarantees, bonds, and certificates of inspection, and tests and approvals, which are to be assembled by the Contractor in accordance with the construction contract documents, and transmit them to Owner.

- Interpret construction contract documents when requested by Owner or the Contractor.
- Review and process the Contractor's monthly payment requests, and forward to Owner if appropriate. Engineer's review shall be for the purpose of making a full independent mathematical check of the Contractor's payment request. Engineer is responsible for verifying the quantities of work, which is the basis of the payment requests.
- Provide documentation and administer the processing of change orders, including applications for extension of construction time. Evaluate the cost and scheduling aspects of all change orders and, where necessary, negotiate with the Contractor to obtain a fair price for the work. Said negotiation shall be subject to the approval of Owner.
- Upon completion of the project, revise the construction contract drawings to conform to the construction records, Submit three copies of the prints along with electronic disc in PDF files.
- Act on claims of Owner and the Contractor relating to the acceptability of the work or the interpretation of the requirements of the construction contract documents.
- Analyze data from performance testing of equipment by the Contractor or supplier when the construction contract documents require the equipment to be tested after installation. Submit conclusions to Owner.
- Collect and organize two sets of operation and maintenance data provided by Contractor. Each set will be placed in separate binders and provided with a table of contents, and submitted to Owner.

- Upon substantial completion, perform on-site review of the construction work and prepare a punch list of the items to be completed or corrected before final completion of the project. Submit results of the review to Owner and the Contractor.
- Upon completion or correction of the items of work on the punch list, conduct a final review to determine if the work is completed. Provide written recommendations concerning final payment to Owner, including a list of items, if any, to be completed prior to making such payment.
- Prepare 10 sets of as built drawings at a date to be agreed by Engineer and Owner.
- Supplemental engineering work required to meet the requirements of regulatory or funding agencies that become effective subsequent to the date of this agreement.

**Task 9 – Additional Engineering Services**

**Additional services to be performed by the Engineer, if authorized by the Owner, which are not included in the Basic Services described above shall include, but are not limited to:**

1. Engineer shall secure any building permit, flood plain permit, handicapped assessable and septic tank permit from the city, county, state or federal agencies were required.
2. Engineer shall conduct an Archeological Survey as required by Texas State Historical Commission and obtain any necessary permits for construction.
3. Engineer shall conduct an Environmental Assessment as required by city, county, state or federal agencies that may be required. Survey Services, including land surveys, establishment of boundaries and monuments, tree surveys, surveys for “Record

Drawings", and preparation of property and/or easement descriptions.

4. Start-up services, including operator training, preparation of Operation and Maintenance (O&M) Manual, initial plant start-up, warranty assistance, troubleshooting, one-year performance review, assisting with the preparation of an operating budget and procedures and related issues.

5. Geotechnical engineering, including soil and foundation investigations, test borings, sampling and analysis and construction materials testing.

6. Engineer shall secure any needed wastewater discharge permit, including preparation of application, exhibits and technical data, for review and approval by TNRCC.

7. Additional consultants or independent professional associates requested or authorized by Owner.

8. Preparation for litigation, arbitration, or other legal or administrative proceedings; and appearances in court or at arbitration sessions, in connection with bid protests, change orders, or construction incidents, not involving claims against the Engineer.

9. Additional reports as requested by Owner concerning facility operation and personnel matters during the startup period.

10. Where field conditions differ from the conditions indicated in the construction contract documents or the soil boring logs, preparation of sketches of construction work for approval by Owner, to supplement the drawings and specifications as may be required; and providing redesign or relocation information if required by underground obstructions, utilities, or other conditions.

11. Services for making revisions to drawings and specifications made necessary by the acceptance by owner of major substitutions.

12. Additional or extended services during construction made necessary by (1) work damaged by fire or other cause during construction, (2) a significant amount of defective or neglected work by any Contractor, (3) acceleration of the progress schedule involving service beyond normal working hours, (4) default by any Contractor,

13. Evaluation of unusually complex or unreasonably numerous claims submitted by Contractor or others in connection with the work.

14. Review and analysis of claims for differing subsurface and physical conditions submitted by the Contractor or others in connection with the work.

#### **Task 9 Additional Engineering Services**

<b>Additional Engineering Fees</b>	<b>Project Budget</b>
Platting and Permitting	\$25,000.00
Archeological	\$50,000.00
Environmental Assessment	\$50,000.00
Design Surveys, Easement Descriptions	\$600,000.00
Startup Services	\$50,000.00
O & M Manual	\$50,000.00
Wastewater Permit	\$30,000.00
Geotechnical	\$100,000.00
Bid Notices	\$10,000.00
Resident Project Representation Services	\$300,000.00
Subtotal	\$1,265,000.00

**ATTACHMENT B**  
**TO**  
**CONTRACT FOR ENGINEERING SERVICES**

**OWNER'S RESPONSIBILITIES**

The Owner may furnish, as required by the work and not at the expense of the Engineer, the following items, or the Owner may contract separately with Engineer, or others to provide some or all of the following items.

1. All maps, drawings, reports, records, audits, annual reports, and other data that are available in the files of the Owner and which may be useful in the work involved under this contract. Data and records required include but are not limited to:
  - a. Raw water characteristics.
  - b. Finished water quality and characteristics.
  - c. Facility operating records.
  - d. Equipment status and capacity data.
  - e. Treatment and pumping unit performance data.
2. Access to public and private property when required in performance of the Engineer's service.
3. Hall or auditorium space for public hearings, pre-bid conferences, pre-construction conferences, and the audio equipment and projection equipment required for such hearings and/or conferences.
4. Legal advertisement of project letting or bid date and such other publications of the "Invitation to Bid" as desired by the Owner.

5. Royalties and fees for patented processes used in the work, except those required to be paid by construction contractors as part of the construction contract.
6. Shop, mill, or laboratory inspection of materials, laboratory and field-testing, field sampling services.
7. Coordination required to secure building permit, flood plain permit and septic tank permit from the city, county, state or federal agencies were required.
8. Geotechnical engineering, including soil and foundation investigations, test borings, sampling and analysis and construction materials testing.
9. Quality control inspection and testing of materials used in the construction of the proposed improvements.

**ATTACHMENT C  
TO  
CONTRACT FOR ENGINEERING SERVICES**

**COMPENSATION**

For and in consideration of the engineering services to be provided by the Engineer, the Owner shall pay, and the engineer shall receive, the fees hereinafter set forth for the Basic Services and Additional Services described in Attachment A, Description of Basic Services.

**Engineering Services**

Total compensation for the Basic Engineering Services described in Attachment A Task 1-8 shall be based on 9% of the executed construction contract currently estimated at \$28,452,000.00 with the contractor or contractors. This shall become a not to exceed number for the tasks as per below and described in Attachment A: It is currently estimated that overall Basic Engineering Services fees shall be \$2,560,680.00.

Until final contract numbers are determined fees shall be paid on the divisions below:

**Table 1 – Basic Engineering Services**

	Description	% Construction	Budget
Task 1	Preliminary Engineering Report	0.5 %	\$142,260.00
Task 2	Preliminary Design Well Field	0.25 %	\$71,130.00
Task 3	Preliminary Design Water Line	0.75 %	\$213,390.00
Task 4	Preliminary Design Water Treatment Facilities & Pumping Systems	1.0 %	\$284,520.00
Task 5	Final Design Water Treatment Facilities & Pumping Systems	3.0 %	\$853,560.00
Task 6	Final Design Water Line	1.0 %	\$284,520.00
Task 7	Bidding Services	1.0 %	\$284,520.00
Task 8	Construction Services	1.5 %	\$426,780.00
	Subtotal	9.0 %	\$2,560,680.00

## **Payments**

Payment shall be made by the completion date of each of the tasks as per the table below:

	<b>Description</b>	<b>Payment</b>	<b>Final Payment</b>
Task 1	Preliminary Engineering Report	% complete, Lump Sum	Final upon Completion
Task 2	Preliminary Design Well Field	% complete, Lump Sum	Final upon Completion
Task 3	Preliminary Design Water Line	% complete, Lump Sum	Final upon Completion
Task 4	Preliminary Design Water Treatment Facilities	% complete, Lump Sum	Final upon Completion
Task 5	Final Design Water Treatment Facilities & Well Field Collection System	% complete, Lump Sum, Monthly	Final 10% upon Completion
Task 6	Final Design Water Line	% complete, Lump Sum, Monthly	Final 10% upon Completion
Task 7	Bidding Services	% complete, Lump Sum, Monthly	Final 10% upon Completion
Task 8	Construction Services	% complete, Lump Sum, Monthly	Final 10% upon Completion
Task 9	Additional Engineering Services	Time and Materials as Required	Final 10% upon Completion

## **Change Orders**

Any Owner required/requested Change Orders resulting in additional contractor cost to CRWA, and requiring engineering services in the preparation or performance thereof, shall be compensated by CRWA to RCE at the rate of nine percent (9%) of the additional construction cost. However, any Change Order requested/required by RCE that shall result in an additional contractor cost to CRWA shall not result in an additional professional services fee claim by RCE or payment by CRWA.

## **Additional Services**

Compensation for the Additional Services described in Attachment A and authorized in writing by the Owner shall be on an hourly basis as listed below based on the Engineer's personnel per diem rates with reimbursement of all direct non-labor and subcontract services at the invoice cost.

### **Method of Payment**

1. The Owner will make payments to the Engineer for performing the Engineering Services described in Attachment A on a monthly billing basis in proportion to that part of the services proposed which have been accomplished, as evidenced by monthly statements submitted by the Engineer and approved by the Owner. Final payment will be due upon completion of the Basic Engineering Services described in Attachment A for Task 1 through Task 4.
  
2. The Owner will make payments to the Engineer for performing the Basic and Additional Engineering Services described in Attachment A for Task 5 through 9 in monthly lump sum installments in proportion to the construction work completed calculated upon the percent of work multiplied by fee percent for task performed and applied to the project engineering estimate of \$2,560,680.
  
3. After written approval by the Owner, payment to the Engineer for performing any Additional Services authorized by the Owner, will be made on a monthly basis, as evidenced by monthly statements submitted by the Engineer and approved by the Owner.

**HOURLY RATE SCHEDULE**

Effective December 1, 2005

***Principal Registered Engineer***  
***\$150.00***

Registered Engineer	\$125.00
Three-person Survey Crew <i>(Includes vehicle and equipment)</i>	\$120.00
Registered Public Land Surveyor	\$100.00
Graduate Engineer	\$100.00

***Project Representative***  
***\$ 85.00***

*Includes vehicle and equipment*

Design Technician	\$ 85.00
Drafter / CADD Operator	\$ 75.00
Administrative / Secretarial Personnel	\$ 45.00
Design Clerk	\$ 35.00

***Reimbursement for Direct Non-Labor Expense and***  
***Subcontract Expense – Cost Plus 15%***

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June 8, 2015  
Mr. David Davenport  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130

**Re: Canyon Regional Water Authority – Wells Ranch Phase 2 Carrizo and Wilcox Groundwater Project – Professional Services Agreement Extension**

Dear Mr. Davenport,

Canyon Regional Water Authority (CRWA) has made application to apply for SWIFT funding from the TWDB to fund completion of the Wells Ranch Phase 2 Carrizo and Wilcox Groundwater Project and intends to move forward with the engineering design and construction of the Phase 2 Project to its full development of approximately 13,000 AFY. In that regard, CRWA desires to extend its existing Professional Services Agreement, dated June 26, 2007, with River City Engineering (RCE) to provide professional engineering services for the engineering design of the Phase 2 projects.

This letter outlines the proposed Phase II projects and descriptions, the proposed scope of engineering services associated with the projects, and the proposed compensation for engineering services associated with the projects to be included in the extension of the Professional Services Agreement.

**A. Proposed Projects:**

The following proposed projects are included in the Preliminary Engineering Report for the Wells Ranch Phase II Carrizo and Wilcox Groundwater Project.

**1. Santa Clara – Wagner Booster Pump Station Transmission Main:**

This project includes approximately 22,000 linear feet of 30-inch water transmission pipeline from IH 10 at Santa Clara Road to the Wagner Booster Station on F.M. 78. Preliminary project design has been completed and easement acquisition is in progress.

**2. Crystal Clear Transmission Main:**

This project includes approximately 23,000 linear feet of water transmission pipeline with a conceptual size of 24 inches from SHWSC Standpipe on FM 46 to FM 758 at Barbarosa. The size of the water transmission pipeline will be confirmed at a later date when water demand requirements of the Crystal Clear Water Supply Corporation are better defined. Preliminary project design has been completed and easement acquisition is in progress.

**3. Wells Ranch Wilcox Wells**

This project includes the addition of two (2) Wilcox Aquifer wells within the Guadalupe county portion of the Wells Ranch Tract including the installation of 1145 gpm will pumps, site piping, mechanical installations, electrical power and electrical equipment installations, site instrumentation, controls, and communication, and civil site work. The wells will connect to the existing well field piping.

**4. Wells Ranch Water Treatment Plant Improvements:**

This project will include the additional of one (1) additional 1MG raw water ground storage tank, one (1) additional 2.1 MG clear well ground storage tank, two (2) additional 1600 gpm filter, and three (3) 2300gpm pump within the existing treatment plant facility. In addition all associated piping, mechanical, electrical, and site improvements and coordination of instrumentation control are included.

**5. Hickory Forrest Elevated Storage Tank**

This project will include the construction of a new 1MG elevated storage tank to be located on a CRWA owned 6-acre site along Hickory Forrest near Oak Tree Road. The height and hydraulic characteristics of the tank will be determined during preliminary project design.

**6. Leissner Booster Station Improvements:**

This project will include the addition of one (1) additional 2MG ground storage tank, three (3) additional 2100 gpm booster pumps, and one (1) emergency backup generator within the booster pump station facility. In addition all associated piping, mechanical, electrical, and site improvements and coordination of instrumentation control are included.

**7. Wagner Booster Station Improvements**

This project will include the addition of one (1) additional 2 MG ground storage tank and four (4) additional 2250 gpm booster pumps within the Wagner Booster Pump Station facility,. In addition, all associated piping, mechanical, electrical instrumentation and control, and site improvements are included.

**8. Loop 1604 Booster Station Improvements**

This project will include the installation of two (2) additional 1613 gpm booster pumps within the Loop 1604 Booster Pump Station Facility. In addition, all associated piping, mechanical, electrical, instrumentation and control, and site improvements are included.

**9. Brown Family Trust Wells**

This project includes the engineering design of site improvements, site piping, mechanical equipment, and electrical equipment associated with the drilling of five (5) new Carrizo Aquifer well within the Brown Family Trust Tract within Gonzales County. Also included is the coordination of the designs prepared by others, including well pump design, extension of electrical power, and site instrumentation, controls, and communication.

**10. Brown Family Trust Well Field Piping and Roadways**

This project will include the installation of approximately 45,000 linear feet of well field collection piping with conceptual sizing ranging from 12 to 30 inches in diameter as well as approximately 45,000 linear feet of all-weather roadways.

Mr. David Davenport

June 8, 2015

Wells Ranch Phase 2 Carrizo and Wilcox Groundwater Project – Engineering Services Agreement  
Extension

Page 3

#### **11. Brown Family Trust Raw Water Transmission Main**

This project will include the installation of approximately 38,000 linear feet of raw water transmission pipeline with a conceptual diameter of 30 inches. Additionally, easement acquisition for the installation of the pipeline will be necessary.

#### **B. Description of Basic and Additional Engineering Services:**

The purpose of this project is to design the well appurtenances and site improvements, well field collection system, water treatment facility improvements, booster station improvements, ground and elevated storage tank additions, and transmission pipelines necessary to develop the Wells Ranch Carrizo and Wilcox Ground Water Project to its planned system capacity of approximately 13,000 AFY.

The scope of services to be provided by the Engineer is described below.

#### **Standards of Performance and Project Management**

Engineer will be responsible for the proper, accurate and adequate design and preparation of plans and specifications and other construction contract documents and for construction administration of the Project. Engineer shall be responsible for project accounting and administration.

#### **General Items**

Engineer shall meet with Owner to clarify understanding of scope and parameters of the project whenever necessary. Engineer shall be responsible for communicate/meet with State agencies (TCEQ and/or TWDB) and reach an understanding on design objectives and performance requirements and state agency approvals including time sequence. All such communications shall be provided to Owner contemporaneously with preparation and dispatch by Engineer. Owner's review or approval shall be continuously secured throughout project development and construction.

Engineer shall arrange for and participate in informal meetings as required with Owner throughout the design report, preliminary design, and design phase to review progress and exchange ideas and information.

## **Basic Engineering Services**

### **Task 1 – Preliminary Engineering Report**

Engineer shall review the Preliminary Engineering Study dated October 2012 and update the estimated costs and make a recommendation to the owner no later than **thirty (30) days after contract execution** in writing, to the total bond issuance amount for Phase 2 of the project.

### **Task 2 - Preliminary Design – Well Appurtenances, Well Site Improvements, and Well Field Collection System**

Engineer shall prepare a preliminary set of drawings for the water collection system to tie the production wells together along with roads, electric lines, pad site development for each well head and general well site layout. Drawing shall show the location of the property lines, well location, electric transformer, disconnect and pump motor starter, pump piping, flow meter, sample tap, check valve and all other related appurtenances to the site.

### **Task 3 - Preliminary Design – Water Transmission System Extensions**

Engineer shall prepare a preliminary set of drawings for the Brown Family Trust Raw Water Transmission Main. The water transmission main will extend from the Brown Family Trust Well Field Piping to the Wells Ranch Water Treatment Plant along the route of the pipeline. The drawings shall include all necessary appurtenances along the pipeline route and property owner locations for the purpose of right of way acquisition. Drawing shall show the location of the property lines, valves, fittings, roadways, topography, piping profiles, and all other related appurtenances to the project.

### **Task 4 – Preliminary Design - Water Treatment Facility Improvements, Booster Station Improvements, and Ground and Elevated Storage Tank Improvements**

Engineer shall prepare preliminary drawings, design memorandum, and/or design calculations for the water treatment plant, booster station improvements, and ground and elevated storage tank improvements, as required establishing agreement on scope, parameters, performance requirements, and project approach. Submit two copies to Owner for review. The preliminary drawings, design memorandum, and/or design calculations may include the following:

- a. General project scope and background references.
- b. Design criteria, including:
  - Flow rates - present and anticipated.
  - Raw water quality - physical, chemical and biological.
  - Iron and ph adjustment criteria
  - Design objective, treated water quality.
  - Sludge quantities and types (lime, alum, etc.)
- c. Applicable codes and standards, including fire and safety codes.
- d. Local building, planning, and zoning department requirements.
- e. Site considerations, including subsurface conditions, flood elevations, drainage requirements, land size requirements, etc.
- f. Preliminary site plan, building layouts, and architecture.
- g. Preliminary hydraulic profile of treatment facilities.
- h. Condensed hydraulic profile of pipelines.
- i. Process and hydraulic systems.
- j. Sludge processing systems and handling.
- k. Sludge disposal method.
- l. Chemical feed and storage.
- m. Operational monitoring and control systems.
- n. HVAC systems.
- o. Electrical systems.
- p. Structural design criteria.
- q. Communications systems.
- r. Access to facilities
- s. Security systems.
- t. Utility requirements. Electric/Telephone/SCADA/Internet/Sewage/Fire Protection

Engineer shall make a recommendation to the Owner on required land acquisitions to accommodate the project in necessary.

Engineer shall meet with Owner and obtain Owner's comments on the preliminary drawings, design memorandum and/or design calculations. Resolve any questions, revise documents if necessary, and resubmit two copies to Owner.

**Task 5 - Final Design – Well Appurtenances, Well Site Improvements, Well Field Collection System, Water Treatment Facility Improvements, Booster Pump Station Improvements, and Ground and Elevated Storage Tank Additions**

Engineer will prepare detailed drawings and specifications and other contract documents for the proposed construction work and for the materials and equipment required. Bidding documents shall include bidding requirements, bid forms, and contract forms. The documents shall be prepared for selection of private construction contractors on a competitive bid basis.

Engineer shall prepare construction contracts as follows for the Wells Ranch treatment facility, booster pump stations and well field collection system and prepare an opinion of probable construction cost for the proposed work covered by the contract documents.

In addition the Engineer shall –

- Review contract documents for completeness, bid-ability, and constructability. Engineer will consult with contractors and/or contracting community during project design concerning these issues to avoid bid mistakes and support budget limitations.
- Provide one set of drawings and specifications to Owner for review at 50 percent completion.
- At 90 percent project completion and after the contract documents are completed, Engineer will initiate the final formal review process with Owner and regulatory agencies.
- Meet with Owner after documents have been reviewed to discuss them and to resolve any questions.
- After the conference with Owner, make any necessary modifications and submit three sets of revised contract documents to TCEQ and/or TWDB for review and two sets to Owner for record.
- Attend meetings as required in Austin, Texas, with TCEQ and/or TWDB to discuss the documents with regulatory agency officials.
- After receipt of agency review comments and Owner's comments on final documents, revise if necessary and resubmit if necessary three sets to regulatory agencies and two sets to Owner.
- Upon completion of the review of the contract documents, review the opinion of probable construction cost, and, with Owner, determine any revision required concerning proposed construction budget.
- Prepare Bidding requirements, Bid Forms, Contract Forms, and Conditions of Contract for the contract documents, and preliminary Invitation to Bid Form.
- With Owner's direction, prepare Bid documents and conduct one or more Bid openings.

### **Task 6 - Final Design - Water Transmission System Extensions**

Engineer will prepare detailed drawings and specifications and other contract documents for the proposed construction work and for the materials and equipment required for the following transmission main projects.

- Santa Clara Road Transmission Main
- Crystal Clear Transmission Main
- Brown Family Trust Raw Water transmission Main

Bidding documents shall include bidding requirements, bid forms, and contract forms. The documents shall be prepared for selection of private construction contractors on a competitive bid basis.

Engineer shall prepare construction contracts as follows for the Wells Ranch Project transmission system projects and prepare an opinion of probable construction cost for the proposed work covered by the contract documents.

In addition the Engineer shall –

- Review contract documents for accurateness, completeness, bid-ability (including pricing issues), and constructability. Engineer will consult with contractors and/or contracting community during project design concerning these issues to avoid bid mistakes and support budget limitations.
- Provide one set of drawings and specifications to Owner for review at 50 percent completion.
- At 90 percent project completion and after the contract documents are completed, Engineer will initiate the final formal review process with Owner and regulatory agencies.
- Meet with Owner after documents have been reviewed to discuss them and to resolve any questions.
- After the conference with Owner, make any necessary modifications and submit three sets of revised contract documents to TCEQ and/or TWDB for review and two sets to Owner for record.
- Attend meetings as required in Austin, Texas, with TCEQ and/or TWDB to discuss the documents with regulatory agency officials.
- After receipt of agency review comments and Owner's comments on final documents, revise if necessary and resubmit if necessary three sets to regulatory agencies and two sets to Owner.
- Upon completion of the review of the contract documents, review the opinion of probable construction cost, and, with Owner, determine any revision required concerning proposed construction budget.
- Prepare Bidding requirements, Bid Forms, Contract Forms, and Conditions of Contract for the contract documents, and preliminary Invitation to Bid Form.

- With Owner's direction, prepare Bid documents and conduct one or more Bid openings.

**Task 7 - Bidding Services – Well Appurtenances, Well Site Improvements, Well Field Collection System, Water Treatment Facility Improvements, Booster Station Improvements, Ground and Elevated Storage Tank Additions, and Water Transmission System Extension Projects**

Engineer shall -

- Coordinate bid letting date, time, and place with Owner, and prepare final Invitation to Bid
- Assist and advise Owner in placing the advertisements of the Invitation to Bid.
- Identify potential contractors and suppliers, and distribute copies of Invitation to Bid. Maintain a record of prospective bidders and suppliers to who contract documents have been issued.
- Distribute construction contract documents to prospective bidders.
- Distribute plan holders' list to recipients of contract documents prior to bid opening.
- Receive non-refundable payments for construction contract documents to be retained by the Engineer to reduce reproduction costs.
- Distribute 10 sets of the construction contract documents to the successful bidder.
- Conduct, at a date and time selected and a place provided by Owner, a pre-bid conference to:
  - a. Instruct prospective bidders and suppliers as to the types of information required by the contract documents and the format in which bids should be presented.
  - b. Review project requirements and contract documents in general.
  - c. Receive requests for interpretations, which will be issued by addendum.
  - d. Prepare minutes of the conference and issue by addendum.
- Interpret construction contract documents. Prepare and issue addenda to the construction contract documents when required.
- Assist Owner during bid opening. Answer questions during bid opening; prepare tabulation of bids, and review questionnaires and bids for completeness.
- Examine the questionnaire during bid opening to identify any supplier whose equipment or materials may not conform to the construction contract documents. This examination will be based on the knowledge and experience of Engineer.
- Review and evaluate the qualifications of the apparent successful bidder and the proposed major or specialty subcontractors. The review and evaluation will include such factors as work completed equipment that is available for the work, financial resources, technical experience, and responses from references.

- Prepare and distribute formal bid tabulation sheets, bid evaluation and recommendation. Jointly conduct pre-award conferences and negotiate proposals as necessary to achieve fixed limit of construction cost. Issue post-addenda as required.
- Prepare and distribute conforming copies of the construction contract documents. These services will include review of contractor's bonds, furnishing the Contractor unsigned construction contract documents, and transmitting the construction contract documents to Owner for signature and distribution.

**Task 8 - Construction Phase Services – Well Appurtenances, Well Site Improvements, Well Field Collection System, Water Treatment Facility Improvements, Booster Pump Station Improvements, Ground and Elevated Storage Tank Additions, and Water Transmission System Projects**

Engineer will perform project administration services during the construction phase of the project. By performing these services, Engineer shall not have authority or responsibility to supervise, direct, or control the Contractor's work or the Contractor's means methods, techniques, sequences, or procedures of construction. Engineer shall not have authority or responsibility for safety precautions and programs incident to the Contractor's work or for any failure of the Contractor to comply with laws, regulations, rules, ordinances, codes, or orders applicable to the Contractor furnishing and performing the work. Specific services to be performed by Engineer are as follows:

- Review the Contractor's insurance certificates and forward the certificates to the Owner for acceptance by the Owner's legal counsel. Engineer's review of the insurance certificates is only for the purpose of determining if the Contractor maintains the general types and amounts of insurance required by the contract documents, and is not a legal review to determine if the Contractor's insurance coverage complies with all applicable requirements.
- At a date and time selected by Owner and at a facility provided by Owner, conduct a pre-construction conference. Attend the pre-construction conference and assist Owner during the conference. Engineer shall prepare an agenda for the conference, and prepare and distribute minutes. The pre-construction conference will include a discussion of the Contractor's tentative schedules, procedures for transmittal and review of the Contractor's submittals, processing payment applications, critical work sequencing, change orders, record documents, and the Contractor's responsibilities for safety and first aid.
- Review and comment on the Contractor's initial and updated construction schedule and advise Owner as to acceptability.

- Review the Contractor's initial and updated schedule of estimated monthly payments and advise Owner as to acceptability.
- The Engineer shall visit the site at intervals appropriate to the stage of construction to become generally familiar with the progress and quality of the Work completed and to determine in general if the Work is being performed in a manner indicating that the Work when completed will be in accordance with the Contract Documents. However, the Engineer shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. On the basis of on-site observations, the Engineer shall keep the Owner informed of the progress and quality of the Work, and shall endeavor to guard the Owner against defects and deficiencies in the Work.
- Review drawings and other data submitted by the Contractor as required by the construction contract documents. Engineer's review shall be for general conformity to the construction contract documents and shall not relieve the Contractor of any of his contractual responsibilities. Such reviews shall not extend to means, methods, techniques, sequences, or procedures of construction or to safety precautions and programs incident thereto.
- Receive and review guarantees, bonds, and certificates of inspection, and tests and approvals, which are to be assembled by the Contractor in accordance with the construction contract documents, and transmit them to Owner.
- Interpret construction contract documents when requested by Owner or the Contractor.
- Review and process the Contractor's monthly payment requests, and forward to Owner if appropriate. Engineer's review shall be for the purpose of making a full independent mathematical check of the Contractor's payment request. Engineer is responsible for verifying the quantities of work, which is the basis of the payment requests.
- Provide documentation and administer the processing of change orders, including applications for extension of construction time. Evaluate the cost and scheduling aspects of all change orders and, where necessary, negotiate with the Contractor to obtain a fair price for the work. Said negotiation shall be subject to the approval of Owner.
- Upon completion of the project, revise the construction contract drawings to conform to the construction records, Submit three copies of the prints along with electronic disc in PDF files.
- Act on claims of Owner and the Contractor relating to the acceptability of the work or the interpretation of the requirements of the construction contract documents.
- Analyze data from performance testing of equipment by the Contractor or supplier when the construction contract documents require the equipment to be tested after installation. Submit

conclusions to Owner.

- Collect and organize two sets of operation and maintenance data provided by Contractor. Each set will be placed in separate binders and provided with a table of contents, and submitted to Owner.
- Upon substantial completion, perform on-site review of the construction work and prepare a punch list of the items to be completed or corrected before final completion of the project. Submit results of the review to Owner and the Contractor.
- Upon completion or correction of the items of work on the punch list, conduct a final review to determine if the work is completed. Provide written recommendations concerning final payment to Owner, including a list of items, if any, to be completed prior to making such payment.
- Prepare 10 sets of as built drawings at a date to be agreed by Engineer and Owner.
- Supplemental engineering work required to meet the requirements of regulatory or funding agencies that become effective subsequent to the date of this agreement.

### **Additional Engineering Services**

**Task 9 - Additional services to be performed by the Engineer, if authorized by the Owner, which are not included in the Basic Services described above shall include, but are not limited to:**

1. Engineer shall secure any building permit, flood plain permit, handicapped assessable and septic tank permit from the city, county, state or federal agencies were required.
2. Engineer shall conduct an Archeological Survey as required by Texas State Historical Commission and obtain any necessary permits for construction.
3. Engineer shall conduct an Environmental Assessment as required by city, county, state or federal agencies that may be required.
4. Survey Services, including land surveys, establishment of boundaries and monuments, tree surveys, surveys for "Record Drawings", and preparation of property and/or easement descriptions.
5. Start-up services, including operator training, preparation of Operation and Maintenance (O&M) Manual, initial plant start-up, warranty assistance, troubleshooting, one-year performance review, assisting with the preparation of an operating budget and procedures and related issues.
6. Geotechnical engineering, including soil and foundation investigations, test borings, sampling and analysis and construction materials testing.
7. Engineer shall secure any needed wastewater discharge permit, including preparation of

application, exhibits and technical data, for review and approval by TNRCC.

8. Additional consultants or independent professional associates requested or authorized by Owner.
9. Preparation for litigation, arbitration, or other legal or administrative proceedings; and appearances in court or at arbitration sessions, in connection with bid protests, change orders, or construction incidents, not involving claims against the Engineer.
10. Additional reports as requested by Owner concerning facility operation and personnel matters during the startup period.
11. Where field conditions differ from the conditions indicated in the construction contract documents or the soil boring logs, preparation of sketches of construction work for approval by Owner, to supplement the drawings and specifications as may be required; and providing redesign or relocation information if required by underground obstructions, utilities, or other conditions.
12. Services for making revisions to drawings and specifications made necessary by the acceptance by owner of major substitutions.
13. Additional or extended services during construction made necessary by (1) work damaged by fire or other cause during construction, (2) a significant amount of defective or neglected work by any Contractor, (3) acceleration of the progress schedule involving service beyond normal working hours, (4) default by any Contractor.
14. Evaluation of unusually complex or unreasonably numerous claims submitted by Contractor or others in connection with the work.
15. Review and analysis of claims for differing subsurface and physical conditions submitted by the Contractor or others in connection with the work.

**C. Owner's Responsibilities:**

The Owner may furnish, as required by the work and not at the expense of the Engineer, the following items, or the Owner may contract separately with Engineer, or others to provide some or all of the following items.

1. All maps, drawings, reports, records, audits, annual reports, and other data that are available in the files of the Owner and which may be useful in the work involved under this contract. Data and records required include but are not limited to:
  - a. Raw water Characteristics.
  - b. Finished water quality and characteristics.
  - c. Facility operating records.
  - d. Equipment status and capacity data.
  - e. Treatment and pumping unit performance data.
2. Access to public and private property when required in performance of the Engineer's service.
3. Hall or auditorium space for public hearings, pre-bid conferences, pre-construction conferences, and the audio equipment and projection equipment required for such hearings and/or conferences.
4. Legal advertisement of project letting or bid date and such other publications of the "Invitation to Bid" as desired by the Owner.
5. Royalties and fees for patented processes used in the work, shall be the responsibility of the entity under contract or professional provider, as applicable.
6. Shop, mill, or laboratory inspection of materials, laboratory and field-testing, field sampling services.
7. Coordination required securing building permit, flood plain permit and septic tank permit from the city, county, state or federal agencies where required.
8. Any separately defined and required Geotechnical engineering, including soil and foundation investigations, test borings, sampling and analysis and construction materials testing.
9. Quality control inspection and testing of materials used in the construction of the proposed improvements.

**D. Compensation:**

For and in consideration of the engineering services to be provide by the Engineer and associated with the Proposed Projects previously described in Section A – Proposed Projects, the Owner shall pay, and the engineer shall receive, the fees hereinafter set forth for the Basic Services and Additional Services previously described in Section B – Description of Basic and Additional Engineering Services above.

**Basic Engineering Services**

Total compensation for the Basic Engineering Services previously described in Tasks 1-8 shall be based on the executed construction contract with contractor or contractors. This shall become a not to exceed number for the projects and tasks as per Table 1 below and described in Section A and Section B above. It is currently estimate that the overall Basic Engineering Services fee shall be \$3,157,467.

Until final contract numbers are determined, fees shall be paid as shown in Table 1 below.

**Table 1 – Basic Engineering Services Budget**

<b>Proposed Projects</b>	<b>Estimated Construction Cost</b>	<b>% Construction</b>	<b>Fee Budget</b>
Preliminary Engineering Report		LS	\$25,000
Santa Clara – Wagner Booster Pump Station Transmission Main	\$5,511,000	7%	\$327,905
Crystal Clear Transmission Main	\$4,506,000	7%	\$268,107
Wells Ranch Wilcox Wells	\$2,197,000	4.5%	\$98,865
Wells Ranch Water Treatment Plant Improvements	\$5,285,000	9%	\$475,650
Hickory Forrest Elevated Storage Tank	\$2,664,000	9%	\$239,760
Leissner Booster Station Improvements	\$2,524,000	9%	\$227,160
Wagner Booster Station Improvements	\$3,288,000	9%	\$295,920
Loop 1604 Booster Station Improvements	\$586,000	9%	\$52,740
Brown Family Trust Wells	\$3,980,000	4.5%	\$179,100
Brown Family Trust Well Field and Roadways	\$5,844,000	7%	\$409,080
Brown Family Trust Raw Water Transmission Main	\$7,974,000	7%	\$558,180
<b>Totals</b>	<b>\$44,359,000</b>		<b>\$3,157,467</b>

A detailed spreadsheet providing the Basic Services fee budget calculations for each of the above proposed projects is attached for your information.

### Change Orders

Any required/requested Change Orders resulting in additional contractor cost to CRWA, and requiring engineering service in the preparation of performance thereof, shall be compensated by CRWA to Engineer at the rate to be determined by the Engineer and Owner relating to the specific Chang Order under consideration.

Any Change Order requested/required by Engineer that shall result in an additional contractor cost to CRWA shall not result in an additional professional services fee claim by Engineer or payment by CRWA. CRWA will pay the Contractor for additional construction cost if needed.

### Optional Additional Services at Request of Owner

Compensation for the Additional Engineering Services describe in Task 9 and authorized by the Owner shall be negotiated on an hourly basis or other acceptable basis upon which the Parties may agree in writing as a service over and above that contemplated by the Parties within the description of Basic Engineering Services and for which the Parties agreed at the inception of this Amendment.

Additional Engineering Services to be performed by the Engineer, and requiring written approval by the Owner, shall include, but are not limited to the following

**Table 2 – Additional Engineering Services Budget**

<b>Additional Engineering Services</b>	<b>Fee Budget</b>
Survey Services	\$620,000
Natural and Cultural Resource Assessments and Surveys	\$142,000
Geotechnical Engineering	\$125,000
Construction Phase Residential Representation Services	\$500,000
<b>Total Budget</b>	<b>\$1,387,000</b>

Additional Services shall be invoiced as per approved subcontractor invoices plus 15% for oversight and administration as Engineering Additional Services.

Additional Services performed by the Engineer and not the subcontractor shall not be marked up by 15% but paid on an hourly basis as per the Engineers attached rate schedule.

### Method of Payment

1. The Owner will make payments to the Engineer for performing the Basic Engineering Services described in Section B above on a monthly billing basis in proportion to that part of the services proposed which have been accomplished, as evidenced by monthly statements submitted by the

Mr. David Davenport

June 8, 2015

Wells Ranch Phase 2 Carrizo and Wilcox Groundwater Project – Engineering Services Agreement  
Extension

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Engineer and approve by the Owner. Final payment will be due upon completion of the Basic Engineering Services described in Section B above.

2. After written approval by the Owner, payment to the Engineer for performing any Additional Engineering Services authorized in writing by the Owner will be made on a monthly basis in proportion to that part of the services proposed which have been accomplished, as evidenced by monthly statements submitted by the Engineer and approved by the Owner.

Should you have any questions, please do not hesitate to contact me at (830) 626-3588.

Respectfully submitted,

David Weikel, PE  
River City Engineering, Ltd.

**Wells Ranch Phase II Carrizo and Wilcox Groundwater Project – Professional Services Agreement Extension**

**Accepted By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

DRAFT

**ATTACHMENT A**  
**CRWA / WELLS RANCH PHASE 2**  
**CARRIZO AND WILCOX GROUNDWATER GUADLUPE AND GONZALES COUNTY PROJECT**  
**RIVER CITY ENGINEERING**  
**BASIC ENGINEERING SERVICES FEE ESTIMATE**  
**June 8, 2015**

<b>Project &amp; Tasks</b>	<b>Estimated Construction Cost</b>	<b>Basic Services %</b>	<b>% of Design</b>	<b>Budget</b>
<b>Preliminary Engineering Report</b>				
Task 1				<b>\$ 25,000</b>
<b>Santa Clara – Wagner Booster Pump Station Transmission Main</b>				
Task 6 – Final Design	\$ 5,511,000	7%	60%	\$ 231,462
Task 7 – Bidding Services	\$ 5,511,000	7%	10%	\$ 38,577
Task 8 – Construction Phase Services	\$ 5,511,000	7%	10%	\$ 38,577
Task 9 – As-Built Plans	\$ 5,511,000	7%	5%	\$ 19,289
<b>Basic Services Fee</b>				<b>\$ 327,905</b>
<b>Crystal Clear Transmission Main</b>				
Task 6 – Final Design	\$ 4,506,000	7%	60%	\$ 189,252
Task 7 – Bidding Services	\$ 4,506,000	7%	10%	\$ 31,542
Task 8 – Construction Phase Services	\$ 4,506,000	7%	10%	\$ 31,542
Task 9 – As-Built Plans	\$ 4,506,000	7%	5%	\$ 15,771
<b>Basic Services Fee</b>				<b>\$ 268,107</b>
<b>Wells Ranch Wilcox Wells</b>				
Task 2 – Preliminary Design	\$ 2,197,000	4.50%	15%	\$ 14,830
Task 5 – Final Design	\$ 2,197,000	4.50%	60%	\$ 59,319
Task 7 – Bidding Services	\$ 2,197,000	4.50%	10%	\$ 9,887
Task 8 – Construction Phase Services	\$ 2,197,000	4.50%	10%	\$ 9,887
Task 9 – As-Built Plans	\$ 2,197,000	4.50%	5%	\$ 4,943
<b>Basic Services Fee</b>				<b>\$ 98,865</b>

Project & Tasks	Estimated Construction Cost	Basic Services %	% of Design	Budget
<b>Wells Ranch Water Treatment Plant Expansion</b>				
Task 4 – Preliminary Design	\$ 5,285,000	9%	15%	\$ 71,348
Task 5 – Final Design	\$ 5,285,000	9%	60%	\$ 285,390
Task 7 – Bidding Services	\$ 5,285,000	9%	10%	\$ 47,565
Task 8 – Construction Phase Services	\$ 5,285,000	9%	10%	\$ 47,565
Task 9 – As-Built Plans	\$ 5,285,000	9%	5%	\$ 23,783
<b>Total Basic Services Fee</b>				<b>\$ 475,650</b>
<b>Hickory Forrest Elevated Storage Tank</b>				
Task 4 – Preliminary Design	\$ 2,664,000	9%	15%	\$ 35,964
Task 5 – Final Design	\$ 2,664,000	9%	60%	\$ 143,856
Task 7 – Bidding Services	\$ 2,664,000	9%	10%	\$ 23,976
Task 8 – Construction Phase Services	\$ 2,664,000	9%	10%	\$ 23,976
Task 9 – As-Built Plans	\$ 2,664,000	9%	5%	\$ 11,988
<b>Basic Services Fee</b>				<b>\$ 239,760</b>
<b>Leissner Booster Station Improvements</b>				
Task 4 – Preliminary Design	\$ 2,524,000	9%	15%	\$ 34,074
Task 5 – Final Design	\$ 2,524,000	9%	60%	\$ 136,296
Task 7 – Bidding Services	\$ 2,524,000	9%	10%	\$ 22,716
Task 8 – Construction Phase Services	\$ 2,524,000	9%	10%	\$ 22,716
Task 9 – As-Built Plans	\$ 2,524,000	9%	5%	\$ 11,358
<b>Basic Services Fee</b>				<b>\$ 227,160</b>
<b>Wagner Booster Station Improvements</b>				
Task 4 – Preliminary Design	\$ 3,288,000	9%	15%	\$ 44,388
Task 5 – Final Design	\$ 3,288,000	9%	60%	\$ 177,552
Task 7 – Bidding Services	\$ 3,288,000	9%	10%	\$ 29,592
Task 8 – Construction Phase Services	\$ 3,288,000	9%	10%	\$ 29,592
Task 9 – As-Built Plans	\$ 3,288,000	9%	5%	\$ 14,796
<b>Basic Services Fee</b>				<b>\$ 295,920</b>

Project & Tasks	Estimated Construction Cost	Basic Services %	% of Design	Budget
<b>Loop 1604 Booster Station Improvements</b>				
Task 4 – Preliminary Design	\$ 586,000	9%	15%	\$ 7,911
Task 5 – Final Design	\$ 586,000	9%	60%	\$ 31,644
Task 7 – Bidding Services	\$ 586,000	9%	10%	\$ 5,274
Task 8 – Construction Phase Services	\$ 586,000	9%	10%	\$ 5,274
Task 9 – As-Built Plans	\$ 586,000	9%	5%	\$ 2,637
<b>Total Basic Services Fee</b>				<b>\$ 52,740</b>
<b>Brown Family Trust Wells</b>				
Task 2 – Preliminary Design	\$ 3,980,000	4.50%	15%	\$ 26,865
Task 5 – Final Design	\$ 3,980,000	4.50%	60%	\$ 107,460
Task 7 – Bidding Services	\$ 3,980,000	4.50%	10%	\$ 17,910
Task 8 – Construction Phase Services	\$ 3,980,000	4.50%	10%	\$ 17,910
Task 9 – As-Built Plans	\$ 3,980,000	4.50%	5%	\$ 8,955
<b>Basic Services Fee</b>				<b>\$ 179,100</b>
<b>Brown Family Trust Well Field and Piping</b>				
Task 2 – Preliminary Design	\$ 5,844,000	7%	15%	\$ 61,362
Task 5 – Final Design	\$ 5,844,000	7%	60%	\$ 245,448
Task 7 – Bidding Services	\$ 5,844,000	7%	10%	\$ 40,908
Task 8 – Construction Phase Services	\$ 5,844,000	7%	10%	\$ 40,908
Task 9 – As-Built Plans	\$ 5,844,000	7%	5%	\$ 20,454
<b>Basic Services Fee</b>				<b>\$ 409,080</b>
<b>Brown Family Trust Raw Water Transmission Main</b>				
Task 3 – Preliminary Design	\$ 7,974,000	7%	15%	\$ 83,727
Task 6 – Final Design	\$ 7,974,000	7%	60%	\$ 334,908
Task 7 – Bidding Services	\$ 7,974,000	7%	10%	\$ 55,818
Task 8 – Construction Phase Services	\$ 7,974,000	7%	10%	\$ 55,818
Task 9 – As-Built Plans	\$ 7,974,000	7%	5%	\$ 27,909
<b>Basic Services Fee</b>				<b>\$ 558,180</b>
<b>TOTAL BASIC ENGINEERING SERVICES FEE</b>				<b>\$ 3,157,467</b>
<b>TOTAL ESTIMATED CONSTRUCTION COST</b>				<b>\$ 44,359,000</b>

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**CONTRACT FOR ON-CALL AND TASK ORDER SERVICES**

This contract is made this 23<sup>rd</sup> day of April, 2015, by and between LNV, Inc. of 8918 Tesoro Dr., Ste. 401; San Antonio, Texas 78217 hereinafter referred to as **Engineer**, and the Canyon Regional Water Authority, 850 Lakeside Pass, New Braunfels, Texas 78130, hereinafter referred to as **Client**.

**Engineer** hereby agrees to perform the following Professional Services for **Client**:

**SCOPE OF WORK**

As requested by **Client**, **Engineer** will perform Professional Services to support planning, design, permitting, financing and construction for projects and activities related to the projects and activities of **Client**. Professional Services will be provided on an "On-Call" basis or "Task Order" basis. "On-Call" services will be those services requested by Client that are not included in a specific "Task Order".

	<u>Engineer</u>	<u>Client</u>
1	Based on request and guidance by Client, Engineer will perform "On-Call" Services in accordance with the attached Rate Schedule. Engineer will give Client periodic updates regarding each "On-Call" request. Engineer will include a brief description of "On-Call" services with each invoice to Client.	Request "On-Call" Services from Engineer in Person, by Phone or E-Mail. Provide instructions to guide Engineer in performing the work. Request by Client will serve as a Notice for the Engineer to Proceed with the work.
2	Based on a request by Client, Engineer will prepare a Task Order to perform a specific assignment as requested by Client. The Task Order will include the scope of work, fee and schedule. Client and Engineer will negotiate the Task Order and once agreement is reached, Client will sign the Task Order. The signed Task Order will be authorization for the Engineer to proceed with the work. Engineer will give Client periodic updates regarding each "Task Order". Engineer will include a brief description of "Task Order" services with each invoice to Client.	Request that Engineer prepare a "Task Order" for a specific assignment. The Client and Engineer will negotiate the scope of work, fee and schedule for each individual Task Order. Client will sign each individual Task Order and the signature will be authorization for Engineer to proceed with the work.
3	Engineer will assist Client in identifying application fees, permit fees, use fees, regulatory fees, other fees and taxes.	Pay application fees, permit fees, use fees, regulatory fees, other fees and taxes, if required.
4	Engineer will invoice Client monthly in accordance with this contract and attached General Terms and Conditions.	Pay monthly invoice.

Engineer will perform said service and acts attendant thereto with a reasonable standard of care. Engineer will not be held to a higher standard of care unless specifically agreed to by the parties and said agreement is spelled out herein as a condition of this contract.

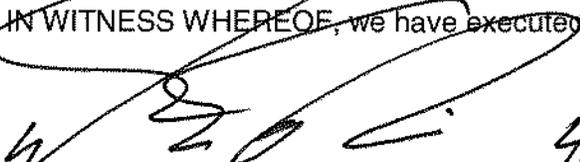
The Engineer will perform the above-listed *Scope of Work* items using the attached LNV, Inc. Rate Schedule for "On-Call" services and for "Task Order" services, at the lump sum and/or rates negotiated therein.

**Invoicing will be submitted monthly.** *Payments not received within thirty (30) days of the date of invoice will cause interest at the rate of 1.5% per month to accrue on any outstanding balance.*

Engineer will provide equipment, tools, and employees, subcontractors, or other such assistance, necessary to the performance of the above-described services.

This writing constitutes the full agreement of the parties and no oral statements or other writings shall be construed to be a part of this contract, executed by the parties. The Client agrees that Engineer's liability is limited to Engineer's fee for this project or \$50,000 whichever is less.

IN WITNESS WHEREOF, we have executed this contract on the date written above.

  
\_\_\_\_\_  
LNV, Inc. 4/27/15  
Date  
Derek E. Naiser, PE, Senior Vice President, LNV, Inc.

  
\_\_\_\_\_  
Canyon Regional Water Authority 4.27.15  
Date  
David Davenport, General Manager, Canyon Regional Water Authority

Enclosures: LNV, Inc. Rate Schedule  
LNV, Inc. General Terms and Conditions



engineers | architects | contractors

Solutions Today with a  
**Vision for Tomorrow**

## GENERAL TERMS AND CONDITIONS

**BILLING AND PAYMENT** – The Client agrees to compensate the Design Professional for services as stated per the attached Contract for Services. Services and expenses will be invoiced monthly. Invoice amounts are due within 30 days. Interest of 1 ½ percent per month compounded daily applies to all outstanding invoices. In the event any amount becomes past due, the design professional may give 7 days notice of intent to terminate the contract.

**CONSEQUENTIAL DAMAGES** – The Client and Design Professional both agree to waive any claims for consequential damages against each other.

**CONSTRUCTION PHASE SERVICES** – The Design Professional will observe the work as agreed for general compliance with the construction documents.

**DELAYS** – The Design Professional will not be liable for delays due to force majeure.

**DISPUTE RESOLUTION**- Any dispute under this contract shall be subject to mediation as a condition precedent to litigation.

**ENVIRONMENTAL** – The Design Professional assumes no responsibility for the detection or removal of any hazardous substances found at the job site.

**JOBSITE SAFETY** – The Design Professional is not responsible for job site safety or means and methods of construction. Job site safety and construction means and methods are the responsibility of the Contractor.

**LIMITATION OF LIABILITY** – The Client agrees, to the fullest extent possible, to limit the liability of the Design Professional so that the total aggregate liability of the Design Professional shall not exceed the Design Professional's fee for services rendered on the project. It is acknowledged that this limitation of liability applies to any cause of action, be it contract, tort or any other theory. The Client agrees to bring any claims against the Design Professional corporate entity, not any individual owners or employees of the Design Professional firm.

**OWNER PROVIDED INFORMATION** – The Design Professional shall have the right to rely on the accuracy of any information provided by the Client. The Design Professional will not review this information for accuracy.

**OWNERSHIP OF INSTRUMENTS OF SERVICE**- The Design Professional retains all intellectual property rights including common law, statutory, and other reserved rights in the instruments of service, including copyrights. The Owner agrees to limit use of the instruments of service to this site-specific project only.

**PERMITS AND APPROVALS** – It is the responsibility of the Owner to obtain all necessary permits and approvals. The Design Professional will assist the Owner as mutually agreed in writing.

**REJECTION OF NON-CONFORMING WORK** – The Design Professional shall have the authority, but not the responsibility, to reject nonconforming work. The Design Professional shall bring any known non-conforming work to the attention of the Client as soon as reasonably possible.

**RIGHT OF ACCESS** – The Design Professional shall have access to the job site whenever work is in preparation or in progress.

**STOP WORK AUTHORITY** -- The Design Professional has no stop work authority.

**TAXES** – If and to the extent that any sales and/or use taxes are applicable to any Services provided hereunder, they are the responsibility of the purchaser and will be itemized separately on the invoice.

**TERMINATION** -- This contract may be terminated by either party for convenience with 30 days written notice, or for cause with 7 days written notice. The project may be suspended by the client with 30 days written notice. In the event of suspension or cancellation for convenience, the Client shall pay all expenses incurred prior to the date of notice.



engineers | architects | contractors

Solutions Today with a  
**Vision for Tomorrow**

**LNV, INC. RATE SCHEDULE  
EFFECTIVE JANUARY 1, 2014**

Engineering, Planning:

Principal .....	\$195.00/hr.
Senior Project Manager .....	\$180.00/hr.
Project Manager .....	\$160.00/hr.
Senior Engineer .....	\$150.00/hr.
Project Engineer .....	\$140.00/hr.
Project Architect.....	\$150.00/hr.
Senior Designer .....	\$120.00/hr.
Engineer IV .....	\$130.00/hr.
Engineer III .....	\$110.00/hr.
Engineer II .....	\$100.00/hr.
Engineer I .....	\$90.00/hr.
Designer .....	\$95.00/hr.
Senior CADD Technician .....	\$90.00/hr.
CADD Technician .....	\$85.00/hr.
Construction Superintendent .....	\$105.00/hr.
Construction Observer II.....	\$100.00/hr.
Construction Observer I.....	\$80.00/hr.
Environmental Specialist.....	\$120.00/hr.
Environmental Technician.....	\$90.00/hr.
Administrative Assistant.....	\$65.00/hr.

Survey :

Professional Surveyor .....	\$164.00/hr.
Director of Survey Parties .....	\$100.00/hr.
Field Crew (2-Man) .....	\$160.00/hr.
Field Crew (3-Man) .....	\$200.00/hr.

Reproduction work - Prevailing commercial rates; Subcontractors, Consultants, etc. - Cost plus 10%;  
Other expenses - Cost plus 10%.

Hourly Rates will be increased by 3% on January 1 of each succeeding year.

Charges are due and payable within thirty (30) days after receipt of the invoice. Late payment may be charged an interest rate of 1.5% per month of the unpaid balance.

**TASK ORDER NO. 1  
IN ACCORDANCE WITH  
CONTRACT FOR ON-CALL SERVICES  
BETWEEN CANYON REGIONAL WATER AUTHORITY  
AND LNV, INC.**

This Task Order No. 1 has been prepared and agreed to in accordance with the Contract for On-Call Services entered into by the Canyon Regional Water Authority (CRWA) and LNV, Inc. (Engineer) and dated 4-23-15.

The purpose of this project is to assist with CRWA with updating future water demands from participants in the Wells Ranch Phase 2 water supply project and to develop projections of future cost and revenue for the participating entities that will be used by the participating members to repay the cost for development and operation and maintenance of the Wells Ranch Phase 2 Project. The participating members will be:

- East Central Special Utility District
- City of Cibolo
- City of Marion
- Crystal Clear Special Utility District
- City of Converse
- Green Valley Special Utility District

In addition, the Engineer will assist CRWA with preparation and submittal of the financial application to receive funding from the Texas Water Development Board (TWDB) State Water Infrastructure Fund for Texas (SWIFT) to enable construction of the Wells Ranch Phase 2 project.

As part of the work, Engineer will gather data on existing water rates and projected cost of future water supplies in the region for comparison with the Wells Ranch Phase 2 project.

The Scope of Services for Task Order No. 1 includes:

**1. Meetings, Data Collection, Cost and Revenue Analyses**

The Engineer will meet with CRWA to review the purpose of the work, scope and schedule. Engineer will request technical and financial data from CRWA as appropriate to performance of the work.

Engineer will meet with each participating member to review the purpose of the work and to request data related to the work. The members will be requested to provide the data to perform the analyses for future water demands, cost and revenue. If the members are unable or will not provide the needed data, Engineer will make assumptions based on the best available information to complete the analyses. After Engineer has made the initial analyses for each entity, the Engineer will meet with each entity to review the analyses and receive input and comments.

Engineer will make revisions to the analyses based on the results of the initial review meeting and meeting with members to review the revised analyses.

**TASK ORDER NO. 1  
IN ACCORDANCE WITH  
CONTRACT FOR ON-CALL SERVICES  
BETWEEN CANYON REGIONAL WATER AUTHORITY  
AND LNV, INC.**

Using the findings of the existing cost and revenues, Engineer will analyze growth in cost revenues using current water rates and impact fees and incorporating the cost of the Wells Ranch Phase 2 project. In addition, two rate increase/impact fee scenarios will be developed to assist in understanding how the increased rates will impact revenues.

The financial scenarios will be analyzed using two different project cost for the Wells Ranch Phase 2 Project. The project cost to be used for the analyses are \$55 million for the complete Wells Ranch Phase 2 build out and \$35 million for a project development sequence that splits the project into two or more parts.

The deliverables for this item will be:

- A letter report for each member that summarizes the findings for future water demands, cost and revenues
- A letter report for CRWA that summarizes the findings of the Wells Ranch Phase 2 members.

The fee for the work described in Task 1 will be on a time and materials basis and will not exceed \$28,900 without approval of CRWA.

The schedule for completion of the work is 60 calendar days after a notice to proceed has been received.

**2. Assist in Wells Ranch Phase 2 SWIFT Funding Application**

The Engineer will assist CRWA in preparation of a SWIFT funding application for submittal by CRWA to the TWDB. Each member of the Wells Ranch Phase 2 project will be requested to supply needed financial documents, data, corporate resolutions and commitments needed to support the application.

It is anticipated that the TWDB will have a short timeline for filing of the application once the project is selected for funding. Thus, activities to support preparation of the application will be initiated upon notice to proceed with this work.

After submittal of the application to TWDB, Engineer will assist CRWA as it responds to questions that may arise as the application is being processed and funding awarded.

The fee for the work described in Task 2 will be on a time and materials basis and will not exceed \$15,000 without approval of CRWA.

The schedule for completion of the work is to meet then application submission deadline once that date is established by CRWA.



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# **ATTACHMENT**

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Tom Entsminger  
State Programs Coordinator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78711-3231

March 4, 2015

RE: Abridged Application Canyon Regional Water Authority –Project Information Form (PIF)  
#11029

Dear Tom Entsminger:

Attached you will find our corrected Regional Project Worksheet. This worksheet should now correspond to the Project Description in the abridged application for our Wells Ranch Phase II Project. If you have any questions regarding, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Humberto Ramos", is positioned above the typed name.

Humberto Ramos  
Director of Water Resources  
Canyon Regional Water Authority

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By submitting this abridged application, you understand and confirm that the information provided is true and correct to the best of your knowledge and further understand that the failure to submit a complete abridged application by the stated deadlines, or to respond in a timely manner to additional requests for information, may result in the withdrawal of the abridged application without review.

**Section 1. APPLICANT INFORMATION**

Name of Applicant		Applicant County	Regional Water Planning Area	
Canyon Regional Water Authority		Guadalupe	L - South Central Texas	
Entity Contact Information		Proposed Project or Strategy from 2011 Regional Water Plan & State Water Plan		
Contact Person	Humberto Ramos	Name of Project (from 2012 State Water Plan)	Canyon Regional Water Authority (CRWA)- Wells Ranch Phase II	
Title	Water Resources Director			
Mailing Address	850 Lakeside Pass New Braunfels, TX 78130-8233	Where does the project appear in the 2011 Regional Water Plan?	Project on Page:	4C.27-1 to 4C.27-10
			Capital Costs on Page:	Appendix D; pg D-2
Phone Number	(830) 609-0543	Phase(s) Applied For	<input type="checkbox"/> Planning	<input checked="" type="checkbox"/> Design
Fax Number	(830) 609-0740		<input type="checkbox"/> Acquisition	<input checked="" type="checkbox"/> Construction
Email Address	huramos@crwa.com			

**Section 2. PROJECT INFORMATION**

**Description of Proposed Project**

CRWA's Wells Ranch project is a two phased project which will utilize groundwater from the Carrizo and Wilcox aquifers in Guadalupe and Gonzales Counties. Phase I began in 2009 and resulted in the construction of a 5 MGD water treatment facility along with a well field that can produce 5,200 acft/yr and a 30 mile water pipeline. To date, Phase I has been completed at an investment to CRWA of over \$59 million. Phase II will involve providing an additional 8,829 acft/yr to the following sponsoring entities: the City of Cibolo; the City of La Vernia; the City of Converse; the City of Marion; Crystal Clear Special Utility District (SUD); East Central SUD; and Green Valley SUD. Currently CRWA has authorized groundwater permits from the Gonzales County Groundwater Conservation District and the Guadalupe County Groundwater Conservation District to beginning producing this amount of water. Phase II will involve expanding the existing water treatment plant capacity, expanding the existing well field and expanding existing storage facilities and pipeline capacity. Estimated water cost for Wells Ranch Phase II is \$779 acft.

<b>Population Served by Project When Fully Operational</b>	31,315	<b>Regional Project?</b> <i>(If yes, attach Regional Project Worksheet)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
--	--------	--	---

<b>Regional Water Planning Group Priority Ranking</b>	Calculated by TWDB   <a href="#">31 TAC §363.1304 (12)</a>
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<b>Needs Met by the Project</b>	Calculated by TWDB   <a href="#">31 TAC §363.1304 (5)</a>
---------------------------------	---

<b>Emergency</b> <i>(select all that apply)</i>	<input type="checkbox"/> Applicant/entity's water supply will last less than 180 days. <input type="checkbox"/> Water supply need occurs earlier than anticipated in the State Water Plan. <input type="checkbox"/> Applicant has received or applied for Federal emergency funding. <input checked="" type="checkbox"/> None of the above.
--	--

<b>Readiness to Proceed</b> <i>(select all that apply)</i>	<input type="checkbox"/> Preliminary planning or design work (30% of total project) has been completed or is not required. <input checked="" type="checkbox"/> Applicant is prepared to begin implementation or construction within 18 months of application deadline. <input checked="" type="checkbox"/> Applicant has acquired all water rights associated with the proposed project, or none will be required.
---	--

**Section 3. REQUESTED ASSISTANCE AND OTHER PROJECT FINANCING**

<b>Estimated Project Costs</b>	TWDB Requested Amount	\$ 55,000,000.00
	Local Contribution	\$ 59,959,894.00
	Other: Choose an item.	\$ <a href="#">Click here to enter text.</a>
	<b>Total Estimated Project Costs</b>	<b>\$ 114,954,894.00</b>

<b>Anticipated Commitment(s)</b> <i>(Attach proposed schedule for multi-year commitments)</i>	<input checked="" type="checkbox"/> One Time Commitment <input type="checkbox"/> Multi-year Commitment	<input checked="" type="checkbox"/> Low-Interest Loan <input type="checkbox"/> Deferred Loan <input type="checkbox"/> Board Participation
--	---	---

**Section 4. SERVICE AREA INFORMATION**

PWS ID #	0940096	CCN #	<a href="#">Click here to enter text.</a>
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<b>Conservation</b>	<i>Calculated by TWDB   <a href="#">31 TAC §363.1304 (11)</a></i>
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<b>Efficiency</b> <i>(Agricultural Projects Only)</i>	<input type="checkbox"/> <1% <input type="checkbox"/> 1%-1.9% <input type="checkbox"/> 2%-5.9% <input type="checkbox"/> 6%-9.9%	<input type="checkbox"/> 10%-13.9% <input type="checkbox"/> 14%-17.9% <input type="checkbox"/> ≥18%
Efficiency improvement achieved by implementing the proposed project.	<i>Please provide an attachment explaining the basis for your calculation.</i>	

**Household Cost Factor**  
*(Household Cost Factor for SWIFT prioritization is calculated by dividing the service area's average residential water bill by its annual median household income. For regional projects, these should represent the combined service areas of all participating entities.)*

Estimated average annual residential water bill:	\$57.06	Annual Median Household Income:	\$55,980.67
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**Notes**

*(Use this space to describe important project or budget details not captured in this form)*

CRWAWells Ranch Phase II involves providing water to the following sponsoring entities: the City of Cibolo; the City of La Vernia; the City of Converse; the City of Marion, Crystal Clear Special Utility District (SUD); East Central SUD; and Green Valley SUD.

Texas Water Development Board

# State Water Implementation Fund for Texas (SWIFT)

Abridged Application Regional Project Worksheet

**Applicant: Canyon Regional Water Authority – PIF #11029**

**Project Name: Wells Ranch Phase II**

**Instructions:** List all entities (aside from the applicant) that will be served by the proposed project. Use the “Rural” column to indicate the entities serving populations of 10,000 or fewer.

Press “Tab” to add new rows as needed.

Entity Name	Rural
1. City of Marion	Rural
2. City of La Vernia	Rural
3. City of Converse	
4. City of Cibolo	
5. East Central Special Utility District (SUD)	
6. Crystal Clear SUD	
7. Green Valley SUD	

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# **ATTACHMENT**

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RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD'S STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM IN THE AMOUNT NOT TO EXCEED \$55,000,000 FOR PLANNING, DESIGNING, AND CONSTRUCTING IMPROVEMENTS TO THE AUTHORITY'S WATER UTILITY SYSTEM; AUTHORIZING THE AUTHORITY'S FINANCIAL ADVISOR, BOND COUNSEL, AND ENGINEERS TO COORDINATE THE SUBMISSION OF THE APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AND OTHER MATTERS IN CONNECTION THEREWITH**

WHEREAS, the Canyon Regional Water Authority (the *Authority*) deems it necessary to apply to the Texas Water Development Board (the *TWDB*) for financial assistance from its State Water Implementation Fund Program; and

WHEREAS, in accordance with the rules and regulations of the Board, which govern the procedures in making such an application, the Board of Trustees (the *Board*) of the Authority is required to pass a resolution to accompany such application; now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY, THAT:

1. It is hereby found and determined that the Authority cannot reasonably finance the proposed project without the financial assistance of the Board in the amount requested.

2. The Authority hereby requests that the TWDB, from its State Water Implementation Fund for Texas Program, grant financial assistance to the Authority in the amount not to exceed \$55,000,000 (as a loan or by the purchase of obligations of the Authority (the *Bonds*), including the receipt of the largest amount of grant funds lawfully available from the Board), for planning, designing, and constructing improvements to the Authority's water utility system, as designed by the Authority's consulting engineers. These obligations will be issued by the Authority in one or more series.

3. The Chairman of the Board, the Vice Chairman of the Board, or the General Manager of the Authority is hereby authorized to execute and submit to the TWDB the application for such financial assistance, and the Chairman or Vice-Chairman of the Board or General Manager of the Authority, together with Bond Counsel (defined herein), Financial Advisor (defined herein), and consulting engineers named in such application, are authorized to appear before the TWDB in support of such application.

4. The Chairman of the Board, the Vice Chairman of the Board, or the General Manager of the Authority is further specifically authorized to make the required assurances to the TWDB in accordance with the rules, regulations, and policies of the TWDB.

5. A certified copy of this Resolution shall be attached to the application for financial assistance herein authorized to be prepared and submitted to the TWDB, and the Secretary of the Board is authorized and directed to prepare and certify such number of copies of this Resolution as may be required for purposes of supporting the submission of such application to the TWDB.

6. The Board authorizes the Chairman of the Board, the Vice-Chairman of the Board or the General Manager of the Authority, or the designee of any of the foregoing, to take all actions necessary to execute any necessary financial advisory contract with SAMCO Capital Markets, Inc. as the financial advisor to the Authority (the *Financial Advisor*). The Board understands that under applicable federal securities laws and regulations that the Authority must have a contractual agreement with its Financial Advisor relating to the sale, issuance, and delivery of the Bonds. In addition the Board also authorizes the Chairman of the Board, the Vice-Chairman of the Board or the General Manager of the Authority, or the designee of any of the foregoing, to take all actions necessary to execute any necessary engagement agreement with Norton Rose Fulbright US LLP, as the bond counsel to the Authority (*Bond Counsel*). Execution of such engagement agreements also constitute a prerequisite to the Authority's filing of its application with the TWDB.

7. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Authority.

8. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

9. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

10. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Authority hereby declares that this Resolution would have been enacted without such invalid provision.

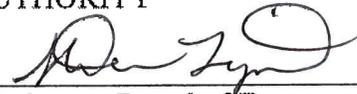
11. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

12. This Resolution shall take effect immediately upon its passage.

\* \* \* \*

PASSED, ADOPTED AND APPROVED on the 11th day of May, 2015.

CANYON REGIONAL WATER  
AUTHORITY

  
\_\_\_\_\_  
Chairman, Board of Trustees

Attest:

  
\_\_\_\_\_  
Secretary, Board of Trustees

(SEAL)



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**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION RELATING TO ESTABLISHING THE AUTHORITY'S INTENTION TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS TO BE ISSUED BY THE AUTHORITY FOR AUTHORIZED PURPOSES; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE**

WHEREAS, the Board of Trustees (the *Governing Body*) of Canyon Regional Water Authority (the *Issuer*) has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds of the Issuer to finance the costs associated with (i) the financing, refinancing, acquiring, and constructing treatment facilities, water supply pipelines, booster pumps, other appurtenances, and necessary easements and other interests in land (commonly known as the *Wells Ranch Phase II*) and the purchase of materials, supplies, equipment, machinery, land, and rights-of-way for authorized needs and purposes relating to the aforementioned improvements (the *Construction Costs*), (ii) the payment of various engineering costs, including design testing, design engineering, and construction inspection related to the Construction Costs (the *Engineering Costs*), (iii) the payment of various architectural costs, including preparation of plans and specifications and various other plans and drawings related to the Construction Costs (the *Architectural Costs*), and (iv) the payment of various administrative costs, including the fees of bond counsel, financial advisor, project manager, project consultant, other professionals, and bond printer (the *Administrative Costs*) [the Construction Costs, the Engineering Costs, the Architectural Costs, and the Administrative Costs collectively constitute the costs of the Issuer's projects that are the subject of this Resolution (the *Project*)]; and

WHEREAS, the provisions of Section 1201.042, as amended, Texas Government Code (*Section 1201.042*) provide that the proceeds from the sale of obligations issued to finance the acquisition, construction, equipping, or furnishing of any project or facilities, such as the Project, may be used to reimburse the Issuer for costs attributable to such project or facilities paid or incurred before the date of issuance of such obligations; and

WHEREAS, the United States Department of Treasury (the *Department*) released Regulation Section 1.150-2 (the *Regulations*) which establishes when the proceeds of obligations are spent and therefore are no longer subject to various federal income tax restrictions contained in the Internal Revenue Code of 1986, as amended (the *Code*); and

WHEREAS, the Issuer intends to reimburse itself, within eighteen months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three years after the original expenditures are paid), for the prior lawful capital expenditure of funds from the proceeds of one or more series of tax-exempt obligations (the *Obligations*) that the Issuer currently contemplates issuing in the principal amount of not to exceed \$55,000,000 to finance a portion of the costs of the Project; and

WHEREAS, under the Regulations, to fund such reimbursement with proceeds of the Obligations, the Issuer must declare its expectation ultimately to make such reimbursement before making the expenditures; and

WHEREAS, the Issuer hereby finds and determines that the reimbursement for the prior expenditure of funds of the Issuer is not inconsistent with the Issuer's budgetary and financial circumstances; and

WHEREAS, the Governing Body hereby finds and determines that the adoption of this Resolution is in the best interests of the citizens of the Issuer; now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF CANYON REGIONAL WATER AUTHORITY THAT:

SECTION 1: This Resolution is a declaration of intent to establish the Issuer's reasonable, official intent under section 1.150-2 of the Regulations and Section 1201.042 to reimburse itself from certain of the proceeds of the Obligations for any capital expenditures previously incurred (not more than 60 days prior to the date hereof) or to be incurred with respect to the Project from the Issuer's General Fund or other lawfully available funds of the Issuer.

SECTION 2: The Issuer intends to issue the Obligations and allocate within 30 days after the date of issuance of the Obligations the proceeds therefrom to reimburse the Issuer for prior lawful expenditures with respect to the Project in a manner to comply with the Regulations.

SECTION 3: The reimbursed expenditure will be a type properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles.

SECTION 4: The Issuer intends to otherwise comply, in addition to those matters addressed within this Resolution, with all the requirements contained in the Regulations.

SECTION 5: This Resolution may be relied upon by the appropriate officials at the Office of the Attorney General for the State of Texas and establishes compliance by the Issuer with the requirements of Texas law and the Regulations.

SECTION 6: With respect to the proceeds of the Obligations allocated to reimburse the Issuer for prior expenditures, the Issuer shall not employ an abusive device under Treasury Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Obligations in a manner that results in the creation of "replacement proceeds", as defined in Treasury Regulation Section 1.148-1, of the Obligations or another issue of tax-exempt obligations.

SECTION 7: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

SECTION 8: All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 9: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10: If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Resolution would have been enacted without such invalid provision.

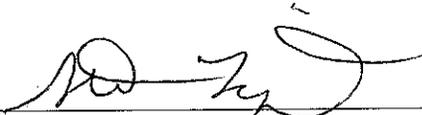
SECTION 11: It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 12: This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

*[The remainder of this page intentionally left blank]*

PASSED, ADOPTED AND APPROVED on this the 9<sup>th</sup> day of February, 2015.

CANYON REGIONAL WATER AUTHORITY

  
\_\_\_\_\_  
Chairman, Board of Trustees

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Trustees

(SEAL)





was introduced for the due consideration of the Board. After presentation and discussion of the Resolution, a motion was made by Trustee Albert Strojczyk and seconded by Trustee Mike Taylor that the Resolution be passed and adopted.

The motion and carried by the following vote:

14 voted "For" \_\_\_\_\_ voted "Against" \_\_\_\_\_ "Abstained"

all as shown in the official Minutes of the Board for the Meeting.

The attached Resolution is a true and correct copy of the original on file in the official records of the Authority; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Authority, this 9<sup>th</sup> day of February, 2015.



Secretary, Board of Trustees

(AUTHORITY SEAL)



**ATTACHMENT**

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**AFFIDAVIT**

THE STATE OF TEXAS

§  
§  
§  
§

CANYON REGIONAL WATER  
AUTHORITY

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Mr. Steve Liparoto, Chairman, Board of Trustees, of the Canyon Regional Water Authority who, being by me duly sworn, upon oath says that:

1. the decision by the Canyon Regional Water Authority (the *Authority*) to request financial assistance from the Texas Water Development Board (SWIFT Program) (the *Board*) was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et seq.) and after providing all such notice as required by such Act as is applicable to the Authority;

2. the information submitted in the application is true and correct according to my best knowledge and belief;

3. the Authority has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, the Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issues, write in "none");

NONE

4. the Authority warrants compliance with the representations made in the application in the event that the Board provides the financial assistance; and

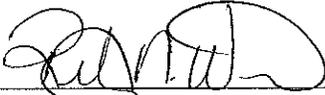
5. the Authority will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the Board.

  
\_\_\_\_\_  
Mr. Steve Liparoto, Chairman, Board of Trustees  
Canyon Regional Water Authority

SWORN TO AND SUBSCRIBED BEFORE ME, by Mr. Steve Liparoto, Chairman,  
Board of Trustees of the Canyon Regional Water Authority, this 11 day of May,  
2015.



(Notary Seal)

  
\_\_\_\_\_  
Notary Public, State of Texas

# **ATTACHMENT**

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ADVISOR, BOND COUNSEL, AND ENGINEERS TO COORDINATE THE SUBMISSION OF THE APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD; AND OTHER MATTERS IN CONNECTION THEREWITH

was introduced for the due consideration of the Board. After presentation and discussion of the Resolution, a motion was made by Trustee Albert Stozelczyk and seconded by Trustee Mike Taylor that the Resolution be passed and adopted.

The motion and carried by the following vote:

18 voted "For" \_\_\_\_\_ voted "Against" \_\_\_\_\_ "Abstained"

all as shown in the official Minutes of the Board for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Authority; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Authority, this 11th day of May, 2015.

(AUTHORITY)



Mike Taylor  
Secretary, Board of Trustees

# **ATTACHMENT**

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**RESOLUTION**

**A RESOLUTION BY THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF “CANYON REGIONAL WATER AUTHORITY TAX-EXEMPT CONTRACT REVENUE BONDS (WELLS RANCH PHASE II), SERIES 2015 (TEXAS WATER DEVELOPMENT BOARD SWIFT PROJECT FINANCING)”;** PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THESE OBLIGATIONS AS PROVIDED HEREIN; PROVIDING THE TERMS AND CONDITIONS OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD AND A PRIVATE PLACEMENT MEMORANDUM PERTAINING TO THE BONDS; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW AGREEMENT, AND A NEW WATER SUPPLY CONTRACT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY’S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; AND PROVIDING AN EFFECTIVE DATE

\_\_\_\_\_, 2015

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**A RESOLUTION BY THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF “CANYON REGIONAL WATER AUTHORITY TAX-EXEMPT CONTRACT REVENUE BONDS (WELLS RANCH PHASE II), SERIES 2015 (TEXAS WATER DEVELOPMENT BOARD SWIFT PROJECT FINANCING)”;** PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THESE OBLIGATIONS AS PROVIDED HEREIN; PROVIDING THE TERMS AND CONDITIONS OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS, INCLUDING THE APPROVAL OF AN APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD AND A PRIVATE PLACEMENT MEMORANDUM PERTAINING TO THE BONDS; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW AGREEMENT, AND A NEW WATER SUPPLY CONTRACT; COMPLYING WITH THE REQUIREMENTS OF THE DEPOSITORY TRUST COMPANY’S LETTER OF REPRESENTATIONS; COMPLYING WITH THE REGULATIONS PROMULGATED BY THE TEXAS WATER DEVELOPMENT BOARD; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Canyon Regional Water Authority (the “Authority”) is a conservation and reclamation district and political subdivision of the State of Texas, created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and the laws of the State of Texas, particularly Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the “Authority Act”); and

WHEREAS, pursuant to law, and particularly the Authority Act and Chapter 791 of the Texas Government Code, as amended (the “Interlocal Cooperation Act”), particularly Section 791.011 thereof, the Authority, is empowered to acquire and construct water supply facilities and to deliver this water to its Participating Members (as defined in the hereinafter referred Contract); and

WHEREAS, the Authority Act also authorizes the Authority acting through its Board of Trustees (the “CRWA Board”) to issue revenue bonds to finance such projects, payable solely from the revenues derived from payments to be made to the Authority by the Participating Members for the purpose of defraying the cost of financing, acquiring, and constructing the projects; and

WHEREAS, pursuant to the provisions of the Interlocal Cooperation Act and the other laws of the State of Texas (the “State”), the Authority and the Participating Members entered into a new Tax-Exempt Water Supply Contract, dated as of \_\_\_\_\_, 2015 (the “Contract”) pursuant to which the Authority has agreed to finance, refinance, acquire, and construct treatment facilities, water supply pipelines, booster pumps, other appurtenances, and necessary easements and other interests in land (the “Project”) and under which the Participating Members would agree to make payments to or on behalf of the Authority in amounts sufficient to meet all

of the Authority's obligations relating to bonds issued to finance and refinance the Project and to operate and maintain the Project; and

WHEREAS, the recitals and provisions of the Contract are incorporated herein as if set forth in its entirety, and the capitalized terms of this resolution shall have the same meanings, and shall be defined as set forth in the Contract; and

WHEREAS, the Participating Members have requested or will request that the Authority issue its revenue bonds (the "Bonds"), pursuant to the Contract to finance the costs of the Project; and

WHEREAS, the Participating Members have approved or will approve the Contract and have requested or will request that the Authority also approve the Contract;

WHEREAS, this resolution constitutes a Bond Resolution as that term is defined in the Contract; and

WHEREAS, the principal of the Bonds and the interest thereon are and shall be payable from and secured by a lien on and pledge of the payments designated as "Annual Payments" to be made by the Participating Members pursuant to the Contract in amounts sufficient to pay and redeem, and provide for the payment of the principal of, premium, if any, and interest on the Bonds, when due, and the fees and expenses of the Paying Agent/Registrar for the Bonds, all as required by this resolution; and

WHEREAS, the Authority has determined and does hereby determine that it can finance the Project pursuant to the Authority's obligations under the Contract on the most favorable terms through the issuance of the Bonds in accordance with the terms of this resolution; and

WHEREAS, the Bonds herein authorized for issuance are to be delivered to the Texas Water Development Board (the *Board* or the *Purchasers*) in evidence of a loan commitment received in the aggregate amount of such Bonds; and

WHEREAS, the CRWA Board of the Authority has determined that the Bonds in the total amount of \$\_\_\_\_\_ should be issued and sold at this time in order to obtain funds necessary to finance the costs of the Project; now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY THAT:

SECTION 1: Authorization - Designation - Principal Amount - Purpose. Contract revenue bonds of the Authority shall be and are hereby authorized to be issued in the aggregate principal amount of \_\_\_\_\_ THOUSAND AND NO/100 DOLLARS (\$\_\_\_\_\_), to be designated and bear the title of "CANYON REGIONAL WATER AUTHORITY TAX-EXEMPT CONTRACT REVENUE BONDS (WELLS RANCH PHASE II), SERIES 2015 (TEXAS WATER DEVELOPMENT BOARD SWIFT PROJECT FINANCING)" (the "Bonds"), pursuant to a resolution adopted by the CRWA Board (the "Resolution") for the purpose of providing funds finance, acquire, and construct treatment facilities, water supply pipelines, booster pumps, other appurtenances, and

necessary easements and other interests in land and to pay the costs and expenses of issuance of the Bonds. The Bonds shall be payable as to both principal and interest solely from and equally and ratably secured by a lien on and pledge of the Annual Payments (as defined in the Contract) received by the Authority from the Participating Members. The Bonds are authorized to be issued pursuant to the authority conferred by and in conformity with the laws of the State of Texas, particularly Article XVI, Section 59 of the Texas Constitution, the Authority Act, the Interlocal Cooperation Act, the Texas Water Code, as amended, the Contract, and the Resolution.

SECTION 2: Fully Registered Bonds - Authorized Denominations - Stated Maturities - Interest Rates - Interest Payments – Bond Date. The Bonds are issuable in fully registered form only; shall be dated November 1, 2015 (the “Bond Date”) and shall be in denominations of \$5,000 or any integral multiple thereof, and the Bonds shall become due and payable on August 1 in each of the years and in principal amounts (the “Stated Maturities”) and bear interest on the unpaid principal amounts from the Bond Date (hereinafter defined), or the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rates, while Outstanding, in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		

The Bonds shall bear interest on the unpaid principal amount thereof at the per annum rates shown above in Section 2, computed on the basis of a 360-day year of twelve 30-day months, and interest thereon shall be payable semiannually on February 1 and August 1 of each year (each an *Interest Payment Date*) commencing August 1, 2016, while the Bonds are Outstanding. Interest on each Bond issued and delivered to a Holder shall accrue from the latest Interest Payment Date that interest on such Bond (or its Predecessor Bond) has been paid that precedes the registration date appearing on such Bond in the “Registration Certificate of Paying Agent/Registrar” (Section 8D hereof), unless the registration date appearing thereon is an Interest Payment Date for which interest is being paid, in which case interest on such Bond shall accrue from the registration date appearing thereon and provided further that with respect to the initial payment of interest on a Bond, such interest shall accrue from the date of initial delivery of the Bonds (or its Predecessor Bond) to the Purchasers (hereinafter defined).

**SECTION 3: Payment of Bonds - Paying Agent/Registrar.** The principal of, premium, if any, and interest on the Bonds, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of principal of and interest on the Bonds shall be without exchange or collection charges to the Holder (hereinafter defined) of the Bonds.

The selection and appointment of BOKF, NA dba Bank of Texas, Austin, Texas (the “Paying Agent/Registrar”), to serve as the initial Paying Agent/Registrar for the Bonds is hereby approved and confirmed, and the Authority agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (the “Security Register”) for the registration, payment, and transfer of the Bonds, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached, in substantially final form, as Exhibit A hereto, and such reasonable rules and regulations as the Paying Agent/Registrar and the Authority may prescribe. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are Outstanding, and any successor Paying Agent/Registrar shall be (i) a national or state banking institution or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers. Such Paying Agent/Registrar shall be subject to supervision or examination by federal or state authority and authorized by law to serve as a Paying Agent/Registrar.

The Authority reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution or resolutions terminating such agency. Additionally, the Authority agrees to promptly cause a written notice of this substitution to be sent to each Holder of the Bonds by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of, premium, if any, and interest on the Bonds, due and payable by reason of Stated Maturity, redemption or otherwise, shall be payable only to the registered owner of the Bonds appearing on the Security Register (the “Holder” or “Holders”) maintained on behalf of the Authority by the Paying Agent/Registrar as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment of interest thereon, and (ii) on the date of surrender of the Bonds for purposes of receiving payment of principal thereof upon redemption of the

Bonds or at the Bonds' Stated Maturity. The Authority and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Bond for purposes of receiving payment and all other purposes whatsoever, and neither the Authority nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of, and premium, if any, on the Bonds shall be payable only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its corporate trust office. Interest on the Bonds shall be paid to the Holder whose name appears in the Security Register at the close of business on the fifteenth day of the month next preceding an Interest Payment Date for the Bonds (the "Record Date") and shall be paid (i) by federal funds wire transfer and at the written request of the Holder or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense. While the Bonds are held by the Purchasers (as defined in Section 33 hereof), payment of principal of, premium, if any, and interest on the Bonds shall be made by federal funds wire transfer, at no cost to the Purchasers, to an account at a financial institution located in the United States designated by the Purchasers.

If the date for the payment of the principal of, premium, if any, or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Bonds was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Annual Payment Date" - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

#### SECTION 4: Redemption.

A. Special Mandatory Redemption. In the event that the Purchasers at such time remains the sole holder of the Bonds and the final accounting delivered by the Authority to the Purchasers in the form and manner specified in, and in compliance with the provisions of, Section 35.D of this Resolution evidences that the total cost of the project to be financed with Bond proceeds is less than the amount of Bond proceeds available for paying such costs, then the Authority shall, as soon as practicable (but in no event later than six months after the Purchasers' acceptance of the aforementioned accounting), at the direction of the General Manager, and without the requirement of the approval of the Board of Trustees of the Authority, redeem Bonds in the amount of such excess to the nearest multiple of the authorized denomination for the Bonds. Bonds redeemed pursuant to this provision shall be redeemable on any date, in inverse order of Stated Maturity, as a whole or in part, in principal amounts of \$5,000 or any integral

multiple thereof (and if within a Stated Maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

B. Optional Redemption. The Bonds having Stated Maturities on and after August 1, 20\_\_ shall be subject to redemption prior to Stated Maturity, at the option of the Authority, on August 1, 20\_\_, or on any date thereafter, in inverse order of Stated Maturity, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

C. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the Authority shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the Authority to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the Authority.

D. Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Bonds to be redeemed, provided that if less than the entire principal amount of a Bond is to be redeemed, the Paying Agent/Registrar shall treat such Bond then subject to redemption as representing the number of Bonds outstanding which is obtained by dividing the principal amount of such Bond by \$5,000.

E. Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States mail, first-class postage prepaid, in the name of the Authority and at the Authority's expense, by the Paying Agent/Registrar to each Holder of a Bond to be redeemed, in whole or in part, at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on said Bonds (or the principal amount

thereof to be redeemed) called for redemption shall cease to accrue, and such Bonds shall not be deemed to be Outstanding in accordance with the provisions of this Resolution. This notice may also be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the City of New York, New York (including, but not limited to, *The Bond Buyer* and *The Wall Street Journal*), or in the State of Texas (including, but not limited to, *The Texas Bond Reporter*).

F. Transfer/Exchange. Neither the Authority nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or (2) to transfer or exchange any Bond selected for redemption, provided; however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond which is subject to redemption in part.

SECTION 5: Execution - Registration. The Bonds shall be executed on behalf of the Authority by its Chairman, Board of Trustees, its seal reproduced or impressed thereon, and attested by its Secretary, Board of Trustees. The signature of either officer on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were, at the time of the Bond Date, the proper officers of the Authority shall bind the Authority, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Bonds to the Purchasers, all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Bond shall be entitled to any right or benefit under this Resolution, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 8C, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or registered and delivered.

SECTION 6: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Bonds, or, if appropriate, the nominee thereof. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond at the corporate trust office of the Paying Agent/Registrar, the Authority shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds may be exchanged for other Bonds of the same series and of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange upon surrender of the Bonds to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Bonds are so surrendered for exchange, the Authority shall execute, and the Paying Agent/Registrar shall register and deliver, the Bonds, to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the corporate trust office of the Paying Agent/Registrar, or be sent by registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be the valid and binding obligations of the Authority, evidencing the same obligation to pay, and entitled to the same benefits under this Resolution, as the Bonds surrendered upon such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any fee, tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Bonds, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Bonds shall include any Bond registered and delivered pursuant to Section 32 in lieu of a mutilated, lost, destroyed, or stolen Bond which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 7: Initial Bond. The Bonds herein authorized shall be issued initially as a single fully-registered Bond in the total principal amount of \$\_\_\_\_\_ with principal installments to become due and payable as provided in Section 2 and numbered T-1 (the "Initial Bond") and the Initial Bond shall be registered in the name of the initial Purchasers or the designee thereof. The Initial Bond shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchasers (hereafter defined). Any time after the delivery of the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8: FORMS.

A. Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds shall be substantially in the forms

set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution and may have such letters, numbers, or other marks of identification (including insurance legends in the event the Bonds, or any Stated Maturities thereof, are insured and identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an Opinion of Bond Counsel) thereon as may, consistent herewith, be established by the Authority or determined by the officers executing the Bonds as evidenced by their execution thereof. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing the Bonds as evidenced by their execution thereof, but the Initial Bond submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

*[The remainder of this page intentionally left blank.]*

B. Form of Definitive Bond.

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
PRINCIPAL AMOUNT  
\$ \_\_\_\_\_

United States of America  
State of Texas  
CANYON REGIONAL WATER AUTHORITY  
TAX-EXEMPT CONTRACT REVENUE BONDS  
(WELLS RANCH PHASE II), SERIES 2015  
(TEXAS WATER DEVELOPMENT BOARD SWIFT PROJECT FINANCING)

Bond Date: November 1, 2015  
Stated Maturity:  
Interest Rate:  
CUSIP No.:

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The Canyon Regional Water Authority (the "Authority"), a conservation and reclamation district, a body politic and corporate, and a governmental agency of the State of Texas, with its principal office in New Braunfels, Texas, for value received, hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on the unpaid principal amount hereof from the Closing Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year commencing August 1, 2016.

Principal and premium, if any, of the Bond shall be payable to the Registered Owner hereof (the "Holder") upon presentation and surrender, at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by federal funds wire transfer, at no cost to the Holder, and at the written request of the Holder or by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense. While the Bonds are held by the Purchasers payment of principal of, premium, if any, and interest on the Bonds shall be made by federal

funds wire transfer, at no cost to the Purchasers, to an account at a financial institution located in the United States designated by the Purchasers.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") pursuant to a resolution adopted by the governing body of the Authority (the "Resolution"), for the purpose of providing funds to (i) finance, acquire, and construct treatment facilities, water supply pipelines, booster pumps, other appurtenances, and necessary easements and other interests in land, and (ii) pay the costs and expenses of issuing the Bonds, under and in strict conformity with the laws of the State of Texas, particularly the Authority Act, the Contract, and the Resolution.

In the event that the Purchasers at such time remains the sole holder of the Bonds and the final accounting delivered by the Authority to the Purchasers in the form and manner specified in the Resolution (and in compliance with the provisions of Section 35.D of the Resolution) evidences that the total cost of the project to be financed with Bond proceeds is less than the amount of Bond proceeds available for paying such costs, then the Authority shall, as soon as practicable (but in no event later than six months after the Purchasers' acceptance of the aforementioned accounting), at the direction of the General Manager without the requirement of the approval of the Board of Trustees of the Authority, redeem Bonds in the amount of such excess to the nearest multiple of the authorized denomination for the Bonds. Bonds redeemed pursuant to this provision shall be redeemable on any date, in inverse order of Stated Maturity, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

The Bonds stated to mature on and after August 1, 20\_\_ may be redeemed prior to their Stated Maturities, at the option of the Authority, on August 1, 20\_\_, or on any date thereafter, in inverse order of Stated Maturity, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond is subject to redemption prior to Stated Maturity and is in a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the

redemption date on the principal amount hereof to be redeemed. If this Bond is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds of this series are special obligations of the Authority payable from and equally and ratably secured solely by a lien on and pledge of the Annual Payments received by the Authority from the Participating Members pursuant to the provisions of the Contract. In the Resolution, the Authority reserves and retains the right to issue Additional Bonds and Additional Obligations, without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Resolution or as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Authority or System, except with respect to the Annual Payments.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Reference is hereby made to the Resolution, copies of which are on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description and nature of the Annual Payments pledged for the payment of the Bonds; the terms and conditions under which the Authority may issue Additional Bonds and Additional Obligations; the terms and conditions relating to the transfer or exchange of the Bonds; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Resolution. Capitalized terms used herein have the same meanings assigned in the Resolution.

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Security Register upon presentation and surrender at the corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The Authority and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the Authority nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for

such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Annual Payment Date” - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day of the month next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Bond in order to render the same a legal, valid, and binding special obligation of the Authority have been performed, exist, and have been done, in regular and due time, form, and manner, as required by the laws of the State of Texas and the Resolution, and that issuance of the Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a lien on and pledge of the Annual Payments and as otherwise provided in this Resolution. In case any provision in this Bond or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

*[The remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, the CRWA Board of the Authority has caused this Bond to be duly executed under the official seal of the Authority.

CANYON REGIONAL WATER  
AUTHORITY

\_\_\_\_\_  
Chairman, Board of Trustees

ATTESTED:

\_\_\_\_\_  
Secretary, Board of Trustees

(SEAL)

C. \*Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond Only.

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER OF       §  
PUBLIC ACCOUNTS                           §  
   §   REGISTER NO. \_\_\_\_\_  
THE STATE OF TEXAS                     §

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

\*NOTE TO PRINTER: Do Not Print on Definitive Bonds.

D. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds Only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued under the provisions of the within-mentioned Resolution; the Bond or Bonds of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: BOKF, NA DBA BANK OF TEXAS, Austin,  
Texas, as Paying Agent/Registrar

\_\_\_\_\_ By: \_\_\_\_\_  
Authorized Signature

\*NOTE TO PRINTER: Print on Definitive Bonds.

E. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): \_\_\_\_\_

(Social Security or other identifying number): \_\_\_\_\_

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

Signature guaranteed:  
  
\_\_\_\_\_

F. The Initial Bond shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

- i) immediately under the name of the Bond(s) the headings “Interest Rate” and “Stated Maturity” shall both be completed “as shown below”;
- ii) the first two paragraphs shall read as follows:

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

The Canyon Regional Water Authority (the “Authority”), a conservation and reclamation district, a body politic and corporate, and a governmental agency of the State of Texas, with its principal office located in New Braunfels, Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above stated to mature on the first day of August in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
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(Information to be inserted from schedule in Section 2 hereof).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Closing Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1, commencing August 1, 2016 (the “Interest Payment Date”).

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the “Holder”), upon its presentation and surrender, at the corporate trust office of BOKF, NA dba Bank of Texas, Austin, Texas (the “Paying Agent/Registrar”). Interest shall be payable to the Holder of this Bond whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each Interest Payment Date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof. While the Bonds are held by the Purchasers, payment of principal of, premium, if any, and interest on the Bonds shall be made by federal funds wire transfer, at no cost to the Purchasers, to an account at a financial institution located in the United States designated by the Purchasers.

G. Insurance Legend. If bond insurance is obtained by the Purchasers or the Authority for the Bonds, the definitive Bonds and the Initial Bond(s) shall bear an appropriate legend as provided by the insurer.

SECTION 9: Definitions. For all purposes of this Resolution (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 34 and 48 of this Resolution have the meanings assigned to them in such Sections, and all such terms include the plural as well as the singular; (ii) all references in this Resolution to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of this Resolution as originally adopted; and (iii) the words “herein”, “hereof”, and “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Section or other subdivision.

A. The term *Additional Bonds* shall mean the obligations issued in accordance with the terms and conditions prescribed in Section 17 hereof.

B. The term *Additional Obligations* shall mean, collectively, any Prior Lien Obligations, Junior Lien Obligations, or Inferior Lien Obligations hereafter issued by the Authority.

C. The term *Annual Payments* shall mean the payments that the Authority expects to receive from the Participating Members pursuant to the terms of the Contract.

D. The term *Authority* shall mean Canyon Regional Water Authority and any other public agency succeeding to the powers, rights, privileges and functions of the Authority and, when appropriate, the Board of Trustees of the Authority.

E. The term *Authorized Officials* shall mean the Chairman, Board of Trustees, Secretary, Board of Trustees and/or the General Manager of the Authority.

F. The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirement on all outstanding Bonds Similarly Secured when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirement by the number of Fiscal Years then remaining before Stated Maturity of such Bonds Similarly Secured. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from bond proceeds shall be excluded in making the aforementioned computation.

G. The term *Bond Fund* shall mean the special Fund or account created and established by the provisions of Section 13 of this Resolution.

H. The term *Bonds* shall mean the \$\_\_\_\_\_ “CANYON REGIONAL WATER AUTHORITY TAX-EXEMPT CONTRACT REVENUE BONDS (WELLS RANCH PHASE II), SERIES 2015 (TEXAS WATER DEVELOPMENT BOARD SWIFT PROJECT FINANCING)”, dated November 1, 2015, authorized by this Resolution.

I. The term *Bonds Similarly Secured* shall mean the Bonds and any Additional Bonds hereafter issued by the Authority or bonds issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a lien on and pledge of the Annual Payments.

J. The term *Closing Date* shall mean the date of physical delivery of the Initial Bond for the payment in full by the Purchasers.

K. The term *Construction Fund* shall mean the Authority's construction fund ordered established by Section 33 of this Resolution.

L. The *Contract* shall mean the New Tax-Exempt Water Supply Contract, dated as of \_\_\_\_\_, 2015, together with amendments and supplements thereto (which by the term of such instrument is designated as a supplement or amendment to such Contract), a conformed copy of such Contract being attached hereto as Exhibit E for the purposes of identification.

M. The term *Debt Service Requirements* shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Authority as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by assuming (i) that the interest rate for every 12-month period on such bonds is equal to the rate of interest reported in the most recently published edition of *The Bond Buyer* (or its successor) at the time of calculation as the "Revenue Bond Index" or, if such Revenue Bond Index is no longer being maintained by *The Bond Buyer* (or its successor) at the time of calculation, such interest rate shall be assumed to be 80% of the rate of interest then being paid on United States Treasury obligations of like maturity and (ii) that the principal of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

N. The term *Depository* shall mean an official depository bank of the Authority.

O. The term *Fiscal Year* shall mean the twelve month accounting period used by the Authority in connection with the operation of the System, currently ending on September 30th of each year, which may be any twelve consecutive month period established by the Authority, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

P. The term *Government Securities* shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the

proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

Q. The term *Gross Revenues* shall mean all income and increment, including, but not limited to, connection fees which may be derived from the ownership and/or operation of the System as it is purchased, constructed or otherwise acquired, but shall not mean the income and increment derived from a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities which under the terms of the authorizing resolution(s) or order(s) that may be pledged for the requirements of the Authority’s Special Project Bonds issued particularly to finance certain facilities (even though the facilities to be financed with the Special Project Bonds are physically connected to the System) needed in performing any such contract or contracts; provided, however, that the Board of Trustees of the Authority may utilize any revenues, including those generated by the Contract, in excess of the Debt Service Requirements on the Bonds Similarly Secured for any lawful purpose in accordance with this Resolution and the Contract.

R. The term *Holder or Holders* shall mean the registered owner, whose name appears in the Security Register, for any Bond.

S. The term *Inferior Lien Obligations* shall mean (i) any bonds, notes, warrants, or other obligations hereafter issued by the Authority payable wholly or in part from a pledge of and lien on Net Revenues of the System, all as further provided in Section 19 of this Resolution, which is subordinate and inferior to the lien on and pledge thereof securing the payment of any Prior Lien Obligations or Junior Lien Obligations hereafter issued by the Authority, and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of the Net Revenues as determined by the Board of Trustees in accordance with any applicable law.

T. The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, being February 1 and August 1 of each year, commencing August 1, 2016, while any of the Bonds remain Outstanding.

U. The term *Junior Lien Obligations* shall mean (i) any bonds, notes, warrants, or any similar obligations hereafter issued by the Authority that are payable wholly or in part from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues of the System, all as further provided in Section 19 of this Resolution and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a junior and inferior lien on and pledge of the Net Revenues as determined by the Board of Trustees in accordance with any applicable law.

V. The term *Maintenance and Operation Expenses* shall mean the expenses necessary to provide for the administration, efficient operation and adequate maintenance of the Authority's System, including the cost of purchasing water, paying necessary wages, salaries, and benefits, the acquisition of property and materials necessary to maintain the System in good condition and to operate it efficiently, together with such other costs and expenses as may now or hereafter be defined by law as proper maintenance and operation expenses of the System, including Operation and Maintenance Expenses (as defined in the Contract).

W. The term *Net Revenues* shall mean Gross Revenues of the System, with respect to any period, after deducting the System's Maintenance and Operation Expenses during such period.

X. The term *Outstanding* shall mean when used in this Resolution with respect to Bonds means, as of the date of determination, all Bonds issued and delivered under this Resolution, except:

(1) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the Authority in accordance with the provisions of Section 36 of this Resolution by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Resolution or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 32 of this Resolution.

Y. The term *Participating Members* shall have the meaning ascribed in the Contract and will include their lawful assigns under applicable law.

Z. The term *Prior Lien Obligations* shall mean (i) any bonds, notes, warrants, or other evidences of indebtedness which the Authority reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 18 of this Resolution and which are equally and ratably secured solely by a first and prior lien on and pledge of the Net Revenues of the System and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner so as to be payable from and secured by a first and prior lien on and pledge of the Net Revenues as determined by the CRWA Board in accordance with applicable law.

AA. The term *Purchasers* shall mean the initial purchaser or purchasers of the Bonds named in Section 33 of this Resolution.

BB. The term *Resolution* shall mean this resolution adopted by the CRWA Board on \_\_\_\_\_, 2015.

CC. The term *Special Project Bonds* shall mean obligations which the Authority expressly reserves the right to issue in Section 20 of this Resolution.

DD. The term *Stated Maturity* shall mean the annual principal payments of the Bonds payable on August 1 of each year, as set forth in Section 2 of this Resolution.

EE. The term *System* shall mean the works, improvements, facilities, plants, equipments, appliances, property, easements, leaseholds, licenses, privileges, right of use or enjoyment, contract rights or other interests in property comprising the utility system of the Authority now owned or to be hereafter purchased, constructed or otherwise acquired whether by deed, contract or otherwise, together with any additions or extensions thereto or improvements and replacements thereof, or the utility system of any other entity to which the Authority has contractual rights of use, including the Project, except the facilities which the Authority may purchase or acquire with the proceeds of the sale of Special Project Bonds, so long as such Special Project Bonds are outstanding, notwithstanding that such facilities may be physically connected with the System.

SECTION 10: Pledge of Annual Payments. (a) The Authority hereby covenants and agrees that the Annual Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Annual Payments and be valid and binding without any physical delivery thereof or further act by the Authority, and the lien created hereby on the Annual Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the Authority or the System payable pursuant to the terms of the Contract. The Authority shall deposit the Annual Payments, as collected and received, into a separate fund and account known as the "Annual Payment Account" to be utilized pursuant to the Contract and Section 13 hereof; provided, however, that the Board of Trustees of the Authority may utilize any revenues, including those generated by the Contract, in excess of the Debt Service Requirements on the Bonds Similarly Secured for any lawful purpose in accordance with this Resolution and the Contract.

(b) Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Annual Payments granted by the Authority under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Annual Payments granted by the Authority is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds Similarly Secured the perfection of the security interest in this pledge, the CRWA Board agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

SECTION 11: Rates and Charges. For the benefit of the Holders of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State of Texas and in this Resolution, the Authority hereby expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

A. To pay all Maintenance and Operation Expenses, or any expenses required by statute to be a first claim on and charge against the Gross Revenues of the System;

B. To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Prior Lien Obligations hereafter issued by the Authority and the amounts required to be deposited in any reserve, contingency, or redemption fund or account created for the payment and security of any Prior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a prior and first lien on and pledge of the Net Revenues of the System;

C. To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Junior Lien Obligations hereafter issued by the Authority and the amounts required to be deposited in any reserve, contingency, or redemption fund or account created for the payment and security of any Junior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a junior and inferior lien on and pledge of the Net Revenues of the System;

D. To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on any Inferior Lien Obligations hereafter issued by the Authority and the amounts required to be deposited in any reserve, contingency, or redemption fund or account created for the payment and security of any Inferior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a subordinate and inferior lien on and pledge of the Net Revenues of the System; and

E. To produce Net Revenues, together with any other lawfully available funds, including Annual Payments, to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable and to deposit the amounts required to be deposited in any special fund or account created and established for the payment and security of the Bonds Similarly Secured.

SECTION 12: System Fund. The Authority hereby covenants and agrees that the Gross Revenues of the System shall be deposited, as collected and received, into a separate fund or account to be created, established, and maintained with the Depository known as the "Canyon Regional Water Authority Utility Revenue Fund" (the "System Fund") and that the Gross Revenues of the System shall be kept separate and apart from all other funds of the Authority. All Gross Revenues deposited into the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: to the payment of all necessary and reasonable Maintenance and Operation Expenses as defined herein or required by statute, to be a first charge on and claim against the Gross Revenues of the System.

SECOND: to the payment of the amounts required to be deposited into the bond, reserve, contingency, or redemption funds created and established for the payment of any Prior Lien Obligations hereafter issued by the Authority as the same become due and payable.

THIRD: to the payment of the amounts required to be deposited into the bond, reserve, contingency, or redemption funds created and established for the payment of any Junior Lien Obligations hereafter issued by the Authority as the same become due and payable.

FOURTH: to the payment of the amounts required to be deposited into the bond, reserve, contingency, or redemption funds created and established for the payment of any Inferior Lien Obligations hereafter issued by the Authority as the same become due and payable.

FIFTH: to the payment of the amounts that must be deposited in any special funds or accounts created and established for the payment and security of the Bonds Similarly Secured.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other Authority purpose now or hereafter permitted by law.

SECTION 13: Bond Fund – Excess Bond Proceeds. For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the Authority agrees to maintain, at the Depository, a separate and special fund or account to be created and known as the “Canyon Regional Water Authority Tax-Exempt Contract Revenue Bonds (Wells Ranch Phase II), Series 2015 Interest and Sinking Fund” (the “Bond Fund”). The Authority covenants that there shall be deposited into the Bond Fund prior to each principal and interest payment date from the available Annual Payments deposited into the Annual Payment Account pursuant to Section 10 of this Resolution an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable, such deposits to pay maturing principal and accrued interest on the Bonds Similarly Secured to be made in substantially equal monthly installments on or before the tenth day of each month, beginning on or before the tenth day of the month next following the delivery of the Bonds to the Purchasers. If the Annual Payments in any month are insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month. The Authority hereby also establishes a subaccount in the Bond Fund and deposits \$\_\_\_\_\_ (the “Capitalized Interest”) for use in paying the initial Debt Service Requirements on the Bonds.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the Bonds Similarly Secured shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund is equal to the amount required to fully pay and discharge all outstanding Bonds Similarly Secured (principal and interest) or, (ii) the Bonds Similarly Secured are no longer Outstanding.

Accrued interest, capitalized interest in an amount not to exceed \$\_\_\_\_\_, being an amount not in excess of the limitations contained in Section 1201.042(a), as amended, Texas Government Code (“Capitalized Interest”) and premium, if any, received from the Purchasers of the Bonds shall be taken into consideration and reduce the amount of the monthly deposits hereinabove required to be deposited into the Bond Fund from the Annual Payments. Additionally, any proceeds of the Bonds, and investment income thereon, not expended for authorized purposes shall be deposited into the Bond Fund and such amounts so deposited shall be taken into consideration and reduce the amount of monthly deposits required to be deposited into the Bond Fund from the Annual Payments.

**SECTION 14: Deficiencies - Excess Net Revenues.**

A. If on any occasion there shall not be sufficient Annual Payments to make the required deposits into the Bond Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Annual Payments, or from any other sources available for such purpose, and such payments shall be in addition to the amounts required to be paid into these Funds or accounts during such month or months.

B. Subject to making the required deposits to the Bond Fund when and as required by this Resolution or any resolution authorizing the issuance of Additional Bonds or Additional Obligations, the excess Net Revenues of the System may be used by the Authority for any lawful purpose including, but not limited to, the redemption of any Bonds Similarly Secured.

**SECTION 15: Payment of Bonds.** While any of the Bonds Similarly Secured are outstanding, the Authorized Officials shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

**SECTION 16: Investments.** Funds held in any Fund or account created, established, or maintained pursuant to this Resolution shall, at the option of the Authority, be invested as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law (collateralized pursuant to the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code), and secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, including time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured

by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any Fund or account will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within 45 days of the close of each Fiscal Year. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses debited to, the Bond Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

SECTION 17: Issuance of Additional Bonds. In addition to the right to issue bonds of subordinate and inferior lien as authorized by the laws of this State of Texas, the Authority reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Annual Payments in the same manner and to the same extent as the Bonds and the Bonds Similarly Secured, shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments provided, however, that no Additional Bonds, shall be issued unless and until the following conditions have been met:

A. Except for a refunding to cure a default, the Authority is not then in default as to any covenant, condition or obligation prescribed in the resolutions authorizing the issuance of the Bonds Similarly Secured or the Contract (including any amendment or supplement thereto).

B. A consulting engineer certifies to the Authority the need for an estimated amount of additional financing required for completion, expansion, enlargement or improvement of the System; provided, however this certification shall not be necessary for the issuance of any refunding bonds.

C. The Participating Members (as defined in the Contract), shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such Additional Bonds is payable, in whole or in part, from the Annual Payments to be made by the Authority under and pursuant to the Contract.

D. The Additional Bonds are made to mature on February 1 or August 1 or both in each of the years in which they are scheduled to mature.

E. The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due.

The Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the Board of Trustees of the Authority may deem to be in the best interest of the Authority; provided, however, such refunding bonds do not have to comply with paragraph B hereof.

SECTION 18: Issuance of Prior Lien Obligations. Subject to the limitations set forth in the Contract, the Authority also reserves the right to issue Prior Lien Obligations that are payable from and secured by a first and prior lien and pledge of the Net Revenues of the System. The Authority covenants and agrees, however, it will not issue any Prior Lien Obligations unless:

A. Except for a refunding to cure a default, the Authority is not then in default as to any covenant, condition or obligation prescribed by the resolutions authorizing the issuance of the Bonds Similarly Secured.

B. Each of the funds created solely for the payment of principal of and interest on the Bonds Similarly Secured contains the amounts of money then required to be on deposit therein.

In addition, the Prior Lien Obligations may be refunded pursuant to any law then available upon such terms and conditions as the CRWA Board may deem to be in the best interest of the Authority and its inhabitants.

SECTION 19: Obligations of Inferior Lien and Pledge. Subject to the limitations set forth in the Contract, the Authority hereby reserves the right to issue, at any time, obligations including, but not limited to, Junior Lien Obligations and Inferior Lien Obligations payable from and secured, in whole or in part, by a lien on and pledge of the Net Revenues of the System, subordinate and inferior in rank and dignity to the lien on and pledge of such Net Revenues securing the payment of any Prior Lien Obligations hereafter issued by the Authority as may be authorized by the laws of the State of Texas.

SECTION 20: Special Project Bonds. Subject to the limitations set forth in the Contract, the Authority further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of utility facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities, such bonds to be payable from and secured by the proceeds of such contract or contracts. The Authority further reserves the right to refund such bonds and secure the payment of the debt service requirements on the refunding bonds in the same manner or as otherwise permitted by the laws of the State of Texas.

SECTION 21: Maintenance of System - Insurance. The Authority covenants, agrees, and affirms its covenants that while the Bonds Similarly Secured remain outstanding it will maintain and operate the System with all possible efficiency and maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type of business (which may include an adequate program of self-insurance); and that it will faithfully and punctually perform all duties with reference to the System required by the laws of the State of Texas. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the Holders of the Bonds Similarly Secured until and unless the

proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operation Expenses. Nothing in this Resolution shall be construed as requiring the Authority to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the Authority from doing so.

SECTION 22: Records and Accounts - Annual Audit. The Authority covenants, agrees, and affirms its covenants that so long as any of the Bonds Similarly Secured remain outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto as provided by applicable law. The Holders of the Bonds or any duly authorized agent or agents of such Holders shall have the right to inspect the System and all properties comprising the same. The Authority further agrees that following (and in no event later than 150 days after) the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants which annual audit shall be prepared in accordance with generally accepted auditing standards (as required by and in accordance with the provisions of 31 TAC § 371.702(2)(M)). Copies of each annual audit shall be furnished, without charge, to (i) the Texas Water Development Board, Attention: Executive Administrator and (ii) upon written request, and at the expense of such Holder, to any subsequent Holder thereof. Expenses incurred in making the annual audit of the operations of the System are to be regarded as Maintenance and Operation Expenses. Expenses incurred in making the annual audit of the operations of the System are to be regarded as Maintenance and Operation Expenses.

SECTION 23: Sale or Encumbrance of System. While any Bonds Similarly Secured remain Outstanding, the Authority will not sell, dispose of or, except as permitted in Sections 17, 18, 19, and 20, further encumber the Net Revenues of the System or any substantial part thereof; provided, however, that this provision shall not prevent the Authority from disposing of any of the Project or the System which is being replaced or is deemed by the Authority to be obsolete, worn out, surplus or no longer needed for the proper operation of the System. Any agreement pursuant to which the Authority contracts with a person, corporation, municipal corporation or political subdivision to operate the System or to lease and/or operate all or part of the System shall not be considered as an encumbrance of the System.

SECTION 24: Competition. To the extent it legally may, the Authority will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System and will prohibit the operation of any such competing facilities.

SECTION 25: Special Covenants. The Authority further covenants and agrees that:

A. Encumbrance and Sale.

(1) The Annual Payments and the Net Revenues have not in any manner been pledged to the payment of any debt or obligation of the Authority except with respect to the Bonds Similarly Secured; and while any of the Bonds Similarly Secured are Outstanding, the Authority will not, except as provided in this Resolution, additionally encumber the Annual Payments or the Net Revenues.

(2) While the Bonds Similarly Secured are Outstanding, and except as specifically permitted in Section 17, 18, 19, and 20, of this Resolution, the Authority shall not mortgage, pledge, encumber, sell, lease, or otherwise dispose of or impair its title to the Net Revenues of the System or any significant or substantial part thereof.

B. Title. The Authority lawfully owns or will own and is or will be lawfully possessed of the lands or easements upon which its System is and will be located, and has or will purchase good and indefeasible estate in such lands in fee simple, or has or will lawfully obtain any necessary easements to operate the System, and it warrants that it has or will obtain and will defend, the title to all the aforesaid lands and easements for the benefit of the owners of the Bonds Similarly Secured against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Annual Payments to the payment of the Bonds Similarly Secured, in the manner prescribed herein, and that it has lawfully exercised such rights.

C. Liens. The Authority will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or its System, and it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge upon its System, provided, however, that no such tax, assessment, or charge, and that no such claims which might be or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the Authority.

D. Performance. The Authority will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the resolutions authorizing the issuance of Bonds Similarly Secured, and in each and every Bond Similarly Secured and pay from the Annual Payments the principal of and interest on every Bond Similarly Secured on the dates and in the places and manner prescribed in such resolutions and Bonds Similarly Secured; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Annual Payments the amounts required to be deposited into the Bond Fund; and the Holder of the Bonds Similarly Secured may require the Authority, its officials, agents, and employees to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Bonds Similarly Secured including, but without limitation, the use and filing of mandamus proceedings, in any court or competent jurisdiction, against the Authority, its officials, agents, and employees.

E. Legal Authority. The Authority is duly authorized under the laws of the State of Texas to issue the Bonds Similarly Secured; that all action on its part for the authorization and

issuance of the Bonds Similarly Secured has been duly and effectively taken, and the Bonds Similarly Secured in the hands of the Holders thereof are and will be valid and enforceable special obligations of the Authority in accordance with their terms.

F. Budget. The Authority will prepare, adopt, and place into effect an annual budget (the “Annual Budget”) for operation and maintenance of the System for each Fiscal Year, including in each Annual Budget such items as are customarily and reasonably contained in a utility system budget under generally accepted accounting procedures.

G. Permits. The Authority will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the System and which have been obtained from any governmental agency; and the Authority has or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the System.

SECTION 26: Limited Obligations of the Authority. The Bonds Similarly Secured are limited, special obligations of the Authority payable from and equally and ratably secured solely by a lien on and pledge of the Annual Payments, and the Holders thereof shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by the Authority.

SECTION 27: Security of Funds. All money on deposit in the Funds or accounts for which this Resolution makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds (including as required by and in accordance with the Texas Public Funds Collateral Act, codified at Chapter 2257, as amended, Texas Government Code), and money on deposit in such Funds or accounts shall be used only for the purposes permitted by this Resolution.

SECTION 28: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the Authority covenants and agrees particularly that in the event the Authority (a) defaults in the payments to be made to the Bond Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Resolution, the Holders of any of the Bonds Similarly Secured shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the Authority and other officers of the Authority to observe and perform any covenant, condition, or obligation prescribed in this Resolution.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

For the avoidance of doubt, for so long as the Purchasers are Holders of the Bonds, the Purchasers may exercise all remedies available to it at law or in equity, and any provision of this Resolution or the Bonds that attempts to restrict or limit this right to exercise remedies shall be of no force or effect.

SECTION 29: Notices to Holders Waiver. Wherever this Resolution provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Resolution provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 30: Bonds Are Negotiable Instruments. Each of the Bonds Similarly Secured authorized herein shall be deemed and construed to be a “security” and as such a negotiable instrument with the meaning of the Chapter 8 of the Texas Uniform Commercial Code.

SECTION 31: Cancellation. All Bonds Similarly Secured surrendered for payment, transfer, redemption, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Authority, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The Authority may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds Similarly Secured previously certified or registered and delivered which the Authority may have acquired in any manner whatsoever, and all Bonds Similarly Secured so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds Similarly Secured held by the Paying Agent/Registrar shall be destroyed as directed by the Authority.

SECTION 32: Mutilated, Destroyed, Lost, and Stolen Bonds. If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the Authority and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Authority and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the Authority or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the Authority shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Authority in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond or payment in lieu thereof, under this Section, the Authority may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Authority, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds.

SECTION 33: Sale of the Bonds; Approval of Private Placement Memorandum; Use of Bond Proceeds. The sale of the Bonds to the Texas Water Development Board (the *Purchasers* and having all the rights, benefits, and obligations of a Holder) at the price of par, less the origination fee of \$\_\_\_\_\_ pursuant to a loan commitment received from the Purchasers is hereby confirmed. The pricing and terms of the sale of the Bonds are hereby found and determined to be the most advantageous reasonably obtainable by the Authority. Delivery of the Bonds to the Purchasers shall occur as soon as practicable after the adoption of this Resolution, upon payment therefor in accordance with the terms of loan commitment, and this Resolution.

The Private Placement Memorandum (the "Private Placement Memorandum") related to the Bonds and presented to the CRWA Board in connection with this Resolution is hereby approved. Any Authorized Official is hereby directed to deliver the Private Placement Memorandum to the Purchasers in satisfaction of the prerequisite of the Purchasers to receive the Private Placement Memorandum prior to their purchase of the Bonds.

Proceeds from the sale of the Bonds shall be applied as follows:

(1) Accrued interest (in the amount of \$0.00) and Capitalized Interest (in the amount of \$\_\_\_\_\_) received from the Purchasers shall be deposited into the Bond Fund.

(2) The balance of the proceeds derived from the sale of the Bonds (after paying costs of issuance) shall be deposited into a Construction Fund (hereinafter defined) created for the projects to be constructed with the proceeds of the Bonds. This Construction Fund shall be established and maintained at the Depository and shall be invested in accordance with the provisions of Section 16 of this Resolution. Interest earned on the proceeds of the Bonds pending completion of construction of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such amount shall be expended in accordance with Section 13 of this Resolution.

SECTION 34: Compliance with Purchasers' Rules and Regulations. The Authority will comply with all of the requirements contained in the resolution or resolutions adopted by the Purchasers with respect to the issuance of the Bonds. In addition, in compliance with the Purchasers' SWIFT Loan Program Rules, the Authority agrees and covenants:

A. to keep and maintain full and complete records and accounts pertaining to the construction of the project financed with the proceeds of sale of the Bonds, including the Construction Fund (defined herein), in accordance with the standards set forth by the Government Accounting Standard Board;

B. to create and establish at the Depository a "SWIFT Program Loan Construction Fund" (the *Construction Fund*) for the receipt and disbursement of all proceeds from the sale of the Bonds and all other funds acquired by the Authority in connection with the planning and construction of the projects financed, in whole or in part, by the Purchasers pursuant to the loan evidenced by the Bonds and all funds deposited to the credit of the Construction Fund shall be disbursed only for the payment of costs and expenses incurred in connection with the planning and building of such projects as approved by the Purchasers and as otherwise allowed by the rules and in accordance with the provisions of Chapter 15 or 17 of the Texas Water Code, as amended;

C. to provide the Purchasers with copies of "as built plans" pertaining to the projects financed, in whole or in part, with any funds of the Purchasers;

D. upon completion of the construction of the projects financed, in whole or in part, by the loan evidenced by the Bonds, to provide a final accounting to the Purchasers of the total costs of the projects. Thereafter, the Authority shall submit a final accounting and a final funds registration form to the Executive Administrator, or his designee within 60 days of the Authority's receipt of the certificate of approval for the final pricing construction contract and the final inspection receipt. Upon receipt of this information, the Purchasers shall within 60 days of receipt of this information provide written direction of the Authority of the course of action to be taken with respect to such surplus funds. If the projects as finally completed are built at a total cost less than the amount of available funds for building the projects, or if the Executive Administrator of the Purchasers disapproves construction of any portion of such projects as not being in accordance with the plans and specifications, the Authority agrees to immediately, with filing of the final accounting, return to the Purchasers the amount of any such excess and/or the cost determined by the Executive Administrator of the Purchasers relating to the parts of such projects not built in accordance with the plans and specifications, to the nearest multiple of the authorized denominations for the Bonds, upon the surrender and cancellation of a like amount of the appropriate series of such Bonds held by the Purchasers in inverse order of their Stated Maturities by (i) the effectuation of a redemption of such amount of Bonds pursuant to Section 4.A hereof, (ii) the deposit into the Bond Fund for the next scheduled payment of interest or principal on the Bonds, or (iii) spending such amount on other eligible project costs as authorized by the Executive Administrator. In determining the amount of available funds for building the project, the Authority agrees to account for all amounts deposited to the credit of the Construction Fund, including all loan funds extended by the Purchasers, all other funds available from the projects as described in the project engineer's or fiscal representative's sufficiency of funds statement and all interest earned by the Authority on money in the Construction Fund;

E. in addition to the requirements contained in Section 21 hereof, to maintain adequate insurance coverage on the projects financed with the proceeds of the Bonds in amounts adequate to protect the Purchasers' interest;

F. in addition to the requirements contained in Section 22 hereof, to maintain current, accurate, and complete records and accounts necessary to demonstrate compliance with financial assistance related legal and contractual provisions;

G. to implement any water conservation program required by the Purchasers until all financial obligations to the Purchasers have been discharged;

H. to comply with any special conditions, if any, specified by the Authority's water conservation plan maintained in accordance with 31 TAC 363.15, as well as any environmental determination until all financial obligations to the Purchasers have been discharged;

I. to abide by the Purchasers' rules and relevant state statutes, including, but not limited to, the Purchasers' pre-design funding procedures;

J. to not use Bond proceeds to pay for the cost of sampling, testing, removing or disposing of injection well fluids, brine concentration, municipal solid wastes, soils and/or media contaminated by hazardous substances, and for managing and disposing of any other hazardous substances, including (but not limited to) radioactive substances and low-level radioactive wastes, that may be generated at the project site during planning, design, and construction activities;

K. loan proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the project site and the Authority also agrees, to the extent permitted by law, to indemnify, hold harmless and protect the Purchasers from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees during the course of the project;

L. to apply for and obtain all permits, licenses, letter authorizations, notifications of solid waste registration, notices of intent and other regulatory approvals that may be required by those federal, state, regional, and local governmental entities responsible for regulating environmental, health and safety, and transportation-related matters arising from or pertaining to the generation, management, and disposal of all municipal solid wastes, radioactive substances, and low-level radioactive-wastes that may be generated as the result of the planning, design, and construction of the project financed with Bond proceeds, including (but not necessarily limited to) surface water discharge permit(s), stormwater permits, underground injection control permits, solid waste facility registrations, notifications, and/or permits, hazardous waste permits, radioactive materials management licenses, and low-level radioactive waste permits, registrations, and exemptions;

M. to comply, and take steps to assure that its contractors and sub-contractors shall comply with the Davis Bacon Act (being Subchapter IV of Chapter 31 of Title 40 of the United

States Code), and the United States Department of Labor's implementing regulations therefor, with respect to projects financed with proceeds of the Bonds;

N. to submit outlay reports with sufficient supporting documentation (e.g., invoices, receipts) on a quarterly basis, and the Purchasers shall retain the right to request project progress reports and outlay reports monthly as the project proceeds through each project phase and the Authority covenants to ensure that all Bond proceeds are timely and expeditiously utilized on the Project;

O. to provide the Purchasers with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282. The Authority shall obtain a Data Universal Numbering System (*DUNS*) Number and shall register with the System for Award Management (*SAM*), and maintain current registration at all times during which the Bonds are outstanding;

P. all loan proceeds will be timely and expeditiously used, as required by federal statute and Environmental Protection Agency's regulations, and also shall provide that the Authority will adhere to an Executive Administrator-approved project schedule, which shall not be altered except for good cause shown and only with the written approval of the Executive Administrator;

Q. to notify the Executive Administrator of the Purchasers prior to taking any actions to alter the legal status of the Board of Trustees in any manner (such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility that results in a change in governance of the System) and to receive approval from the Purchasers of any action to convey the Authority's obligations to the Purchasers, as the Holder of the Bonds, to another entity;

R. to not use any portion of the Bond proceeds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in Section 36 hereof) which produce a yield materially higher than the yield on the Purchasers' bonds that are used to provide the Purchasers with proceeds that it will use to purchase the Bonds (the *Source Series Bonds*), other than Nonpurpose Investments acquired with:

(1) Proceeds of the Source Series Bonds invested for a reasonable temporary period of up to three (3) years (reduced by the period of investment by the Purchasers) until such proceeds are needed for the facilities to be financed;

(2) Amounts invested in a bona fide debt service fund, within the meaning of §1.148-1(b) of the Regulations (as defined in Section 36 hereof); and

(3) Amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Bonds, 125% of average annual debt service on the Bonds, or 10% of the stated principal amount (or, in the case of a discount, the issue price) of the Bonds; and

(4) to not acquire any of the Source Series Bonds in an amount related to the amount of the Bonds.

SECTION 35: Application to Texas Water Development Board. The Board of Trustees ratifies and confirms its prior approval of the form and content of the Application to the Texas Water Development Board (the “Application”) prepared in connection with the sale of the Bonds and hereby approves the form and content of any addenda, supplement, or amendment thereto.

SECTION 36: Covenants to Maintain Tax-Exempt Status.

A. Definitions. When used in this Section, the following terms have the following meanings:

“*Closing Date*” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

B. Not to Cause Interest to Become Taxable. The Authority shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Authority receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the Authority shall comply with each of the specific covenants in this Section.

C. No Private Use or Private Payments. Except to the extent that it will not cause the Bonds to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the Authority shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the Authority or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

D. No Private Loan. Except to the extent that it will not cause the Bonds to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the Authority shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

E. Not to Invest at Higher Yield. Except to the extent that it will cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations

and rulings thereunder, the Authority shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of the Bonds.

F. Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the Authority shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

G. Information Report. The Authority shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

H. Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of the Bonds with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the Authority shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The Authority shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the Authority shall pay to the United States out of the Bond Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The Authority shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

I. Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Authority shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

J. Bonds Not Hedge Bonds.

(1) The Authority reasonably expects to spend at least 85% of the spendable proceeds of the Bonds within three years after such Bonds are issued.

(2) Not more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

K. Elections. The Authority hereby directs and authorizes the Chairman and Secretary of the CRWA Board or the General Manager of the Authority, either or any combination of the foregoing, to make such elections in the Certificate as to Tax Exemption or similar or other appropriate certificate, form, or document permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds. Such elections shall be deemed to be made on the Closing Date.

SECTION 37: Control and Custody of Bonds. The Chairman, Board of Trustees shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas and shall take and have charge and control of the Bonds pending their approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery of the Bonds to the Purchasers.

Furthermore, the Chairman, Board of Trustees, Secretary, Board of Trustees, General Manager of the Authority, or General Counsel, either or all, are hereby authorized and directed to furnish and execute such documents relating to the Authority and its financial affairs as may be necessary for the issuance of the Bonds, the approval of the Attorney General and their registration by the Comptroller of Public Accounts and, together with the Authority's Financial Advisor, Bond Counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bonds to the Purchasers and, when requested in writing by the Purchasers, the initial exchange thereof for definitive Bonds.

SECTION 38: Satisfaction of Obligation of Authority. If the Authority shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds Similarly Secured, at the times and in the manner stipulated in this Resolution, then the lien on and pledge of Annual Payments under this Resolution and all covenants, agreements, and other obligations. of the Authority to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Bonds Similarly Secured, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds Similarly Secured or the principal amount(s) thereof at Stated Maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have, in the case of a net defeasance, been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Bonds Similarly Secured, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof for the Bonds Similarly Secured. In the event of a gross defeasance of the Bonds, the Authority shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. The Authority covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds Similarly Secured to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 36). As long as the Purchasers hold all of the Bonds the Authority will give the Purchasers notice of the creation of any escrow pursuant to this Section. Failure to give such notice shall not affect the validity or effectiveness of the creation of such an escrow.

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds Similarly Secured, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the Authority or deposited as directed by the Authority. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds Similarly Secured and remaining unclaimed for a period of four (4) years after the Stated Maturity, or applicable redemption date, of the Bonds Similarly Secured such money was deposited and is held in trust to pay shall upon the request of the Authority be remitted to the Authority against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem defeased Bonds Similarly Secured that is made in conjunction with the payment arrangements specified in (i) or (ii) above shall not be irrevocable,

provided that: (1) in the proceedings providing for such defeasance, the Authority expressly reserves the right to call the defeased Bonds Similarly Secured for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Bonds Similarly Secured immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Bonds Similarly Secured, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Bonds Similarly Secured.

SECTION 39: Authorization of Escrow Agreement. The Board of Trustees hereby finds and determines that it is in the best interest of the Authority to authorize the execution of an Escrow Agreement, to comply with the Purchasers' rules and regulations and provide for the installment deliveries of the proceeds of the Bonds to the Purchasers, if any. A copy of the Escrow Agreement is attached hereto, in substantially final form, as Exhibit B, and is incorporated by reference to the provisions of the this Resolution for all purposes. Any Authorized Official is authorized to execute the Escrow Agreement as the act and deed of the Board of Trustees.

SECTION 40: Resolution a Contract; Amendments - Outstanding Bonds Similarly Secured. The Authority acknowledges that the covenants and obligations of the Authority herein contained are a material inducement to the purchase of the Bonds Similarly Secured. This Resolution shall constitute a contract with the Holders from time to time, binding on the Authority and its successors and assigns, and it shall not be amended or repealed by the Authority so long as any Bond Similarly Secured remains Outstanding except as permitted in this Section. The Authority may, without the consent of any Holders, from time to time and at any time, amend this Resolution in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Authority may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds Similarly Secured then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Resolution; provided that, without the consent of all Holders of Outstanding Bonds Similarly Secured, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of and interest on the Bonds Similarly Secured, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds Similarly Secured, (2) give any preference to any Bond Similarly Secured over any other Bond Similarly Secured, or (3) reduce the aggregate principal amount of Bonds Similarly Secured required for consent to any such amendment, addition, or rescission.

SECTION 41: Printed Opinion. The Purchasers' obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, as Bond Counsel, approving certain legal matters as to the Bonds, said opinion to be dated and delivered as of the date of initial delivery and payment for such Bonds. Printing of a true and correct copy of said opinion on the reverse side of each of said Bonds, with appropriate certificate pertaining thereto executed by facsimile signature of the Secretary of the CRWA Board is hereby approved and authorized.

SECTION 42: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof, and neither the Authority nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 43: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 44: Benefits of Resolution. Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person other than the Authority, Bond Counsel, Paying Agent/Registrar, Purchasers, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the Authority, Bond Counsel, the Paying Agent/Registrar, Purchasers, and the Holders.

SECTION 45: Inconsistent Provisions. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 46: Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 47: Severability. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the CRWA Board hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 48: Construction of Terms. If appropriate in the context of this Resolution, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 49: Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the CRWA Board.

SECTION 50: Authorization of Paying Agent/Registrar Agreement. The CRWA Board hereby finds and determines that it is in the best interest of the Authority to authorize the execution of a Paying Agent/Registrar Agreement pertaining to the payment, registration, transferability, and exchange of the Bonds. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Resolution.

SECTION 51: Public Meeting. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 52: Continuing Disclosure Undertaking.

A. Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

*EMMA* means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

*MSRB* means the Municipal Securities Rulemaking Board.

*Rule* means SEC Rule 15c2-12, as amended from time to time.

*SEC* means the United States Securities and Exchange Commission.

B. Annual Reports.

The Authority shall file annually with the MSRB, (1) within six months after the end of each fiscal year of the Authority ending in or after 2015, financial information and operating data with respect to the Authority of the general type included in the final Private Placement Memorandum authorized by Section 33 of this Resolution, being the information described in Exhibit C hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Authority, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the Authority commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Authority shall file unaudited financial statements within such period and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such financial statements becomes available. Under current Texas law, the Authority must have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The annual financial statement, including the auditor's opinion on the statement, shall be filed in the office of the Secretary, Board of Trustees, within 180 days after the last day of the Authority's fiscal year. Additionally, upon the filing of this financial statement and the annual audit, these documents are subject to the Texas Open Records Act, as amended, Texas Government Code, Chapter 552.

If the Authority changes its fiscal year, it will file notice of such change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the Authority

otherwise would be required to provide financial information and operating data pursuant to this Section.

C. Notice of Certain Events.

The Authority shall file notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

The Authority shall notify the MSRB, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with this Section by the time required by this Section.

D. Limitations, Disclaimers, and Amendments.

The Authority shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give notice of any deposit that causes the Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Authority does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

**UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE AUTHORITY, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.**

No default by the Authority in observing or performing its obligations under this Section shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority under federal and state securities laws.

The provisions of this Section may be amended by the Authority from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The Authority may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Authority also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Authority so amends the provisions of this Section, the Authority shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

E. Information Format – Incorporation by Reference.

The Authority information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including a private placement memorandum or other offering document) available to the public through EMMA or filed with the SEC.

SECTION 53: Book-Entry Only System.

It is intended that the Bonds initially be registered so as to participate in a securities depository system (the “DTC System”) with the Depository Trust Company, New York, New York, or any successor entity thereto (“DTC”), as set forth herein. Each Stated Maturity of the

Bonds shall be issued (following cancellation of the Initial Bond described in Section 7) in the form of a separate single definitive Bond. Upon issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Bonds shall be registered in the name of Cede & Co., as the nominee of DTC. The Authority and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations attached hereto as Exhibit D (the "Representation Letter").

With respect to the Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Bonds from time to time as securities depository (a "Depository Participant") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds (an "Indirect Participant"). Without limiting the immediately preceding sentence, the Authority and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Bonds, as shown on the Security Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than a Holder of a Bond, of any amount with respect to principal of, premium, if any, or interest on the Bonds. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a bond certificate evidencing the obligation of the Authority to make payments of principal, premium, if any, and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks or drafts being mailed to the Holder, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

In the event that (a) the Authority determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the Authority determines that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Authority shall notify the Paying Agent/Registrar, DTC, and the Depository Participants of the availability within a reasonable period of time through DTC of bond certificates, and the Bonds shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the Authority may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the Authority, or such depository's agent or designee, and if the Authority and the Paying Agent/Registrar do not select such alternate securities depository system then the Bonds may be registered in whatever name or names the Holders of Bonds transferring or exchanging the Bonds shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to

principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

SECTION 54: Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Resolution shall be given in such other manner and at such time or times as in the judgment of the Authority or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Resolution be deemed to be in compliance with the requirements for publication thereof.

SECTION 55: No Recourse Against Authority Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Bond or for any claim based thereon or on this Resolution against any official of the Authority or any person executing any Bond.

SECTION 56: Further Procedures. The officers and employees of the Authority are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Authority all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, and the Private Placement Memorandum. In addition, prior to the initial delivery of the Bonds, the Chairman, the General Manager of the Authority and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution and as described in the Private Placement Memorandum, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office. In case any officer of the Authority whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 57: Water Supply Contract. The CRWA Board hereby approves the Contract attached hereto as Exhibit E.

SECTION 58: Approval Certificate. Pursuant to 3.02 of the Contract and each of the resolutions adopted by the Participating Members, the Participating Members have authorized the execution of an approval certificate (the "Approval Certificate"), attached hereto as Exhibit F, which evidences the approval of the terms and provisions of the Bonds as set forth herein by each of the Participating Members.

SECTION 59: Effective Date. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

*[The remainder of this page intentionally left blank.]*

PASSED AND ADOPTED on the 12th day of May, 2015.

CANYON REGIONAL WATER AUTHORITY

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Chairman, Board of Trustees

ATTEST:

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Secretary, Board of Trustees

(SEAL)

## **INDEX TO EXHIBITS**

Exhibit A	Paying Agent/Registrar Agreement
Exhibit B	Escrow Agreement
Exhibit C	Description of Annual Financial Information
Exhibit D	DTC Letter of Representations
Exhibit E	Form of New Tax-Exempt Water Supply Contract (Wells Ranch Phase II)
Exhibit F	Form of Approval Certificate

**EXHIBIT A**

**PAYING AGENT/REGISTRAR AGREEMENT**

SEE TAB NO. \_\_

**EXHIBIT B**  
ESCROW AGREEMENT  
SEE TAB NO. \_\_

## **EXHIBIT C**

### **CONTINUING DISCLOSURE OF INFORMATION**

#### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 51 of this Resolution.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the Authority to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Application referred to) below:

The Authority's audited financial statements for the most recently concluded Fiscal Year or to the extent these audited financial statements are not available, the portions of the unaudited financial statements of the Authority referenced in Appendix A of the Application, but for the most recently concluded Fiscal Year.

#### **Accounting Principles**

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time.

**EXHIBIT D**

**DTC LETTER OF REPRESENTATIONS**

SEE TAB NO. \_\_\_\_\_

**EXHIBIT E**

NEW TAX-EXEMPT WATER SUPPLY CONTRACT (WELLS RANCH PHASE II)

SEE TAB NO. \_\_\_\_\_

**EXHIBIT F**

APPROVAL CERTIFICATE

SEE TAB NO. \_\_

# **ATTACHMENT**

**H**

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# Water Conservation Plan Annual Report

## Wholesale Water Supplier

### CONTACT INFORMATION

Name of Entity: \_\_\_\_\_

Public Water Supply Identification Number (PWS ID): \_\_\_\_\_

CCN Number: \_\_\_\_\_

Water Rights ID Number: \_\_\_\_\_

Wastewater ID Number: \_\_\_\_\_

Check all that apply:

Retail Water Supplier

Wholesale Water Supplier

Wastewater Treatment Utility

Address: \_\_\_\_\_ City: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Email: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Regional Water Planning Group: \_\_\_\_\_ [Map](#)

Groundwater Conservation District: \_\_\_\_\_ [Map](#)

Form Completed By: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_

Reporting Period (**check only one**):

Fiscal      Period Begin(mm/yyyy) \_\_\_\_\_ Period End(mm/yyyy) \_\_\_\_\_

Calendar      Period Begin(mm/yyyy) \_\_\_\_\_ Period End(mm/yyyy) \_\_\_\_\_

Check all that apply:

Received financial assistance of \$500,000 or more from TWDB

Have 3,300 or more retail connections

Have a surface water right with TCEQ

## SYSTEM DATA

1. For this reporting period, provide the **total volume of wholesale water exported** (transferred or sold): \_\_\_\_\_ gallons

2. For this reporting period, does your billing/accounting system have the capability to classify customers into the Wholesale Customer Categories?

Yes                      No

3. For this reporting period, select the category(s) used to calculate wholesale customer water usage:

- Municipal
- Industrial
- Commercial
- Institutional
- Agricultural

**Wholesale Customer Categories\***

- Municipal
- Industrial
- Commercial
- Institutional
- Agricultural

\*Recommended Customer Categories for classifying customer water use. For definitions, refer to [Guidance and Methodology on Water Conservation and Water Use](#).

4. For this reporting year, enter the gallons of **WHOLESALE water exported** (transferred or sold). Enter zero if a Customer Category does not apply.

Wholesale Customer Category	Gallons Exported (transferred or sold)	Number of Customers
Municipal		
Industrial		
Commercial		
Institutional		
Agricultural		
..... <b>Total</b>		

## Water Use Accounting

	Total Gallons During the Reporting Period
<b>Water Produced:</b> Water from permitted sources such as rivers, lakes, streams, and wells.	
<b>Wholesale Water Imported:</b> Purchased wholesale water transferred into the system.	
<b>System Input:</b> Total water supplied to system and available for use.	Produced + Imported = System Input
<b>Wholesale Water Exported:</b> Wholesale water sold or transferred out of the system.	
<b>Gallons Per Day:</b>	Wholesale Water Exported ÷ 365 = Gallons Per Day
<b>Population:</b> Estimated total population for municipal customers.	
U      8      h   #      h   )	Municipal Exported ÷ Municipal Population ÷ 365 = Municipal Gallons Per Capita Per Day

Provide the **specific and quantified five and ten-year targets** as listed in your most current Water Conservation Plan.

	Date to Achieve Target	Specified and Quantified Targets
<b>Five-year target</b>		
<b>Ten-year target</b>		

## Water Conservation Programs and Activities

### 1. Water Conservation Plan

What year did your entity adopt or revise their most recent Water Conservation Plan? \_\_\_\_\_

Does The Plan incorporate [Best Management Practices](#)?                      Yes                      No

### 2. Water Conservation Programs

Has your entity implemented any type of water conservation activity or program?

Yes                      No

If yes, select the type(s) of Best Management Practices or water conservation strategies implemented during this reporting period.

<b>Wholesale Supplier Activities and Practices</b>
Agricultural Conservation Programs Conservation Analysis & Planning Conservation Rate Structures Conservation Technology Education & Public Awareness Industrial Conservation Programs Leak Detection/ Water Loss Program Rebate, Retrofit, and Incentive Programs Regulatory & Enforcement System Operations Water Efficient Landscape Programs Water Use Audits

Other activities, list or describe.

### 3. Recycle/Reuse (Water or Wastewater Effluent)

For this reporting period, provide direct and indirect reuse activities.

<b>Reuse Activity</b>	<b>Estimated Volume (in gallons)</b>
On-site irrigation	
Plant wash down	
Chlorination/de-chlorination	
Industrial	
Landscape irrigation (parks, golf courses)	
Agricultural	
Other, please describe:	
<b>Estimated Volume of Reuse</b>	

#### 4. Water Savings

For this reporting period, estimate the savings that resulted from water conservation activities and programs.

Estimated Gallons Saved/Conserved	Estimated Gallons Recycled/Reused	Total Volume of Water Saved <sup>1</sup>	Dollar Value of Water Saved <sup>2</sup>

1. Estimated Gallons Saved + Estimated Gallons Recycled/Reused = Total Volume Saved
2. Estimate this value by taking into account water savings, the cost of treatment or purchase of water, and deferred capital costs due to conservation.

#### 5. Program Effectiveness

In your opinion, how would you rank the overall effectiveness of your conservation programs and activities?

Less Than Effective	Somewhat Effective	Highly Effective	Does Not Apply

6. What might your entity do to improve the effectiveness of your water conservation program?

7. Select the areas for which you would like to receive technical assistance:

- Agricultural Best Management Practices
- Wholesale Best Management Practices
- Industrial Best Management Practices
- Drought Contingency Plans
- Landscape Efficient Systems
- Leak Detection and Equipment
- Educational Resources

- Water Conservation Plans
- Water IQ: Know Your Water
- Water Loss Audits
- Rainwater Harvesting Systems
- Recycling and Reuse

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**CANYON REGIONAL WATER AUTHORITY  
FY 2014  
Budget**

<b>Entity</b>	<b>Total Budget</b>	<b>Bond Payments</b>	<b>Raw Water</b>	<b>Plant O&amp;M</b>	<b>Membrane Funds</b>	<b>Line Use &amp; Delivery</b>	<b>CRWA Admin</b>
<b>Lake Dunlap Exempt</b>							
5AWS-DSP	\$1,435,214.26	\$653,532.48	\$559,590.98	\$0.00	\$58,011.55	\$0.00	\$164,079.25
Cibolo	\$476,469.04	\$229,669.99	\$168,750.00	\$0.00	\$20,386.92	\$0.00	\$57,662.14
SAWS-D5P/Cibolo	\$205,030.61	\$93,361.78	\$79,941.57	\$0.00	\$8,287.36	\$0.00	\$23,439.89
East Central	\$563,620.76	\$261,412.99	\$213,371.45	\$0.00	\$23,204.62	\$0.00	\$65,631.70
Green Valley	\$678,808.86	\$336,102.42	\$228,488.31	\$0.00	\$29,834.51	\$0.00	\$84,383.62
Marion	\$37,517.81	\$18,672.36	\$12,500.00	\$0.00	\$1,657.47	\$0.00	\$4,687.98
<b>Lake Dunlap Exempt Totals</b>	<b>\$3,396,661.34</b>	<b>\$1,592,752.03</b>	<b>\$1,262,642.31</b>	<b>\$0.00</b>	<b>\$141,382.43</b>	<b>\$0.00</b>	<b>\$399,884.58</b>
<b>Lake Dunlap Taxable</b>							
Crystal Clear	\$138,535.04	\$100,207.78	\$0.00	\$0.00	\$8,287.36	\$6,600.00	\$23,439.89
Springs Hill	\$755,171.65	\$390,810.34	\$240,625.00	\$0.00	\$32,320.72	\$0.00	\$91,415.58
<b>Lake Dunlap Taxable Totals</b>	<b>\$893,706.69</b>	<b>\$491,018.13</b>	<b>\$240,625.00</b>	<b>\$0.00</b>	<b>\$40,608.08</b>	<b>\$6,600.00</b>	<b>\$114,855.48</b>
<b>Lake Dunlap Totals</b>	<b>\$4,290,368.03</b>	<b>\$2,083,770.15</b>	<b>\$1,503,267.31</b>	<b>\$0.00</b>	<b>\$181,990.51</b>	<b>\$6,600.00</b>	<b>\$514,740.06</b>
<b>Mid Cities Exempt</b>							
SAWS-DSP	\$1,062,832.71	\$1,062,832.71	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cibolo	\$265,708.18	\$265,708.18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SAWS-DSP/Cibolo	\$151,833.24	\$151,833.24	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
East Central	\$425,133.08	\$425,133.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Green Valley	\$151,833.24	\$151,833.24	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Marion	\$60,733.30	\$60,733.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Mid Cities Exempt Totals</b>	<b>\$2,118,073.76</b>	<b>\$2,118,073.76</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Wells Ranch</b>							
SAWS-DSP	\$3,483,274.36	\$2,692,673.97	\$659,336.99	\$0.00	\$0.00	\$0.00	\$131,263.40
Cibolo	\$922,003.38	\$673,168.49	\$216,019.04	\$0.00	\$0.00	\$0.00	\$32,815.85
East Central	\$620,886.52	\$480,834.64	\$116,611.98	\$0.00	\$0.00	\$0.00	\$23,439.89
Green Valley	\$1,066,016.85	\$673,168.49	\$360,032.50	\$0.00	\$0.00	\$0.00	\$32,815.85
Marion	\$124,177.30	\$96,166.93	\$23,322.40	\$0.00	\$0.00	\$0.00	\$4,687.98
Crystal Clear	\$388,974.20	\$288,500.78	\$86,409.48	\$0.00	\$0.00	\$0.00	\$14,063.94
Springs Hill	\$158,460.06	\$96,166.93	\$57,605.15	\$0.00	\$0.00	\$0.00	\$4,687.98
<b>Wells Ranch Totals</b>	<b>\$6,763,792.66</b>	<b>\$5,000,680.23</b>	<b>\$1,519,337.54</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$243,774.89</b>

**CANYON REGIONAL WATER AUTHORITY  
FY 2014  
Budget**

<b>Entity</b>	<b>Total Budget</b>	<b>Bond Payments</b>	<b>Raw Water</b>	<b>Plant O&amp;M</b>	<b>Membrane Funds</b>	<b>Line Use &amp; Delivery</b>	<b>CRWA Admin</b>
<b>LD/MC/WR Blended O&amp;M</b>							
SAWS-DSP	\$1,734,728.27	\$0.00	\$0.00	\$1,734,728.27	\$0.00	\$0.00	\$0.00
Cibolo	\$392,768.67	\$0.00	\$0.00	\$392,768.67	\$0.00	\$0.00	\$0.00
East Central	\$196,384.33	\$0.00	\$0.00	\$196,384.33	\$0.00	\$0.00	\$0.00
Green Valley	\$458,230.11	\$0.00	\$0.00	\$458,230.11	\$0.00	\$0.00	\$0.00
Marion	\$22,911.51	\$0.00	\$0.00	<u>\$22,911.51</u>	\$0.00	\$0.00	\$0.00
<b>LD/MC/WR</b>				<u>\$2,805,022.89</u>			
<b>Cost Per 1,000 gallons</b>				<b>\$1.00</b>			
Crystal Clear	\$87,790.38	\$0.00	\$0.00	\$87,790.38	\$0.00	\$0.00	\$0.00
Springs Hill	\$285,318.73	\$0.00	\$0.00	<u>\$285,318.73</u>	\$0.00	\$0.00	\$0.00
<b>LD/WR</b>				<u>\$373,109.11</u>			
<b>Cost Per 1,000 gallons</b>				<b>\$0.67</b>			
<b>LD/MC/WR Blended O&amp;M Tot</b>	<b>\$3,178,132.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,178,132.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Hays Caldwell</b>							
County Line	\$928,592.75	\$354,202.78	\$136,000.00	\$253,720.33	\$28,354.06	\$94,996.82	\$61,318.76
Crystal Clear	\$430,993.72	\$144,621.33	\$44,492.00	\$181,971.55	\$10,838.71	\$25,630.25	\$23,439.89
Martindale	\$118,148.73	\$41,871.00	\$16,762.00	\$38,993.90	\$4,335.48	\$6,810.38	\$9,375.96
Maxwell	\$813,412.71	\$288,757.84	\$81,496.00	\$311,951.22	\$19,509.68	\$69,506.16	\$42,191.81
<b>Hays Caldwell Totals</b>	<b>\$2,291,147.91</b>	<b>\$829,452.95</b>	<b>\$278,750.00</b>	<b>\$786,637.00</b>	<b>\$63,037.93</b>	<b>\$196,943.61</b>	<b>\$136,326.42</b>
<b>Cost Per 1,000 gallons</b>				<b>\$1.60</b>			
<b>New Berlin</b>							
East Central	\$70,875.68	\$0.00	\$52,826.96	\$0.00	\$0.00	\$0.00	\$18,048.72
La Vernia	\$207,599.55	\$0.00	\$171,687.63	\$0.00	\$0.00	\$17,160.00	\$18,751.91
<b>New Berlin Totals</b>	<b>\$278,475.23</b>	<b>\$0.00</b>	<b>\$224,514.60</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$17,160.00</b>	<b>\$36,800.63</b>
<b>CRWA FY14 Total Budget</b>	<b>\$18,919,989.59</b>	<b>\$10,031,977.09</b>	<b>\$3,525,869.45</b>	<b>\$3,964,769.00</b>	<b>\$245,028.45</b>	<b>\$220,703.61</b>	<b>\$931,642.00</b>
<b>CRWA FY13 Total Budget</b>	<b>\$17,496,712.29</b>	<b>\$8,974,044.14</b>	<b>\$3,534,673.94</b>	<b>\$3,598,201.00</b>	<b>\$245,028.45</b>	<b>\$206,767.76</b>	<b>\$937,997.00</b>
<b>Difference</b>	<b>\$1,423,277.30</b>	<b>\$1,057,932.95</b>	<b>-\$8,804.49</b>	<b>\$366,568.00</b>	<b>\$0.00</b>	<b>\$13,935.85</b>	<b>-\$6,355.00</b>

# **ATTACHMENT**

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**Canyon Regional Water Authority  
Wells Ranch Phase 2 Project**

Application to Texas Water Development Board for Financial Assistance

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Part C  
No. 39

	Tax Year 2014						
	Atascosa Co	Bexar Co	Caldwell Co	Comal Co	Guadalupe Co	Hays Co	Wilson Co
Certified Net Taxable Assessed Value	\$ 4,104,933,987	\$ 108,109,759,256	\$ 1,898,118,758	\$ 128,212,291	\$ 9,992,779,729	\$ 12,997,117,442	\$ 2,936,585,636

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# **ATTACHMENT**

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BOND DEBT SERVICE

Canyon Regional Water Authority (Wells Ranch)  
 Wells Ranch II Contract Revenue Bonds, Series 2015

Dated Date 11/01/2015  
 Delivery Date 11/01/2015

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2016			1,443,750.00	1,443,750.00	
09/30/2016					1,443,750
02/01/2017			962,500.00	962,500.00	
08/01/2017			962,500.00	962,500.00	
09/30/2017					1,925,000
02/01/2018			962,500.00	962,500.00	
08/01/2018	250,000	3.500%	962,500.00	1,212,500.00	
09/30/2018					2,175,000
02/01/2019			958,125.00	958,125.00	
08/01/2019	300,000	3.500%	958,125.00	1,258,125.00	
09/30/2019					2,216,250
02/01/2020			952,875.00	952,875.00	
08/01/2020	350,000	3.500%	952,875.00	1,302,875.00	
09/30/2020					2,255,750
02/01/2021			946,750.00	946,750.00	
08/01/2021	750,000	3.500%	946,750.00	1,696,750.00	
09/30/2021					2,643,500
02/01/2022			933,625.00	933,625.00	
08/01/2022	1,100,000	3.500%	933,625.00	2,033,625.00	
09/30/2022					2,967,250
02/01/2023			914,375.00	914,375.00	
08/01/2023	1,515,000	3.500%	914,375.00	2,429,375.00	
09/30/2023					3,343,750
02/01/2024			887,862.50	887,862.50	
08/01/2024	1,570,000	3.500%	887,862.50	2,457,862.50	
09/30/2024					3,345,725
02/01/2025			860,387.50	860,387.50	
08/01/2025	1,625,000	3.500%	860,387.50	2,485,387.50	
09/30/2025					3,345,775
02/01/2026			831,950.00	831,950.00	
08/01/2026	1,680,000	3.500%	831,950.00	2,511,950.00	
09/30/2026					3,343,900
02/01/2027			802,550.00	802,550.00	
08/01/2027	1,740,000	3.500%	802,550.00	2,542,550.00	
09/30/2027					3,345,100
02/01/2028			772,100.00	772,100.00	
08/01/2028	1,800,000	3.500%	772,100.00	2,572,100.00	
09/30/2028					3,344,200
02/01/2029			740,600.00	740,600.00	
08/01/2029	1,865,000	3.500%	740,600.00	2,605,600.00	
09/30/2029					3,346,200
02/01/2030			707,962.50	707,962.50	
08/01/2030	1,930,000	3.500%	707,962.50	2,637,962.50	
09/30/2030					3,345,925
02/01/2031			674,187.50	674,187.50	
08/01/2031	1,995,000	3.500%	674,187.50	2,669,187.50	
09/30/2031					3,343,375
02/01/2032			639,275.00	639,275.00	

BOND DEBT SERVICE

Canyon Regional Water Authority (Wells Ranch)  
Wells Ranch II Contract Revenue Bonds, Series 2015

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2032	2,065,000	3.500%	639,275.00	2,704,275.00	
09/30/2032					3,343,550
02/01/2033			603,137.50	603,137.50	
08/01/2033	2,140,000	3.500%	603,137.50	2,743,137.50	
09/30/2033					3,346,275
02/01/2034			565,687.50	565,687.50	
08/01/2034	2,215,000	3.500%	565,687.50	2,780,687.50	
09/30/2034					3,346,375
02/01/2035			526,925.00	526,925.00	
08/01/2035	2,290,000	3.500%	526,925.00	2,816,925.00	
09/30/2035					3,343,850
02/01/2036			486,850.00	486,850.00	
08/01/2036	2,370,000	3.500%	486,850.00	2,856,850.00	
09/30/2036					3,343,700
02/01/2037			445,375.00	445,375.00	
08/01/2037	2,455,000	3.500%	445,375.00	2,900,375.00	
09/30/2037					3,345,750
02/01/2038			402,412.50	402,412.50	
08/01/2038	2,540,000	3.500%	402,412.50	2,942,412.50	
09/30/2038					3,344,825
02/01/2039			357,962.50	357,962.50	
08/01/2039	2,630,000	3.500%	357,962.50	2,987,962.50	
09/30/2039					3,345,925
02/01/2040			311,937.50	311,937.50	
08/01/2040	2,720,000	3.500%	311,937.50	3,031,937.50	
09/30/2040					3,343,875
02/01/2041			264,337.50	264,337.50	
08/01/2041	2,815,000	3.500%	264,337.50	3,079,337.50	
09/30/2041					3,343,675
02/01/2042			215,075.00	215,075.00	
08/01/2042	2,915,000	3.500%	215,075.00	3,130,075.00	
09/30/2042					3,345,150
02/01/2043			164,062.50	164,062.50	
08/01/2043	3,020,000	3.500%	164,062.50	3,184,062.50	
09/30/2043					3,348,125
02/01/2044			111,212.50	111,212.50	
08/01/2044	3,125,000	3.500%	111,212.50	3,236,212.50	
09/30/2044					3,347,425
02/01/2045			56,525.00	56,525.00	
08/01/2045	3,230,000	3.500%	56,525.00	3,286,525.00	
09/30/2045					3,343,050
	55,000,000		37,562,000.00	92,562,000.00	92,562,000

**Canyon Regional Water Authority Debt Models**  
**Wells Ranch II Project**  
**12-May-15**

Proforma

Fiscal Year Ending 9/30	Revenue Bonds Series 2015	Operating Costs Plant O&M (Fixed)	Plant O&M (Vairabale)	Administrative Costs	Less: CAPI	Required Revenues	Participants					
							Green Valley SUD 53.87%	City of Cibolo 23.66%	City of Converse 6.64%	East Central SUD 6.64%	Crystal Clear SUD 6.53%	City of Marion 2.66%
2016	\$1,443,750				(\$1,443,750)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$1,925,000				(\$1,925,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2018	\$2,175,000	\$252,416	\$1,619,030	\$155,022	(\$962,500)	\$3,238,967	\$1,744,896	\$766,340	\$215,100	\$215,067	\$211,505	\$86,157
2019	\$2,216,250	\$257,464	\$1,651,411	\$158,122		\$4,283,247	\$2,307,471	\$1,013,416	\$284,450	\$284,408	\$279,696	\$113,934
2020	\$2,255,750	\$262,613	\$1,684,439	\$161,285		\$4,364,086	\$2,351,021	\$1,032,543	\$289,819	\$289,775	\$284,975	\$116,085
2021	\$2,643,500	\$267,865	\$1,718,127	\$164,510		\$4,794,003	\$2,582,625	\$1,134,261	\$318,370	\$318,322	\$313,048	\$127,520
2022	\$2,967,250	\$273,223	\$1,752,490	\$167,800		\$5,160,763	\$2,780,206	\$1,221,037	\$342,726	\$342,675	\$336,998	\$137,276
2023	\$3,343,750	\$278,687	\$1,787,540	\$171,156		\$5,581,134	\$3,006,668	\$1,320,496	\$370,643	\$370,587	\$364,448	\$148,458
2024	\$3,345,725	\$284,261	\$1,823,291	\$174,580		\$5,627,856	\$3,031,839	\$1,331,551	\$373,746	\$373,690	\$367,499	\$149,701
2025	\$3,345,775	\$289,946	\$1,859,756	\$178,071		\$5,673,549	\$3,056,454	\$1,342,362	\$376,780	\$376,724	\$370,483	\$150,916
2026	\$3,343,900	\$295,745	\$1,896,952	\$181,633		\$5,718,229	\$3,080,524	\$1,352,933	\$379,748	\$379,690	\$373,400	\$152,105
2027	\$3,345,100	\$301,660	\$1,934,891	\$185,265		\$5,766,916	\$3,106,753	\$1,364,452	\$382,981	\$382,923	\$376,580	\$153,400
2028	\$3,344,200	\$307,693	\$1,973,588	\$188,971		\$5,814,452	\$3,132,362	\$1,375,699	\$386,138	\$386,080	\$379,684	\$154,664
2029	\$3,346,200	\$313,847	\$2,013,060	\$192,750		\$5,865,857	\$3,160,055	\$1,387,862	\$389,552	\$389,493	\$383,040	\$156,032
2030	\$3,345,925	\$320,124	\$2,053,321	\$196,605		\$5,915,975	\$3,187,054	\$1,399,720	\$392,880	\$392,821	\$386,313	\$157,365
2031	\$3,343,375	\$326,527	\$2,094,388	\$200,537		\$5,964,826	\$3,213,371	\$1,411,278	\$396,124	\$396,064	\$389,503	\$158,664
2032	\$3,343,550	\$333,057	\$2,136,276	\$204,548		\$6,017,430	\$3,241,710	\$1,423,724	\$399,618	\$399,557	\$392,938	\$160,064
2033	\$3,346,275	\$339,718	\$2,179,001	\$208,639		\$6,073,633	\$3,271,988	\$1,437,022	\$403,350	\$403,289	\$396,608	\$161,559
2034	\$3,346,375	\$346,513	\$2,222,581	\$212,812		\$6,128,280	\$3,301,427	\$1,449,951	\$406,979	\$406,918	\$400,177	\$163,012
2035	\$3,343,850	\$353,443	\$2,267,033	\$217,068		\$6,181,393	\$3,330,040	\$1,462,518	\$410,506	\$410,445	\$403,645	\$164,425
2036	\$3,343,700	\$360,512	\$2,312,373	\$221,409		\$6,237,994	\$3,360,532	\$1,475,909	\$414,265	\$414,203	\$407,341	\$165,931
2037	\$3,345,750	\$367,722	\$2,358,621	\$225,837		\$6,297,930	\$3,392,821	\$1,490,090	\$418,246	\$418,183	\$411,255	\$167,525
2038	\$3,344,825	\$375,076	\$2,405,793	\$230,354		\$6,356,049	\$3,424,131	\$1,503,841	\$422,105	\$422,042	\$415,050	\$169,071
2039	\$3,345,925	\$382,578	\$2,453,909	\$234,961		\$6,417,373	\$3,457,167	\$1,518,350	\$426,178	\$426,114	\$419,054	\$170,702
2040	\$3,343,875	\$390,229	\$2,502,987	\$239,660		\$6,476,752	\$3,489,156	\$1,532,400	\$430,121	\$430,056	\$422,932	\$172,282
2041	\$3,343,675	\$398,034	\$2,553,047	\$244,454		\$6,539,210	\$3,522,803	\$1,547,177	\$434,269	\$434,204	\$427,010	\$173,943
2042	\$3,345,150	\$405,995	\$2,604,108	\$249,343		\$6,604,595	\$3,558,028	\$1,562,647	\$438,611	\$438,545	\$431,280	\$175,682
2043	\$3,348,125	\$414,115	\$2,656,190	\$254,329		\$6,672,759	\$3,594,749	\$1,578,775	\$443,138	\$443,071	\$435,731	\$177,495
2044	\$3,347,425	\$422,397	\$2,709,314	\$259,416		\$6,738,552	\$3,630,193	\$1,594,341	\$447,507	\$447,440	\$440,027	\$179,245
2045	\$3,343,050	\$430,845	\$2,763,500	\$264,604		\$6,801,999	\$3,664,373	\$1,609,353	\$451,721	\$451,653	\$444,171	\$180,933
	\$92,562,000				(\$4,331,250)	\$163,313,812	\$87,980,417	\$38,640,048	\$10,845,670	\$10,844,037	\$10,664,392	\$4,344,147

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CANYON REGIONAL WATER AUTHORITY  
 TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
 FISCAL YEAR ENDING SEPTEMBER 30, 2014

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Operating Revenues:</b>					
Water Sales	\$7,375,454	\$9,009,353	\$7,666,507	\$8,965,281	\$8,026,655
Miscellaneous Income	371,613	303,757	274,554	223,710	277,294
<b>Total Operating Revenues</b>	<u>7,747,067</u>	<u>9,313,110</u>	<u>7,941,061</u>	<u>9,188,991</u>	<u>8,303,949</u>
<b>Operating Expenses:</b>					
Purchase of Water	2,463,350	2,650,820	2,724,107	3,656,415	3,825,838
Treatment Plant Operating Expenses	2,699,029	2,657,145	3,161,521	3,738,999	3,754,748
Line Use and Transmission Costs	141,475	291,428	235,525	256,209	296,448
Salary and Wages	345,840	589,462	689,691	782,816	895,522
Employment Related Expenses	334,691	133,726	152,999	172,809	189,947
Professional Fees	636,929	457,529	358,173	354,959	620,964
<b>Total Operating Expenses</b>	<u>6,621,314</u>	<u>6,780,110</u>	<u>7,322,016</u>	<u>8,962,207</u>	<u>9,583,467</u>
<b>Operating Income (Loss) Before Depreciation</b>	1,125,753	2,533,000	619,045	226,784	(1,279,518)
Depreciation	<u>1,796,613</u>	<u>2,531,566</u>	<u>2,526,848</u>	<u>2,515,935</u>	<u>2,716,603</u>
<b>Operating Income (Loss)</b>	(670,860)	1,434	(1,907,803)	(2,289,151)	(3,996,121)
<b>Non-Operating Revenues (Expenses)</b>					
Member Debt Reimbursements	6,585,559	8,288,260	8,193,553	8,973,685	10,031,576
Member Joint Venture Reimb.	-	-	-	-	2,620,901
Interest Income	53,352	41,250	59,244	39,224	19,976
Bond Issue Costs	-	-	(436,815)	-	-
Interest Expense	(3,290,562)	(5,102,944)	(4,987,949)	(4,855,816)	(4,688,616)
Contribution to Joint Venture	<u>(717,594)</u>	<u>(825,723)</u>	<u>(565,440)</u>	<u>(396,377)</u>	<u>(452,539)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>2,630,755</u>	<u>2,400,843</u>	<u>2,262,593</u>	<u>3,760,716</u>	<u>7,531,298</u>
<b>Change in Net Position</b>	<u>\$1,959,895</u>	<u>\$2,402,277</u>	<u>\$ 354,790</u>	<u>\$1,471,565</u>	<u>\$3,535,177</u>

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# **ATTACHMENT**

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**CANYON REGIONAL WATER AUTHORITY**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2014**



CANYON REGIONAL  
water authority

CANYON REGIONAL WATER AUTHORITY  
 ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS :

COUNTY OF GUADALUPE :

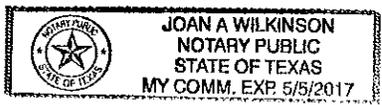
I, Steve Liparoto, of Canyon Regional Water Authority hereby swear, or affirm, that the Authority named above has reviewed and approved, at a meeting of the Authority's Board of Trustees on the 12<sup>th</sup> day of January, 2015, its annual audit report of the fiscal period ended September 30, 2014, and that copies of the annual audit report have been filed in the Authority's office located at 850 Lakeside Pass Dr., New Braunfels, Texas 78130.

This annual filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of the Texas Water Code Section 49.194.

Date: January 12, 2015 By: [Signature]  
(Signature of District Official)

Steve Liparoto, Chairman  
(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this 12<sup>th</sup> day of January, 2015.



[Signature]  
(Signature of Notary)

Commission expires on May 5, 2017  
Notary Public in the State of Texas

SHAREHOLDERS:  
Nancy L. Vaughan, CPA  
Deborah F. Fraser, CPA  
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, TX 78130

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Canyon Regional Water Authority, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Canyon Regional Water Authority's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Canyon Regional Water Authority, as of September 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

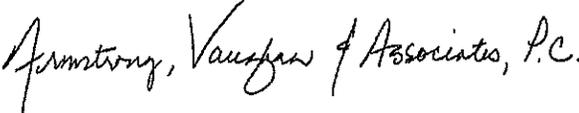
## *Other Matters*

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Canyon Regional Water Authority's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information required by the Texas Commission on Environmental Quality is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

December 02, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Canyon Regional Water Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the Authority's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The Authority's total net position was \$17.9 million at September 30, 2014.
- During the year, the Authority's operating expenses were \$1.3 million more than the \$8.3 million in operating revenues. After depreciation, operating income was a loss of \$4.0 million.
- Operating revenues decreased 10% and operating expenses increased 7%.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), *the basic financial statements, required supplementary information*, and *supplementary information required by the Texas Commission on Environmental Quality*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the authority as of the end of the year, including all assets and liabilities.
- The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the activity of the Authority during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.
- The *Statement of Cash Flows* reports the sources and uses of cash during the fiscal year.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The final section of supplementary information provides even more information required by TCEQ.

Figure A-2 summarizes the major features of the Authority's financial statements, including the portion of the Authority government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### FINANCIAL ANALYSIS OF THE AUTHORITY

Net position—the difference between the Authority's assets and liabilities—is one way to measure the Authority's financial health or *position*.

- Over time, increases or decreases in the Authority's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The Authority's combined net position was \$17.9 million at September 30, 2014. Of this amount, \$6.0 million is unrestricted, representing resources available to fund the operations of the Authority next year. (See Table A-1).

**Table A-1**  
 Authority's Net Position  
*(In thousands dollars)*

	2014	2013	Percentage Change
<i>Assets:</i>			
Cash and Investments	\$ 3,939	\$ 4,997	-21%
Other Current Assets	1,257	1,553	-19%
Other Assets	7,411	8,756	-15%
Capital Assets (Net)	<u>115,391</u>	<u>112,783</u>	2%
<i>Total Assets</i>	<u>127,998</u>	<u>128,089</u>	0%
<i>Liabilities:</i>			
Accounts Payable and Accruals	1,924	1,260	53%
Long Term Debt	<u>108,180</u>	<u>112,470</u>	-4%
<i>Total Liabilities</i>	<u>110,104</u>	<u>113,730</u>	-3%
<i>Net Position:</i>			
Net Investment in Capital Assets	8,261	5,622	47%
Restricted	3,645	3,516	4%
Unrestricted	<u>5,988</u>	<u>5,221</u>	15%
<i>Total Net Position</i>	<u>\$ 17,894</u>	<u>\$ 14,359</u>	25%

The Authority's total operating revenues were \$8.3 million, a decrease of 10%. Water sales fluctuate with the environmental conditions and the ability of member entities to take water. The operating expenses were \$12.3 million, an increase of 7%. (See Table A-2)

**Table A-2**  
 Changes in Authority Net Position  
*(In thousands dollars)*

	2014	2013	Percentage Change
Operating Revenues	\$ 8,304	\$ 9,189	-10%
Operating Expenses	<u>(12,300)</u>	<u>(11,478)</u>	7%
Operating Income (Loss)	(3,996)	(2,289)	75%
Nonoperating Income (Expense)	<u>7,531</u>	<u>3,761</u>	100%
Change in Net Position	<u>3,535</u>	<u>1,472</u>	140%

## BUDGETARY HIGHLIGHTS

The Authority budgets on a modified accrual basis so that the billings to the members result in funds available to pay obligations of the Authority as they come due. The Authority began the year with expectations of lower water sales than actually occurred. This also led to higher than anticipated expenses. The Authority ended the year with less net income (on a budgetary basis) than was budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2014 the Authority had invested \$137 million in a broad range of capital assets, including land, buildings, equipment, treatment plants, and distribution systems. (See Table A-3.) More detailed information about the Authority's capital assets is presented in the notes to the financial statements.

**Table A-3**  
Authority's Capital Assets  
(In thousands of dollars)

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Land	\$ 1,751	\$ 1,751	0%
Water Rights	3,146	3,146	0%
Building and Improvements	791	791	0%
Plant and Distribution System	126,507	115,490	10%
Machinery and Equipment	674	648	4%
Construction in Progress	<u>4,178</u>	<u>9,897</u>	<u>-58%</u>
Totals at Historical Cost	<u>137,047</u>	<u>131,723</u>	<u>4%</u>
Total Accumulated Depreciation	<u>(21,656)</u>	<u>(18,940)</u>	<u>14%</u>
Net Capital Assets	<u>\$ 115,391</u>	<u>\$ 112,783</u>	<u>2%</u>

### Long-Term Debt

At year-end, the Authority had \$108 million in principal outstanding on bonded debt. The Authority did not issue any new debt this year. More detailed information about the Authority's debt is presented in the notes to the financial statements.

**Table A-4**  
Authority's Long Term Debt  
(In thousands of dollars)

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Bonds Payable	<u>\$ 108,180</u>	<u>\$ 112,470</u>	<u>-3.81%</u>
Total Long-Term Debt	<u>\$ 108,180</u>	<u>\$ 112,470</u>	<u>-3.81%</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

For the fiscal year ending September 30, 2015, the Authority has budgeted \$20,855,064 in total revenues and \$20,855,064 in total expenses. The Authority expected a 5.5% increase in water sales in preparing the 2014/2015 budget based on discussions with member entities.

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at Canyon Regional Water Authority, 850 Lakeside Pass, New Braunfels, Texas 78130-8233.



## BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CANYON REGIONAL WATER AUTHORITY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

**ASSETS**

*Current Assets:*

Cash and Cash Equivalents	\$	3,939,428
Receivables - Member Entities		<u>1,257,358</u>
<i>Total Current Assets</i>		<u>5,196,786</u>

*Other Assets:*

Long-term Receivables - Member Entities		2,620,901
Restricted Cash for Construction		1,087,812
Restricted Cash for Debt Service		<u>3,702,323</u>
<i>Total Other Assets</i>		<u>7,411,036</u>

*Capital Assets:*

Land and Land Rights		1,750,976
Water Rights and Permits		3,145,604
Construction in Progress		4,177,728
Plant and Equipment (net)		<u>106,316,578</u>
<i>Total Capital Assets</i>		<u>115,390,886</u>
<b>TOTAL ASSETS</b>		<u>127,998,708</u>

**LIABILITIES**

*Current Liabilities:*

Accounts Payable		969,909
Salaries Payable		37,220
Accrued Leave		34,812
Accrued Interest, Payable from Restricted Assets		<u>882,527</u>
<i>Total Current Liabilities</i>		<u>1,924,468</u>

*Long-term Debt:*

Bonds Payable within One Year		4,470,000
Bonds Payable in more than One Year		<u>103,709,733</u>
<i>Total Long-term Debt</i>		<u>108,179,733</u>
<b>TOTAL LIABILITIES</b>		<u>110,104,201</u>

**NET POSITION**

Net Investment in Capital Assets		8,261,458
Restricted, Expendable:		
Debt Service		2,819,796
Membrane Replacement		825,317
Unrestricted		<u>5,987,936</u>
<b>TOTAL NET POSITION</b>		<u>\$ 17,894,507</u>

CANYON REGIONAL WATER AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

<b>Operating Revenues:</b>	
Water Sales	\$ 8,026,655
Miscellaneous Income	277,294
<b>Total Operating Revenues</b>	<u>8,303,949</u>
<b>Operating Expenses:</b>	
Water Purchases	3,825,838
Treatment Plant Operating Expenses	3,754,748
Salaries and Wages	895,522
Professional Fees	620,964
Line Use and Transmission Costs	296,448
Employment Related Expenses	189,947
<b>Total Operating Expenses</b>	<u>9,583,467</u>
<b>Operating Income (Loss) Before Depreciation</b>	(1,279,518)
Depreciation	<u>2,716,603</u>
<b>Operating Income (Loss)</b>	(3,996,121)
<b>Non-Operating Revenues (Expenses):</b>	
Member Entity Debt Reimbursements	10,031,576
Member Entity Joint Venture Reimbursements	2,620,901
Interest Income	19,976
Interest Expense	(4,688,616)
Contribution to Joint Venture	(452,539)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>7,531,298</u>
<b>Change in Net Assets</b>	3,535,177
Net Position at Beginning of Year	<u>14,359,330</u>
Net Position at End of Year	<u>\$ 17,894,507</u>

CANYON REGIONAL WATER AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 8,590,122
Cash Payments to Suppliers for Goods and Services	(8,017,958)
Cash Payments to Employees for Services	<u>(860,122)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(287,958)</u>
 <b>Cash Flows from Noncapital Financing Activities</b>	
Member Entity Debt Reimbursements	<u>10,031,576</u>
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>10,031,576</u>
 <b>Cash Flows from Capital and Related Financing Activities</b>	
Bond Principal Payments	(4,200,000)
Interest Paid	(5,485,114)
Purchase of Property, Plant and Equipment	<u>(4,649,913)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(14,335,027)</u>
 <b>Cash Flows from Investing Activities</b>	
Interest and Investment Income	19,976
Contribution to Joint Venture	(452,539)
(Increase) Decrease in Restricted Cash	<u>3,966,084</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>3,533,521</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (1,057,888)
 Beginning Cash and Cash Equivalents	 <u>4,997,316</u>
 Ending Cash and Cash Equivalents	 <u><u>\$ 3,939,428</u></u>

CANYON REGIONAL WATER AUTHORITY  
STATEMENT OF CASH FLOWS (CONT.)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ (3,996,121)
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation	2,716,603
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	286,173
(Increase) Decrease in Inventory	9,307
Increase (Decrease) in Accounts Payable	660,680
Increase (Decrease) in Salaries Payable	588
Increase (Decrease) in Accrued Leave	34,812
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ (287,958)</u></u>

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Canyon Regional Water Authority (the "Authority") was created by the Texas Legislature on August 28, 1989 under Article XVI, Section 59 of the Texas Constitution. The Authority operates under Chapter 65 of the Texas Water Code. The Authority was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in this state; and to protect, preserve and restore the purity and sanitary condition of water in the area. The Authority may not levy or collect ad valorem taxes, but does have the power of eminent domain and may issue bonds.

The Authority is comprised of ten member entities, and the governing board consists of two voting members from each entity. The member entities consist of Crystal Clear Special Utility District, East Central Special Utility District, Springs Hill Water Supply Corporation, Green Valley Special Utility District, County Line Special Utility District, Maxwell Water Supply Corporation, Martindale Water Supply Corporation and the cities of Marion, Cibolo, and La Vernia.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below:

**1. REPORTING ENTITY**

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The Authority has no component units.

**2. ENTERPRISE FUND**

The Authority is an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public or other governmental entities. The activities are financed by charges to member entities and the measurement of financial activity focuses on net income similar to the private sector. Revenues are recognized when earned, and expenses are recognized when incurred.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Revenues are classified as *operating* and *non-operating*. Operating revenues include charges to member entities for water pumpage pursuant to their contractual agreements. Non-operating revenues are expense reimbursements from member entities, interest income, and other revenues not related to the sale of wholesale water.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**4. CASH AND INVESTMENTS**

State statutes authorize the Authority to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost, which approximates fair value.

The Authority considers cash and cash equivalents to be amounts in checking accounts, savings accounts, money market accounts, local government investment pools and certificates of deposit with a maturity date within three months or less from the date of purchase.

**5. ACCOUNTS RECEIVABLE**

Accounts receivable consists of amounts due from member entities. Management considers all outstanding amounts to be collectible and has not recorded an allowance for doubtful accounts.

**6. PREPAID EXPENSES**

Expenses paid during the year that have a benefit beyond the current fiscal year are recorded on the balance sheet as prepaid expenses.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, water rights, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Interest has been capitalized during the construction periods on water plant and distribution systems. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	3 to 50 years
Water Plants and Distribution Systems	10 to 50 years

**8. LONG-TERM OBLIGATIONS**

Bonds, notes and capital leases are recorded as liabilities on the statement of net position. Bond issue costs and premiums are expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount.

**9. NET POSITION**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses qualify for restricted and unrestricted resources, the Authority's policy is to use restricted resources first.

**10. BUDGET**

An operating budget is adopted each fiscal year for the Authority. The budget is adopted on a modified accrual basis of accounting. Additional budgetary information is provided in the required supplementary information.

**11. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. RECLASSIFICATIONS**

Certain transactions are classified differently on the September 30, 2014 financial statements than previous fiscal years. These reclassifications had no effect on net income.

**NOTE B -- CASH AND INVESTMENTS**

The Authority's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledge securities in an amount sufficient to protect Authority funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash and Cash Equivalents

At September 30, 2014, the Authority's bank deposits were covered by a combination of federal deposit insurance and pledged securities. All of the Authority's deposits were fully collateralized.

2. Investments

The Authority is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that the Authority's investment practices, management reports and establishment of appropriate policies adhered to the requirements of the Act.

The Act determines the types of investments which are allowable for the Authority. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

As of September 30, 2014, the Authority had \$1,087,812 in LOGIC, a AAA rated local government investment pool. The pool strives to maintain a \$1 per share market value and is included in cash and cash equivalents.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

**NOTE C -- LONG-TERM RECEIVABLE/ REIMBURSEMENT FOR JOINT VENTURE**

During the year, the Authority assigned 69.81% of its interest in Hays Caldwell Public Utility Agency (a joint venture) to three member entities. In exchange, the member entities agreed to reimburse the Authority for the related portion of all prior payments and they will assume responsibility for all future payments to Hays Caldwell Public Utility Agency. As of September 30, 2014, this amounted to \$2,620,901. No repayment terms have been established. See Note H.

**NOTE D -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balances at 10/1/13	Additions	Disposals	Balances at 9/30/2014
Land	\$ 1,750,976	\$ -	\$ -	\$ 1,750,976
Water Rights	3,145,604	-	-	3,145,604
Building and Improvements	791,035	-	-	791,035
Plant and Distribution System	115,490,232	-	11,017,137	126,507,369
Machinery and Equipment	647,632	26,688	-	674,320
Construction in Progress	9,896,592	5,298,273	(11,017,137)	4,177,728
	<u>131,722,071</u>	<u>5,324,961</u>	<u>-</u>	<u>137,047,032</u>
<i>Less Accumulated Depreciation</i>				
Building and Improvements	(221,541)	(21,523)	-	(243,064)
Plant and Distribution System	(18,381,369)	(2,668,795)	-	(21,050,164)
Machinery and Equipment	(336,633)	(26,285)	-	(362,918)
	<u>(18,939,543)</u>	<u>(2,716,603)</u>	<u>-</u>	<u>(21,656,146)</u>
Capital Assets, Net	<u>\$ 112,782,528</u>	<u>\$ 2,608,358</u>	<u>\$ -</u>	<u>\$ 115,390,886</u>

Land, Water Rights and Construction in Progress are not depreciated.  
During the year ended September 30, 2014, \$675,048 in interest was capitalized in construction in progress.

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

**NOTE E -- LONG-TERM DEBT**

The Authority's long-term debt consists of bonds with interest payable on February 1 and interest and principal payable on August 1 of each year. The Bonds consist of the following issues:

Series Name	Original Issue		Interest Rate	Maturity Date
	Amount	Date		
<i>Project Hays/Caldwell:</i>				
Taxable Contract Revenue Bonds, 2003	\$ 2,000,000	6/1/2003	2.9-5.9%	2028
Taxable Revenue Refunding Bonds, 2005	5,845,000	10/26/2005	6.4%	2024
<i>Project Lake Dunlap:</i>				
Tax-Exempt Contract Revenue Refunding Bonds, 2006	21,130,000	5/1/2006	4-5%	2028
Taxable Contract Revenue Refunding Bonds, 2006	5,245,000	5/1/2006	5.4-6.3%	2028
<i>Project Mid-Cities:</i>				
Tax-Exempt Contract Revenue Refunding Bonds, 2006	27,910,000	5/1/2006	4-5.1%	2028
<i>Project Wells Ranch:</i>				
Tax-Exempt Contract Revenue Bonds, 2007	43,360,000	8/1/2007	4-5.1%	2032
Tax-Exempt Contract Revenue Bonds, 2009	3,695,000	7/14/2009	2-5.5%	2029
Tax-Exempt Contract Revenue Bonds, 2011	15,575,000	12/22/2011	2.5-5%	2041
<i>Project San Marcos River Rights:</i>				
Taxable Contract Revenue Bonds, 2008	3,200,000	1/1/2008	5.1%	2038

The Authority's long-term debt activity as of and for the year ending September 30, 2014 is as follows:

Bonds Payable, Series	Balance			Balance	
	Outstanding 10/1/2013	Additions	Retirements	Outstanding 9/30/2014	Due Within One Year
2003, Hays Caldwell	\$ 1,525,000	\$ -	\$ (65,000)	\$ 1,460,000	\$ 70,000
2005, Hays Caldwell	4,365,000	-	(280,000)	4,085,000	300,000
2006, Dunlap	16,730,000	-	(795,000)	15,935,000	830,000
2006, Dunlap Taxable	4,355,000	-	(185,000)	4,170,000	195,000
2006, Mid-Cities	22,115,000	-	(1,050,000)	21,065,000	1,095,000
2007, Wells Ranch	40,745,000	-	(1,365,000)	39,380,000	1,425,000
2008, San Marcos River	2,795,000	-	(60,000)	2,735,000	60,000
2009, Wells Ranch	3,400,000	-	(80,000)	3,320,000	160,000
2011, Wells Ranch	15,575,000	-	(320,000)	15,255,000	335,000
Premiums & Discounts	864,524	-	(89,791)	774,733	-
<b>Totals</b>	<b>\$ 112,469,524</b>	<b>\$ -</b>	<b>\$ (4,289,791)</b>	<b>\$ 108,179,733</b>	<b>\$ 4,470,000</b>

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

**NOTE E -- LONG-TERM DEBT (Continued)**

The annual requirements to amortize all debt outstanding as of September 30, 2014, including interest payments, are as follows:

Year End September 30,	Principal Payments	Interest Payments	Total
2015	\$ 4,470,000	\$ 5,295,160	\$ 9,765,160
2016	4,685,000	5,088,002	9,773,002
2017	4,900,000	4,870,104	9,770,104
2018	5,130,000	4,645,265	9,775,265
2019	5,375,000	4,402,322	9,777,322
2020-2024	31,095,000	17,764,668	48,859,668
2025-2029	32,265,000	9,440,681	41,705,681
2030-2034	13,005,000	3,109,727	16,114,727
2035-2039	4,625,000	1,157,375	5,782,375
2040-2041	1,855,000	140,250	1,995,250
Total	<u>\$ 107,405,000</u>	<u>\$ 55,913,554</u>	<u>\$ 163,318,554</u>

**NOTE F – WATER CONTRACTS**

The Authority has contracted to purchase water from Guadalupe Blanco River Authority (GBRA) to sell to member entities. The contract has a term of forty years with renewal options upon the agreement of both parties. In addition, the Authority has water lease agreements with several landowners in the region. The schedule below summarizes the minimum lease payments for the next five years on the Authority's water leases, calculated at rates currently in effect.

Year End September 30,	GBRA					Total
	Lake Dunlap	San Marcos River	Hays Caldwell	Wells Ranch	Others	
2015	\$ 1,505,299	\$ 254,750	\$ 24,000	\$ 1,954,064	\$ 7,600	\$ 3,745,713
2016	1,505,299	254,750	24,000	1,954,064	7,600	3,745,713
2017	1,505,299	254,750	24,000	1,954,064	7,600	3,745,713
2018	1,505,299	254,750	24,000	1,954,064	7,600	3,745,713
2019	1,505,299	254,750	24,000	1,954,064	7,600	3,745,713
Total	<u>\$ 7,526,495</u>	<u>\$ 1,273,750</u>	<u>\$ 120,000</u>	<u>\$ 9,770,320</u>	<u>\$ 38,000</u>	<u>\$ 18,728,565</u>
Acre Feet	<u>10,575</u>	<u>2,038</u>	<u>320</u>	<u>19,258</u>	<u>152</u>	<u>32,343</u>

CANYON REGIONAL WATER AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2014

**NOTE F – WATER CONTRACTS (Continued)**

The Authority also has contracts with its member entities in which the members agree to pay for the right to receive water from the Authority and the Authority agrees to sell its treated water to the members. A few member entities have leased their shares to other members. The following schedule summarizes the contracts in acre-feet commitments for each entity not taking into account any member to member agreements or any allocations of excess water capacity.

Member Entity	Lake Dunlap	Hays Caldwell	Wells Ranch	Total
City of Cibolo	1,230	-	700	1,930
City of Marion	100	-	100	200
East Central SUD	1,400	-	500	1,900
Green Valley SUD	1,800	-	700	2,500
Springs Hill WSC	1,950	-	100	2,050
San Antonio Water System	4,000	-	2,800	6,800
Crystal Clear WSC	500	500	300	1,300
Maxwell WSC	-	900	-	900
County Line SUD	-	1,308	-	1,308
Martindale WSC	-	200	-	200
Total	<u>10,980</u>	<u>2,908</u>	<u>5,200</u>	<u>19,088</u>

**NOTE G – PROFIT SHARING PLAN**

The Authority participates in a defined contribution profit sharing plan for eligible employees. The Authority contributes a percentage of eligible employees' wages annually. Employees may contribute at their discretion. The plan is administered by Retirement Horizons Incorporated as a 401K profit sharing plan. Employees who have attained the age of 21 years, have completed one year of service, and have been credited 1,000 hours of service may participate in the plan. Annual contributions were \$49,372, \$50,811, and \$43,257 for the years ending September 30, 2014, 2013, and 2012, respectively.

CANYON REGIONAL WATER AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

**NOTE H – JOINT VENTURE - HAYS CALDWELL PUBLIC UTILITY AGENCY**

The Authority entered into a joint venture with three other entities in 2007, creating Hays Caldwell Public Utility Agency (the Agency). The Agency was created to design, construct, maintain and operate a project to deliver water to the participating entities and other purchasers in the region. The participating entities are contractually obligated to fund a pro-rated portion of the Agency’s operations and project costs. The Authority has pledged its system revenues to fund its share (30.89%) of the Agency’s operations. For the year ending September 30, 2014, the Agency’s budgeted expenses totaled \$2,180,000, of which \$452,539 was the Authority’s share. The Agency has not issued any debt as of September 30, 2014. The Authority does not have an equity interest in the Agency and records funding payments as a nonoperating expense each year. Annual, audited financial statements for the Agency may be obtained by writing to Hays Caldwell Public Utility Agency, C/O Lockwood Andrews & Newnam, Inc., 400 West Hopkins, Suite 203, San Marcos, Texas 78666.

Beginning in 2014, the Authority has assigned a portion of its interest in the Agency to member entities. These member entities will reimburse the Authority for their share of the Agency costs. Contracts in place as of September 30, 2014 allocated the Authority’s share in the Agency as follows:

Responsible Entity	Authority Share Allocation
Green Valley SUD	33.33%
Crystal Clear WSC	33.33%
Martindale WSC	3.14%
Canyon Regional	30.20%
Total	100%

**NOTE I -- LITIGATION**

Management and legal counsel are not aware of any pending or threatened litigation that may have a material effect on the Authority’s financial position.

CANYON REGIONAL WATER AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

**NOTE J -- RISK MANAGEMENT**

The Authority has identified possible risk of losses related to torts; theft of, damage to, or destruction of assets; business interruption; errors and omissions; job-related illnesses or injuries to employees; and other claims of various natures. The Authority contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Annual contributions for the year ended September 30, 2014, were \$52,483. Liability by the Authority is generally limited to the contributed amounts up to coverage limits as follows:

	Limits of Coverage
General Liability	\$ 5,000,000
Errors and Omissions	5,000,000
Automobile Liability	5,000,000
Real and Personal Property	58,471,871
Mobile Equipment	56,180
Boiler and Machinery	58,321,871

**NOTE K -- SUBSEQUENT EVENT**

In October 2014, the Authority signed a contract with a member to assign another 20.191% of its 30.89% interest in Hays Caldwell Public Utility Agency. The member entity will reimburse the Authority for the related past costs, which as of September 30, 2014 were \$758,049.

**NOTE L -- COMMITMENT**

As of September 30, 2014, the Authority had open contracts for construction projects related to the Wells Ranch Project as follows:

	Total Commitment	Expended to Date	Estimated Remaining
Engineering	\$ 370,824	\$ 347,173	\$ 23,651
Construction	2,414,101	2,379,801	34,300
	\$ 2,784,925	\$ 2,726,974	\$ 57,951



REQUIRED SUPPLEMENTARY INFORMATION

CANYON REGIONAL WATER AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		Actual	Variance With
	<u>Original</u>	<u>Final</u>	Results (Budgetary Basis)	Final Budget- Positive (Negative)
<b>Operating Revenues:</b>				
Water Sales	\$ 8,667,309	\$ 8,667,309	\$ 8,026,655	\$ (640,654)
Miscellaneous Income	220,704	220,704	277,294	56,590
<b>Total Operating Revenues</b>	<u>8,888,013</u>	<u>8,888,013</u>	<u>8,303,949</u>	<u>(584,064)</u>
<b>Operating Expenses:</b>				
Water Purchases	3,525,869	3,525,869	3,825,838	(299,969)
Treatment Plant Operating Expenses	3,815,978	3,815,978	3,754,748	61,230
Line Use and Transmission Costs	220,704	220,704	296,448	(75,744)
Salaries and Wages	822,262	822,262	895,522	(73,260)
Employment Related Expenses	194,535	194,535	189,947	4,588
Professional Fees	308,665	308,665	620,964	(312,299)
<b>Total Operating Expenses</b>	<u>8,888,013</u>	<u>8,888,013</u>	<u>9,583,467</u>	<u>(695,454)</u>
<b>Operating Income (Loss)</b>	<u>-</u>	<u>-</u>	<u>(1,279,518)</u>	<u>(1,279,518)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Member Entity Debt				
Reimbursements	10,031,977	10,031,977	10,031,576	(401)
Interest Income	-	-	19,976	19,976
Principal and Interest Payments	(10,031,977)	(10,031,977)	(9,685,114)	346,863
<b>Non-Operating Revenues (Expenses)</b>	<u>-</u>	<u>-</u>	<u>366,438</u>	<u>366,438</u>
<b>Net Income</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (913,080)</u>	<u>\$ (913,080)</u>

CANYON REGIONAL WATER AUTHORITY  
NOTES TO SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
SEPTEMBER 30, 2014

**Budgetary Information** -- The budget is prepared on a modified accrual basis of accounting. The Authority maintains strict budgetary controls. The annually adopted budget is not a legally binding document, but is used as a planning tool. The Authority does not use encumbrance accounting.

The following schedule reconciles the budgetary basis to generally accepted accounting principles.

Net Income (Budgetary Basis)	\$ (913,080)
Amortization of Bond Premiums	89,791
Bond Principal Payments	4,200,000
Interest Capitalized	675,048
Changes in Interest Accrual	31,659
Sale of Joint Venture	2,620,901
Contribution to Joint Venture	(452,539)
Depreciation Expense	<u>(2,716,603)</u>
Change in Net Position (GAAP Basis)	<u>\$ 3,535,177</u>



CANYON REGIONAL  
water authority

### SUPPLEMENTARY INFORMATION

The following Supplementary Information is required to be included as additional information by the Texas Commission on Environmental Quality (TCEQ).

CANYON REGIONAL WATER AUTHORITY  
 TSI-1. SERVICES AND RATES  
 FISCAL YEAR ENDING SEPTEMBER 30, 2014

**1. Services Provided by the District during the Fiscal Year:**

- |  |   |                                     |
|--|---|-------------------------------------|
| <input type="checkbox"/> Retail Water  | <input checked="" type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage   |
| <input type="checkbox"/> Retail Wastewater   | <input type="checkbox"/> Wholesale Wastewater       | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation  | <input type="checkbox"/> Fire Protection            | <input type="checkbox"/> Security   |
| <input type="checkbox"/> Solid Waste/Garbage   | <input type="checkbox"/> Flood Control              | <input type="checkbox"/> Roads      |
| <input type="checkbox"/> Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect) |   |                                     |
| <input type="checkbox"/> Other (specify): _____  |   |                                     |

**2. Retail Service Providers**

(This information is omitted since the Authority does not provide retail services)

**3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):**

Gallons pumped into system	3,581,986	
Gallons billed to customers:	3,517,218	Water Accountability Ratio: (Gallons billed/Gallons pumped) 98.5%

**4. Standby Fees (authorized only under TWC Section 49.231):**

Does the District have Debt Service standby Fees? Yes  No

If yes, Date of the most recent Commission Order: \_\_\_\_\_

Does the District have Operation and Maintenance standby fees? Yes  No

If yes, Date of the most recent Commission Order: \_\_\_\_\_

**5. Location of District:**

Counties in which the District is located: Guadalupe, Comal, Caldwell, Hays, Wilson and Bexar

Is the District located entirely within one county? Yes  No

Is the District located within a city? Entirely  Partly  Not at all

Cities in which the District is located: Entirely Within: Marion, Cibolo, La Vernia, Santa Clara, and New Berlin; Partly Within: Martindale, Seguin, San Antonio, San Marcos, and New Braunfels

Is the District located within a city's extra territorial jurisdiction (ETJ)?  
 Entirely  Partly  Not at all

ETJs in which the District is located: Entirely Within: Marion and Cibolo; Partly Within: Martindale, Seguin, San Antonio, San Marcos, and New Braunfels

Are Board members appointed by an office outside the district? Yes  No

If Yes, by whom? \_\_\_\_\_

CANYON REGIONAL WATER AUTHORITY  
 TSI-2. ENTERPRISE FUND EXPENSES  
 FISCAL YEAR ENDING SEPTEMBER 30, 2014

<b>Personnel Expenditures</b> (including benefits)	\$	1,085,469
<b>Professional Fees:</b>		
Legal		139,602
Engineering		458,915
Accounting and Audit		13,600
Other		8,847
<b>Water and Transmission Costs</b>		4,122,286
<b>Utilities</b>		1,487,795
<b>Repairs and Maintenance</b>		2,128,683
<b>Administrative Expenses</b>		138,270
<b>Depreciation and Amortization</b>		2,716,603
<b>Interest</b>		4,688,616
<b>Contribution to Joint Venture</b>		<u>452,539</u>
<b>Total Expenses</b>	<b>\$</b>	<b><u><u>17,441,225</u></u></b>
Total number of persons employed by the District	Full-Time	<u>14</u>
	Part-Time	<u>0</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-3. TEMPORARY INVESTMENTS  
 FISCAL YEAR ENDING SEPTEMBER 30, 2014

<u>Funds</u>	<u>Identification of Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
None				\$ -	\$ -
Total				<u>\$ -</u>	<u>\$ -</u>

**The following section has been omitted since it does not pertain to this entity:**

TSI-4. Taxes Levied and Receivable

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS  
 SEPTEMBER 30, 2014

Hays/Caldwell Projects Taxable Contract Revenue Bonds  
 Series 2003

Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 70,000	\$ 84,006	\$ 154,006
2016	75,000	80,282	155,282
2017	80,000	76,217	156,217
2018	85,000	71,801	156,801
2019	90,000	67,024	157,024
2020	95,000	61,903	156,903
2021	100,000	56,450	156,450
2022	105,000	50,680	155,680
2023	110,000	44,548	154,548
2024	115,000	38,124	153,124
2025	125,000	31,408	156,408
2026	130,000	24,108	154,108
2027	135,000	16,464	151,464
2028	145,000	8,526	153,526
	<u>\$ 1,460,000</u>	<u>\$ 711,541</u>	<u>\$ 2,171,541</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

Hays/Caldwell Projects Taxable Revenue Refunding  
 Bonds Series 2005

Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 300,000	\$ 263,074	\$ 563,074
2016	320,000	243,754	563,754
2017	345,000	223,146	568,146
2018	365,000	200,928	565,928
2019	390,000	177,422	567,422
2020	415,000	152,306	567,306
2021	445,000	125,580	570,580
2022	470,000	96,922	566,922
2023	500,000	66,654	566,654
2024	535,000	34,454	569,454
	<u>\$ 4,085,000</u>	<u>\$ 1,584,240</u>	<u>\$ 5,669,240</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

Lake Dunlap Refunding Tax-Exempt Contract Revenue  
 Refunding Bonds Series 2006

Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 830,000	\$ 750,819	\$ 1,580,819
2016	870,000	713,469	1,583,469
2017	910,000	674,319	1,584,319
2018	950,000	635,189	1,585,189
2019	990,000	593,389	1,583,389
2020	1,040,000	543,889	1,583,889
2021	1,090,000	491,889	1,581,889
2022	1,145,000	437,389	1,582,389
2023	1,205,000	380,139	1,585,139
2024	1,260,000	324,407	1,584,407
2025	1,315,000	266,132	1,581,132
2026	1,380,000	204,985	1,584,985
2027	1,440,000	140,125	1,580,125
2028	1,510,000	71,725	1,581,725
	<u>\$ 15,935,000</u>	<u>\$ 6,227,865</u>	<u>\$ 22,162,865</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

Lake Dunlap Taxable Contract Revenue Refunding Bonds  
 Series 2006

Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 195,000	\$ 257,333	\$ 452,333
2016	210,000	245,828	455,828
2017	220,000	233,437	453,437
2018	235,000	220,017	455,017
2019	250,000	205,683	455,683
2020	265,000	190,432	455,432
2021	280,000	174,268	454,268
2022	295,000	157,188	452,188
2023	315,000	138,750	453,750
2024	335,000	119,062	454,062
2025	355,000	98,124	453,124
2026	380,000	75,936	455,936
2027	405,000	52,187	457,187
2028	430,000	26,875	456,875
	<u>\$ 4,170,000</u>	<u>\$ 2,195,120</u>	<u>\$ 6,365,120</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

Mid-Cities Refunding Tax-Exempt Contract Revenue  
 Refunding Bonds Series 2006

Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 1,095,000	\$ 1,022,136	\$ 2,117,136
2016	1,150,000	970,124	2,120,124
2017	1,200,000	915,499	2,115,499
2018	1,260,000	855,499	2,115,499
2019	1,315,000	800,059	2,115,059
2020	1,375,000	740,884	2,115,884
2021	1,440,000	679,009	2,119,009
2022	1,505,000	612,769	2,117,769
2023	1,580,000	537,519	2,117,519
2024	1,655,000	464,444	2,119,444
2025	1,735,000	381,694	2,116,694
2026	1,825,000	294,944	2,119,944
2027	1,915,000	201,412	2,116,412
2028	2,015,000	103,269	2,118,269
	<u>\$ 21,065,000</u>	<u>\$ 8,579,261</u>	<u>\$ 29,644,261</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

Wells Ranch Project Tax-Exempt Contract Revenue  
 Bonds Series 2007

Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 1,425,000	\$ 1,950,519	\$ 3,375,519
2016	1,485,000	1,889,956	3,374,956
2017	1,550,000	1,826,844	3,376,844
2018	1,615,000	1,760,969	3,375,969
2019	1,695,000	1,680,219	3,375,219
2020	1,780,000	1,595,469	3,375,469
2021	1,870,000	1,506,469	3,376,469
2022	1,960,000	1,412,969	3,372,969
2023	2,060,000	1,314,969	3,374,969
2024	2,160,000	1,211,969	3,371,969
2025	2,275,000	1,101,268	3,376,268
2026	2,390,000	984,675	3,374,675
2027	2,510,000	865,188	3,375,188
2028	2,640,000	733,550	3,373,550
2029	2,775,000	598,250	3,373,250
2030	2,915,000	459,500	3,374,500
2031	3,060,000	313,750	3,373,750
2032	3,215,000	160,750	3,375,750
	<u>\$ 39,380,000</u>	<u>\$ 21,367,283</u>	<u>\$ 60,747,283</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

San Marcos River Rights Project Taxable Contract  
 Revenue Bonds Series 2008

Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 60,000	\$ 140,591	\$ 200,591
2016	65,000	137,507	202,507
2017	65,000	134,166	199,166
2018	70,000	130,824	200,824
2019	75,000	127,226	202,226
2020	80,000	123,371	203,371
2021	80,000	119,258	199,258
2022	85,000	115,146	200,146
2023	90,000	110,777	200,777
2024	95,000	106,150	201,150
2025	100,000	101,267	201,267
2026	105,000	96,126	201,126
2027	110,000	90,729	200,729
2028	115,000	85,074	200,074
2029	120,000	79,163	199,163
2030	130,000	72,994	202,994
2031	135,000	66,312	201,312
2032	140,000	59,372	199,372
2033	150,000	52,176	202,176
2034	155,000	44,465	199,465
2035	165,000	36,497	201,497
2036	175,000	28,015	203,015
2037	180,000	19,020	199,020
2038	190,000	9,767	199,767
	<u>\$ 2,735,000</u>	<u>\$ 2,085,993</u>	<u>\$ 4,820,993</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

Wells Ranch Project Tax-Exempt Contract Revenue  
 Bonds Series 2009

Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 160,000	\$ 162,300	\$ 322,300
2016	165,000	156,100	321,100
2017	170,000	149,294	319,294
2018	180,000	141,856	321,856
2019	190,000	133,756	323,756
2020	195,000	124,731	319,731
2021	205,000	115,956	320,956
2022	215,000	106,475	321,475
2023	225,000	96,263	321,263
2024	235,000	85,013	320,013
2025	250,000	73,262	323,262
2026	260,000	60,450	320,450
2027	275,000	46,800	321,800
2028	290,000	32,362	322,362
2029	305,000	16,775	321,775
	<u>\$ 3,320,000</u>	<u>\$ 1,501,393</u>	<u>\$ 4,821,393</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

Wells Ranch Project Tax-Exempt Contract Revenue  
 Bonds Series 2011

Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 335,000	\$ 664,382	\$ 999,382
2016	345,000	650,982	995,982
2017	360,000	637,182	997,182
2018	370,000	628,182	998,182
2019	380,000	617,544	997,544
2020	390,000	606,142	996,142
2021	405,000	593,468	998,468
2022	415,000	580,812	995,812
2023	430,000	567,326	997,326
2024	445,000	552,276	997,276
2025	460,000	534,476	994,476
2026	480,000	516,076	996,076
2027	500,000	496,876	996,876
2028	520,000	476,250	996,250
2029	545,000	454,150	999,150
2030	565,000	430,306	995,306
2031	590,000	404,882	994,882
2032	620,000	378,332	998,332
2033	650,000	348,882	998,882
2034	680,000	318,006	998,006
2035	710,000	285,706	995,706
2036	745,000	251,094	996,094
2037	780,000	214,776	994,776
2038	820,000	176,750	996,750
2039	860,000	135,750	995,750
2040	905,000	92,750	997,750
2041	950,000	47,500	997,500
	<u>\$ 15,255,000</u>	<u>\$ 11,660,858</u>	<u>\$ 26,915,858</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)  
 SEPTEMBER 30, 2014

Annual Requirements for all Series			
Fiscal Year Ending September 30,	Principal Due Each Year	Interest Due Each Year	Total
2015	\$ 4,470,000	\$ 5,295,160	\$ 9,765,160
2016	4,685,000	5,088,002	9,773,002
2017	4,900,000	4,870,104	9,770,104
2018	5,130,000	4,645,265	9,775,265
2019	5,375,000	4,402,322	9,777,322
2020	5,635,000	4,139,127	9,774,127
2021	5,915,000	3,862,347	9,777,347
2022	6,195,000	3,570,350	9,765,350
2023	6,515,000	3,256,945	9,771,945
2024	6,835,000	2,935,899	9,770,899
2025	6,615,000	2,587,631	9,202,631
2026	6,950,000	2,257,300	9,207,300
2027	7,290,000	1,909,781	9,199,781
2028	7,665,000	1,537,631	9,202,631
2029	3,745,000	1,148,338	4,893,338
2030	3,610,000	962,800	4,572,800
2031	3,785,000	784,944	4,569,944
2032	3,975,000	598,454	4,573,454
2033	800,000	401,058	1,201,058
2034	835,000	362,471	1,197,471
2035	875,000	322,203	1,197,203
2036	920,000	279,109	1,199,109
2037	960,000	233,796	1,193,796
2038	1,010,000	186,517	1,196,517
2039	860,000	135,750	995,750
2040	905,000	92,750	997,750
2041	950,000	47,500	997,500
	\$ 107,405,000	\$ 55,913,554	\$ 163,318,554



CANYON REGIONAL WATER AUTHORITY  
 TSI-6. CHANGES IN LONG-TERM BONDED DEBT  
 FISCAL YEAR ENDING SEPTEMBER 30, 2014

	Hays/Caldwell Taxable Bonds Series 2003	Hays/Caldwell Taxable Bonds Series 2005	Lake Dunlap Tax-Exempt Bonds Series 2006	Lake Dunlap Taxable Bonds Series 2006
Interest Rate	2.94-5.88%	6.44%	4-5%	5.4-6.29%
Dates Interest Payable	Feb 1, Aug 1	Feb 1, Aug 1	Feb 1, Aug 1	Feb 1, Aug 1
Maturity Dates	August 2028	August 2024	August 2028	August 2028
Beginning Bonds				
Outstanding	\$ 1,525,000	\$ 4,365,000	\$ 16,730,000	\$ 4,355,000
Bonds Sold During The Fiscal Year	-	-	-	-
Bonds Retired During The Fiscal Year	(65,000)	(280,000)	(795,000)	(185,000)
Ending Bonds				
Outstanding	<u>\$ 1,460,000</u>	<u>\$ 4,085,000</u>	<u>\$ 15,935,000</u>	<u>\$ 4,170,000</u>
Interest Paid During The Fiscal Year	<u>\$ 90,708</u>	<u>\$ 297,850</u>	<u>\$ 818,113</u>	<u>\$ 278,573</u>
Paying Agent's Name and City	Bank of New York Dallas, TX	Bank of America Dallas, TX	Wells Fargo Bank, NA Austin, TX	Wells Fargo Bank, NA Austin, TX
<i>Bond Authority</i>				
Amount Authorized by The Board of Trustees	\$ 2,000,000	\$ 5,845,000	\$ 21,130,000	\$ 5,245,000
Amount Issued	<u>2,000,000</u>	<u>5,845,000</u>	<u>21,130,000</u>	<u>5,245,000</u>
Remaining to be Issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service Fund Cash and Temporary Investments as of September 30

Average Annual Debt Service payment (principal & interest) for remaining term of debt

Mid-Cities Tax-Exempt Bonds Series 2006	Wells Ranch Tax-Exempt Bonds Series 2007	San Marcos River Rights Taxable Bonds Series 2008	Wells Ranch Tax-Exempt Bonds Series 2009	Wells Ranch Tax-Exempt Bonds Series 2011	Total
4-5.125% Feb 1, Aug 1 August 2028	4-5.125% Feb 1, Aug 1 August 2032	5.14% Feb 1, Aug 1 August 2038	2.5-5.5% Feb 1, Aug 1 August 2029	2.5-5% Feb 1, Aug 1 August 2041	August 2041
\$ 22,115,000	\$ 40,745,000	\$ 2,795,000	\$ 3,400,000	\$ 15,575,000	\$ 111,605,000
-	-	-	-	-	-
<u>(1,050,000)</u>	<u>(1,365,000)</u>	<u>(60,000)</u>	<u>(80,000)</u>	<u>(320,000)</u>	<u>(4,200,000)</u>
<u>\$ 21,065,000</u>	<u>\$ 39,380,000</u>	<u>\$ 2,735,000</u>	<u>\$ 3,320,000</u>	<u>\$ 15,255,000</u>	<u>\$ 107,405,000</u>
<u>\$ 1,110,786</u>	<u>\$ 2,061,131</u>	<u>\$ 146,503</u>	<u>\$ 168,000</u>	<u>\$ 677,182</u>	<u>\$ 5,648,846</u>
Wells Fargo Bank, NA Austin, TX	Wells Fargo Bank, NA Austin, TX	Wells Fargo Bank, NA Austin, TX	Wells Fargo Bank, NA Austin, TX	Bank of Texas Austin, TX	
\$ 27,910,000	\$ 43,360,000	\$ 3,200,000	\$ 3,695,000	\$ 15,575,000	\$ 127,960,000
27,910,000	43,360,000	3,200,000	3,695,000	15,575,000	127,960,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
					<u>\$ 3,702,323</u>
					<u>\$ 6,048,835</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
 FISCAL YEAR ENDING SEPTEMBER 30, 2014

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Operating Revenues:</b>					
Water Sales	\$7,375,454	\$9,009,353	\$7,666,507	\$8,965,281	\$8,026,655
Miscellaneous Income	371,613	303,757	274,554	223,710	277,294
<b>Total Operating Revenues</b>	<u>7,747,067</u>	<u>9,313,110</u>	<u>7,941,061</u>	<u>9,188,991</u>	<u>8,303,949</u>
<b>Operating Expenses:</b>					
Purchase of Water	2,463,350	2,650,820	2,724,107	3,656,415	3,825,838
Treatment Plant Operating Expenses	2,699,029	2,657,145	3,161,521	3,738,999	3,754,748
Line Use and Transmission Costs	141,475	291,428	235,525	256,209	296,448
Salary and Wages	345,840	589,462	689,691	782,816	895,522
Employment Related Expenses	334,691	133,726	152,999	172,809	189,947
Professional Fees	636,929	457,529	358,173	354,959	620,964
<b>Total Operating Expenses</b>	<u>6,621,314</u>	<u>6,780,110</u>	<u>7,322,016</u>	<u>8,962,207</u>	<u>9,583,467</u>
<b>Operating Income (Loss)</b>					
<b>Before Depreciation</b>	1,125,753	2,533,000	619,045	226,784	(1,279,518)
Depreciation	<u>1,796,613</u>	<u>2,531,566</u>	<u>2,526,848</u>	<u>2,515,935</u>	<u>2,716,603</u>
<b>Operating Income (Loss)</b>	(670,860)	1,434	(1,907,803)	(2,289,151)	(3,996,121)
<b>Non-Operating Revenues</b>					
<b>(Expenses)</b>					
Member Debt Reimbursements	6,585,559	8,288,260	8,193,553	8,973,685	10,031,576
Member Joint Venture Reimb.	-	-	-	-	2,620,901
Interest Income	53,352	41,250	59,244	39,224	19,976
Bond Issue Costs	-	-	(436,815)	-	-
Interest Expense	(3,290,562)	(5,102,944)	(4,987,949)	(4,855,816)	(4,688,616)
Contribution to Joint Venture	(717,594)	(825,723)	(565,440)	(396,377)	(452,539)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>2,630,755</u>	<u>2,400,843</u>	<u>2,262,593</u>	<u>3,760,716</u>	<u>7,531,298</u>
<b>Change in Net Position</b>	<u>\$1,959,895</u>	<u>\$2,402,277</u>	<u>\$ 354,790</u>	<u>\$1,471,565</u>	<u>\$3,535,177</u>

**Percent of Fund Total Revenues**

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
95.2%	96.7%	96.5%	97.6%	96.7%
4.8%	3.3%	3.5%	2.4%	3.3%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
31.8%	28.5%	34.3%	39.8%	46.1%
34.8%	28.5%	39.8%	40.7%	45.2%
1.8%	3.1%	3.0%	2.8%	3.6%
4.5%	6.3%	8.7%	8.5%	10.8%
4.3%	1.4%	1.9%	1.9%	2.3%
8.2%	4.9%	4.5%	3.9%	7.5%
<u>85.5%</u>	<u>72.8%</u>	<u>92.2%</u>	<u>97.5%</u>	<u>115.4%</u>
14.5%	27.2%	7.8%	2.5%	-15.4%
<u>23.2%</u>	<u>27.2%</u>	<u>31.8%</u>	<u>27.4%</u>	<u>32.7%</u>
-8.7%	0.0%	-24.0%	-24.9%	-48.1%
85.0%	89.0%	103.2%	97.7%	120.8%
0.0%	0.0%	0.0%	0.0%	31.6%
0.7%	0.4%	0.7%	0.4%	0.2%
0.0%	0.0%	-5.5%	0.0%	0.0%
-42.5%	-54.8%	-62.8%	-52.8%	-56.5%
<u>-9.3%</u>	<u>-8.9%</u>	<u>-7.1%</u>	<u>-4.3%</u>	<u>-5.4%</u>
<u>34.0%</u>	<u>25.8%</u>	<u>28.5%</u>	<u>40.9%</u>	<u>90.7%</u>
<u>25.3%</u>	<u>25.8%</u>	<u>4.5%</u>	<u>16.0%</u>	<u>42.6%</u>

CANYON REGIONAL WATER AUTHORITY  
 TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS  
 FISCAL YEAR ENDING SEPTEMBER 30, 2014

Complete Entity Mailing Address: 850 Lakeside Pass, New Braunfels, Texas 78130

Entity Business Telephone Number: 830-609-0543

Submission Date of the most recent Registration Form: November 8, 2003

Limit of Fees of Office that a Trustee may receive during a fiscal year: \$0

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid* 9/30/14	Expense Reimbursements 9/30/14	Title at Year End
<b>Board of Trustees:</b>				
Albert Strzelczyk	5/11-5/15	---	---	Vice-Chairman
Charles Olds	5/11-5/15	---	---	Trustee
James Robinson	5/06-5/15	---	---	Trustee
Dennis Dreyer	5/12-5/16	---	---	Trustee
Jennifer Moczygamba	5/14-5/16	---	---	Trustee
Gabriel Castro	5/11-5/15	---	---	Trustee
James Pederson	5/11-5/16	---	---	Trustee
Ann Smith	5/10-5/16	---	---	Trustee
Phillip David Wuest	5/12-5/16	---	---	Trustee
Bill Seiler	5/14-5/15	---	---	Trustee
Robert Gregory	5/13-5/15	---	---	Trustee
Steve Liparoto	5/07-5/16	---	---	Chairman
Scott Smith	5/14-5/16	---	---	Trustee
Doug Spillmann	5/13-5/15	---	---	Trustee
Randy Schwenn	5/12-5/16	---	---	Treasurer
Jeanne Schnuriger	5/13-5/15	---	---	Trustee
Elizabeth Wells	5/08-5/16	---	---	Trustee
Barbara Ilse	5/10-5/15	---	---	Trustee
Jack Carson	5/09-5/15	---	---	Trustee
Mike Taylor	5/14-5/16	---	---	Secretary

**Administrative Personnel:**

David Davenport	8/29/1989	\$ 92,826	\$ 1,115	Gen. Manager
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\*Fees of Office are the amounts actually paid to a director during the Authority's fiscal year.

CANYON REGIONAL WATER AUTHORITY  
 TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS (CONTINUED)  
 FISCAL YEAR ENDING SEPTEMBER 30, 2014

Names:	Fees Paid 9/30/14	Service
<b>Consultants:</b>		
River City Engineering	\$ 377,200	Engineer
Texas Land and Right of Way Company	\$ 270,097	ROW Agent
Hierholzer Engineering	\$ 134,939	Engineer
R.W. Harden & Assoc. Inc.	\$ 110,631	Engineer
Louis T. Rosenberg	\$ 91,484	Attorney
Hohn & Janssen	\$ 17,560	Attorney
Armstrong, Vaughan & Associates, PC	\$ 13,600	Auditor
Law Offices of Robert L. Wilson III, P.C.	\$ 9,008	Attorney
Lou Portillo & Associates, PLLC	\$ 3,300	Engineer
Gallegos Engineering, Inc.	\$ 2,360	Engineer



CANYON REGIONAL  
water authority

SHAREHOLDERS:  
Nancy L. Vaughan, CPA  
Deborah F. Fraser, CPA  
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.  
Certified Public Accountants

### **Communication with Those Charged with Governance**

December 02, 2014

To the Board of Trustees  
Canyon Regional Water Authority

We have audited the basic financial statements of Canyon Regional Water Authority for the year ended September 30, 2014. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 14, 2014, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Canyon Regional Water Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Canyon Regional Water Authority is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2014.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is:

1. Useful lives of depreciable assets

We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting Canyon Regional Water Authority's financial statements.

## **Significant Difficulties Encountered during the Audit**

We encountered no difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements except for one. The following uncorrected financial statement misstatement is immaterial, as determined by management, both individually and in the aggregate, to the financial statements taken as a whole: water sales is understated by \$89,186 for an adjustment to East Central billings related to a prior period. Rather than post a prior period adjustment, management adjusted the current year.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units. However, we did assist management in recording some routine journal entries for depreciation, bond premium amortization, payroll related accruals, and accounts payable.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Canyon Regional Water Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management in a separate letter dated December 02, 2014.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Canyon Regional Water Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Canyon Regional Water Authority's auditors.

### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Canyon Regional Water Authority's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially consistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Other Matters**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Board of Trustees and management of Canyon Regional Water Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

December 02, 2014

# CANYON REGIONAL WATER AUTHORITY

## Balance Sheet

As of April 30, 2015

Apr 30, 15

**ASSETS**

**Current Aseets**

**Checking/Savings**

1001 · American Bank of Texas, NA	
1005 · American Bank Checking #6913	1,242,974.15
1010 · American Bank Special	877.46
1015 · Money Market #2160	1,531,963.02

**Total 1001 · American Bank of Texas, NA** 2,775,814.63

**1100 · Americen Bank of Texas (Res)**

1102 · LD Exempt 2006 #0813	1,340,797.58
1104 · LD Taxable 2006 #0044	362,657.79
1108 · MC Exempt 2008 #0821	1,795,369.77
1107 · HC 2005 #3603	595,763.89
1110 · HC Counties 2008 #2659	109,591.49
1113 · Wells Ranch Series 2007 #5418	2,005,112.35
1115 · Wells Ranch Serles 2009 #5400	249,548.04
1116 · Wells Ranch Serles 2011 #8133	544,109.02
1140 · L/D Membrane Fund #5701	588,428.71
1142 · H/C Membrane Fund #5893	156,082.58

**Total 1100 · American Bank of Texas (Res)** 7,747,461.22

**1120 · Logic**

1127 · Wells Ranch, Ser 2011, Constr	370,105.95
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**Total 1120 · Logic** 370,105.95

**Total Checking/Savings** 10,893,381.80

**Accounts Receivable**

1200 · Accounts Receivable	1,688,700.93
1205 · Accounts Receivable, HCPUA	
1205-01 · A/R HCPUA, Crystal Clear SUD	2,009,498.90
1206-02 · A/R HCPUA, Martindale WSC	115,000.43
1206-03 · A/R HCPUA, Green Valley SUD	1,251,450.32
1205-04 · A/R HCPUA, County Line SUD	375,438.85

**Total 1205 · Accounts Receivable, HCPUA** 3,751,388.50

**Total Accounts Receivable** 5,440,089.43

**Total Current Assets** 16,333,471.23

**Fixed Aseets**

**1400 · Capital Assets**

1404 · Administretion Building	586,288.00
1408 · Capitalized Construction Intere	11,273,728.00
1410 · Equipment & Vehiclee	132,645.28
1416 · Hays Caldwell	6,298,725.00
1420 · Lake Dunlep Phase I	4,781,205.00
1422 · Mid-Cities Phase I	8,496,788.00
1424 · Office Equipment	33,613.41
1434 · Property Improvements	60,021.00
1436 · River Crossing	327,094.00
1442 · Dunlap Water Treatment Plant	4,723,339.29
1443 · Dunlap Chemical Tanks	30,326.57
1444 · Hays Caldwel Phase 2	2,030,405.08
1445 · HC Chemical Tanks	5,293.13
1448 · Mid-Cities Phase 2	32,243,134.59
1460 · Wells Ranch Project	
1460-01 · WellsRanch, Cap Interest	5,041,728.49
1450-02 · Wells Ranch Equipment	16,712.66
1460 · Wells Ranch Project - Other	40,885,863.75

**Total 1450 · Wells Ranch Project** 45,944,304.90

# CANYON REGIONAL WATER AUTHORITY

## Balance Sheet

As of April 30, 2015

	Apr 30, 16
1451 · Wells Ranch Phase II	
1451-01 · Capitalized Interest	1,872,118.97
1461 · Wells Ranch Phase II - Other	13,883,321.81
<b>Total 1451 · Wells Ranch Phase II</b>	<b>15,555,440.78</b>
1490 · Accumulated Depreciation	-21,634,727.71
<b>Total 1400 · Capital Assets</b>	<b>110,887,624.32</b>
<b>Total Fixed Assets</b>	<b>110,887,624.32</b>
<b>Other Assets</b>	
1670 · Land	
1672 · Johnson Abetract #47	163,243.95
1674 · Randolph Foster 10 Acres	290,837.56
1676 · Wells Ranch Project	51,229.09
1876 · Land & Land Rights	1,236,897.20
<b>Total 1670 · Land</b>	<b>1,742,207.80</b>
1703 · Water Rights	3,153,567.38
<b>Total Other Assets</b>	<b>4,895,775.18</b>
<b>TOTAL ASSETS</b>	<b>132,116,870.73</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
2000 · Accounts Payable	74,604.76
<b>Total Accounts Payable</b>	<b>74,604.76</b>
<b>Other Current Liabilities</b>	
2050 · Accrued Interest Payable	1,323,789.75
2140 · Texas Workforce	75.44
<b>Total Other Current Liabilities</b>	<b>1,323,865.19</b>
<b>Total Current Liabilities</b>	<b>1,398,469.95</b>
<b>Long Term Liabilities</b>	
2400 · Bonds Payable	
2402 · Lake Dunlap Taxable Series 2006	4,170,000.00
2404 · Lake Dunlap Tax-Exempt Series 2	15,935,000.00
2408 · Mid-Cities Tax-Exempt Series 20	21,065,000.00
2424 · Hays Caldwell Series 2003	1,460,000.00
2426 · Hays Caldwell Series 2005	4,085,000.00
2428 · San Marcos River Proj Ser 2008	2,735,000.00
2440 · Wella Ranch Series 2007	39,380,000.00
2441 · Wells Ranch Series 2009	3,320,000.00
2442 · Walls Ranch Series 2011	15,255,000.00
<b>Total 2400 · Bonds Payable</b>	<b>107,405,000.00</b>
2490 · Unamortized Premiums	774,733.00
<b>Total Long Term Liabilities</b>	<b>108,179,733.00</b>
<b>Total Liabilities</b>	<b>109,578,202.95</b>
<b>Equity</b>	
3810 · Restricted for Membranes	825,317.00
3820 · Restricted for Debt Service	2,819,796.00
3960 · Retained Earnings	5,987,936.94
3975 · Inv in Cap Asset, net of debt	8,261,457.66
Net Income	4,644,160.18
<b>Total Equity</b>	<b>22,538,667.78</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>132,116,870.73</b>

**Canyon Regional Water Authority  
Profit Loss Budget vs. Actual  
April 2015**

	April 2015	October 2014 April 2015	Annual Budget	\$ Over/(Under) Annual Budget	% of Annual Budget
<b>Income</b>					
4000 · Revenuea					
4002 · Debt Payments	649,689.47	5,949,086.29	10,196,641.57	-4,249,755.28	58.33%
4003 · Raw Water	257,631.26	1,690,693.61	3,440,811.42	-1,550,117.81	54.95%
4004 · Water-New Berlin	12,467.03	92,338.14	264,134.82	-171,796.86	34.96%
4008 · Membrane Replacement Fund	21,562.26	151,075.62	256,997.63	-107,921.81	58.33%
4010 · Line Use & Delivery Contracts	19,253.52	134,774.64	231,051.46	-96,278.82	58.33%
4011 · Line Use New Berlin	1,429.94	10,009.58	17,180.00	-7,150.42	58.33%
4017 · Water Seals	167,903.39	1,069,266.28	2,293,263.14	-1,223,996.66	46.63%
4018 · Plant Operations	210,800.91	1,475,608.37	2,529,712.00	-1,054,105.83	58.33%
4022 · CRWA Administrative	78,962.62	552,738.34	947,670.00	-394,931.68	56.33%
4023 · Hays Caldwell PUA	57,984.87	383,448.16	873,402.00	-269,955.82	58.94%
4024 · Interest Income General	269.03	2,106.46	0.00	2,106.46	100.0%
4028 · Interest Income Bond Accounts	873.51	5,300.23	0.00	5,300.23	100.0%
4028 · Interest Construction Accounts	38.18	329.59	0.00	329.59	100.0%
4030 · Other Income	250.00	31,794.73	0.00	31,794.73	100.0%
<b>Total 4000 · Revenuea</b>	<b>1,879,313.81</b>	<b>11,748,586.26</b>	<b>20,855,084.04</b>	<b>-9,106,477.78</b>	<b>56.33%</b>
<b>Expense</b>					
5000 · Bond Repayments					
5005 · Bond Payments	613,763.24	5,696,342.34	10,196,641.57	-4,502,499.23	55.85%
<b>Total 5000 · Bond Repayments</b>	<b>613,763.24</b>	<b>5,696,342.34</b>	<b>10,196,641.57</b>	<b>-4,502,499.23</b>	<b>55.85%</b>
5500 · Water Purchases					
5501 · Raw Water Purchases	154,067.48	2,022,143.67	3,440,811.42	-1,418,887.55	56.77%
5502 · Water Purchases, New Berlin	12,467.03	92,336.14	264,134.82	-171,796.86	34.98%
<b>Total 5500 · Water Purchases</b>	<b>168,554.51</b>	<b>2,114,482.01</b>	<b>3,704,946.24</b>	<b>-1,580,464.23</b>	<b>57.07%</b>
5300 · Membrane Funds	13,965.86	60,676.47	258,997.63	-178,321.16	31.15%
8000 · Line Use & Delivery Costs					
6005 · Line Use Contract Maxwell	0.00	0.00	3,988.00	-3,988.00	0.0%
6007 · Line Contract Spring Hill	0.00	0.00	6,600.00	-6,600.00	0.0%
6008 · Line Use Contract New Berlin	0.00	0.00	17,160.00	-17,160.00	0.0%
6010 · Line Contract GBRA	15,479.23	112,695.24	220,463.46	-107,768.22	51.12%
<b>Total 8000 · Line Use &amp; Delivery Costs</b>	<b>15,479.23</b>	<b>112,695.24</b>	<b>246,211.46</b>	<b>-135,516.22</b>	<b>45.4%</b>
7000 · Plant Expenses-Variable Costs					
7005 · Plant Utilities	34,403.13	707,753.96	1,546,374.46	-640,620.48	45.71%
7010 · Chemicals	2,479.90	292,642.79	744,906.66	-452,265.89	39.29%
<b>Total 7000 · Plant Expenses-Variable Costs</b>	<b>36,883.03</b>	<b>1,000,396.77</b>	<b>2,293,263.14</b>	<b>-1,292,866.37</b>	<b>43.62%</b>
7100 · Operating Expenses					
7115 · Plant Maintenance & Supplies	31,482.64	364,290.11	1,504,690.00	-1,140,399.89	24.21%
7116 · Generator Maintenance	0.00	36,953.52	38,365.00	-1,411.48	98.32%
7120 · SCADA	4,042.00	74,435.29	101,200.00	-26,764.71	73.55%
7122 · Vehicle Operations	615.37	7,350.58	17,300.00	-9,944.44	42.49%
7125 · Grounds Maintenance	5,156.55	36,364.36	62,480.00	-28,095.62	58.23%
7131 · Permits and Fees	111.00	9,305.86	10,600.00	-1,294.34	67.79%
7135 · Lab Supplies & Testing Fees	1,021.04	36,871.98	74,600.00	-37,926.02	49.16%
7140 · Insurance	0.00	51,946.54	53,470.00	-1,521.46	97.18%
7150 · Meals & Functions	1,688.62	13,542.31	22,000.00	-6,457.69	61.56%
7156 · Membership & Dues	685.50	8,799.50	9,190.00	-390.50	95.75%
7160 · Mileage	2,650.75	14,456.95	32,550.00	-18,093.05	44.42%
7162 · Office Supplies and Expenses	368.29	9,875.26	21,300.00	-11,624.74	45.42%
7165 · Training	0.00	375.00	4,050.00	-3,675.00	9.26%
7170 · Clothing	0.00	2,400.00	2,700.00	-300.00	86.89%
7175 · Telephones	446.12	2,773.04	5,450.00	-2,676.96	50.66%
7180 · Mobile Telephones	1,725.96	9,225.33	10,650.00	-1,424.67	86.62%
7190 · Network Expenses	0.00	1,201.96	1,500.00	-298.04	60.13%
7191 · Internet Domain	0.00	2,520.00	3,360.00	-640.00	75.0%
7196 · Contract Labor	0.00	0.00	2,000.00	-2,000.00	0.0%
7196 · GW Transport/Pumping Fees	7,047.01	46,252.69	69,000.00	-42,747.31	51.97%
<b>Total 7100 · Operating Expenses</b>	<b>57,201.27</b>	<b>726,562.08</b>	<b>2,066,455.00</b>	<b>-1,337,892.92</b>	<b>35.26%</b>

**Canyon Regional Water Authority  
Profit Loss Budget vs. Actual  
April 2015**

	<u>April 2015</u>	<u>October 2014 April 2015</u>	<u>Annual Budget</u>	<u>\$ Over/(Under) Annual Budget</u>	<u>% of Annual Budget</u>
<b>7500 · Payroll Expenses</b>					
7505 · Annual Pay	63,649.38	395,626.13	838,701.52	-441,075.39	47.28%
7510 · Overtime	4,982.82	33,899.19	42,834.45	-8,835.26	79.37%
7530 · On Call	600.00	3,380.00	8,240.00	-2,880.00	53.85%
<b>Total 7500 · Payroll Expenses</b>	<u>69,212.00</u>	<u>432,985.32</u>	<u>885,775.97</u>	<u>-452,790.65</u>	<u>48.88%</u>
<b>7800 · Employee Benefits</b>					
7605 · Payroll Taxes	5,207.21	32,346.89	70,887.60	-38,520.71	45.84%
7810 · Insurance	8,018.54	54,474.22	86,204.03	-31,729.81	83.19%
7618 · Retirement	4,440.78	28,852.70	59,499.40	-30,848.70	48.49%
<b>Total 7800 · Employee Benefits</b>	<u>17,666.53</u>	<u>115,673.81</u>	<u>218,571.03</u>	<u>-100,897.22</u>	<u>53.41%</u>
<b>7800 · Professional Fees</b>					
7801 · SEC Disclosure	0.00	0.00	2,250.00	-2,250.00	0.0%
7802 · Bank Service Fees	34.30	193.00	400.00	-207.00	48.25%
7803 · 401(k) Plan Fees	0.00	1,322.32	2,615.00	-1,292.88	50.57%
7806 · Bond Fees	0.00	200.00	3,300.00	-3,100.00	6.06%
7805 · Legal Fees	8,873.19	53,917.39	175,000.00	-121,082.81	30.81%
7810 · Engineering	1,095.16	69,889.70	110,000.00	-40,110.30	83.54%
7815 · Director Bonds	0.00	0.00	1,315.00	-1,315.00	0.0%
7820 · Accounting & Audit	0.00	13,825.00	13,700.00	-75.00	99.45%
<b>Total 7800 · Professional Fees</b>	<u>8,002.65</u>	<u>139,147.41</u>	<u>308,580.00</u>	<u>-169,432.59</u>	<u>45.09%</u>
<b>7823 · Heys Caldwell PUA</b>	<u>0.00</u>	<u>424,452.00</u>	<u>673,402.00</u>	<u>-248,950.00</u>	<u>63.03%</u>
<b>Total Expense</b>	<u>1,198,728.34</u>	<u>10,845,413.45</u>	<u>20,855,064.04</u>	<u>-10,009,850.59</u>	<u>52.0%</u>
<b>Net Ordinary Income</b>	480,585.47	903,172.81	0.00	903,172.81	100.0%
<b>Other Income/Expense</b>					
8000 · Bond Payment Principal	372,499.99	2,607,499.94	0.00	2,807,499.94	100.0%
8100 · Sale of Joint Venture	0.00	1,133,487.43	0.00	1,133,487.43	100.0%
<b>Net Other Income/Expense</b>	<u>372,499.99</u>	<u>3,740,987.37</u>	<u>0.00</u>	<u>3,740,987.37</u>	<u>100.0%</u>
<b>Net Income</b>	<u>853,085.46</u>	<u>4,844,160.18</u>	<u>0.00</u>	<u>4,544,180.18</u>	<u>100.0%</u>

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**CANYON REGIONAL WATER AUTHORITY**

**\$21,130,000 Tax-Exempt Contract Revenue Refunding Bonds**  
**(Lake Dunlap Project), Series 2006**  
**\$5,245,000 Taxable Contract Revenue Refunding Bonds**  
**(Lake Dunlap Project), Series 2006**  
**\$27,910,000 Tax-Exempt Contract Revenue Refunding Bonds**  
**(Mid-Cities Project), Series 2006**  
**\$2,000,000 Contract Revenue Bonds**  
**(Hays/Caldwell Counties Area Project), Series 2003**  
**\$5,845,000 Tax Contract Revenue Refunding Bonds**  
**(Hays/Caldwell Counties Area Project), Series 2005**  
**\$43,360,000 Tax-Exempt Contract Revenue Bonds**  
**(Wells Ranch Project), Series 2007**  
**\$3,200,000 Tax-Exempt Contract Revenue Bonds**  
**(Hays/Caldwell Counties Area Project), Series 2008**  
**\$3,695,000 Tax-Exempt Contract Revenue Bonds**  
**(Wells Ranch Project), Series 2009**  
**\$15,575,000 Tax-Exempt Contract Revenue Bonds**  
**(Wells Ranch Project), Series 2011**

**General**

The Authority owns and operates the following special projects (i) the Lake Dunlap Water Treatment Plant on Lake Dunlap on the Guadalupe River southwest of New Braunfels, Texas (the "Lake Dunlap Project"), and the Mid-Cities Water Transmission System (the "Mid-Cities Project"), (ii) the Hays/Caldwell Water Treatment Plant on the San Marcos River east of San Marcos, Texas (the "Hays/Caldwell Counties Area Project"), and (iii) The Wells Ranch Project (the "Wells Ranch Project"), each of which are operated as separate enterprises on a separate fiscal basis. See "THE AUTHORITY - Creation and Purpose" and "THE PROJECT". In addition, the Resolutions provide for the ownership and operation by the Authority of a utility system which includes the Lake Dunlap Project and the Mid-Cities Project; however, the Authority does not currently own or operate a utility system or any facilities other than those related to the Lake Dunlap Project, the Mid-Cities Project, the Hays/Caldwell Counties Area Project, and the Wells Ranch Project. See "Other Special Project Bonds" below for a description of the Authority's outstanding debt associated with the Hays/Caldwell Counties Area Project. The Special Payments are not pledged to secure payment of debt service on obligations (or for payment of operation and maintenance costs) related to the Hays/Caldwell Counties Area Project; and no revenues of the Hays/Caldwell Counties Area Project are pledged to secure payment of debt service on the Bonds Similarly Secured (or for payment of operation and maintenance costs of the Lake Dunlap Project) or the Taxable Bonds.

**Outstanding Project Bonds**

The Authority's current outstanding indebtedness secured by Special Payments consists of the following issues:

	<b>Outstanding Principal Amount</b>
Tax-Exempt Contract Revenue Refunding Bonds (Lake Dunlap Project), Series 2006	\$15,935,000
Tax-Exempt Contract Revenue Refunding Bonds (Mid-Cities Project), Series 2006	21,065,000
Tax-Exempt Contract Revenue Bonds (Wells Ranch Project), Series 2007	39,380,000
Tax-Exempt Contract Revenue Bonds (Wells Ranch Project), Series 2009	3,320,000
Tax-Exempt Contract Revenue Bonds (Wells Ranch Project), Series 2011	<u>15,255,000</u>
Total	<u>\$94,955,000</u>

	<b>Outstanding Principal Amount</b>
<b>Taxable Contract Revenue Bonds</b>	
Taxable Contract Revenue Bonds, Series 2006 (Lake Dunlap Project)	\$ 4,170,000

**Bond Debt Service – Lake Dunlap Project**  
**Tax-Exempt Contract Revenue Refunding Bonds (Lake Dunlap Project)**

The Debt Service payments shown below are supported by Contract Payments being made by San Antonio Water Systems Special Project, (formerly Bexar Metropolitan Water District), City of Cibolo, Green Valley Special Utility District, East Central Special Utility District and City of Marion. The Contract stipulates that the participants will pay the Debt Service in the following percentages.

San Antonio Water Systems Special Project (Formerly Bexar Met Water District)	46.89%
City of Cibolo	14.42%
Green Valley Special Utility District	21.11%
East Central Special Utility District	16.41%
City of Marion	1.17%
<hr/> Totals	<hr/> 100.00%

The Bonds were sold through a Public Offering.

**Tax-Exempt Contract Revenue Refunding Bonds (Lake Dunlap Project),**  
**Series 2006**

<b><u>Fiscal Year</u></b> <b><u>(September 30)</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b> <b><u>Debt Service</u></b>
2015	830,000.00	750,818.76	1,580,818.76
2016	870,000.00	713,468.76	1,583,468.76
2017	910,000.00	674,318.76	1,584,318.76
2018	950,000.00	635,188.76	1,585,188.76
2019	990,000.00	593,388.76	1,583,388.76
2020	1,040,000.00	543,888.76	1,583,888.76
2021	1,090,000.00	491,888.76	1,581,888.76
2022	1,145,000.00	437,388.76	1,582,388.76
2023	1,205,000.00	380,138.76	1,585,138.76
2024	1,260,000.00	324,407.50	1,584,407.50
2025	1,315,000.00	266,132.50	1,581,132.50
2026	1,380,000.00	204,985.00	1,584,985.00
2027	1,440,000.00	140,125.00	1,580,125.00
2028	<u>1,510,000.00</u>	<u>71,725.00</u>	<u>1,581,725.00</u>
 TOTALS	 <u>\$15,935,000.00</u>	 <u>\$6,227,863.84</u>	 <u>\$22,162,863.84</u>

**Bond Debt Service – Lake Dunlap Project**  
**Taxable Contract Revenue Refunding Bonds (Lake Dunlap Project)**

The Debt Service payments shown below are supported by Contract Payments being made by Springs Hill Water Supply Corporation and Crystal Clear Water Supply Corporation. The Contract stipulates that the Water Supply Corporations will pay the Debt Service in the following percentages.

Springs Hill Water Supply Corporation	79.59%
Crystal Clear Water Supply Corporation	20.41%
<u>Totals</u>	<u>100.00%</u>

The Bonds were sold through a Public Offering.

**Taxable Contract Revenue Refunding**  
**Bonds (Lake Dunlap Project),**  
**Series 2006**

<u>Fiscal Year</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2015	195,000.00	257,332.50	452,332.50
2016	210,000.00	245,827.50	455,827.50
2017	220,000.00	233,437.50	453,437.50
2018	235,000.00	220,017.25	455,017.25
2019	250,000.00	205,682.50	455,682.50
2020	265,000.00	190,432.50	455,432.50
2021	280,000.00	174,267.50	454,267.50
2022	295,000.00	157,187.50	452,187.50
2023	315,000.00	138,750.00	453,750.00
2024	335,000.00	119,062.50	454,062.50
2025	355,000.00	98,125.00	453,125.00
2026	380,000.00	75,937.50	455,937.50
2027	405,000.00	52,187.50	457,187.50
2028	<u>430,000.00</u>	<u>26,875.00</u>	<u>456,875.00</u>
<b>TOTALS</b>	<b><u>\$ 4,170,000.00</u></b>	<b><u>\$ 2,195,122.25</u></b>	<b><u>\$ 6,365,122.25</u></b>

**Bond Debt Service – Mid-Cities Project**  
**Tax-Exempt Contract Revenue Refunding Bonds (Mid-Cities Project)**

The Debt Service payments shown below are supported by Contract Payments being made by San Antonio Water Systems Special Project (formerly Bexar Metropolitan Water District), City of Cibolo, Green Valley Special Utility District, East Central Special Utility District and City of Marion. The Contract stipulates that the participants will pay the Debt Service in the following percentages.

San Antonio Water Systems Special Project (Formerly Bexar Met Water District)	57.35%
City of Cibolo	12.54%
Green Valley Special Utility District	7.17%
East Central Special Utility District	20.07%
City of Marion	2.87%
<hr/> Totals	<hr/> 100.00%

The Bonds were sold through a Public Offering.

**Tax-Exempt Contract Revenue**  
**Refunding Bonds (Mid-Cities Project),**  
**Series 2006**

<u>Fiscal Year</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2015	1,095,000.00	1,022,136.26	2,117,136.26
2016	1,150,000.00	970,123.76	2,120,123.76
2017	1,200,000.00	915,498.76	2,115,498.76
2018	1,260,000.00	855,498.76	2,115,498.76
2019	1,315,000.00	800,058.76	2,115,058.76
2020	1,375,000.00	740,883.76	2,115,883.76
2021	1,440,000.00	679,008.76	2,119,008.76
2022	1,505,000.00	612,768.76	2,117,768.76
2023	1,580,000.00	537,518.76	2,117,518.76
2024	1,655,000.00	464,443.76	2,119,443.76
2025	1,735,000.00	381,693.76	2,116,693.76
2026	1,825,000.00	294,943.76	2,119,943.76
2027	1,915,000.00	201,412.50	2,116,412.40
2028	2,015,000.00	103,268.76	2,118,268.76
<hr/> TOTALS	<hr/> <u>\$21,065,000.00</u>	<hr/> <u>\$8,579,258.88</u>	<hr/> <u>\$29,644,258.88</u>

**Bond Debt Service – Wells Ranch Project**  
**Tax-Exempt Contract Revenue Refunding Bonds (Wells Ranch Project)**

The Debt Service payments shown below are supported by Contract Payments being made by San Antonio Water Systems Special Project (formerly Bexar Metropolitan Water District), City of Cibolo, Green Valley Special Utility District, East Central Special Utility District and City of Marion. The Contract stipulates that the participants will pay the Debt Service in the following percentages.

San Antonio Water Systems Special Project (Formerly Bexar Met Water District)	53.85%
City of Cibolo	13.46%
City of Marion	1.92%
East Central Special Utility District	9.62%
Green Valley Special Utility District	13.46%
Springs Hill Water Supply Corporation	1.92%
Crystal Clear Water Supply Corporation	5.77%
<b>Totals</b>	<b>100.00%</b>

All of the Bonds were sold through a Public Offering.

**Tax-Exempt Contract Revenue**  
**Refunding Bonds (Wells Ranch Project),**  
**Series 2007**

<u>Fiscal Year</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2015	1,425,000	1,950,518.76	3,375,518.76
2016	1,485,000	1,889,956.26	3,374,956.26
2017	1,550,000	1,826,843.76	3,376,843.76
2018	1,615,000	1,760,968.76	3,375,968.76
2019	1,695,000	1,680,218.76	3,375,218.76
2020	1,780,000	1,595,468.76	3,375,468.76
2021	1,870,000	1,506,468.76	3,376,468.76
2022	1,960,000	1,412,968.76	3,372,968.76
2023	2,060,000	1,314,968.76	3,374,968.76
2024	2,160,000	1,211,968.76	3,371,968.76
2025	2,275,000	1,101,268.76	3,376,268.76
2026	2,390,000	984,675.00	3,374,675.00
2027	2,510,000	862,187.50	3,372,187.50
2028	2,640,000	733,550.00	3,373,550.00
2029	2,775,000	598,250.00	3,373,250.00
2030	2,915,000	459,500.00	3,374,500.00
2031	3,060,000	313,750.00	3,373,750.00
2032	<u>3,215,000</u>	<u>160,750.00</u>	<u>3,375,750.00</u>
<b>TOTALS</b>	<u><b>\$39,380,000</b></u>	<u><b>\$21,364,281.48</b></u>	<u><b>\$60,744,281.48</b></u>

**Tax-Exempt Contract Revenue  
Refunding Bonds (Wells Ranch  
Project), Series 2009**

<u>Fiscal Year</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2015	160,000	162,300	322,300
2016	165,000	156,100	321,100
2017	170,000	149,294	319,294
2018	180,000	141,856	321,856
2019	190,000	133,756	323,756
2020	195,000	124,731	319,731
2021	205,000	115,956	320,956
2022	215,000	106,475	321,475
2023	225,000	96,263	321,263
2024	235,000	85,013	320,013
2025	250,000	73,263	323,263
2026	260,000	60,450	320,450
2027	275,000	46,800	321,800
2028	290,000	32,363	322,363
2029	305,000	16,775	321,775
<b>TOTALS</b>	<u><b>\$3,320,000</b></u>	<u><b>\$1,501,395</b></u>	<u><b>\$4,821,395</b></u>

**(Wells Ranch Project), Series 2011**

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<b>Fiscal Year (September 30)</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b>Total <u>Debt Service</u></b>
2015	335,000	664,381	999,381
2016	345,000	650,981	995,981
2017	360,000	637,181	997,181
2018	370,000	628,181	998,181
2019	380,000	617,544	997,544
2020	390,000	606,144	996,144
2021	405,000	593,469	998,469
2022	415,000	580,813	995,813
2023	430,000	567,325	997,325
2024	445,000	552,275	997,275
2025	460,000	534,475	994,475
2026	480,000	516,075	996,075
2027	500,000	496,875	996,875
2028	520,000	476,250	996,250
2029	545,000	454,150	999,150
2030	565,000	430,306	995,306
2031	590,000	404,881	994,881
2032	620,000	378,331	998,331
2033	650,000	348,881	998,881
2034	680,000	318,006	998,006
2035	710,000	285,706	995,706
2036	745,000	251,094	996,094
2037	780,000	214,775	994,775
2038	820,000	176,750	996,750
2039	860,000	135,750	995,750
2040	905,000	92,750	997,750
2041	<u>950,000</u>	<u>47,500</u>	<u>997,500</u>
<b>TOTALS</b>	<b><u>\$15,255,000</u></b>	<b><u>\$11,209,395</u></b>	<b><u>\$26,464,395</u></b>

## Other Bonds

The Authority has issued special project bonds (the “Hays/Caldwell Special Project Bonds”) for the construction of facilities related to the Hays/Caldwell Counties Area Project that are secured by and payable solely from payments received by the Authority pursuant to take-or-pay contracts (the “Hays/Caldwell Special Project Contracts”) between the Authority, County Line Water Supply Corporation, Crystal Clear Water Supply Corporation, Martindale Water Supply Corporation and Maxwell Water Supply Corporation (collectively, the “Hays/Caldwell Counties Area Project Members”).

<b>Hays/Caldwell Counties Area Project Bonds</b>	<b>Outstanding Principal Amount</b>
Taxable Contract Revenue Bonds, Series 2003	\$ 1,460,000
Taxable Contract Revenue Refunding Bonds, Series 2005	4,085,000
Taxable Contract Revenue Bonds, Series 2008	<u>2,735,000</u>
<b>Total</b>	<b>\$9,690,000</b>

The Hays/Caldwell Counties Area Project constitutes a special project of the Authority and the Hays/Caldwell Special Project Bonds constitute “Special Project Bonds” under the Resolutions, which are secured by and payable solely from revenues derived from the ownership and operation of the Hays/Caldwell Counties Area Project, including payments to the Authority received from Hays/Caldwell Counties Area Project Members. The Special Payments do not constitute pledged revenues for purposes of the Authority’s indebtedness relating to the Hays/Caldwell Counties Area Project debt (including the Hays/Caldwell Special Project Bonds); and no revenues of the Hays/Caldwell Counties Area Project are pledged to secure payment of debt service on the Lake Dunlap Project, Mid-Cities Project, or the Wells Ranch Project.

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NEW WATER SUPPLY CONTRACT

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between

CANYON REGIONAL WATER AUTHORITY

and

CITY OF CIBOLO, TEXAS,

CITY OF CONVERSE, TEXAS,

CITY OF MARION, TEXAS,

CRYSTAL CLEAR SPECIAL UTILITY DISTRICT,

EAST CENTRAL SPECIAL UTILITY DISTRICT, and

GREEN VALLEY SPECIAL UTILITY DISTRICT

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WELLS RANCH PHASE II

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## **WATER SUPPLY CONTRACT**

THIS NEW WATER SUPPLY CONTRACT (this “Contract”) dated as of the \_\_\_\_\_, 2015 (the “Contract Date”) is between the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas (the “Authority”), and the CRYSTAL CLEAR SPECIAL UTILITY DISTRICT, a special utility district created by a special act of the Texas Legislature, the EAST CENTRAL SPECIAL UTILITY DISTRICT and the GREEN VALLEY SPECIAL UTILITY DISTRICT, each a special utility district created under Chapter 65, as amended, Texas Water Code, the CITIES OF CONVERSE and CIBOLO, TEXAS, each a home rule municipality, AND the CITY OF MARION, TEXAS, a Type A general law municipality (as the “Original Participating Members”, which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as “Participating Members”).

### **P R E A M B L E A N D W I T N E S S E T H :**

WHEREAS, the Authority was created to purchase, own, hold, lease, and otherwise acquire sources of a potable water supply to supplement water from the Edwards Aquifer; to build, operate, and maintain facilities for the treatment and transportation of water; to sell potable water to local governments, water supply corporations, and other persons in the State of Texas; and to protect, preserve, and restore the purity and sanitary condition to water in the Authority; and

WHEREAS, the Authority’s boundaries currently include all of the territory located in the service area of its members as provided in their respective certificates of convenience and necessity issued by the Texas Commission on Environmental Quality (the “Commission”); and

WHEREAS, each of the Authority’s members currently provides potable water utility service to its customers; and

WHEREAS, in the pursuit of its purposes, the Authority has entered into contracts and has and anticipates entering into additional contracts to acquire rights to purchase raw water for treatment and resale to the Participating Members; and

WHEREAS, the Authority previously issued three series of contract revenue bonds to finance the original project and these contract revenue bonds are supported by a separate take-or-pay contract by the contracting entities to that contract, as amended, and this new water supply contract will finance an expansion of the original project with different entities executing this new take-or-pay contract to secure the issuance of a new series of tax-exempt contract revenue bonds to be issued in 2015; and

WHEREAS, the Authority plans to build, expand, improve, renovate, equip, operate, and maintain a water treatment facility known as Wells Ranch water treatment facility and certain related transmission lines, including the use of certain Participating Members existing transmission lines and related facilities (the “Project”) for the purpose of receiving, treating, and transmitting certain of the water purchased pursuant to certain contracts now in force or to be entered into in the future; and

WHEREAS, the Participating Members hold and may acquire additional rights to raw water from other sources for treatment pursuant to the provisions of this Contract and thereafter to supply, redeliver, or sell this treated water in accordance with the provisions of this Contract; and

WHEREAS, the Authority intends to build, operate, and maintain (i) an expanded water treatment facility and (ii) certain related transmission lines and storage facilities including the use of certain Participating Members existing transmission lines and related facilities, for the purpose of receiving, treating, storing, and transmitting certain water purchased pursuant to certain contracts now in force or to be entered into in the future; and

WHEREAS, to finance the costs of the acquisition, construction, and equipping of the Project, the Authority intends to issue one or more series of its contract revenue bonds or other debt obligations (the "Bonds") to the Texas Water Development Board or other entity (including a public or negotiated sale), to be secured by and payable from revenues received by the Authority pursuant to this Contract; and

WHEREAS, for and in consideration of the Authority acquiring the right to purchase raw water for treatment and resale as provided herein, the Participating Members are willing and have agreed to contract with the Authority as hereinafter provided to acquire treated water from the Project and to pay the costs of the Project by assisting in the amortization of the principal of and interest on the Bonds and paying the Authority's Operation and Maintenance Expenses (hereinafter defined); and

WHEREAS, the Authority and the Participating Members are authorized to enter into this Contract pursuant to the Authority's enabling statute, Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the "Act"), and Chapter 791, Texas Government Code, as amended (the "Interlocal Cooperation Act"), and other applicable laws; and

WHEREAS, the Authority agrees that the Participating Members shall continue to own their respective Certificates of Convenience and Necessity issued by the Commission, shall continue to own and operate their respective water pumping, storage, and distribution facilities, and any respective water treatment facilities currently owned by each of the Participating Members; and

WHEREAS, the Authority's Board of Trustees has directed that a portion of the raw water under this Contract be made available (following treatment by the Authority) on a firm basis to parties who contract with the Authority pursuant to this Contract; and

WHEREAS, each of the Participating Members under this Contract proposes to pay its share of costs of the Project and the Bonds based upon a rate methodology to be developed by the Authority or in proportion to the respective amounts of treated water each has agreed to purchase under this Contract; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Participating Members agree and contract as follows:

ARTICLE I  
Definitions

Section 1.01 Definitions.

The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

(1) “Act” means Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended.

(2) “Additional Participating Member(s)” means any entity or entities hereafter agreeing pursuant to Section 6.01 of this Contract to be bound by the terms of this Contract, as it may be amended from time to time.

(3) “Adjusted Annual Payment” means the Annual Payment as adjusted by the Board during or after an Annual Payment Period, as provided by this Contract.

(4) “Annual Payment” means the amount of money to be paid to the Authority by each Participating Member during each Annual Payment Period as its share of the Annual Requirement.

(5) “Annual Payment Period” means the Authority’s Fiscal Year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve consecutive month period fixed by the Authority.

(6) “Annual Requirement” means, during an Annual Payment Period, the total amount required to pay all Operation and Maintenance Expenses of the Authority and the Project and all costs and payments due and payable for the amortization of the Bonds.

(7) “Authority” means the Canyon Regional Water Authority, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas created in accordance with the Act. Except as otherwise noted herein, actions required or permitted to be taken by the Board under this Contract may be taken by the General Manager on behalf of the Board.

(8) “Board” means the governing body of the Authority.

(9) “Boardmembers” means a member or members of the Board.

(10) “Bond Resolution” means any resolution or other financing documents of the which authorizes any Bonds.

(11) “Bonds” means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the Authority under this Contract, and the interest thereon, hereafter issued by the Authority to finance the costs to acquire, construct, expand, renovate, improve, and equip the Project, and/or all bonds, notes, or other obligations issued subsequently to finance costs to improve and extend the Project, and any bonds or other obligations issued to refund any other bonds, notes, or other obligations to refund any other refunding bonds or other obligations.

(12) “Code” means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.

(13) “Commission” means the Texas Commission on Environmental Quality or any successor entity thereto.

(14) “Contract” means this new Water Supply Contract, as initially executed and as it may be amended from time to time.

(15) “Credit Agreement” means any credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code which the Authority enters into relating to its obligations with respect to the Bonds.

(16) “EMMA” means the MSRB’s Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

(17) “Fiscal Year” means the Authority’s fiscal year, which currently begins on October 1 of each year and ends on September 30 of the following year, as it may be changed from time to time by the Authority with notice to the Participating Members.

(18) “Force Majeure” means such term only as it is defined in Section 5.04 of this Contract.

(19) “General Manager” means the general manager of the Authority’s operations, including any party or entity that the Authority enters into a management contract to provide these services.

(20) “Land Interests” means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Project.

(21) “MSRB” means the Municipal Securities Rulemaking Board and any successor to its duties.

(22) “Operation and Maintenance Expenses” means, during an Annual Payment Period, all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any federal, state, or local agency for the construction, operation, and/or water storage rights or other interests in water from any source of raw water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority’s sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term “Operation and Maintenance Expenses” does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Contract.

(23) “Original Participating Members” means Crystal Clear Special Utility District, East Central Special Utility District, Green Valley Special Utility District, and the Cities of Cibolo, Converse, and Marion, Texas.

(24) “Overhead Expenses” means the Authority’s reasonable and necessary costs and expenses incurred and directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, if any, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to:

(a) per diem and reimbursable expenses incurred by the Board for special meetings of the Board related to the Project,

(b) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority;

(c) salaries of the Authority’s staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the General Manager of the Authority, times an overhead factor of two (2), which factor shall be subject to adjustment by the Authority from time to time in response to actual or reasonably projected overhead expenses of the Authority;

(d) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction;

(e) the cost of property casualty and public liability insurance; including any insurance deductible charged to or required to be paid by the Authority;

(f) all costs incurred in litigation involving or relating to the Project; and

(g) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not and whether or not included in the definition or as a part of Project Costs.

(25) “Participating Member(s)” means certain of the Original Participating Members and all Additional Participating Members from time to time subject to this Contract.

(26) “Permitted Liens” means:

(a) Minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(b) Easements for roads (as used in this Contract, the term “roads” shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(c) Rights of the United States or any state or political subdivision thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

(27) “Point(s) of Delivery” means the point or points designated in Exhibit B to this Contract or by subsequent agreement where water will be delivered by the Authority to Participating Members from the Project.

(28) “Project” means the “Project” as defined in the preamble of this Contract and reflects the expansion of the original project and commonly known as Wells Ranch Phase II.

(29) “Project Costs” means and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority:

(a) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies;

(b) the cost of acquisition, construction, repair, replacement, or improvement of any structure, item of equipment, or other item, used for, or in connection with, the Project;

- (c) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project;
- (d) the cost of engineering, legal, architectural or other related services;
- (e) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project;
- (f) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation;
- (g) finance charges and interest before, during, and after construction;
- (h) costs incurred in connection with financing the Project, including, without limitation:
  - a. financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements;
  - b. the costs of a Credit Agreement;
  - c. the cost of printing, engraving, and reproduction services; and
  - d. the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees.
- (i) all costs, fees and expenses of litigation of all kinds;
- (j) the cost of property casualty and public liability insurance;
- (k) the Authority's Overhead Expenses; and
- (l) other costs generally recognized as a part of project construction costs.

(30) "Rule" means SEC Rule 15c2-12, as amended from time to time.

(31) "SEC" means the United States Securities and Exchange Commission and any successor to its duties.

(32) "Sale and Offering Documents" means any official notice of sale, official bid form, preliminary official statement, official statement, application to the Texas Water Development Board, or other offering document for the Bonds.

(33) "State" means the State of Texas.

(34) "System" means all properties, facilities and plants (including the Project) currently owned, operated, and maintained by the Authority for the supply, treatment, and transmission of treated potable water, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the Authority; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the Authority with the proceeds from the issuance of Special Facilities Bonds, which are hereby defined as being special revenue obligations of the Authority which are not payable from revenues of the System but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

Section 1.02 Construction.

Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Contract and all the terms and provisions hereof shall be constructed to effectuate the purposes set forth herein and to sustain the validity of this Contract.

ARTICLE II  
Representations and Warranties

Section 2.01 Representations and Warranties of Authority.

The Authority hereby represents and warrants that it has full power and authority to sell or otherwise convey treated water to the Participating Members in accordance with the terms of this Contract and the execution and delivery of this Contract by the Authority and the performance by the Authority of the provisions hereof do not and will not conflict with or constitute on the part of the Authority a breach or a default of any provision of any other contract or agreement of the Authority.

Section 2.02 Representations and Warranties of Participating Members.

Each of the Participating Members hereby represents and warrants that it has full power and authority to purchase treated water from the Authority in accordance with the terms of this Contract; and the execution and delivery of this Contract by each Participating Member and the performance of the provisions hereof by each Participating Member do not and will not conflict with or constitute on the part of such Participating Member a breach or a default of any provision of any other contract or agreement of such Participating Member.

ARTICLE III  
Construction of Project and Issuance of Bonds

Section 3.01 Construction of Project.

The Authority agrees that the acquisition, construction, and improvement of the Project by the Authority will be accomplished in accordance with generally accepted engineering practices and, subject to the issuance of the Bonds pursuant to Section 3.02 to provide a source of funds, with all practical dispatch.

Section 3.02 Issuance of Bonds.

A. The Authority may issue its Bonds, payable from and secured by a pledge of the Annual Payments from this Contract to finance the costs of acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the Project.

B. Each Bond Resolution of the Authority shall specify the exact principal amount of the Bonds to be issued thereunder, which Bonds shall mature within the maximum allowable period or such shorter period as determined by the Authority and shall bear interest not exceeding the maximum allowable rates, all as permitted by law, and each Bond Resolution shall contain such other terms and provisions pertaining to the security and payment of Bonds and the operation and maintenance of the

Project as may be necessary for the marketing and sale of the Bonds. The Authority may from time to time issue its Bonds in such amounts as are within its judgment and discretion sufficient to achieve full implementation of the Project.

C. Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Authority's Board of Trustees, a draft of the proposed Bond Resolution, and the Sale and Offering Documents shall be presented to the Participating Member for review and approval. The Participating Members shall adopt a resolution approving the issuance of Bonds and delegate to an authorized representative the approval of the final terms and provisions of the Bonds, including the principal amount, as reflected in the final Bond Resolution.

D. Upon the Participating Member approval of (i) each form of Bond Resolution hereafter adopted by the Authority, (ii) any amendments to any Bond Resolution, and (iii) the Sale and Offering Documents and the delivery to the Authority of a certification signed by the authorized representative of the Participating Member to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution in such final form by the Authority's Board of Trustees, the execution of an approval certificate by the authorized representatives of each of the Participating Members approving the final terms and provisions of the Bonds and the Bond Resolution, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the Authority and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

E. All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the Participating Member, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Participating Member so long as said Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the Participating Member to make, promptly when due, all Annual Payments specified in this Contract and all payments described in Section 5.03 hereof shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the Participating Member, the Authority may enter into Credit Agreements, to the extent permitted by law, for the purpose of achieving the lowest financing costs for the Project.

Section 3.03 Liens. Neither the Participating Members nor the Authority will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

Section 3.04 Tax-Exempt Bonds. The parties hereto understand and agree that the Authority will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for the Bonds to be issued for the Project. In connection therewith, the parties intend that the Authority will issue Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes. The parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the parties agree and covenant that if the Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect the treatment of such Bonds as obligations described in section 103 of the Code. Should either

party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemption which are set out in any Bond Resolution. The parties further agree and covenant that in the event the Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of each of the parties, the parties will identify a different firm, that is mutually acceptable to both parties, in order to resolve the conflict of opinion.

Section 3.05 Payment to Rebate Fund. In the event that tax-exempt Bonds are issued as provided in Section 3.04, the Authority hereby covenants and agrees to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(0)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit the trustee or paying agent to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, the Authority forthwith shall pay the amount of such insufficiency on such date to the trustee or paying agent in immediately available funds for such purpose.

Section 3.06 Sale and Offering Documents. At the request of the Authority, the Participating Members shall provide to the Authority current and historical information concerning their respective utility systems, general fund information, the financial conditions results, and prospects of the Participating Members, and such other information concerning the Participating Members as the Authority shall deem advisable for inclusion in the Sale and Offering Documents for the Bonds of each series and shall certify to the Authority and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Participating Members deem such Sale and Offering Documents to be complete and final for purposes of the Rule. The Participating Members represent and warrant that all statements concerning the Participating Members (including, without limitation, their financial condition, results, and prospects, their utility system, and any demographic and economic information concerning the area served by their utility system) that are contained in any Sale and Offering Document shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

Section 3.07 Authority's Rights Assigned to Trustee. The Participating Members are advised and recognize that as security for the payment of the Bonds, the Authority may assign to a trustee, pursuant to one or more trust indentures to be authorized by the Bond Resolution, the Authority's rights under this Contract, including the right to receive the Annual Payments hereunder and the amounts described in Section 5.03 hereof. The Participating Members herewith assent to such assignment and will make the Annual Payments and the payments described in Section 5.03 hereof directly to the trustee without defense or set-off by reason of any dispute between the Participating Members and the Authority or the trustee. All rights against the Participating Members arising under this Contract or the Bond Resolution and assigned to the trustee may be enforced by the trustee, or the owners of the Bonds, to the extent provided in the Bond Resolution, and the trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Participating Members, to the extent provided in the Bond Resolution, for the enforcement of this Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Authority a party thereto.

ARTICLE IV  
Sale and Purchase of Treated Water; Operating Requirements

Section 4.01 Water Conveyance; Option to Purchase.

A. The Participating Members hereby agree to pay for the right to receive from the Authority and the Authority hereby agrees to sell to the Participating Members all of the treated water produced by the Authority through the Project subject to the terms and provisions of this Contract or other contracts which generate System revenues; provided, however, the Authority shall have the right to purchase, and the Participating Members hereby each agree to relinquish their right to purchase, treated water produced by the Project upon reduction, on a proportionate basis, of the Participating Members' share of their Annual Payments under this Contract as provided in Section 5.04 hereof. It is expressly recognized that the treated water delivered to each Participating Member as disclosed in Exhibit A shall be owned by such Participating Member and may be sold or otherwise conveyed by such Participating Member in accordance with applicable law; provided, however, before any Participating Member enters into a contract or other agreement to transfer, sell, or convey any treated water received from the Authority pursuant to the terms of this Contract, such Participating Member shall afford the Authority the right of first refusal for a period of 90 days to obtain such treated water for redistribution to other Participating Members.

B. Each of the Participating Members shall be entitled to receive from the Authority the quantities of treated water identified in Exhibit A attached hereto and in accordance with this Contract. To the extent the Authority has acquired additional water from some other source, or to the extent the Participating Members do not request all of their allotted treated water as set forth on Exhibit A, or to the extent the Authority acquires a percentage share of the treated water produced by the Project pursuant to Paragraph A of this Section, the Authority may sell or otherwise use such water to supply treated water or spot water sales to other Participating Members, to retail customers, if any, of the Authority, or on a spot basis.

Section 4.02 Points of Delivery.

Each Participating Member agrees to take treated water at the Point(s) of Delivery for such Participating Member set forth in Exhibit B hereto. Modification of such Points of Delivery may be mutually agreed to in writing between each Participating Member, respectively, and the Authority. The Authority will maintain ownership of the connection (being any device, including welded pipe connections, water installations, valves, meter vaults, or similar devices) between the Authority's System and the utility system of the Participating Members.

Section 4.03 Resale.

Participating Members hereby agree not to sell treated water purchased from the Authority under this Contract to any person or entity outside such Participating Member's boundaries or prescribed service area (as the boundaries or prescribed service area may be adjusted by the Participating Member in its sole discretion and as approved by any regulatory authority with jurisdiction from time to time) unless the Participating Member has received prior written approval from the Board. Approval to make retail sales of treated water to individual customers outside such boundaries or prescribed service area may be granted by the General Manager of the Authority. Approval to make wholesale sales of treated water pursuant to this Contract outside the Participating Member's boundaries or prescribed service area shall require the specific prior approval of the Board. Notwithstanding any provision in this Section to the contrary, each Participating Member shall have the right and authority to

continue to sell treated water on a retail or wholesale basis to all existing customers situated outside its corporate boundaries or prescribed service area and without the approval or consent of the Board or General Manager. Additionally, the Participating Members shall have the right and authority to sell treated water received from other sources other than the Authority on a wholesale basis or otherwise without any limitation imposed by this Contract or approval by the Board or General Manager.

Section 4.04 Other Contracts.

A. If the Authority exercises its right to water under this Contract pursuant to Section 4.01, the Authority reserves the right to supply treated water from the Project to others on wholesale or retail basis. Each such contract with other entities shall be limited to the Authority's share of treated water covered by this Contract and shall not contain any provision which would adversely affect the Participating Members' percentage share of treated water covered by this Contract, except as permitted by Section 4.01.

B. The parties hereto recognize and acknowledge that the Authority shall have the right and authority to contract or make other arrangements with respect to its percentage share of water from the Project without limitation or approval of any Participating Member.

Section 4.05 Quality.

A. The water to be delivered by the Authority and received by each Participating Member shall be treated water from the Project of a quality sufficient to meet the requirements for potable water established by the Commission and the United States Environmental Protection Agency.

The Authority shall not be responsible for maintaining any particular amount of chlorine residuals at any point in any Participating Member's utility system.

B. The Authority shall periodically and at a minimum, no less than as may be required by any regulatory authority having jurisdiction, collect samples of treated water delivered to Participating Members and other customers and cause same to be analyzed consistent with guidelines established by the Commission using the then-current edition of Standard Methods for Examination of Water and Wastewater as published by the American Water Works Association ("AWWA") and others.

C. The Authority shall cooperate with any Participating Member in responding to any regulatory or legal inquiry related to the quality of water delivered under this Contract.

Section 4.06 Metering Equipment.

The Authority will furnish, install, operate, and maintain at its expense the necessary equipment and devices (including a meter house or pit) of standard type required for measuring the quantity of water delivered under this Contract from the Project to each Participating Member's Point or Points of Delivery. Such meters and other equipment so installed shall be the property of the Authority. The Authority shall inspect, calibrate, and adjust its meters at least annually as necessary to maintain accurate measurements of the quantity of water being delivered. Each Participating Member shall have access to the metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of the Authority. If requested, a Participating Member may witness such reading, calibration, and adjustment of meters. Any measuring device which fails to function or which functions incorrectly shall promptly be adjusted, repaired or replaced by a like device having the required accuracy. A meter registering not more than

five percent (5%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for one-half (1/2) the period elapsed since the next preceding meter test but in no event to exceed six (6) months in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the Authority and the Participating Member shall agree upon a different amount. All readings of meters will be entered upon proper books of record maintained by the Authority. Any Participating Member may have access to said record books during normal business hours.

Section 4.07 Pressure, Backflow, Maximum Rate of Flow.

A. The Authority shall deliver treated water to the Point(s) of Delivery for each Participating Member (subject to the provisions of Section 4.08) at a pressure of not less than 35 psi or at such other pressure agreed upon by the Authority and the Participating Member. If a Participating Member requires a greater or lesser pressure, such Participating Member shall bear all of the costs of providing such greater or lesser pressure. Pressure failure due to supply line breaks, power failures, flood, fire, earthquakes, other catastrophes, or use of water to fight fires, or any other cause beyond the reasonable control of the Authority shall relieve the Authority from compliance with this provision for such reasonable period of time as may be necessary to restore pressure.

B. The Authority shall install and maintain at its sole expense at each Point of Delivery a backflow preventor of AWWA-approved quality. Each Participating Member shall have the right to inspect the backflow preventor at each of its Points of Delivery at such reasonable times at such Participating Member in its discretion may determine are required.

C. The maximum rate of flow per day that may be provided to each Participating Member by the Authority is established in Exhibit A hereto and incorporated by reference for all purposes to this Contract.

Section 4.08 Cross-Utilization of Lines.

A. Each Participating Member acknowledges that it may be necessary for certain of its transmission lines to be utilized in order for the Authority to transmit treated water to another Participating Member and such Participating Member hereby agrees to permit the Authority to so utilize its transmission lines in accordance with Section 7.09. In such case, the Participating Members involved agree to inform the Authority of any special requirements with respect to pressure or other matters relating to the transmitting Participating Member's lines.

B. The Authority will furnish, install, operate, and maintain at its expense meters at the point of exit from a Participating Member's lines to maintain accurate measurements of the quantity of water being delivered by the Authority to a Participating Member through the lines of another Participating Member. Such meters shall be subject to inspection and examination by both Participating Members in accordance with the provisions of Section 4.06.

C. In the event that repairs are required to be made to any lines of a Participating Member which are utilized for the transmission of treated water to another Participating Member, the receiving Participating Member shall participate in the cost of such repairs as may be agreed from time to time.

ARTICLE V  
Fiscal Provisions

Section 5.01 Annual Requirement.

Subject to the terms and provisions of this Contract, the Authority will provide and pay for the cost of the Project through the issuance of the Bonds. It is acknowledged and agreed that payments by the Participating Members to the Authority under this Contract will be the sole or primary source of funds available to the Authority to provide the Annual Requirement. Each Participating Member shall be obligated to pay the full amount of its Annual Requirement notwithstanding that it may elect not to receive the full amount of treated water available to it under this Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Contract, the Annual Requirement may change from time to time. Each such Annual Requirement shall be allocated among the Participating Members and the Authority based upon a rate methodology to be developed by the Authority or according to their respective percentage shares of treated water covered by this Contract, and the Annual Requirement for each Annual Payment Period shall be identified in each annual budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of the following:

- A. all Operation and Maintenance Expenses; and
- B. an amount to fund a special reserve for the Operation and Maintenance Expenses or for additional capital improvements to the Project; the total amount to be accumulated for such operating and additional capital improvements reserve shall not exceed 25% of the annual Operation and Maintenance Expenses (estimated to be approximately three (3) months' expenses); and
- C. when the Authority and the Participating Members agree to issue Bonds to finance the costs of the Project, a capital component, including principal, interest, premium, reserve funds, and other funds established or required by any Bond Resolution and to pay the principal of and interest on the Bonds.

Section 5.02 Annual Budget.

Each annual budget for the acquisition and/or operation and maintenance of the Project shall always provide for amounts sufficient to pay the Annual Requirement. Each Participating Member will be furnished a copy of such annual budget, and each Participating Member hereby acknowledges its ability to pay its share of the Annual Requirement from available funds budgeted therefor. On or before July 15 of each year thereafter commencing July 15, [2015], the Authority shall furnish to each Participating Member a preliminary estimate of the Annual Payment required from each Participating Member for the next following Annual Payment Period.

Not less than 60 days before the commencement of each Annual Payment Period beginning in Fiscal Year [2015-2016], the Authority shall cause to be prepared a preliminary budget for the Project for the next ensuing Annual Payment Period. A copy of such preliminary budget shall be filed with each Participating Member before action by the Board. Any Participating Member may submit comments about the preliminary budget directly to the Board. The Board may adopt the preliminary budget or make such amendments thereof as to it may seem proper; provided, however, no change or amendment to the preliminary budget will be made by the Board after such preliminary budget has been submitted to the Participating Members which change or amendment would in effect increase the

Annual Requirement without resubmitting such amended preliminary budget to the Participating Members. The Board shall thereupon approve the annual budget. With respect to budgetary matters, the Participating Members shall have the right only to comment on the preliminary budget; their approval of the preliminary or final annual budget shall not be required. The annual budget thus approved by the Board shall be the annual budget for the next ensuing Annual Payment Period. The annual budget, including the first annual budget, may be amended by the Authority at any time to transfer funds from one account or fund to another account or fund, provided such transfer will not increase the total budget and the transfer of funds is attributable to the costs of the Project or to the Project's maintenance and operation. Subject to notification to the Participating Members, the amount for any account or fund, or the amount for any purpose, in the annual budget may be increased through formal action by the Board even though such action might cause the total amount of the annual budget for the Project to be exceeded; provided, however, such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in the notice to the Participating Members and in the resolution at the time such action is taken by the Board.

Notwithstanding anything herein to the contrary, no failure of the Authority to estimate, and no mistake by the Authority in any estimate of, the amount of or schedule for Annual Payments due from the Participating Members in any Fiscal Year shall relieve the Participating Members from (or defer) their absolute and unconditional obligation to make all Annual Payments in full when due.

Section 5.03 Payments by Participating Members.

A. Subject to Sections 4.06 and 4.07B, each Participating Member agrees to pay a connection fee for each Point of Delivery equal to the total cost of material, labor, and equipment required to implement such connection.

B. For the treated water available to the Participating Members under this Contract (whether or not the Participating Members elect to receive such water), each of the Participating Members agrees to pay, at the time and in the manner hereinafter provided, its share of the Annual Requirement. Each of the Participating Members shall pay its part of the Annual Requirement for each Annual Payment Period directly to the Authority (or its assigns), in monthly installments in accordance with the schedule of payments furnished by the Authority, as hereinafter provided.

C. Each Participating Member shall pay a proportionate share of the Annual Requirement according to a rate methodology to be developed by the Authority or based upon the relative amount of water available to each Participating Member and set forth on Exhibit A, as amended from time to time. The Authority shall charge each Participating Member its share of pumping costs according to the volume of water actually delivered.

D. Each Participating Member's allocated share of the Annual Requirement for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Participating Members by the Authority.

E. Notwithstanding the foregoing, the Annual Requirement, and each Participating Member's share thereof, shall be redetermined, after consultation with each of the Participating Members, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the Authority, if:

- (1) the Authority exercises its option to acquire treated water pursuant to Section 4.01;

- (2) unusual, extraordinary, or unexpected Operation and Maintenance Expenses are required which are not provided for in the Authority's annual budget or reserves for the Project;
- (3) Operation and Maintenance Expenses of the Project are substantially less than estimated;
- (4) a Participating Member's interest under this Contract is terminated as provided herein or Additional Participating Members become subject to this Contract;
- (5) the Authority issues Bonds for the Project; or
- (6) the Authority receives either significantly more or significantly less revenues or other amounts than those anticipated.

F. Each Participating Member hereby agrees that it will make payments to the Authority required by this Contract at the Authority's offices within 15 days of the date a bill for service is deposited in the United States mail. If any Participating Member at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments; but if it is subsequently determined by agreement or by appropriate administrative, board, agency, or court decision that such disputed payments should have been less, or more, the Authority shall promptly revise and reallocate the charges in such manner that the Participating Member will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by each Participating Member or due and owing to any Participating Member by the Authority shall, if not paid when due, bear interest at the maximum lawful nonusurious rate of interest per annum from the date when due until paid.

G. The Authority shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Participating Member which remains delinquent in any payments due under the preceding paragraph for a period of thirty (30) days, and shall not resume delivery of services or water while such Participating Member is so delinquent. The Authority also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Participating Member. It is further provided and agreed that if any Participating Member should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Participating Member's minimum amount specified in Exhibit A, shall be deemed to have been zero gallons during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment to be paid by the non-delinquent Participating Members and the Authority, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent Participating Members and the Authority collectively shall be required to pay all of the Annual Requirement. However, the Authority shall pursue all legal remedies against any such delinquent Participating Member to enforce and protect the rights of the Authority, the other Participating Members, and the holders of the Bonds, if Bonds have been issued or incurred. The delinquent Participating Member shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. It is understood that the foregoing provisions are for the benefit of the Authority and holders of the Authority's Bonds, if Bonds have been issued or incurred, so as to insure that all of the Annual Requirement will be paid by the non-delinquent Participating Members and the Authority during each Annual Payment Period regardless of the delinquency of a particular Participating Member. If any amount due and owing the Authority by any Participating Member is placed with an attorney for collection, such Participating Member shall pay to the Authority all attorneys' fees, in addition to all other payments provided for herein, including interest.

H. If, during any Annual Payment Period, any Participating Member's Annual Payment is redetermined in any manner as provided or required in this Section, the Authority will promptly furnish such Participating Member with an updated schedule of monthly payments reflecting such redetermination.

Section 5.04 Unconditional Payments.

A. Notwithstanding any provision of this Contract to the contrary, while this Contract remains in effect each of the Participating Members agrees to pay its share of the total cost of the Project and the Bonds. If the Authority elects to exercise its option to acquire a percentage share of the treated water covered by this Contract as provided in Section 4.01, the Annual Payment of each Participating Member shall be reduced to the proportion that each Participating Member's amount of water identified in Exhibit A bears to the total amount of water available from the Project. Initially, the Participating Members agree to pay 100% of the Annual Requirement, but, if the Authority exercises its option to acquire treated water from the Project pursuant to Section 4.01, the Participating Members and the Authority shall share the cost of the Project and the Bonds in proportion to quantities of treated water each is entitled to take from the Project pursuant to this Contract.

B. Recognizing that the Participating Members urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby purposes, and further recognizing the fact that the Authority will use payments received from the Participating Members to pay and secure the Bonds, it is hereby agreed that each of the Participating Members shall be unconditionally obligated to pay, without offset or counterclaim, its share of the Annual Requirement, as provided and determined in this Contract, regardless of whether or not the Authority actually acquires, constructs, or completes the Project or is actually delivering water from the Project to any Participating Member hereunder, or whether or not any Participating Member actually receives or uses water from the Project whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the Participating Members shall be for the benefit of and enforceable by the holders of the Bonds as well as the Authority.

C. If by reason of Force Majeure a Participating Member or the Authority shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of each Participating Member to make the payments required under Section 5.03 of this Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other Participating Members and/or the Authority, as appropriate, within a reasonable time after occurrence of the event or cause relied on, the obligation of the Participating Member or the Authority giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Participating Member or the Authority shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonable within the control of the party claiming such inability.

Section 5.05 Continuing Right to Treated Water.

For and in consideration of agreeing to the unconditional payments to be made under this Contract, each Participating Member is entitled to a firm right to treated water from the Project in the amounts indicated in Exhibit A, as such amount may be modified from time to time by the terms of this Contract. That right shall continue for the term of this Contract and any renewals thereof.

ARTICLE VI  
Additional Participating Members

Section 6.01 Additional Participating Members.

If water is available, the Authority and the Original Participating Members agree that additional entities may become subject to the provisions of this Contract as Additional Participating Members by providing the following to the Authority and the then Participating Members:

- A. an executed signature page to this Contract in form satisfactory to the Authority;
- B. to the extent any representation contained in this Contract relating to Participating Members does not correctly describe such entity, a revision of such representations satisfactory in form and content to the Authority in the Authority's sole discretion to be included on Exhibit C to this Contract;
- C. a revised Exhibit A to this Contract satisfactory to the Authority and all then Participating Members;
- D. a revised Exhibit B to this Contract setting forth the Point(s) of Delivery for such entity which shall be satisfactory to the Authority;
- E. a completed Exhibit C to this Contract to the extent applicable to such entity and in form satisfactory to the Authority; and
- F. such other certifications and information as may be reasonably requested by the Authority and the then Participating Members.

ARTICLE VII  
Special Conditions

Section 7.01 Operation and Maintenance of the Project.

The Authority will continuously operate and maintain the Project in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense. The Authority recognizes its right and duty to operate the Project in the most prudent and economical manner for the benefit of all Participating Members.

Section 7.02 Project Schedule.

It is the intent of the parties that the Project be placed in operation as soon as practicable, and the Authority agrees to proceed diligently with the evaluation of feasibility, the securing of regulatory

permits, and the design and construction of the Project to meet such schedule, subject to the other terms and conditions in this Contract.

Section 7.03 Permits, Financing, and Applicable Laws.

Any obligations on the part of the Authority to acquire, construct, and complete the Project and related facilities and to provide treated water from the Project to the Participating Members shall be (i) conditioned upon the Authority's ability to obtain all necessary permits, material, labor, and equipment; (ii) subject to the Authority's final determination of feasibility of transportation of the treated water from the Project; (iii) conditioned upon the ability of the Authority to finance the cost of the Project through the sale of the Bonds; and (iv) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, the Commission, and any regulatory body having jurisdiction.

Section 7.04 Title to Water; Indemnification.

Title to all water supplied to each Participating Member shall be in the Authority up to the Point of Delivery for such Participating Member, at which point title shall pass to the receiving Participating Member. Title to treated water transmitted through the lines of a Participating Member pursuant to Section 4.08 for the use of another Participating Member shall remain in the Authority until it reaches the Point(s) of Delivery of the receiving Participating Member. The Authority and each of the Participating Members shall, to the extent permitted by law, save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party.

Section 7.05 Payments Solely From Revenues.

The Authority shall never have the right to demand payment by any Participating Member of any obligations assumed by it or imposed on it under and by virtue of this Contract from funds raised or to be raised by taxes, and the obligations under this Contract shall never be construed to be a debt of such kind as to require any of the Participating Members to levy and collect a tax to discharge such obligation. Nonetheless, any Participating Member may make payments from its utility system revenues, or from any other lawful source, including ad valorem taxes, if lawfully available to such Participating Member.

Section 7.06 Operating Expenses.

Each of the Participating Members represents and covenants that, to the extent payments under this Contract are made with utility system revenues, such payments shall constitute reasonable and necessary "operating expenses" of its utility system, as defined in Chapter 1502, as amended, Texas Government Code, and that all such payments will be made from the revenues of its utility system or any other lawful source. Each Participating Member represents and has determined that the treated water supply to be obtained from the Project is absolutely necessary and essential to the present and future operation of its utility system and that the Project represents a long-term source of supply of treated water to meet current and projected water needs of the Participating Member's utility system and facilities, and, accordingly, all payments required by this Contract to be made by each Participating Member shall constitute reasonable and necessary operating expenses of its utility system as described above, with the effect that such payments from revenues of such systems shall be deducted from gross revenues of the system in the same manner as other system operating and maintenance expenses for purposes of determining net revenues available to pay bonds or other similar obligations heretofore or

hereafter issued by such Participating Member, which obligations are payable from and secured by a pledge of the revenues of the system or facilities after deduction of maintenance and operating expenses.

Section 7.07 Rates for Water.

Each of the Participating Members agrees throughout the term of this Contract to continuously operate and maintain its utility system and to fix and collect such rates and charges for utility services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically, its Annual Payment under this Contract, and (ii) all other amounts as required by law and the provisions of the ordinance or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

Section 7.08 Use of Funds and System.

The Authority covenants and agrees that neither the proceeds from the sale of the Bonds, nor the money paid it pursuant to this Contract, nor any earnings from the investment of any of the foregoing, will be used for any purposes, except those directly relating to the Project and the Bonds as provided in this Contract.

Section 7.09 Rights-of-Way.

A. Each Participating Member hereby grants to the Authority without additional cost to the Authority, the use of the streets, easements, rights-of-way, and pipelines under its control for the construction, emergency repairs, operation, and maintenance of the Project and the provision and transmission of treated water hereunder; provided, however, such grant of the use of streets, easements, rights-of-way, and pipelines to the Authority is subject to and conditioned on the Authority (i) complying with all applicable policies, practices, and regulations of the Participating Members governing and regulating such use of the streets, easements, rights-of-way, and pipelines and (ii) paying all costs, if any, of restoring such streets, easements, rights-of-way, and pipelines to substantially the same state of condition that existed prior to the Authority's use.

B. To the extent they have such ownership authority, each Participating Member agrees that, with prior written approval, the Authority may use streets, alleys, and public rights-of-way within the Participating Member's boundaries for pipeline purposes.

Section 7.10 Insurance.

The Authority agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance, on the Project for purposes and in amounts which, as determined by the Authority, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Authority shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. Premiums for such insurance that relate directly to the Project or, under generally accepted cost accounting practices, is allocable to the Project, shall constitute an Operation and Maintenance Expense.

Section 7.11 Additional Special Provisions.

The parties hereto acknowledge and agree to the Special Provisions, if any, which are set forth in Exhibit C hereto. The Special Provisions for this Contract reflect circumstances or issues for specific Participating Members which may be different from those of other Participating Members and therefore constitute a modification of or requirement in addition to the standard provisions otherwise contained in this Contract. To the extent of any conflict between any Special Provision and any other provision of this Contract, the Special Provision shall control.

ARTICLE VIII  
Continuing Disclosure

Section 8.01 Annual Reports.

The Authority (and each Participating Member if required by the Rule in its Approval Certificate for any series of Bonds) shall file annually with the MSRB, (1) within six months after the end of each Fiscal Year of the Authority ending in or after 2015, financial information and operating data with respect to the Authority of the general type included in the Sale and Offering Documents authorized by Section 33 of the Bond Resolution, being the information described in Exhibit D to the Bond Resolution, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Authority, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit D to the Bond Resolution, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the Authority commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Authority shall file unaudited financial statements within such period and audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on such financial statements becomes available. The Authority must have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The annual financial statement, including the auditor's opinion on the statement, shall be filed in the office of the Secretary, Board of Trustees, within 180 days after the last day of the Authority's Fiscal Year. Additionally, upon the filing of this financial statement and the annual audit, these documents are subject to the Texas Open Records Act, as amended, Texas Government Code, Chapter 552.

If the Authority changes its Fiscal Year, it will file notice of such change (and of the date of the new Fiscal Year end) with the MSRB prior to the next date by which the Authority otherwise would be required to provide financial information and operating data pursuant to this Section.

Section 8.02 Material Event Notices.

The Authority shall file notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

The Authority shall file notice with the MSRB, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with this Section by the time required by this Section.

#### Section 8.03 Limitations, Disclaimers, and Amendments.

The Authority shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority remains an “obligated person” with respect to the

Bonds within the meaning of the Rule, except that the Authority in any event will give notice of any deposit that causes the Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Authority does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE AUTHORITY, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Authority in observing or performing its obligations under this Section shall constitute a breach of or default under this Contract for purposes of any other provision of this Contract.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority under federal and state securities laws.

The provisions of this Section may be amended by the Authority from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Contract that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Authority also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Authority so amends the provisions of this Section, the Authority shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 8.04 Information Format – Incorporation by Reference.

The Authority information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

Section 8.05 Allocation of Water During Drought.

During drought conditions or in any other condition when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of stored water pro rata, according to the amount each may be entitled to, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike.

Section 8.06 Conservation.

The Authority and Participating Member each agree to provide to the maximum extent practicable for the conservation of water, and each agrees that it will operate and maintain its facilities in a manner that will prevent waste of water. Participating Members further agree to implement water conservation and drought management plans applicable to the use of treated water from the Project that are consistent in purpose, provisions and application with those implemented by other Participating Members to the extent practicable considering any differences in the legal authority of Participating Members and other Participating Members to institute those plans.

Section 8.07 Term of Contract.

This Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Participating Members for as long as an agreement providing an adequate source of raw water remains in effect. It is understood and agreed by the Authority and each Participating Member that the right to receive treated water hereunder shall continue throughout any renewals or extension of this Contract. The Authority's obligation to provide treated water services hereunder shall commence from the date the Project becomes operational and functional as certified by the consulting engineers for the Project or on such other date that one or more of the Participating Members receives treated water by virtue of or in exchange for treated water from the Project. This Contract constitutes the sole agreement between the parties hereto with respect to the Project.

Section 8.08 Approval and Consent.

Unless otherwise provided herein, any approval or consent required by the provisions of this Contract by a Participating Member or the Authority shall be evidenced by a written resolution adopted

by the governing body of the party giving such approval or consent (or by the General Manager on behalf of the Authority when permitted). Upon receipt of such written resolution duly certified by the appropriate party, the Authority or the Participating Member can conclusively act on the matter requiring such approval.

Section 8.09 Modification and Amendment.

A. 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 money required to be paid by any Participating 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.

B. This Contract may be amended upon the written consent of the Authority and all then Participating Members; provided, however, no amendment to this Contract shall impair the rights of any holder of any of the Authority's Bonds.

Section 8.10 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 hereinabove 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 hereto shall, until changed as hereinafter provided, be as follows:

A. If to the Authority, to:

Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130

B. If to the Crystal Clear Special Utility District to:

Crystal Clear Special Utility District  
2370 FM 1979  
San Marcos, Texas 78666

C. If to the East Central Special Utility District to:

East Central Special Utility District  
5520 F.M. 1628  
Adkins, Texas 78101

D. If to Green Valley Special Utility District, to:

Green Valley Special Utility District  
Post Office Box 99  
Marion, Texas 78124

E. If to the City of Cibolo, Texas to:

City of Cibolo, Texas  
109 South Main Street  
Post Office Box 88  
Cibolo, Texas 78108

F. If to the City of Converse, Texas to:

City of Converse, Texas  
403 South Seguin Road  
Converse, Texas 78109

G. If to the City of Marion, Texas to:

City of Marion, Texas  
Post Office Box 158  
Marion, Texas 78124-0158

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 8.11 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 8.12 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. Recognizing, however, that the Authority's undertaking to provide and maintain the Project is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the Authority agrees, in the event of any default on its part, that each Participating 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 any Participating Member's obligations hereunder could not be adequately compensated in money damages alone, each Participating Member agrees in the event of any default on its part that the Authority 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 Authority. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Authority 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 8.13 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 of the State or the United States of America, or in contravention of any such laws, 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 8.14 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 Guadalupe County, Texas, which is the County in which the principal administrative offices of the Authority are located. It is specifically agreed among the parties to this Contract that Guadalupe 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 Guadalupe County, Texas.

Section 8.15 Assignment.

Neither the Authority nor any Participating Member may assign any interest it may have under this Contract without the prior written consent of the other parties hereto; provided, however, the foregoing restriction shall not prevent the Authority from taking any action in connection with the issuance of the Bonds to secure the payment of the Bonds with amounts to be received by the Authority under this Contract.

Section 8.16 Entire Agreement.

This Contract constitutes the entire agreement among the parties with respect to the sale of treated water by the Authority to the Participating Members.

Section 8.17 Applicable Law.

This Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with

such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

Section 8.18 No Sale, Lease, or Other Transfer of Participating Members' Utility System.

Pursuant to the terms of this Contract, a Participating Member, to the extent permitted by law, shall not sell, lease, or otherwise transfer any interest in such Participating Member's utility system without the written consent of the Authority.

Section 8.19 Counterparts.

This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.20 Goods and Services; Waiver of Sovereign Immunity; Limitation on Damages.

The Participating Members under the Contract agree that the mutual commitment stated in the Contract to provide water, emergency water service, water treatment services, and funding for utility system improvements constitute an agreement by each party for providing goods and services to the other parties, and that the Contract, as amended, is subject to Chapter 271, Subchapter I, of the Texas Local Government Code.

*[The remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed as of the day and year first above written.

CANYON REGIONAL WATER  
AUTHORITY

By: \_\_\_\_\_  
Chairman, Board of Trustees

ATTEST:

\_\_\_\_\_  
Secretary, Board of Trustees

(AUTHORITY SEAL)

CRYSTAL CLEAR SPECIAL UTILITY  
DISTRICT

By: \_\_\_\_\_  
Mike Taylor, General Manager

(SEAL)

EAST CENTRAL SPECIAL UTILITY  
DISTRICT

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

GREEN VALLEY SPECIAL UTILITY  
DISTRICT

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

CITY OF CIBOLO, TEXAS

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

(CITY SEAL)

CITY OF CONVERSE, TEXAS

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

(CITY SEAL)

CITY OF MARION, TEXAS

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

(CITY SEAL)

Exhibit A

Allocations and Maximum Rate of Flow

<b>Entity</b>	<b>Plant Capacity in A/F</b>	<b>Percent of Ownership (%)</b>
Crystal Clear Special Utility District	492.39	6.29
East Central Special Utility District	500.00	6.39
Green Valley Special Utility District	4,055.67	51.80
City of Cibolo	1,780.93	22.75
City of Converse	500.00	6.39
City of Marion	300.00	3.83
<b>Totals</b>	<b>7,828.99</b>	<b>100.00%</b>

Exhibit B

Points of Delivery

Crystal Clear Special Utility District  
East Central Special Utility District  
Green Valley Special Utility District

City of Cibolo

City of Marion  
City of Converse

Crystal Clear Meter/Windmill/FM 758  
IH-10/East Central Meter Station  
1518 Elevated Tank  
Haeckerville Road Meter Station  
Wagner Booster Station  
Hardy Road Meter Station  
Leissner Road Meter Station  
Dunlap Plant Meter Station  
Cibolo Meter Station Haeckerville Road  
Wagner Booster Station  
Marion Meter Station  
Lower Seguin Road

Exhibit C

Special Provisions

None

**ATTACHMENT**

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CANYON REGIONAL WATER AUTHORITY

# Preliminary Engineering Report

## WELLS RANCH PHASE 2 WATER SUPPLY PROJECT

*Prepared for:*

**Canyon Regional Water Authority**

850 Lakeside Pass  
New Braunfels, TX 78130



SINCE 1990



3801 S. First Street, Austin, TX 78704 BUS: (512) 442-3008  
1011 W. County Line Road, Suite C, New Braunfels, Texas 78130 BUS: (830) 626-3588

May 2015

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## **I. EXECUTIVE SUMMARY AND INTRODUCTION**

In 2009, Canyon Regional Water Authority (CRWA) began initial Phase I groundwater production and delivery from its Wells Ranch well field. The 4,511 acre Wells Ranch tract is located on the Gonzales/Guadalupe County line approximately fifteen (15) miles southeast of Seguin, Texas. The 5,200 acre-feet/year (AFY) production and delivery was a major milestone from the initial project planning and purchased groundwater leases by Bexar Metropolitan Water District (BMWD) in 1998. CRWA managed the project for BMWD until acquiring the leases and production permits in 2007. The initial 5,200 AFY was the first step in a multi-year and phased project. The final build-out will result in a 13,000 AFY groundwater production and delivery system. This report is the discussion of the planning and financing of the major infrastructure required to complete this effort.

Since its inception, the Wells Ranch Project has been identified and recognized by local and State water planners as an important water management strategy for the Region. CRWA consists of eleven (11) public water system entities and one (1) public water system wholesale customer, stretching over six (6) Central Texas Counties. Table V -2 details the entities participation in Phase 1 and/or Phase 2 of the Wells Ranch Phase 2 Water Supply Project. CRWA's purpose in it creating documents of 1990, "...is to promote and develop alternative potable water supplies, as an alternative to Edwards Aquifer production....". Since its multi-phased development of Canyon Reservoir and Guadalupe River Basin surface water supplies at its 16 MGD Lake Dunlap and 6 MGD Hay/Caldwell surface water treatment plants, it has sought to meet that goal. The Wells Ranch project will further diversify with groundwater CRWA's supply alternatives.

CRWA has worked with local underground water districts in Guadalupe and Gonzales County to permit the Wells Ranch project. Permits have been issued to include both Carrizo and the underlying Wilcox aquifer to diversify the ground water supply. These planning efforts have been recognized at the State level, by inclusion in the TWDB State Water Plan, and local Region L planning group, in 2007 and 2012. Initially, the project was discussed in these studies as a 9,000 AFY project. Over time, with the acquisition of additional groundwater lease acreage, and the local support of the UWD's to export to both Carrizo and Wilcox aquifer, the project has increased to 13,000 AFY.

The initial CRWA Wells Ranch Phase I – 5 MGD construction began in 2007, built seven (7) Carrizo wells, with collection piping and groundwater treatment, storage and pumping facilities, 120,000 LF 30" and 24" transmission main to deliver treated groundwater from Gonzales to Bexar, Guadalupe and Comal Counties. An intermediate Leissner Ground Storage Tank and booster pump station also was constructed to serve the project. Additional Phase 1 projects were initiated in 2012 and completed in 2014. This included 46,500 LF of 30" transmission pipeline, one (1) Carrizo well, additional filter capacity at the water treatment plant and additional pumping capacity at the Leissner Booser Pump Station. Also, 700 LF of 24" piping was installed across Loop 1604 to provide a second supply main into the 1604 Booster Pump Station and 1700 LF of 30" of the Santa Clara Transmission main was installed across IH 10.

Active planning is underway to complete the Phase 2 project development to 13,000 AFY. This report details the individual projects that make up the final phase effort to complete this project. The total project cost for Phase 2 is estimated at \$50,676,000.

## II. GROUND WATER SUPPLY

CRWA has leased approximately 13,000 acre-ft of Carrizo and Wilcox Aquifers water from land owners in Guadalupe and Gonzales Counties and has or is in the process of permitting the leased groundwater from the regulating agency in each of the counties. In Guadalupe County groundwater is regulated by the Guadalupe County Groundwater Conservation District (GCGCD) and in Gonzales County, the regulating agency is the Gonzales County Underground Water Conservation District (GCUWCD). CRWA has secured permits for the total 13,000 acre-ft of ground water.

The following table summarizes the inventory of leased and permitted ground water inventory by county.

**Table II - 1  
Wells Ranch Groundwater Permits**

	<b><u>A/F Water Permitted</u></b>
<b><u>Guadalupe County – Carrizo</u></b>	
9/12/2007 Original Permit	1400.0000
10/9/2009 2 <sup>nd</sup> Permit	<u>354.4150</u>
Sub Total	1754.4150
4/25/2012 3 <sup>rd</sup> Permit	<u>849.0000</u>
<b>Guadalupe-Carrizo Total</b>	2603.4150
<b><u>Guadalupe County – Wilcox</u></b>	
4/25/2012 Permit	3026.0000
<b><u>Gonzales County – Carrizo</u></b>	
11/10/2009 Original Permit	3000.0000
12/17/2012 2 <sup>nd</sup> Permit	<u>4400.0000</u>
<b>Gonzales Total</b>	7400.0000
<b>Total All Groundwater Districts</b>	<b>13029.4150</b>

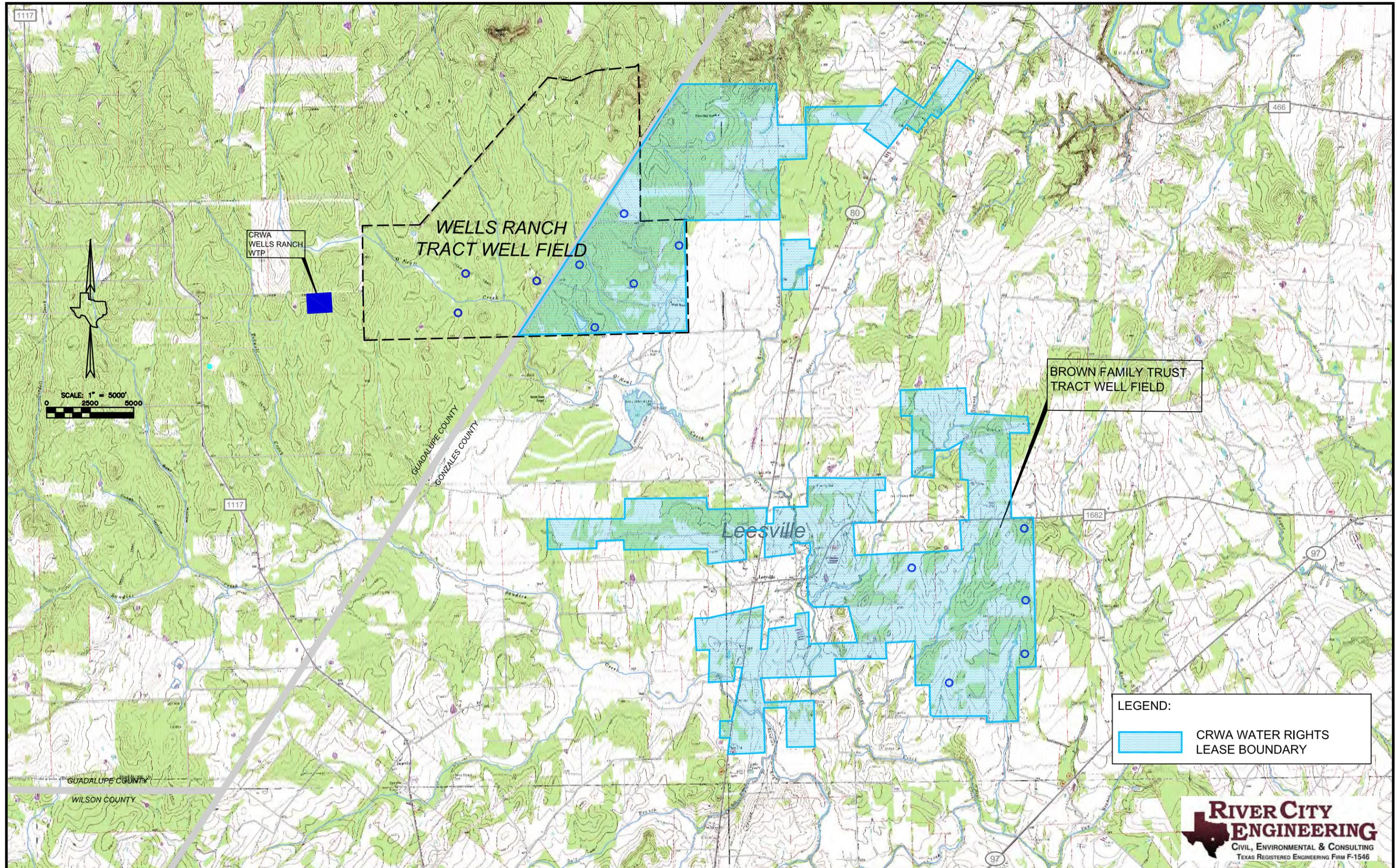
### III. WELL FIELDS

There are two well fields associated with the CRWA's Carrizo/Wilcox groundwater leases and permits. The original Wells Ranch tract is located along the Guadalupe - Gonzales County line, approximately 15 miles southeast of Seguin, Texas, as shown in Figure III - 1. The second well field, the Brown Family Trust (BFT) tract, is located approximately 5 miles south east of the Wells Ranch Well Field and wholly within Gonzales County, as also shown in Figure III - 1. CRWA has contracted through private property owner lease, acreage sufficient to support the surface land requirements for municipal ground water production and export. Semi-annual lease payment to the landowners, represents a significant income source to this rural community.

As part of the planning and permitting of the Wells Ranch Project, CRWA engaged R.W. Harden and Associates, Inc. to conduct the testing and modeling of the ground water hydrology of the aquifer in the vicinity of the project's two well field tracts. As previously discussed, the majority of the groundwater production will be from the Carrizo Aquifer, 9363 AFY and 3694 AFY is from the Wilcox Aquifer. The Wilcox Aquifer is the underlying formation to the Carrizo Aquifer. The analysis and evaluation of the aquifer formed the general basis for the design of the well fields and was conducted to meet the requirements of the regulatory agencies or underground water districts in each of the counties. Groundwater modeling of anticipated future drawdown, and production limitation were used to size capacity, spacing and well design. Each of the underground water districts has different rules for well spacing and production capacity. Currently, in Gonzales County the underground water district requires contiguous land coverage of 1 acre per acre-foot of groundwater production. In Guadalupe County, groundwater production is also limited to 1 acre-ft per acre of land coverage, but the land coverage does not have to be contiguous. Both agencies anticipate future changes to these requirements.

As determined by the preliminary assessments, testing, and analysis, it has been determined that the Wells Ranch and Brown Family Trust groundwater leases are favorable for the development of the well fields to produce 13,000 acre-feet of groundwater annually over 50 years for a municipal water supply.

**FIGURE III-1 CRWA WELLS RANCH PROJECT WELL FIELDS**



## **IV. GROUNDWATER QUALITY AND TREATMENT**

### **Water Quality/Treatment**

The Carrizo aquifer and underlying Wilcox generally run in a “band” across the State of Texas from southwest to northeast, parallel to the Gulf Coast. Groundwater in each aquifer travels from its point of recharge, northwest to southeast. With the “down dip” of the aquifer, from NW to SE, water quality changes with its depth in the aquifer and naturally occurring mineral uptake. This is typically manifested in increasing total dissolved solids (TDS) and water temperature. Iron, fluoride, chloride are a by-product of naturally occurring geologic strata in the formation. Hydrogen sulfide and methane may also be present in the deeper levels.

Typical well construction for this project will be Carrizo wells of 500 – 600 ft in depth. Wilcox wells will be approximately 1000 – 1500 ft in depth. Table IV - 1 is representative of the water quality results for the completed Carrizo wells and Wilcox test wells. These tables indicate water quality meeting all TCEQ potable water chemical and physical requirements.

Minimal treatment is required to achieve aesthetic quality and compatibility with CRWA’s Lake Dunlap surface water supply and local Edward’s aquifer supply.

Wells Ranch water treatment consists of lime addition to raise natural water acidity (pH) and alkalinity, controls water aggressiveness or corrosivity. Raw water oxidation, through chlorine, also for disinfection, and potassium permanganate, oxidize iron and manganese to insoluble particulates that are removed by filtration. The “green sand” mixed media filter have an affinity for any trace soluble iron and manganese chemicals, as well as filtration of the oxidized particulates. The final produced water has a pH of 7.2 – 7.5, alkalinity of 100 – 200 mg/L and free chlorine residual of 2 – 4 mg/L.

Attached is a schematic Figure IV – 1 of water treatment flow process.

The treatment of Carrizo/Wilcox groundwater is complicated by the need to achieve compatibility with Lake Dunlap surface water production. Additionally, many of the customer’s use Edwards Aquifer groundwater. The Edwards groundwater quality is similar to that produced at the Lake Dunlap plant, due to the contributing Comal Springs flow to the Guadalupe River and Lake Dunlap. Key considerations are pH and alkalinity ranges to produce a “stable” water as computed on Corrosivity Index tables. Lime addition at the Wells Ranch plant, raises the naturally occurring 4 – 5 pH range and adds alkalinity to stabilize the water chemistry from environmental changes of temperature, water age and disinfectant addition. This stability results in a compatibility range that when mixed with Lake Dunlap and Edward’s water, does not result in hardness precipitation or pH change. These can affect customer aesthetic evaluation of the final product from the tap.

The final disinfectant used by the water treatment facilities is also another challenge in system operations. Lake Dunlap uses the combination of free chlorine and ammonia to produce a total chlorine residual or chloramines as the disinfectant. This product is an effective product to control bacterial levels in the water system. It also inhibits the oxidation of naturally occurring organic material (NOM’s) to tri halo methanes (THM’s) or other disinfection by products. These THM’s are a regulated compound and are regularly monitored. Free chlorine alone in the system would raise THM levels to regulatory violation levels.

The Carrizo – Wilcox water does not contain the NOM’s and hence does not require the ammonia addition. Once the pH and alkalinity are controlled, free chlorine residuals are stable in the distribution system.

The uncontrolled mixing of waters with free and total chlorine residuals can result in taste and odor problems in drinking water. This can be controlled by the segregation of the water in the distribution system, or by conversion from free to total chlorine residuals.

CRWA has the ability to add ammonia at the Leissner Booster Pump Station, to convert from free chlorine to total chloramines. Historically, the system has been segregated between ground (free) and surface water (total) residuals. Future capacity and growth will require the ability to mix and jointly feed from each source and supply. Customer needs and preferences will be important in determining final water disinfection types.

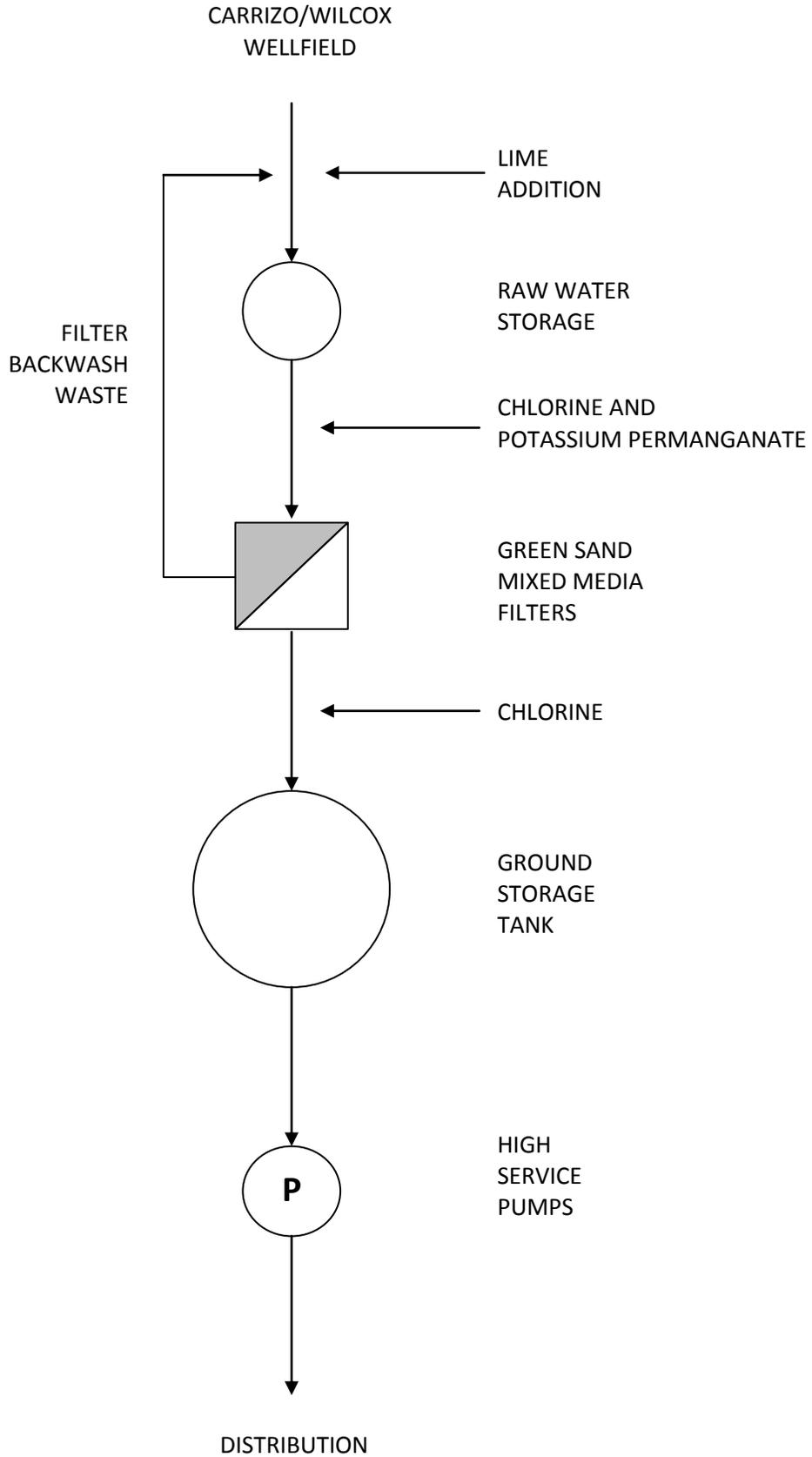
Finally, with the addition of Wilcox well development, this water quality must also be incorporated. Our initial test wells indicate slightly high temperature and total dissolved solids levels from the adjacent Carrizo wells. CRWA's plan is to mix the two source groundwaters to achieve a satisfactory blended product meeting all regulatory levels. Mineral content is similar with slightly elevated iron and manganese levels to the Carrizo. Table IV – 1 also includes Wilcox water quality testing results.

TABLE IV - 1

## WELLS RANCH CHEMICAL ANALYSIS

ANALYSIS	WR 1 <sup>(1)</sup> Tommy's Well	WR 2 <sup>(2)</sup> Deer Stand Well	WR 4 <sup>(3)</sup> Pig Trap Well	WR 7 C Dead Man Tank	WR 7 W <sup>(4)</sup> Carrizo/ Wilcox	WR 9 <sup>(5)</sup> Camphouse Well	WR 11 <sup>(6)</sup> Coastal Field Well	WR 12 <sup>(7)</sup> Bull Trap Well	Units	MCL				
Hardness, Calcium/Magnesium (As CaCO <sub>3</sub> )						17	30	17	mg/L CaCO <sub>3</sub>					
Boron						70.9	85.8	62.9	µg/L					
Calcium	6.8	10.2				4340	8630	4630	µg/L					
Iron			0.99			685	934	609	µg/L					
Magnesium	0.8	2.7		1.27		1.540	2.120	1.390	mg/L					
Manganese	<0.05	0.03	0.0333	0.027		19.2	40.9	19.7	µg/L	500				
Potassium	NT	6.2		5.12		4740	4470	4810	µg/L					
Sodium	9.5	12.7		8.83		11500	8070	9980	µg/L					
Mercury				<0.002		ND	ND	ND	µg/L					
Aluminum			ND			ND	ND	ND	µg/L					
Arsenic			ND			ND	ND	ND	µg/L					
Barium	NT	0.12		0.094		124	111	110	µg/L	200				
Beryllium				<0.010		ND	ND	ND	µg/L					
Cadmium				<0.010		ND	ND	ND	µg/L					
Chromium				<0.010		ND	ND	ND	µg/L					
Cobalt						ND	ND	ND	µg/L					
Copper	<0.05	<0.01	ND			ND	ND	ND	µg/L	100		<b>NT</b>	<b>Not Tested</b>	
Iron	1.1	0.6		0.654		0.623	0.963	0.611	mg/L	300		<b>ND</b>	<b>Not Detected</b>	
Lead	<0.01	<0.05		<0.002		ND	ND	ND	µg/L	0.015		<b>(1) Test Date</b>	<b>November, 1999</b>	
Molybdenum						ND	ND	ND	µg/L			<b>(2) Test Date</b>	<b>August, 2000</b>	
Nickel						ND	ND	ND	µg/L			<b>(3) Test Date</b>	<b>January, 2008</b>	
Selenium				<0.002		ND	ND	ND	µg/L			<b>(4) Test Date</b>	<b>January, 2008</b>	
Silver				<0.005		ND	ND	ND	µg/L			<b>(5) Test Date</b>	<b>November, 2004</b>	
Strontium				0.042		30.8	81.9	37.8	µg/L			<b>(6) Test Date</b>	<b>September, 2004</b>	
Thallium				<0.002		ND	ND	ND	µg/L			<b>(7) Test Date</b>	<b>October, 2004</b>	
Zinc			0.0135			5.81	5.57	16.1	µg/L					
Chloride	25	15.6	14.3			20.9	16.5	17.1	mg/L	300				
Fluoride	<0.01	0.01	0.106			ND	ND	ND	mg/L	2				
Nitrate-N	0.013	0.2	ND			ND	ND	ND	mg/L	10				
Nitrite-N	ND	ND	ND			ND	ND	ND	mg/L					
Sulfate	14	14.2	13			14	13.8	14.1	mg/L	200				
Acidity, Total				8		14	22.5	31.6	mg/L					
Alkalinity, Bicarbonate (As CaCO <sub>3</sub> )	NT	40				ND	30.8	ND	mg/L					
Alkalinity, Carbonate (As CaCO <sub>3</sub> )						ND	ND	ND	mg/L					
Alkalinity, Hydroxide (As CaCO <sub>3</sub> )						ND	ND	ND	mg/L					
Alkalinity, Total (As CaCO <sub>3</sub> )	14	33				ND	30.8	ND	mg/L					
Phosphorus, Total Orthophosphate (As P)						ND	ND	ND	mg/L					
pH	5.85	7.7	6.20	5.5	8.11	5.19	6.17	5.44	pH units	>7				
Silica, Dissolved (as SiO <sub>2</sub> )				6.43		25.7	29.9	26.4	mg/L					
Specific Conductance	118	141		114	1775	115	136	142	µmhos/cm					
Total Dissolved Solids (Residue, Filterable)	49	110	80			76	88	83	mg/L	1000				
Total Hardness as CaCO <sub>3</sub>	21.2	37		274					mg/L	>120				
Hydrogen Sulfide				<0.1					mg/L					
Antimony/ICP (Total)				<0.002					mg/L					
Cyanide, Total				<0.02					mg/L					
Temperature					30.4° C									
Turbidity					5.99 NTU									
Gross Alpha					0.79 ± 1.52					15				
Gross Beta					5.8 ± 1.3					50				
Radium 226					0.56 ± 0.44									
Radium 228					0.51 ± 0.46									
Combined Radium					1.07 ± 0.63					5				

# Figure IV – 1 Water Treatment Flow Process Schematic



## **V. WELLS RANCH CARRIZO GROUNDWATER PROJECT CONCEPT AND PHASED DEVELOPMENT APPROACH**

The original concept and phased development approach of the Wells Ranch Carrizo Groundwater Project was described in River City Engineering's Preliminary Engineering Study dated April 2007. As proposed at that time, 11,000 acre-feet of groundwater would be developed from the project and integrated into CRWA's existing Mid-Cities water transmission and pumping system in phases.

Phase I of the project has been completed and is on line delivering water. It consists of seven (7) each 500 GPM Carrizo wells, groundwater collection piping system, 5 MGD groundwater treatment plant, two (2) each ground storage tank and booster pump station sites and approximately 100,000 linear feet of 30" and 24" water transmission main. Also included in the completed work are associated site civil, roadway, piping, electrical and instrumentation and control systems, and chemical treatment and disinfection systems. The Phase I project is integrated to the Mid-Cities system at the FM 1518 Elevated Storage Tank site located on FM 1518 at IH 10. Figure V - 1 illustrates the location of the Phase I projects as well as CRWA's existing Mid-Cities system.

A later group of Phase 1 projects have been completed. First, approximately 46,000 linear feet of 30" transmission main and associated easement acquisitions, was funded with the issuance of Revenue Bonds in 2011. This transmission main increased the capacity of water that can be delivered through Phase I of the Project as well as increased reliability of the Project. This Phase I water transmission main has been in service since the end of 2012. Figure V - 1 also illustrates the location of this Phase I water line.

Secondly, with remaining proceeds from the 2011 Revenue Bonds, several other projects were funded for engineering design and construction or preliminary engineering design and easement acquisition. The projects funded for engineering design and construction included one(1) 500gpm Carrizo Well, two(2) additional 1600gpm filters at the groundwater treatment plant, and three(3) additional 2100gpm booster pumps including related mechanical, electrical, instrumentation and controls at the Leissner Booster Pump station, an approximately 700 linear feet of 24-inch supply pipeline crossing Loop 1604 Booster Pump Station and approximately 1700 linear feet of the Santa Clara Transmission Main that included crossing I.H. 10. These projects were completed before the end of 2014. Finally, the projects funded for preliminary engineering design and easement acquisition included the Santa Clara Transmission Main and the Crystal Clear Transmission Main. Preliminary Engineering design has been completed on both of the transmission main projects while easement acquisition for both has mostly been completed. The last outstanding easements include one property owner on each project. These outstanding easements are anticipated to be acquired before September 2015.

To realize the full build out of the Wells Ranch Project, to approximately 13,000 acre-feet as now planned, several key project components of the Wells Ranch delivery system will require expansion and further integration into the Mid-Cities delivery system. Section VII of this report provides a design analysis of the various components of the Wells Ranch delivery and integration system. The design analysis provides detailed configuration, capacity design, and schematic drawings of the various components of the system including a delineation of existing facilities and the required facility expansions that are necessary to realize full build out of the system. The projects that are necessary to complete the development of the Wells Ranch system, Wells Ranch Phase II, include the following.

- ❖ Project 1 – Wells Ranch Tract Wilcox Wells:

installations, electrical power and electrical equipment installations, site instrumentation, controls, and communication, and civil site work. The wells will connect to the existing well field piping.

❖ **Project 2 – Wells Ranch Water Treatment Plant Expansion:**

This project will include the addition of one (1) additional 1MG raw water ground storage tank, one (1) additional 2.1MG clear well ground storage tank, two (2) additional 1600 gpm filters, and three (3) 2300 gpm pumps within the existing Wells Ranch Water Treatment Plant Facility. In addition all associated piping, mechanical, electrical, instrumentation and control, and site improvements are included. Refer to Section VIII, Figure VIII - 1 for a preliminary site plan for these proposed improvements.

❖ **Project 3 – 1 MG Elevated Storage Tank:**

This project will include the construction of a new 1MG elevated storage tank to be located on a CRWA owned 6-acre site along Hickory Forrest near Oak Tree Road. The height and hydraulic characteristics of the tank will be determined during preliminary project design.

❖ **Project 4 – Leissner Booster Pump Station Expansion:**

This project will include the addition of one (1) additional 2 MG ground storage tank, three (3) additional 2100 gpm booster pumps, and one (1) emergency backup generator within the Leissner Booster Pump Station Facility. In addition all associated piping, mechanical, electrical, instrumentation and control, and site improvements are included. Refer to Section VIII, Figure VIII - 2 for a preliminary site plan for these proposed improvements.

❖ **Project 5 – Brown Family Trust Tract Well Installations:**

This project includes the drilling of five (5) Carrizo Aquifer wells within the Brown Family Trust Tract within Gonzales County including the installation of five (5) 417 gpm well pumps, site piping, mechanical installations, electrical power and electrical equipment installations, site instrumentation, controls, and communication, and civil site work.

❖ **Project 6 – Brown Family Trust Tract Well Field Piping and Roadways:**

This project will include the installation of approximately 45,000 linear feet of well field collection piping with conceptual sizing ranging from 12 to 30 inches in diameter as well as approximately 45,000 linear feet of all weather roadways.

❖ **Project 7 – Brown Family Trust Tract Raw Water Transmission Main:**

This project will include the installation of approximately 38,000 linear feet of raw water transmission pipeline with conceptual diameter of 30 inches as well as approximately 38,000 linear feet of all weather roadways. Additionally, easement acquisition for the installation of the pipeline and roadway will be necessary.

❖ **Project 8 – Santa Clara Road Transmission Main:**

This project includes the installation of approximately 23,000 linear feet of 30-inch diameter water transmission pipeline from Santa Clara Road at I.H. 10 to the Wagner Booster Station on F.M. 775. Preliminary design and acquisition of easements has been completed.

❖ **Project 9 – Wagner Booster Station Expansion:**

This project will include the addition of one (1) additional 2 MG ground storage tank and four (4) additional 2250 gpm booster pumps within the Wagner Booster Pump Station Facility. In addition all

associated piping, mechanical, electrical, instrumentation and control, and site improvements are included. Refer to Section VIII, Figure VIII - 3 for a preliminary site plan for these proposed improvements.

- ❖ **Project 10 – Loop 1604 Booster Station Expansion:**  
This project will include the addition of one (1) additional 3 MG ground storage tank and four (4) additional 1613 gpm booster pumps within the Loop 1604 Booster Pump Station Facility. In addition all associated piping, mechanical, electrical, instrumentation and control, and site improvements are included. Refer to Section VIII, Figure VIII - 4 for a preliminary site plan for these proposed improvements.
- ❖ **Project 11 – Crystal Clear Transmission Main:**  
This project includes the installation of approximately 24,000 linear feet of 24-inch diameter water transmission pipeline from the CRWA Standpipe located along FM 46 to the existing Crystal Clear Water Supply Co. metering point on Hwy 123 near Koebig Road. Additionally, easement acquisition for the installation of the pipeline will be necessary.

Alternative routes were considered for projects 9 and 11 but were not selected due to higher costs associated with easements and practicality.

Figure V - 1 also illustrates the location of the Phase II projects.

The preliminary opinion of probable cost for each of the proposed Phase II projects is detailed in Section IV of this report and a summary of the Phase II costs are listed below in Table V - 1.

**Table V - 1  
Wells Ranch Phase 2  
Cost Summary**

<u>Project No.</u>		<u>Project Costs</u>
1	Wells Ranch Wilcox Wells (2 each)	\$2,479,000
2	Wells Ranch WTP Expansion	\$5,822,000
3	Elevated Storage Tank Construction	\$2,953,000
4	Leissner Booster Pump Station Expansion	\$2,785,000
5	Brown Family Trust Wells (5 each)	\$4,607,000
6	Brown Family Trust Well Field Piping and Roadway	\$7,567,000
7	Brown Family Trust Transmission Main	\$9,351,000
8	Santa Clara Road Transmission Main	\$5,952,000
9	Wagner Booster Pump Station	\$3,626,000
10	Loop 1604 Booster Pump Station	\$667,000
11	Crystal Clear Transmission Main	<u>\$4,867,000</u>
	Total Construction Costs*	\$50,676,000
	7800 AF	\$6,500/AF
	Annual Cost \$437/AF; \$1.34/1000G	

Additionally, Table V - 2 shows the allocation of the Wells Ranch project capacity to each of the participating entities for Phase I of the project as well as an initial proposed allocation of capacity for Phase II of the project.

\*Bond issuance cost is not included in this cost.

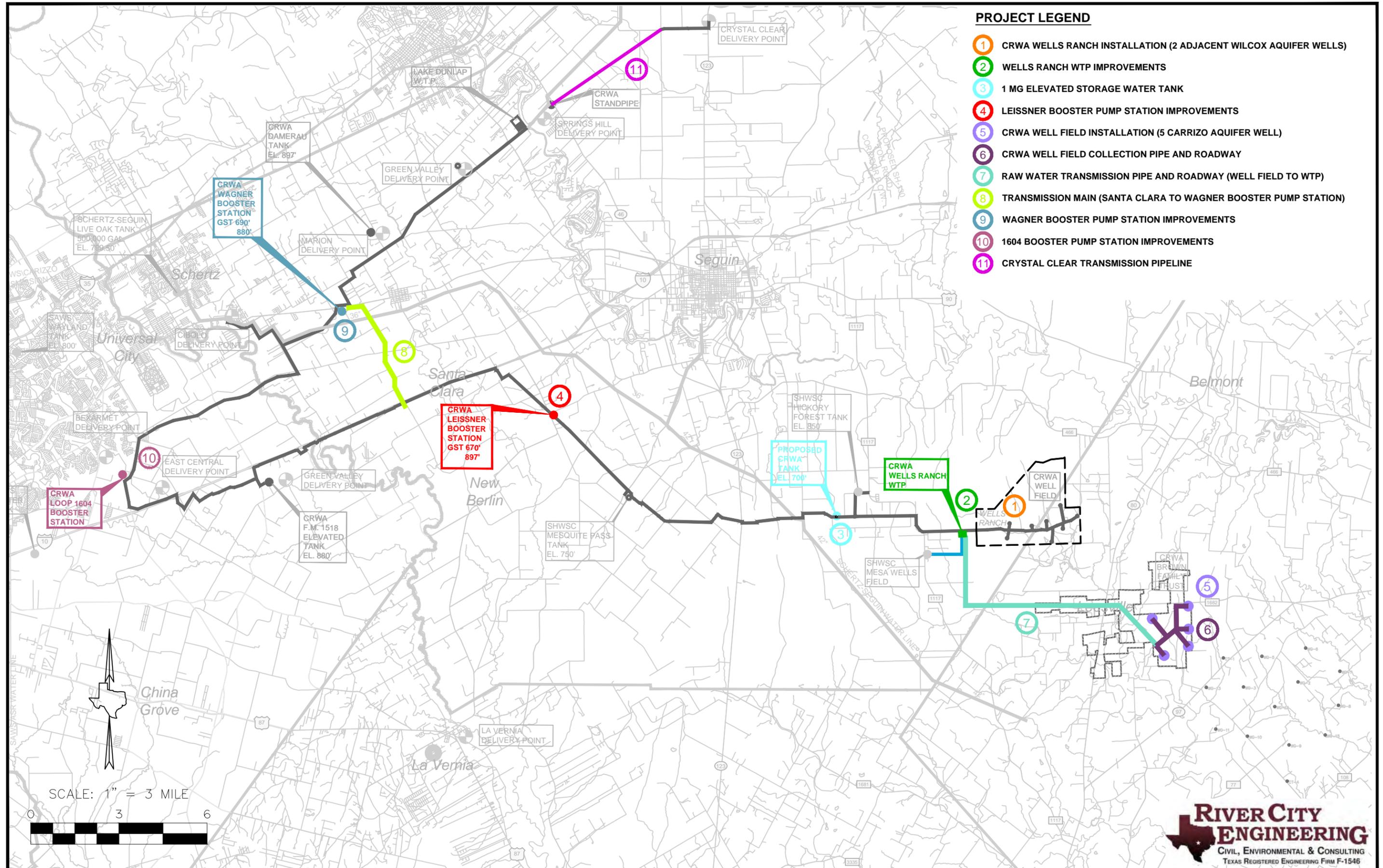
**Table V - 2**

**Wells Ranch Phase II Build-Out Capacity Allocation**

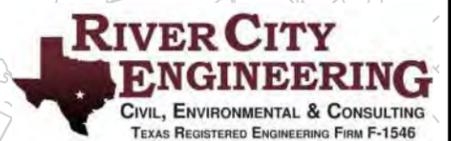
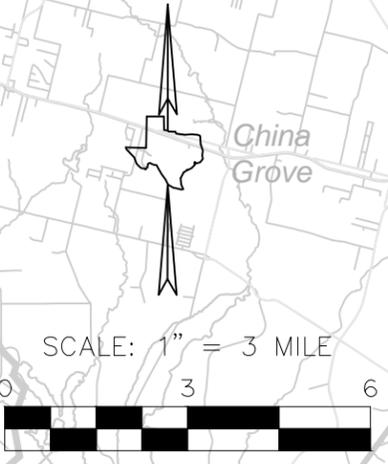
<b>Entity</b>	<b>Phase 1 Initial</b>	<b>Phase 2 Proposed</b>	<b>Total Percent</b>
SAWS-DSP	2800 AFY	0 AFY	21.5%
Cibolo	700 AFY	1781 AFY	19.0%
Crystal Clear/Cibolo	300 AFY	441 AFY	5.7%
Converse	0 AFY	500 AFY	3.8%
East Central SUD	500 AFY	500 AFY	7.7%
Green Valley SUD	700 AFY	4356 AFY	38.8%
Marion	100 AFY	200 AFY	2.3%
Springs Hill WSC	100 AFY	0 AFY	0.8%
Crystal Clear WSC	<u>0 AFY</u>	<u>51 AFY</u>	<u>0.4%</u>
	<b>5200 AFY</b>	<b>7,829 AFY</b>	<b>100%</b>

**Total: 13,029 AFY**

# FIGURE V-1 WELLS RANCH PHASE III - PRELIMINARY ENGINEERING REPORT



- PROJECT LEGEND**
- ① CRWA WELLS RANCH INSTALLATION (2 ADJACENT WILCOX AQUIFER WELLS)
  - ② WELLS RANCH WTP IMPROVEMENTS
  - ③ 1 MG ELEVATED STORAGE WATER TANK
  - ④ LEISSNER BOOSTER PUMP STATION IMPROVEMENTS
  - ⑤ CRWA WELL FIELD INSTALLATION (5 CARRIZO AQUIFER WELL)
  - ⑥ CRWA WELL FIELD COLLECTION PIPE AND ROADWAY
  - ⑦ RAW WATER TRANSMISSION PIPE AND ROADWAY (WELL FIELD TO WTP)
  - ⑧ TRANSMISSION MAIN (SANTA CLARA TO WAGNER BOOSTER PUMP STATION)
  - ⑨ WAGNER BOOSTER PUMP STATION IMPROVEMENTS
  - ⑩ 1604 BOOSTER PUMP STATION IMPROVEMENTS
  - ⑪ CRYSTAL CLEAR TRANSMISSION PIPELINE



P:\Projects\04 - CRWA\17 - Wells Ranch Phase III\CAD\ER\CRWA\_Overall Improvements 4-23-15.dwg

## **VI. PHASE 2 SCHEDULE**

If full build out of the Wells Ranch Phase 2 Water Supply Project is to be completed as a full project, bond funding of the project should be planned for November 2015.

Most of the necessary easements for the projects have been acquired and the few remaining easements are anticipated to be acquired by September 2015.

Current planning efforts should include moving forward with environmental efforts to gain TWDB Categorical Exclusion (CE) on all project components prior to November 2015.

The project schedule is illustrated in Figure VI -1 as follows:



## VII. WELLS RANCH INFRASTRUCTURE COMPONENTS AND CAPACITY DESIGN

The following design analysis provides detailed configuration, capacity design, and schematic drawings of the various components of the Wells Ranch System including a delineation of existing facilities and the required facility expansions that are necessary to realize full build-out of the system.

### A. Well Configuration And Capacity Design

$$\text{CRWA Water Rights} = 13,057 \frac{\text{ac-ft}}{\text{yr}}$$

$$\left(13,057 \frac{\text{ac-ft}}{\text{yr}}\right) \left(\frac{1 \text{ year}}{365 \text{ days}}\right) \left(\frac{1 \text{ day}}{24 \text{ hours}}\right) \left(\frac{1 \text{ hour}}{60 \text{ mins}}\right) \left(\frac{43,560 \text{ ft}^2}{1 \text{ ac}}\right) \left(\frac{7.48 \text{ gal}}{1 \text{ ft}^3}\right)$$

$$= 8,095 \text{ GPM (Average Day)}$$

$$\text{Or } \left(13,057 \frac{\text{ac-ft}}{\text{yr}}\right) \left(\frac{1 \text{ year}}{365 \text{ days}}\right) \left(\frac{43,560 \text{ ft}^2}{1 \text{ ac}}\right) \left(\frac{7.78 \text{ gal}}{1 \text{ ft}^3}\right) \left(\frac{1 \text{ MGD}}{1,000,000,000}\right)$$

$$= 11.66 \text{ MGD (Average Day)}$$

#### Wells Ranch – Existing Well Capacities

Seven (7) Carrizo Wells (465 GPM/ea)

3255 GPM or 4.68 MGD

One (1) Carrizo Wells (465 GPM/ea)

465 GPM or 0.67 MGD

3270 GPM or 5.35 MGD

#### Wells Ranch – Proposed Well Capacities

Two (2) Wilcox Wells (1145 GPM/ea)

2290 GPM or 3.30 MGD

#### Brown Family Trust – Proposed Well Capacities

Five (5) Carrizo Wells (412 GPM/ea)

2085 GPM or 3.00 MGD

Total

8095 GPM or 11.66 MGD

## **B. Well Field-Well Installations, Collection Piping And Roadway, And Transmission Pipe And Roadway**

### **1. Wells Ranch Tract Well Field**

#### a. Well Installations

Existing: 7 Carrizo well installations @ 465 GPM/ea

Proposed: 1 Carrizo well @ 465 GPM and 2 Wilcox wells @ 1145 GPM/ea

#### b. Well Field Piping and Roadway

Existing: Approximately 24,100 linear feet of 12" – 24" piping as well as approximately 24,100 linear feet of all-weather roadway

Proposed: Not Required

#### c. Raw Water Transmission Pipe and Roadway

Existing: Approximately 8.300 linear feet of 30" water transmission pipeline, as well as approximately 8.300 linear feet of all-weather roadway.

Proposed: Not Required

### **2. Brown Family Trust Tract Well Field**

#### a. Well Installations

Proposed: Installation of Five (5) Carrizo Aquifer wells @ 417 GPM/ea

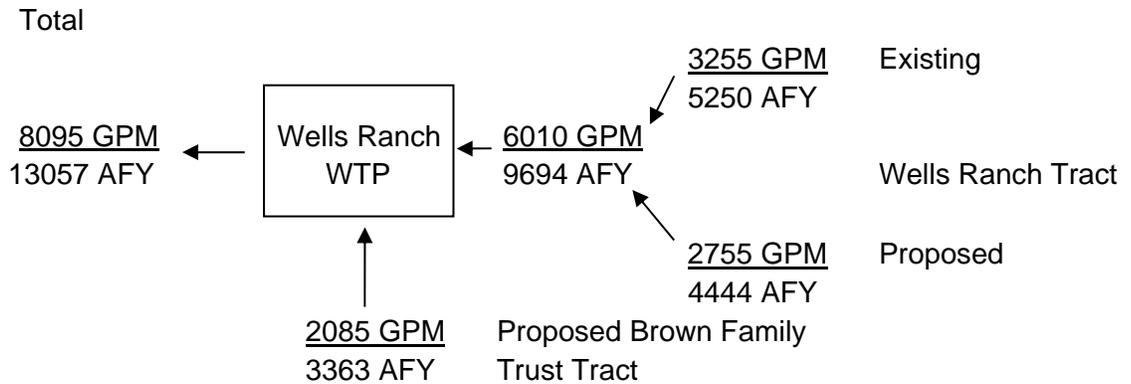
#### b. Well Field Collection Piping and Roadway

Proposed: Approximately 45,000 linear feet of well field collection piping with conceptual sizing ranging from 12 – 30 inches as well as approximately 45,000 linear feet of all-weather roadway. Well field collection piping sizing to be determined during project design based on well capacity, well field configuration, and other hydraulic consideration.

#### c. Raw Water Transmission Pipe and Roadway

Proposed: Approximately 38,000 linear feet of raw water transmission pipeline with conceptual sizing of 30 inches as well as approximately 38,000 linear feet of all-weather roadway. The raw water transmission pipeline will be sized during project design based on routing and other hydraulic considerations. Additionally, easement acquisition for the installation of the pipeline and roadway is anticipated.

## C. Well Field Configuration And Capacity Schematics



## D. Water Treatment Plant Components And Capacity Design

### 1. Basis of Design:

The design of the water treatment plant shall be based on a continuous flow of 8,095 gpm (11.65 MGD) from the well fields.

### 2. Raw Water Storage:

Existing Raw Water Storage:

1 – 1MG Ground Storage Tank for 4.7 MGD (peak flow from Phase I wells)

Proposed Raw Water Storage:

1- 1 MG Ground Storage Tank for 6.9 MGD (additional peak flow from proposed Wells Ranch and Brown Family Trust Wells)

Total Raw Water Storage:

2 MG Raw Water storage for 11.6 MGD or 8,095 gpm (peak flow from all wells)

### 3. Filters:

Existing Filters:

5 Filters @ 1,600 gpm/filter = 4,800 gpm

1 Filter @ 1,600 gpm/filter = 1,600 gpm (backwash/spare)

Proposed Filters:

2 Filters @ 1,600 gpm/filter for 6,400 gpm

Total Filters:

7 Filters @ 1,600 gpm/filter = 11,200 gpm

1 Filter @ 1,600 gpm/filter = 1,600 gpm (backwash/spare)

## E. Storage Configuration And Capacity Design

### 1. Basis of Design:

The design of water storage tank capacity shall be on a system wide basis and capacity shall be greater than or equal to the average day system capacity.

### 2. System Capacity:

	CONTRACT (ac-ft / yr)	AVG DAY (mgd)	AVG DAY (gpm)	1.5 PEAK DAY (mgd)	1.5 PEAK DAY (gpm)
CRWA Wells Ranch - Phase 1	5,200	4.6	3,224	7.0	4,835
CRWA Wells Ranch – Phase 2	7,829	7.0	4,871	10.5	7,307
CRWA Lake Dunlap	10,800	9.6	6,695	14.5	10,043
	<b>23,829</b>	<b>21.2</b>	<b>14,790</b>	<b>32.0</b>	<b>22,185</b>

### 3. Storage Capacity:

	Existing (MG)	Proposed (MG)	Total (MG)
Wells Ranch WTP Clear Well Storage	2.4	2.4	4.8
Wells Ranch Hickory Forest EST		1	1
Leissner Booster Pump Station	2	2	4
FM 1518 EST	1.5		1.5
FM 1604 Booster Pump Station	3	3	6
Wagner Booster Pump Station	4	2	6
Damaru EST	2		2
Lake Dunlap WTP	4		4
	<b>18.9 MG</b>	<b>10.4 MG</b>	<b>29.3 MG</b>

Average day storage is spread throughout the system. Second tank at each site provides redundancy for system maintenance. Hickory Forest Rd Control Valve site is redundant to proposed tank site.

Existing	18.9 MG
<u>Proposed</u>	<u>10.4 MG</u>
	29.3 MG

$$29.3 \text{ MG} > 21.2 \text{ M} \checkmark$$

## **F. Pumping Capacity Design**

### **1. Basis of Design:**

Pumping capacity is based on the maximum day demand of the Wells Ranch delivery system (1.5 X average day)

### **2. Wells Ranch WTP Pump Station**

Required Capacity:

$$1.5 \times 8,095 \text{ gpm} = 12,142 \text{ gpm}$$

Existing Pumping Capacity:

$$3 \text{ Pumps @ } 2,300 \text{ gpm/pump} = 6,900 \text{ gpm}$$

$$1 \text{ Pump @ } 2,300 \text{ gpm/pump} = 2,300 \text{ gpm (spare)}$$

Proposed Pumping Capacity (assume to match existing pump duty):

$$3 \text{ Pumps @ } 2,300 \text{ gpm/pump} = 6,900 \text{ gpm}$$

Total Pumping Capacity:

$$6 \text{ Pumps @ } 2,300 \text{ gpm/pump} = 13,800 \text{ gpm}$$

$$1 \text{ Pump @ } 2,300 \text{ gpm/pump} = 2,300 \text{ gpm}$$

### **3. Leissner Booster Pump Station**

Required Capacity:

$$1.5 \times 8,095 \text{ gpm} = 12,142 \text{ gpm}$$

Existing Pumping Capacity:

$$5 \text{ Pumps @ } 2,100 \text{ gpm/pump} = 4,200 \text{ gpm}$$

$$1 \text{ Pump } 2,100 \text{ gpm/pump} = 2,100 \text{ gpm}$$

Proposed Pumping Capacity (assume to match existing pump duty):

$$1 \text{ Pumps @ } 2,100 \text{ gpm/pump} = 8,400 \text{ gpm}$$

Total Pumping Capacity:

$$8 \text{ Pumps @ } 2,100 \text{ gpm/pump} = 12,600 \text{ gpm}$$

$$1 \text{ Pump @ } 2,100 \text{ gpm/pump} = 2,100 \text{ gpm (spare)}$$

### **4. Wagner Booster Pump Station**

Required Capacity:

$$1.5 \times 8,095 \text{ gpm} = 12,142 \text{ gpm}$$

Existing Pumping Capacity:

2 Pumps @ 2,250 gpm/pump = 4,500 gpm

1 Pump @ 2,250 gpm/pump = 2,500 gpm

Proposed Pumping Capacity (assume to match existing pump duty):

4 Pumps @ 2,250 gpm/pump = 9,000 gpm

Total Pumping Capacity:

6 Pumps @ 2,250 gpm/pump = 13,500 gpm

1 Pump @ 2,250 gpm/pump = 2,250 gpm

## 5. **FM 1604 Booster Pump Station**

**Total Required Pumping Capacity:**

Required Capacity:

SAWS Lake Dunlap 4,000 AFY

SAWS Wells Ranch 5,249 AFY

9,249 AFY = 5,734 GPM

1.5 X 5,734 GPM = 8,600 GPM

Existing Pumping Capacity:

2 Pumps @ 1,613 gpm/pump = 3,226 gpm

1 Pump @ 1,613 gpm/pump = 1,613 gpm (spare)

Proposed Pumping Capacity (assume to match existing pump duty):

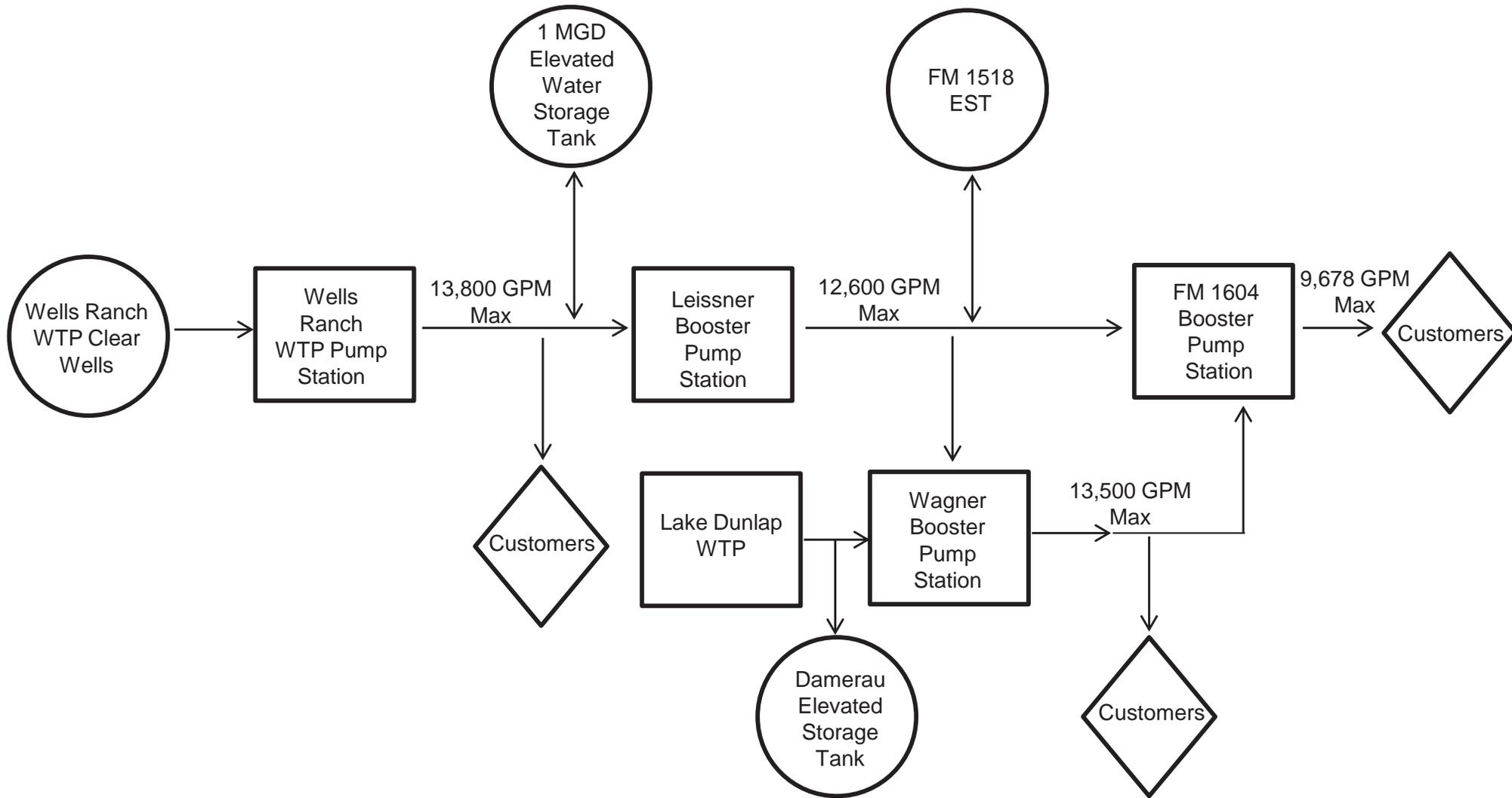
4 Pumps @ 1,613 gpm/pump = 6,452 gpm

Total Pumping Capacity:

6 Pumps @ 1,613 gpm/pump = 9,678 gpm

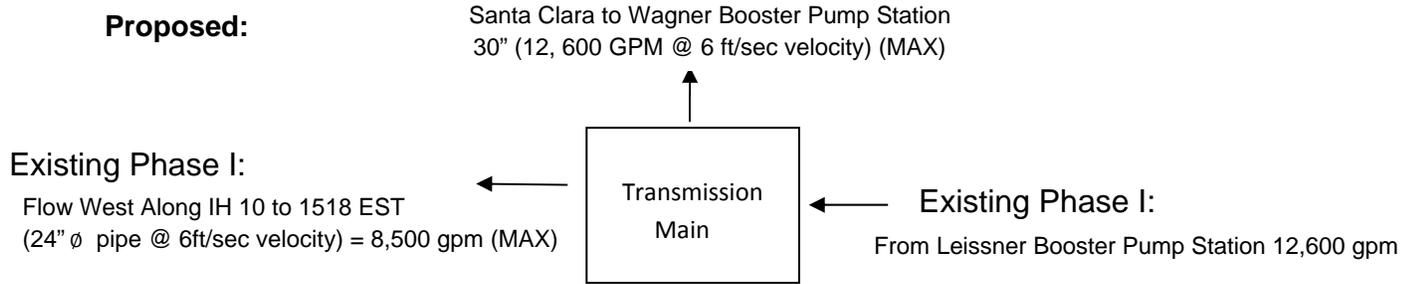
1 Pump @ 1,613 gpm/pump = 1,613 gpm (spare)

## 6. System Pumping Schematic



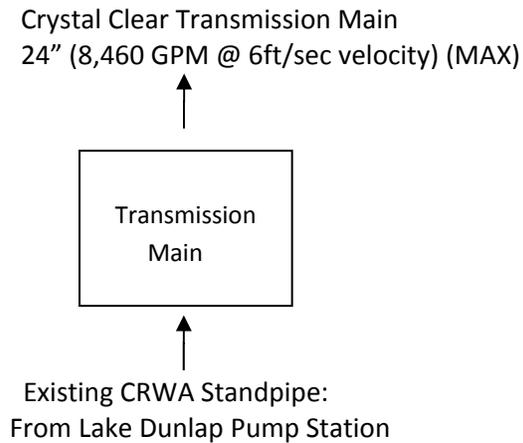
## G. Transmission Main Design

### 1. Santa Clara to Wagner Booster Pump Station



### 2. Crystal Clear Transmission Main

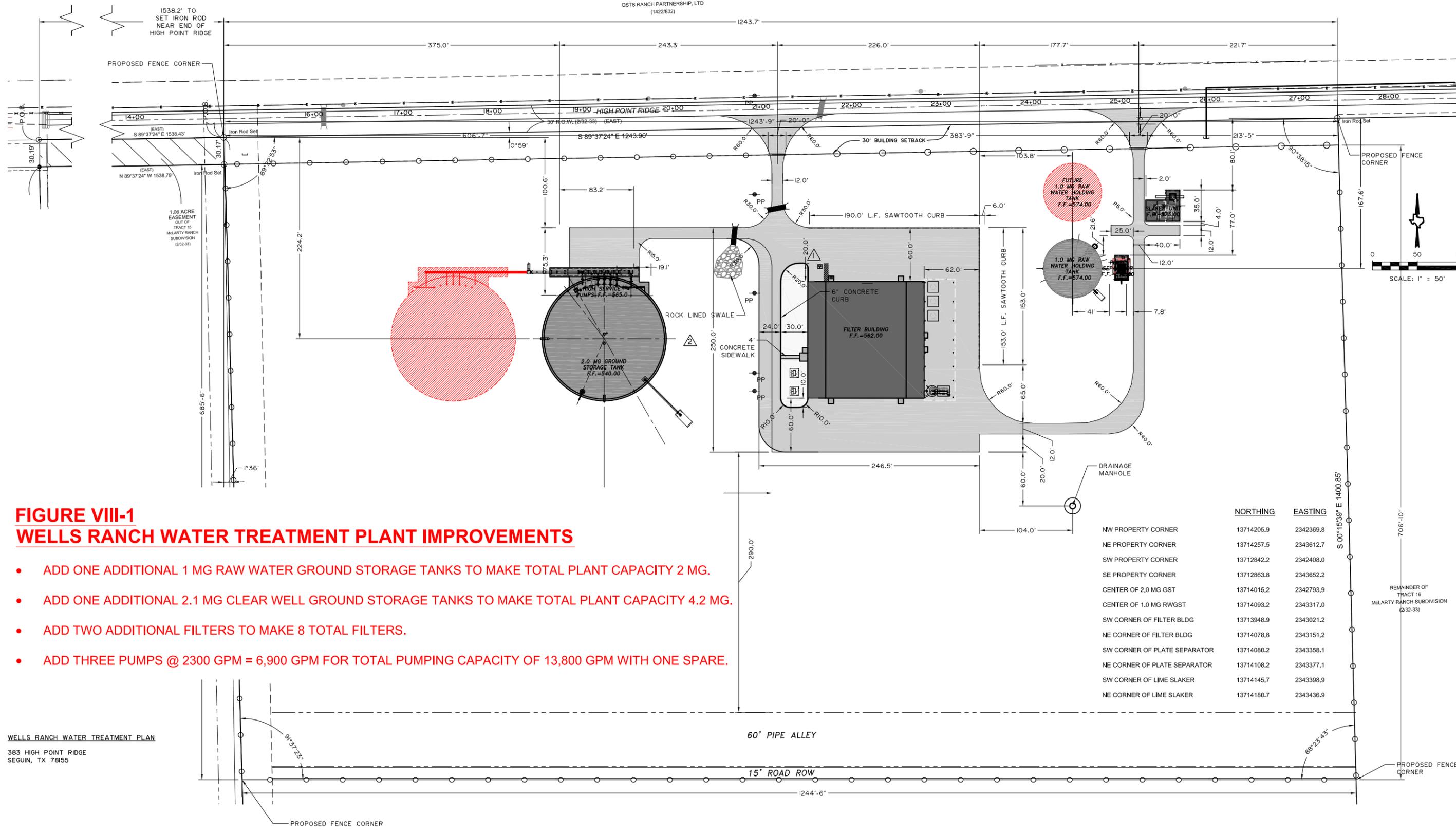
**Proposed:**



## **VIII. Preliminary Facility Drawings**

This section provides preliminary drawings for the following existing CRWA facilities.

1. Wells Ranch Water Treatment Plant
2. Leissner Booster Pump Station
3. Wagner Booster Pump Station
4. Loop 1604 Booster Pump Station



**FIGURE VIII-1  
WELLS RANCH WATER TREATMENT PLANT IMPROVEMENTS**

- ADD ONE ADDITIONAL 1 MG RAW WATER GROUND STORAGE TANKS TO MAKE TOTAL PLANT CAPACITY 2 MG.
- ADD ONE ADDITIONAL 2.1 MG CLEAR WELL GROUND STORAGE TANKS TO MAKE TOTAL PLANT CAPACITY 4.2 MG.
- ADD TWO ADDITIONAL FILTERS TO MAKE 8 TOTAL FILTERS.
- ADD THREE PUMPS @ 2300 GPM = 6,900 GPM FOR TOTAL PUMPING CAPACITY OF 13,800 GPM WITH ONE SPARE.

WELLS RANCH WATER TREATMENT PLAN  
383 HIGH POINT RIDGE  
SEGUIN, TX 78155



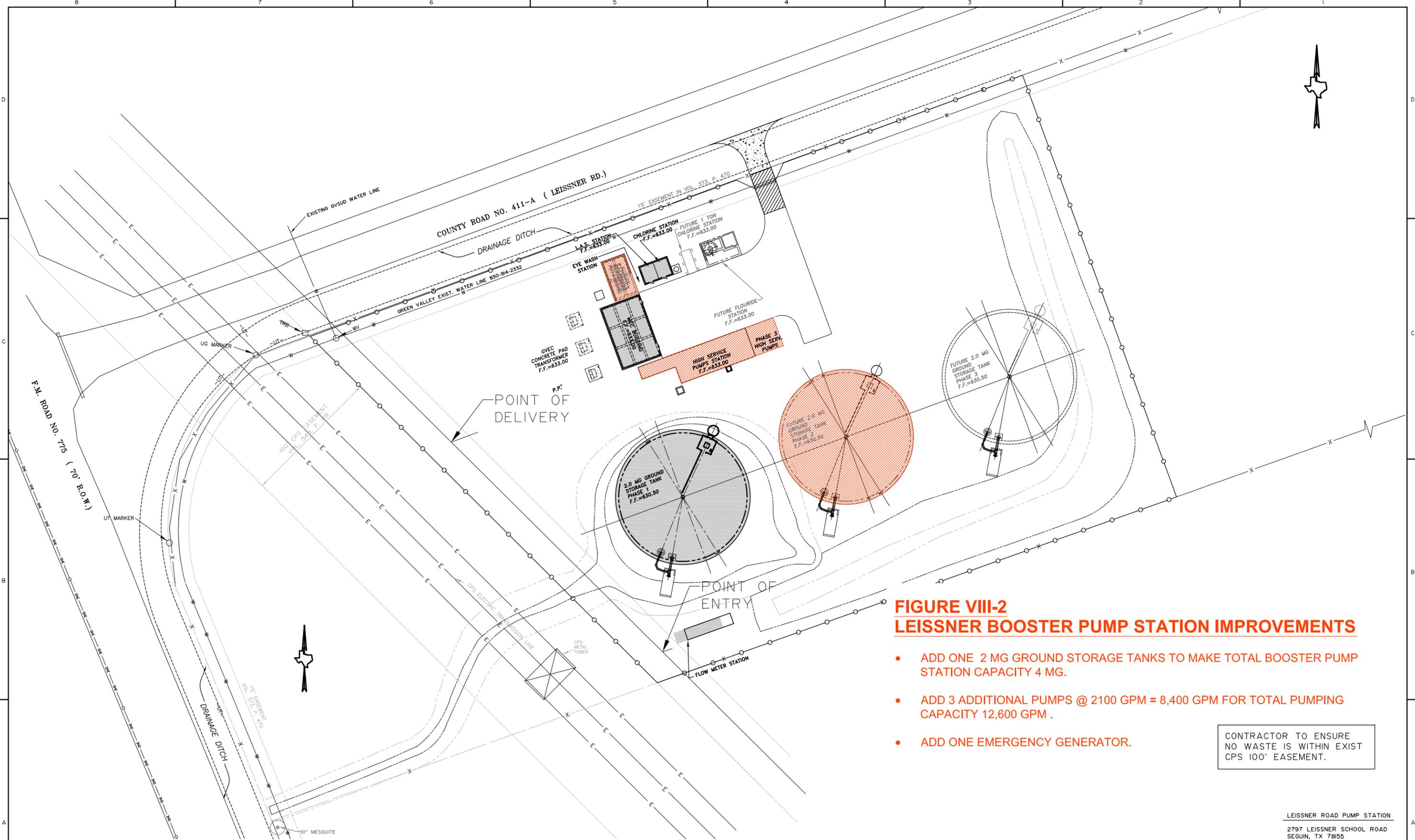
3801 SOUTH 1<sup>ST</sup> STREET  
AUSTIN, TEXAS 78704-7047  
PHONE-(512) 442-3008  
FAX-(512) 442-6522  
  
1011 W. COUNTY LINE ROAD, SUITE C  
NEW BRAUNFELS, TEXAS 78130  
PHONE-(830)-626-3588  
FAX-(830)-626-3601

REVISIONS			
NO.	REVISION	APPD.	DATE
1	RELOCATION OF FINISHED STORAGE TANK PER ADA-REVIEW		1/21/09

DRAWING INFORMATION			
DESIGNED BY: JJM	SCALE: AS NOTED	DATE: 7/1/08	
DRAWN BY: JY		DRAWING NO: 6084-58	
CHECKED BY: SW		PLOT DATE: 1/21/09	
APPROVED BY: SW			
FILE NAME: 6084-58-Proposed Site Work UPDATE			
REMARKS:			

CANYON REGIONAL WATER AUTHORITY  
WELLS RANCH DEVELOPMENT  
WELLS RANCH WATER TREATMENT PLANT  
SITE GEOMETRIC CONTROL  
SHEET: 7 OF 108

**PRELIMINARY NOT FOR CONSTRUCTION**



**FIGURE VIII-2  
LEISSNER BOOSTER PUMP STATION IMPROVEMENTS**

- ADD ONE 2 MG GROUND STORAGE TANKS TO MAKE TOTAL BOOSTER PUMP STATION CAPACITY 4 MG.
- ADD 3 ADDITIONAL PUMPS @ 2100 GPM = 8,400 GPM FOR TOTAL PUMPING CAPACITY 12,600 GPM .
- ADD ONE EMERGENCY GENERATOR.

CONTRACTOR TO ENSURE NO WASTE IS WITHIN EXIST CPS 100' EASEMENT.

LEISSNER ROAD PUMP STATION  
2797 LEISSNER SCHOOL ROAD  
SEGUIN, TX 78155



3801 SOUTH 1<sup>ST</sup> STREET  
AUSTIN, TEXAS 78704-7047  
PHONE-(512) 442-3008  
FAX-(512) 442-6522  
  
1011 W. COUNTY LINE ROAD, SUITE C  
NEW BRAUNFELS, TEXAS 78130  
PHONE-(830)-626-3588  
FAX-(830)-626-3601

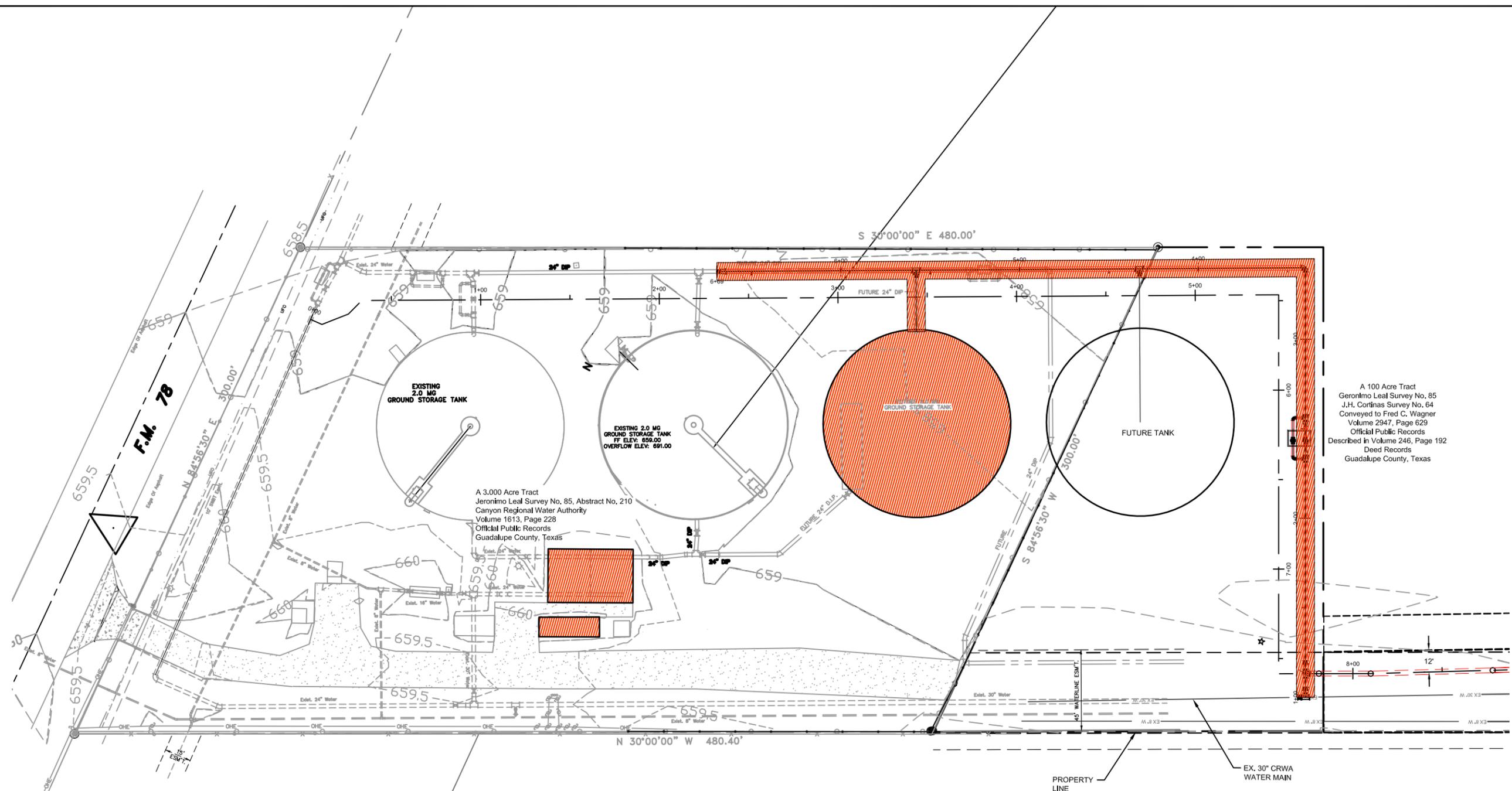
REVISIONS			
NO.	REVISION	APPD.	DATE

DRAWING INFORMATION	
DESIGNED BY: GJL	SCALE: 1"=30'
DRAWN BY: GJL	DATE: 9/7/06
CHECKED BY: GJL	DRAWN BY: GJL
APPROVED BY: GJL	PLOT DATE: 3/20/07
FILE NAME: 6084-56-SITE-PLAN.dwg	PLOT SCALE: 1:1
REMARKS:	

CANYON REGIONAL WATER AUTHORITY  
LEISSNER BOOSTER PUMP STATION  
DIMENSIONAL CONTROL SITE PLAN  
SHEET: 4 OF 48

**PRELIMINARY NOT FOR CONSTRUCTION**

P:\Projects\6084 - CRWA\7 - Wellb. Ranch Phase II\CAD\Exhibits\SANTA CLARA SECONDARY FILL LINE BASE.dwg, May 20, 2015 - 11:25am



**FIGURE VIII-3  
WAGNER BOOSTER PUMP STATION IMPROVEMENTS**

- ADD ONE ADDITIONAL 2 MG GROUND STORAGE TANK TO MAKE TOTAL PUMP STATION CAPACITY 6 MG.
- ADD 4 ADDITIONAL PUMPS @ 2250 GPM = 9000 GPM TO MAKE TOTAL PUMPING CAPACITY OF 13,500 GPM WITH ONE SPARE.
- ADDED BY-PASS PIPING

**PRELIMINARY - NOT FOR CONSTRUCTION**

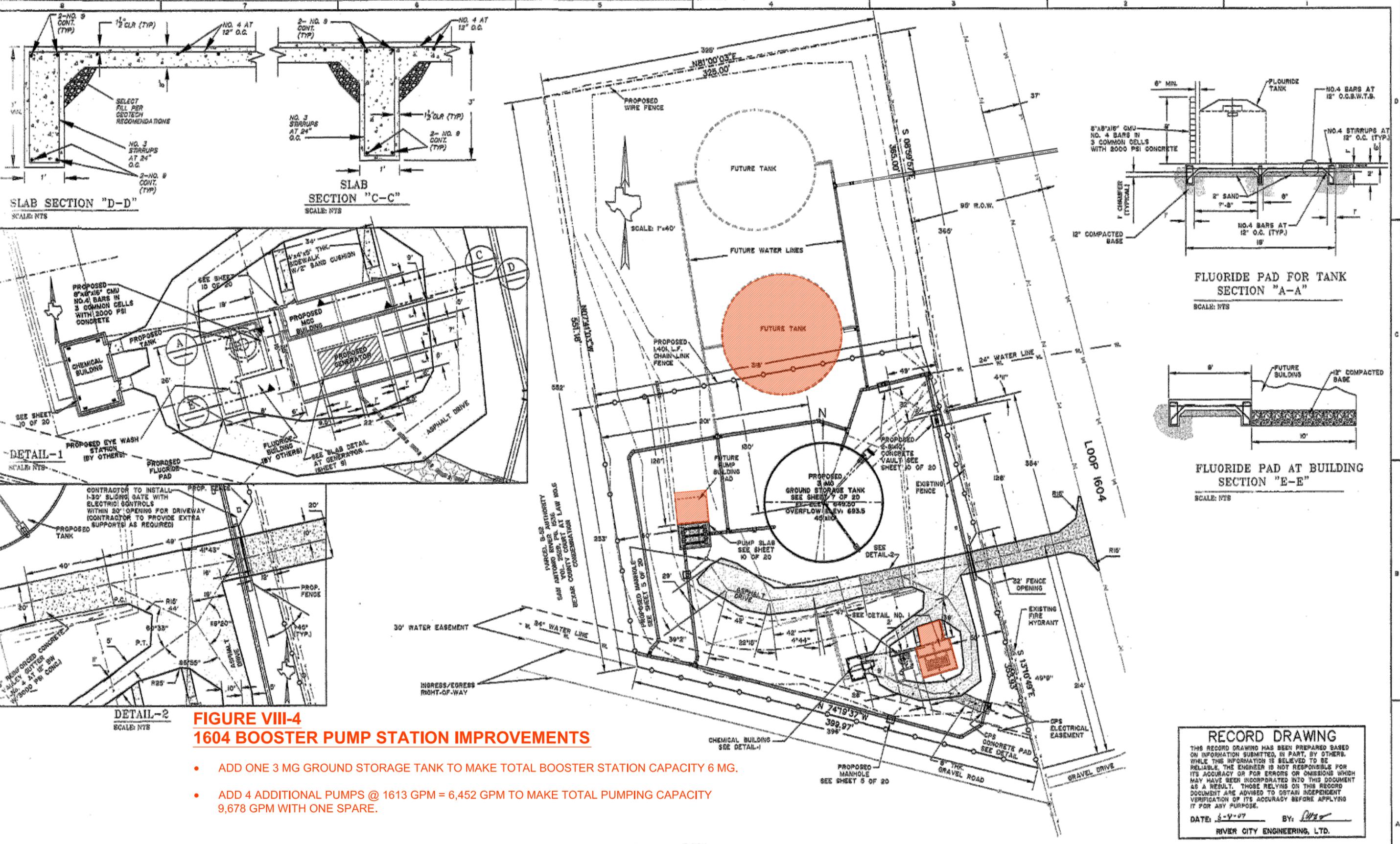
A 100 Acre Tract  
Gerónimo Leal Survey No. 85  
J.H. Cortinas Survey No. 64  
Conveyed to Fred C. Wagner  
Volume 2947, Page 629  
Official Public Records  
Described in Volume 246, Page 192  
Deed Records  
Guadalupe County, Texas

A 3.000 Acre Tract  
Jerónimo Leal Survey No. 85, Abstract No. 210  
Canyon Regional Water Authority  
Volume 1613, Page 228  
Official Public Records  
Guadalupe County, Texas

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ATLAN DAVID WEKEL  
TYPE OR PRINT NAME  
57027 PE# 5/20/15 DATE

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DESIGNED BY:	SCALE:
DRAWN BY:	DATE: 20 May, 2015
CHECKED BY:	PROJECT NO.:
 <p><b>RIVER CITY ENGINEERING</b> CIVIL, ENVIRONMENTAL &amp; CONSULTING Texas Registered Engineering Firm F-1546 688 SOUTH TEXAS STREET AUSTIN, TEXAS 78704 PH: (512) 442-3008 FAX: (512) 442-6522 PH: (800) 455-6588 FAX: (800) 455-3801</p>	
<p>CANYON REGIONAL WATER AUTHORITY CRWA PHASE III WAGNER BOOSTER STATION</p>	
<p>WAGNER PROPOSED SECONDARY FILL LINE</p>	
SHEET NO. 2	OF 2 SHEETS



**FIGURE VIII-4**  
**1604 BOOSTER PUMP STATION IMPROVEMENTS**

- ADD ONE 3 MG GROUND STORAGE TANK TO MAKE TOTAL BOOSTER STATION CAPACITY 6 MG.
- ADD 4 ADDITIONAL PUMPS @ 1613 GPM = 6,452 GPM TO MAKE TOTAL PUMPING CAPACITY 9,678 GPM WITH ONE SPARE.

**RECORD DRAWING**  
 THIS RECORD DRAWING HAS BEEN PREPARED BASED ON INFORMATION SUBMITTED, IN PART, BY OTHERS. WHILE THIS INFORMATION IS BELIEVED TO BE RELIABLE, THE ENGINEER IS NOT RESPONSIBLE FOR ITS ACCURACY OR FOR ERRORS OR OMISSIONS WHICH MAY HAVE BEEN INCORPORATED INTO THIS DOCUMENT AS A RESULT. THOSE RELYING ON THIS RECORD DOCUMENT ARE ADVISED TO OBTAIN INDEPENDENT VERIFICATION OF ITS ACCURACY BEFORE APPLYING IT FOR ANY PURPOSE.  
 DATE: 6-8-07 BY: [Signature]  
 RIVER CITY ENGINEERING, LTD.



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 AUSTIN, TEXAS 78704-7047  
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 FAX-(512) 442-6522  
 1011 W. COUNTY LINE ROAD, SUITE C  
 NEW BRAUNFELS, TEXAS 78130  
 PHONE-(830)-626-3588  
 FAX-(830)-626-3601

REVISIONS			
NO.	REVISION	APPD.	DATE
1	FLUORIDE AND CPS PADS ADDED, RELOCATE DR.	R.C.	6/7/04
2	REVISED CURB AND SIDEWALK	R.C.	6/8/04
3	FIELD AND ENHANCE	R.C.	6/8/04
4	REVISED ADD 2 LOOP 1604 PUMP STATION	R.C.	6/8/04

DRAWING INFORMATION			
DESIGNED BY: RE	SCALE: 1"=40'	DATE: 6/8/07	PROJECT NO: 084
DRAWN BY: B.L.	CHECKED BY: J.L.	PLotted BY: J.L.	PLotted DATE: 6/8/07
FILE NAME: 1604 SITE PLANS	PLotted BY: J.L.	PLotted DATE: 6/8/07	PLotted SCALE: 1"=40'
REMARKS:			

CANYON REGIONAL WATER AUTHORITY  
 MID CITIES WATER REGIONALIZATION PROJECT PHASE IIB  
 LOOP 1604 BOOSTER STATION AND 3 MG GROUND STORAGE TANK  
 DIMENSIONAL CONTROL SITE PLAN  
 WITH LANDSCAPE PLAN  
 SHEET: 4 OF 20

**PRELIMINARY - NOT FOR CONSTRUCTION**

## **IX. PROJECT COSTS**

This section provides the preliminary engineering opinion of probable costs for the following projects.

- A. Project 1 – Wells Ranch Tract Wilcox Wells
- B. Project 2 – Wells Ranch Water Treatment Plant Expansion
- C. Project 3 – 1 MG Elevated Storage Tank
- D. Project 4 – Leissner Booster Pump Station Expansion
- E. Project 5 – Brown Family Trust Wells
- F. Project 6 – Brown Family Trust Well Field Piping and Roadways
- G. Project 7 – Brown Family Trust Tract Raw Water Transmission Main
- H. Project 8 – Santa Clara Road Transmission Main
- I. Project 9 – Wagner Booster Station Expansion
- J. Project 10– Loop 1604 Booster Station Expansion
- K. Project 11 – Crystal Clear Transmission Pipeline

# Project 1 - Wells Ranch Tract Wilcox Wells

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS	1	8%	\$ 145,280
2	Wilcox Aquifer Well & Well Pump	EA	2	\$ 750,000	\$ 1,500,000
3	Concrete Piping & Control Pads	EA	2	\$ 20,000	\$ 40,000
4	Piping, Fittings, & Appurtenances	EA	2	\$ 30,000	\$ 60,000
5	Electrical & Controls	EA	2	\$ 75,000	\$ 150,000
6	Painting	EA	2	\$ 3,000	\$ 6,000
7	Site Work, Gravel Driveway, Bollards, Fence	EA	2	\$ 30,000	\$ 60,000
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	<b>SUBTOTAL</b>				<b>\$ 1,961,280</b>
	Contingencies	12%			\$ 235,354
	<b>TOTAL</b>				<b>\$ 2,196,634</b>
1	SCADA	LS	2	\$ 5,000	\$ 10,000
2	Site Power, GVEC	EA	2	\$ 5,000	\$ 10,000
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 2,216,634</b>
1	Basic Engineering	LS	1	9%	\$ 197,697.02
2	Surveying	EA	2	\$ 2,500	\$ 5,000
3	Geologist	LS	2	\$ 30,000	\$ 60,000
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 262,697</b>
	<b>TOTAL PROJECT</b>				<b>\$ 2,479,331</b>

# Project 2 - Wells Ranch WTP Expansion

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS	1	8%	\$ 349,520
2	Filter and Appurtenances	EA	2	\$ 550,000	\$ 1,100,000
3	Pipe, Valves, Fittings and Appurtenances	EA	2	\$ 45,000	\$ 90,000
4	Filter Electrical and Controls	EA	2	\$ 12,000	\$ 24,000
5	Filter Painting and Protective Coatings	EA	2	\$ 5,000	\$ 10,000
6	2 MG Pre Stressed Conc. Ground Storage Tank	EA	1	\$ 1,325,000	\$ 1,325,000
7	1.0 MG Pre Stressed Conc. Ground Storage Tank	EA	1	\$ 735,000	\$ 735,000
8	Tank Pipe, Valves, Fittings and Appurtenances	EA	1	\$ 50,000	\$ 50,000
9	Tank Electrical and Controls	EA	2	\$ 15,000	\$ 30,000
10	High Service Pumps & Motors w/cans	EA	3	\$60,000	\$ 180,000
11	Pipe, Valves, Fittings and Appurtenances	EA	3	\$ 40,000	\$ 120,000
12	Pump Electrical and Controls	LS	3	\$ 150,000	\$ 450,000
13	Pump Painting and Protective Coatings	LS	1	\$ 5,000	\$ 5,000
14	Emergency Generator	EA	1	\$ 250,000	\$ 250,000
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	<b>SUBTOTAL</b>				<b>\$ 4,718,520</b>
	Contingencies	12%			\$ 566,222
	<b>TOTAL</b>				<b>\$ 5,284,742</b>
1	SCADA	EA	1	\$ 20,000	\$ 20,000
	<b>TOTAL CONSTRUCTION</b>				<b>\$ 5,304,742</b>
1	Basic Engineering	LS	1	9%	\$ 477,427
2	Surveying	LS	1	\$ 10,000	\$ 10,000
3	Geotechnical	LS	1	\$ 30,000	\$ 30,000
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 517,427</b>
	<b>TOTAL PROJECT</b>				<b>\$ 5,822,169</b>

# Project 3 - 1 MG Elevated Storage Tank

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS	1	8%	\$ 176,200
2	Site Clearing & Preparation	AC	1	\$ 2,500	\$ 2,500
3	1 MG Composite Elevated Storage Tank	LS	1	\$ 1,950,000	\$ 1,950,000
4	Misc Site Work, Grading, Fence, Drive	LS	1	\$ 100,000	\$ 100,000
5	Yard Piping	LS	1	\$ 75,000	\$ 75,000
6	Site Electrical	LS	1	\$ 50,000	\$ 50,000
7	Site Instrumentation, Controls and Communication	LS	1	\$ 25,000	\$ 25,000
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	<b>SUBTOTAL</b>				<b>\$ 2,378,700</b>
	Contingencies	12%			\$ 285,444
	<b>TOTAL</b>				<b>\$ 2,664,144</b>
1	SCADA	EA	1	\$ 20,000	\$ 20,000
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 2,684,144</b>
1	Basic Engineering	LS	1	9%	\$ 241,573
2	Surveying	LS	1	\$ 12,500	\$ 12,500
3	Geotechnical	LS	1	\$ 15,000	\$ 15,000
4					
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 269,073</b>
	<b>TOTAL PROJECT</b>				<b>\$ 2,953,217</b>

# Project 4-Leissner Booster Pump Station Expansion

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS	1	8%	\$ 166,944
2	2 MG Pre Stressed Conc. Ground Storage Tank	EA	1	\$ 1,065,000	\$ 1,065,000
3	High Service Pumps & Motors w/Cans	EA	3	\$ 60,000	\$ 180,000
4	Concrete Pump Slab	LS	1	\$ 50,000	\$ 50,000
5	Pipe, Fittings and Appurtenances	EA	3	\$ 35,000	\$ 105,000
6	Pump Electrical and Controls	EA	3	\$ 20,000	\$ 60,000
7	Pump Painting and Protective Coatings	LS	1	\$ 5,000	\$ 5,000
8	12" Water Pipeline	LF	250	\$ 65	\$ 16,250
9	12" Gate Valves	EA	2	\$ 6,200	\$ 12,400
10	16" Water Pipeline	LF	350	\$ 85	\$ 29,750
11	16" Gate Valves	EA	2	\$ 16,000	\$ 32,000
12	24" Water Pipeline	LF	500	\$ 125	\$ 62,500
13	24" Gate Valves	EA	2	\$ 21,000	\$ 42,000
14	30" Water Pipeline	LF	250	\$ 176	\$ 44,000
15	30" Gate Valves	EA	4	\$ 31,000	\$ 124,000
16	1" Site Potable Water	LF	250	\$ 12	\$ 3,000
17	Hydrostatic Testing and Disinfection	LS	1	\$ 2,400	\$ 2,400
18	Erosion and Environmental Control	LS	1	\$ 3,500	\$ 3,500
19	Emergency Generator	EA	1	\$ 250,000	\$ 250,000
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	<b>SUBTOTAL</b>				<b>\$ 2,253,744</b>
	Contingencies	12%			\$ 270,449
	<b>TOTAL</b>				<b>\$ 2,524,193</b>
1	SCADA	EA	1	\$ 10,000	\$ 10,000
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 2,534,193</b>
1	Basic Engineering	LS	1	9%	\$ 228,077.40
2	Surveying	LS	1	\$ 7,500	\$ 7,500
3	Geotechnical	LS	1	\$ 15,000	\$ 15,000
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 250,577</b>
	<b>TOTAL PROJECT</b>				<b>\$ 2,784,771</b>

# Project 5 - Brown Family Trust Wells

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS	1	8%	\$ 263,200
2	Wilcox Aquifer Well & Well Pump	EA	5	\$ 500,000	\$ 2,500,000
3	Concrete Piping & Control Pads	EA	5	\$ 20,000	\$ 100,000
4	Piping, Fittings, & Appurtenances	EA	5	\$ 30,000	\$ 150,000
5	Electrical & Controls	EA	5	\$ 75,000	\$ 375,000
6	Painting	EA	5	\$ 3,000	\$ 15,000
7	Site Work, Gravel Driveway, Bollards, Fence	EA	5	\$ 30,000	\$ 150,000
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	<b>SUBTOTAL</b>				<b>\$ 3,553,200</b>
	Contingencies	12%			\$ 426,384
	<b>TOTAL</b>				<b>\$ 3,979,584</b>
1	SCADA	EA	5	\$ 15,000	\$ 75,000
	Site Power, GVEC	EA		\$ 200,000	\$ -
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 4,054,584</b>
1	Basic Engineering	LS	1	9%	\$ 364,912.56
2	Surveying	EA	5	\$ 7,500	\$ 37,500
3	Geologist	EA	5	\$ 30,000	\$ 150,000
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 552,413</b>
	<b>TOTAL PROJECT</b>				<b>\$ 4,606,997</b>

# Project 6-Brown Family Trust Well Field Piping And Roadways

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS		8%	\$ 386,536
2	Site Clearing & Easement Preparation	AC	62	\$ 1,300	\$ 80,600
3	Roadway - Preparationn of Subgrade	LF	45,000	\$ 2.50	\$ 112,500
4	Roadway - 4" Flex. Base with 6" Pit Gravel	LF	45,000	\$ 15	\$ 675,000
5	12" Water Pipeline	LF	32,000	\$ 50	\$ 1,600,000
6	16" Water Pipeline	LF	5,000	\$ 60	\$ 300,000
7	24" Water Pipeline	LF	4,000	\$ 100	\$ 400,000
8	30" Water Pipeline	LF	4,000	\$ 140	\$ 560,000
9	Bores Carrier & Casing Pipe	LF	600	\$ 600	\$ 360,000
10	Swing Gates, Cattle Guards	EA	15	\$ 5,000	\$ 75,000
11	Revegetation	AC	50	\$ 550	\$ 27,500
12	Trench Safety	LF	52,000	\$ 1	\$ 52,000
13	4" Combination Air Release Valve Assembly	EA	21	\$ 12,500	\$ 262,500
14	12" Gate Valve	EA	13	\$ 6,200	\$ 80,600
15	16" Gate Valve	EA	3	\$ 5,000	\$ 15,000
16	24" Gate Valve	EA	3	\$ 21,000	\$ 63,000
17	30" Gate Valve	EA	3	\$ 31,000	\$ 93,000
18	Erosion & Sedimentation Control	LS	1	\$ 20,000	\$ 20,000
19	Remove & Replace Barbed Wire Fence	LF	1,500	\$ 2	\$ 3,000
20	Testing & Disinfection	LF	52,000	\$ 1	\$ 52,000
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	<b>SUBTOTAL</b>				<b>\$ 5,218,236</b>
	Contingencies	12%			\$ 626,188
	<b>TOTAL</b>				<b>\$ 5,844,424</b>
1	Site Power, GVEC	EA	5	\$ 200,000	\$ 1,000,000
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 6,844,424</b>
1	Basic Engineering	LS	1	7%	\$ 479,110
2	Surveying	LS	1	3%	\$ 175,333
3	Environmental	LS	1	1%	\$ 68,444
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 722,887</b>
	<b>TOTAL PROJECT</b>				<b>\$ 7,567,311</b>

# Project 7 - Brown Family Trust Tract Raw Water

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS	1	8%	\$ 557,184.96
2	Site Clearing & Easement preparation	AC	52	\$ 1,300	\$ 67,600
3	30" Water Pipeline	LF	40,286	\$ 140	\$ 5,640,040
4	Bores Carrier & Casing Pipe	LF	500	\$ 700	\$ 350,000
5	Fire Hydrant Assemblies	EA	15	\$ 5,600	\$ 84,000
6	Swing Gates, Cattle Guards	EA	8	\$ 5,000	\$ 40,000
7	Revegetaion	AC	52	\$ 550	\$ 28,600
8	Trench Safety	LF	40,286	\$ 1	\$ 40,286
9	4" Combination Air Release Valve Assembly	EA	15	\$ 12,500	\$ 187,500
10	30" Gate Valve	EA	15	\$ 31,000	\$ 465,000
11	Erosion & Sedimentation Control	LS	1	\$ 20,000	\$ 20,000
12	Remove & Replace Barbed Wire Fence	LF	750	\$ 2	\$ 1,500
13	Testing & Disinfection	LS	40,286	\$ 1	\$ 40,286
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	<b>SUBTOTAL</b>				<b>\$ 7,521,997</b>
	Contingencies	12%			\$ 902,640
	<b>TOTAL</b>				<b>\$ 8,424,637</b>
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 8,424,637</b>
1	Basic Engineering	LS	1	7%	\$ 589,725
2	Surveying	LS	1	3%	\$ 252,739
3	Environmental	LS	1	1%	\$ 84,246
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 926,710</b>
	<b>TOTAL PROJECT</b>				<b>\$ 9,351,347</b>

# Project 8-Santa Clara Road Transmission Main

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization & Insurance	LS	1	8%	\$ 345,952.80
2	Site Clearing & Preparation	AC	32	\$ 1,300	\$ 41,600
3	24" Water Pipeline - Class 250	LF	250	\$ 125	\$ 31,250
4	30" Water Pipeline - Class 200	LF	21,240	\$ 160	\$ 3,398,400
5	48" Casing Pipe (Jack & Bore)	LF	220	\$ 720	\$ 158,400
6	48" Casing Pipe (Open Cut)	LF	205	\$ 288	\$ 59,040
7	Trench Excavation Safety Protection	LF	21,270	\$ 1	\$ 21,270
8	24" Gate Valve	EA	3	\$ 21,000	\$ 63,000
9	30" Gate Valve	EA	6	\$ 31,000.00	\$ 186,000
10	Fire Hydrant Assembly	EA	4	\$ 5,600	\$ 22,400
11	Drain Valve Assembly	EA	3	\$ 3,000	\$ 9,000
12	6" Combination Air Release Valve Assembly	EA	7	\$ 15,000	\$ 105,000
13	4" Temporary Blow-off Assembly	EA	2	\$ 12,000	\$ 24,000
14	24" Water Tie-In	EA	1	\$ 12,000	\$ 12,000
15	30" Water Tie-In	EA	1	\$ 12,000	\$ 12,000
16	Pressure Test Water Pipeline	LF	21,490	1	\$ 21,490
17	Disinfect Water Pipeline	LF	21,490	1	\$ 21,490
18	Traffic Control	LS	1	5,000	\$ 5,000
19	Erosion and Sedimentation Control	LS	1	20,000	\$ 20,000
20	Silt Fence	LF	21490	3	\$ 64,470
21	Revegetation	AC	32	550	\$ 17,600
22	Install 16' Galvanized Pipe Agricultural Gate	EA	6	\$ 5,000	\$ 30,000
23	Remove & Replace Barbed Wire Fence	LF	500	\$ 2	\$ 1,000
24	East Central Large Water Meter and Vaults	EA	5	\$ 20,000	\$ 100,000
25	Linne Road / IH 10 Meter Station	LS	1	\$ 150,000	\$ 150,000
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	<b>SUBTOTAL</b>				<b>\$ 4,920,363</b>
	Contingencies	12%			\$ 590,444
	<b>TOTAL</b>				<b>\$ 5,510,806</b>
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 5,510,806</b>
1	Basic Engineering	LS	1	7%	\$ 385,756
2	Surveying (Construction Only)	LS	1	1%	\$ 55,108
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 440,865</b>
	<b>TOTAL PROJECT</b>				<b>\$ 5,951,671</b>

# Project 9-Wagner Booster Station Expansion

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS	1	8%	\$ 217,438
2	Site Grading, Prep	AC	1	\$ 1,300	\$ 1,300
3	2 MG Pre Stressed Conc. Ground Storage Tank	EA	1	\$ 1,020,000	\$ 1,020,000
4	High Service Pumps & Motors w/Cans	EA	4	\$ 60,000	\$ 240,000
5	Concrete Pump Slab	LS	1	\$ 50,000	\$ 50,000
6	Pipe, Valves, and Appurtenances	EA	4	\$ 35,000	\$ 140,000
7	Pump Electrical and Controls	EA	4	\$ 150,000	\$ 600,000
8	Pump Painting and Protective Coatings	LS	1	\$ 6,000	\$ 6,000
9	12" Water Pipeline	LF	250	\$ 65	\$ 16,250
10	12" Gate Valves	EA	2	\$ 6,200	\$ 12,400
11	16" Water Pipeline	LF	250	\$ 85	\$ 21,250
12	16" Gate Valves	EA	3	\$ 16,000	\$ 48,000
13	24" Water Pipeline	LF	250	\$ 125	\$ 31,250
14	24" Gate Valves	EA	5	\$ 21,000	\$ 105,000
15	30" Water Pipeline	LF	920	\$ 176	\$ 161,920
16	30" Gate Valves	EA	7	\$ 31,000	\$ 217,000
17	24" Water Tie-In	EA	1	\$ 5,200	\$ 5,200
18	30" Water Tie-In	EA	1	\$ 6,500	\$ 6,500
19	1" Site Potable Water	LS	250	\$ 12	\$ 3,000
20	Hydrostatic Testing and Disinfection	LS	1	\$ 2,400	\$ 2,400
21	Erosion and Environmental Control	LS	1	\$ 3,500	\$ 3,500
22	4" Blow-Off, Temporary	EA	1	\$ 12,000	12000
23	6" Air Release Valve	EA	1	\$ 15,000	15000
24					
25					
26					
	<b>SUBTOTAL</b>				<b>\$2,935,407.60</b>
	Contingencies	12%			\$ 352,249
	<b>TOTAL</b>				<b>\$3,287,656.51</b>
1	SCADA	LS	1	\$ 15,000	\$ 15,000
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 3,302,657</b>
1	Basic Engineering			9%	\$ 295,889.09
2	Surveying	LS	1	\$ 12,500	\$ 12,500
3	Geotechnical	LS	1	\$ 15,000	\$ 15,000
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 323,389</b>
	<b>TOTAL PROJECT</b>				<b>\$ 3,626,046</b>

# Project 10 - Loop 1604 Booster Station Expansion

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS	1	8%	\$ 38,736
2	Site Grading, Prep	AC	1	\$ 1,300	\$ 1,300
3	High Service Pumps & Motors w/Cans	EA	2	\$ 50,000	\$ 100,000
4	Concrete Pump Slab	LS	1	\$ 50,000	\$ 50,000
5	Pipe, Valves, and Appurtenances	EA	2	\$ 35,000	\$ 70,000
6	Pump Painting and Protective Coatings	LS	1	\$ 4,000	\$ 4,000
7	Pump Electrical and Controls	EA	2	\$ 125,000	\$ 250,000
8	1" Site Potable Water	LF	250	\$ 12	\$ 3,000
9	Hydrostatic Testing and Disinfection	LS	1	\$ 2,400	\$ 2,400
10	Erosion and Environmental Control	LS	1	\$ 3,500	\$ 3,500
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
	<b>SUBTOTAL</b>				<b>\$ 522,936</b>
	Bonds, Mobilization, Prep ROW & Insurance	12%			\$ 62,752
	<b>TOTAL</b>				<b>\$ 585,688</b>
1	SCADA	LS	1	\$ 10,000	\$ 10,000
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 595,688</b>
1	Basic Engineering	LS	1	9%	\$ 53,612
2	Surveying	LS	1	\$ 3,000	\$ 3,000
3	Geotechnical	LS	1	\$ 15,000	\$ 15,000
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 71,612</b>
	<b>TOTAL PROJECT</b>				<b>\$ 667,300</b>

# Project 11-Crystal Clear Transmission Pipeline

Preliminary Engineering Opinion of Probable Costs

Date:

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization & Insurance	LS	1	8%	\$ 298,048
2	Site Clearing & Preparation	AC	28	\$ 1,300	\$ 36,400
3	12" Water Pipeline - Class 250	LF	60	\$ 65	\$ 3,900
4	24" Water Pipeline - Class 200	LF	22,800	\$ 120	\$ 2,736,000
5	42" Casing Pipe (Jack & Bore)	LF	630	\$ 470	\$ 296,100
6	42" Casing Pipe (Open Cut)	LF	30	\$ 252	\$ 7,560
7	Trench Excavation Safety Protection	LF	22,540	\$ 1.00	\$ 22,540
8	12" Gate Valve	EA	1	\$ 6,200	\$ 6,200
9	24" Gate Valve	EA	8	\$ 21,000	\$ 168,000
10	Fire Hydrant Assembly	EA	12	\$ 5,600	\$ 67,200
11	Drain Valve Assembly	EA	6	\$ 3,000	\$ 18,000
12	4" Combination Air Release Valve Assembly	EA	10	\$ 15,000	\$ 150,000
13	12" Water Tie-In	EA	1	\$ 2,000	\$ 2,000
14	16" Water Tie-In	EA	1	\$ 4,000	\$ 4,000
15	Pressure Test Water Pipeline	LF	22,860	\$ 1	\$ 22,860
16	Disinfect Water Pipeline	LF	22,860	\$ 1	\$ 22,860
17	Traffic Control	LS	1	\$ 5,000	\$ 5,000
18	Erosion and Sedimentation Control	LS	1	\$ 20,000	\$ 20,000
19	Silt Fence	LF	22,860	\$ 3	\$ 68,580
20	Revegetation	AC	28	\$ 550	\$ 15,400
21	Install 16' Galvanized Pipe Agricultural Gate	EA	10	\$ 5,000	\$ 50,000
22	Remove & Replace Barbed Wire Fence	LF	1,500	\$ 2	\$ 3,000
23					
24					
25					
26					
27					
28					
29					
30					
	<b>SUBTOTAL</b>				<b>\$ 4,023,648</b>
	Contingencies			12%	\$ 482,838
	<b>TOTAL</b>				<b>\$ 4,506,486</b>
	<b>TOTAL CONSTRUCTION + CONTINGENCIES</b>				<b>\$ 4,506,486</b>
1	Basic Engineering			7%	\$ 315,454
2	Surveying (Construction Only)			1%	\$ 45,065
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 360,519</b>
	<b>PROJECT TOTAL</b>				<b>\$ 4,867,005</b>

# **Appendix A**

## **Population Projections**

## Current and Future Population Projections

Region	County	WUG Name	2015	2020	2030	2040	2050	2060
L	BEXAR	CONVERSE	21933	23289	25936	28193	28193	28193
L	BEXAR	EAST CENTRAL SUD	9065	9626	10731	11747	12723	13619
L	BEXAR	GREEN VALLEY SUD	2994	3179	3594	3975	4341	4677
<b>BEXAR Total</b>			<b>33,992</b>	<b>36,094</b>	<b>40,261</b>	<b>43,915</b>	<b>45,257</b>	<b>46,489</b>
L	CALDWELL	MAXWELL WSC	3610	4070	4983	5883	6774	7674
L	CALDWELL	COUNTY LINE WSC	1040	1173	1436	1695	1952	2212
L	CALDWELL	MARTINDALE	1222	1378	1687	1992	2293	2598
<b>CALDWELL Total</b>			<b>2,263</b>	<b>6,621</b>	<b>8,106</b>	<b>9,570</b>	<b>11,019</b>	<b>12,484</b>
L	COMAL	CRYSTAL CLEAR WSC	1922	2087	2404	2726	3051	3373
L	COMAL	GREEN VALLEY SUD	327	355	450	547	644	741
<b>COMAL Total</b>			<b>2,249</b>	<b>2,442</b>	<b>2,854</b>	<b>3,273</b>	<b>3,695</b>	<b>4,114</b>
L	GUADALUPE	MARION	1175	1299	1562	1831	2094	2361
L	GUADALUPE	CRYSTAL CLEAR WSC	10144	11211	13479	15799	18068	20378
L	GUADALUPE	EAST CENTRAL SUD	620	685	824	965	1104	1245
L	GUADALUPE	CIBOLO	33479	37000	54800	64234	73459	82849
L	GUADALUPE	GREEN VALLEY SUD	17755	19622	23591	27652	31624	35666
L	GUADALUPE	SPRINGS HILL WSC	14952	16524	19866	23286	26630	30034
<b>GUADALUPE Total</b>			<b>78,125</b>	<b>86,341</b>	<b>114,122</b>	<b>133,767</b>	<b>152,979</b>	<b>172,533</b>
L	HAYS	COUNTY LINE WSC	2371	2601	3427	4433	5691	7112
L	HAYS	CRYSTAL CLEAR WSC	4005	4393	5131	6029	7152	8421
L	HAYS	MAXWELL WSC	1045	1146	1248	1372	1527	1702
<b>HAYS Total</b>			<b>7,421</b>	<b>8,140</b>	<b>9,806</b>	<b>11,834</b>	<b>14,370</b>	<b>17,235</b>
L	WILSON	EAST CENTRAL SUD	985	1111	1368	1618	1843	2056
L	WILSON	LA VERNIA	1159	1307	1610	1904	2168	2419
L	WILSON	S S WSC	14563	16420	20224	23918	27238	30384
<b>WILSON Total</b>			<b>16,708</b>	<b>18,838</b>	<b>23,202</b>	<b>27,440</b>	<b>31,249</b>	<b>34,859</b>
<b>REGION L Total</b>			<b>140,756</b>	<b>158,476</b>	<b>198,351</b>	<b>229,799</b>	<b>258,569</b>	<b>287,714</b>

Data referenced from TWDB 2016 Regional Water Plan

# **Appendix B**

## **Environmental Study Status**

## **ENVIRONMENTAL STUDIES STATUS**

Environmental studies have been conducted for all of the existing Wells Ranch Phase 1 projects and other concerned Canyon Regional Water Authority facilities. Several of the Wells Ranch Phase 2 projects are expansions of the existing Phase 1 facilities and other existing which include the following:

- ❖ Wells Ranch Tract Wilcox Wells
- ❖ Wells Ranch Water Treatment Plant Expansion
- ❖ Leissner Booster Pump Station
- ❖ Wagner Booster Station Expansion
- ❖ Loop 1604 Booster Station Expansion

The previous environmental studies are being compiled and reviewed by River City Engineering (RCE) with the assistance of SWCA Environmental Consultants (SWCA) for the following objectives:

1. To determine if updating is required.
2. Summarize the findings.
3. Identify data gaps, if applicable.
4. Provide recommendation on any additional review or studies that may be needed to meet SWIFT funding requirements.

In addition, environmental studies have been conducted on two (2) of the proposed Phase 2 projects. This includes the following projects:

- ❖ Santa Clara Road Transmission Main
- ❖ Crystal Clear Transmission Main

These studies are also being reviewed with the same objectives listed above.

Finally, environmental studies are being initiated for the following proposed Phase 2 projects:

- ❖ Brown Family Trust Wells
- ❖ Brown Family Trust Well Field Piping and Roadways
- ❖ Brown Family Trust Raw Water Transmission Main
- ❖ 1 MG Elevated Storage Tank

As our review and studies are completed RCE and SWCA will be submitting documentation to Texas Water Development Board with the objective of obtaining a Categorical Exclusion or other determination for this project and/or for its individual elements.

**Appendix C**  
**Project Alternative and Phasing**  
**Considerations**

## Project Alternative and Phasing Considerations

### A. Project Alternative

As stated in the Executive Summary and Introduction Section of this PER, active planning is underway to complete Wells Ranch Phase 2 project development to 13,000 AFY. One current planning activity; that could favorably affect this project, concerns proposed groundwater permitting rule changes being considered by the Gonzales County Underground Water Conservation District (GCUWCD). These proposed permitting changes would allow wells to be placed on noncontiguous groundwater leased properties. This proposed change would allow CRWA to move the proposed well field that is currently located on Brown Family Tract groundwater leased properties to other CRWA ground water leased properties that are locate adjacent to the original Wells Ranch ground water leased properties and well field site (See Figure III-1). The new Wells Ranch Well Northeast and Southeast Well Field is shown on attached Exhibit 1.

If the proposed rule changes are approved by the GCUWCD, CRWA could replace the three (3) Brown Family Trust related projects (Projects 5, 6 & 7) with two (2) new Wells Ranch Northeast and Southeast projects. This change could result in over \$12 million in construction cost savings for the Wells Ranch Phase 2 Water Supply Project.

A summary of the Phase 2 project costs considering the alternate well field configuration are listed below in Table 1.

**Table 1**

<b><u>Project No.</u></b>	<b><u>Description</u></b>	<b><u>Project Costs</u></b>
1	Wells Ranch Wilcox Wells (2)	\$ 2,479,000
2	Wells Ranch Water Treatment Plant Expansion	\$ 5,822,000
3	1 MG Elevated Storage Tank	\$ 2,953,000
4	Leissner Booster Pump Station Expansion	\$ 2,785,000
8	Santa Clara Road Transmission Main	\$ 5,952,000
9	Wagner Booster Pump Station	\$ 3,626,000
10	Loop 1604 Booster Pump Station	\$ 667,000
11	Crystal Clear Transmission Main	\$ 4,867,000
12	Wells Ranch NE and SE Carrizo Wells (5)	\$ 4,607,000
13	Wells Ranch NE and SE Well Field Piping and Roadways	<u>\$ 4,589,000</u>
	Total Construction Costs*	\$ 38,347,000
	7800 AF	\$4,900/AF
	Annual Cost \$330/AF; \$ 1.01/1000G	

The preliminary opinion of probable cost for the Northeast and Southeast Wells Ranch Well Field Projects (Tables 2 & 3) are included at the end of this section.

\*Bond issuance cost is not included in this cost.

Figure 1

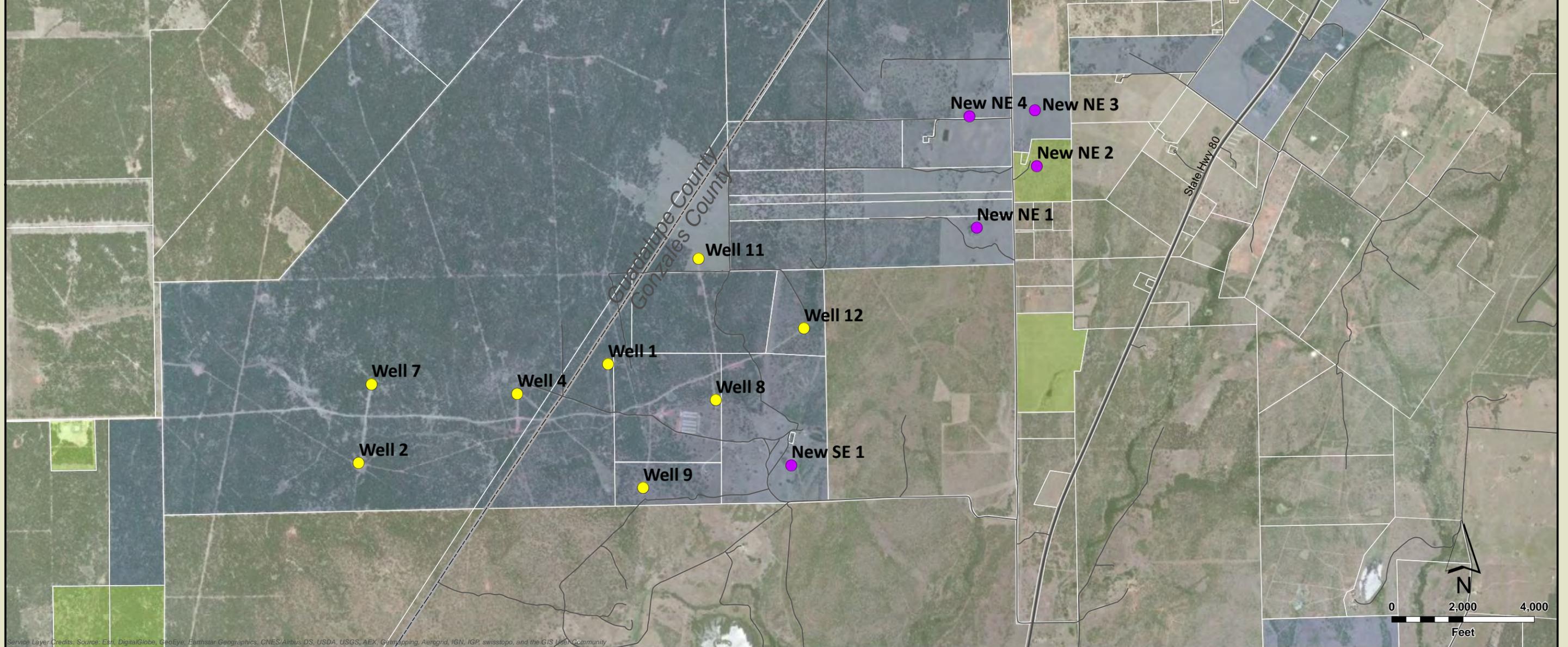
Well Number	Location Name	District	Current Permit GPM	Distance to Property Line (Feet)	Average GPM	Maximum Instantaneous GPM
Well 1	Tommy's	GCUWCD	500	4,068	355	450
Well 2	Deer Stand	GCGCD	465	1,443	513	650
Well 4	Pig Trap	GCGCD	465	3,188	473	600
Well 7	Deadman Tank	GCGCD	465	3,695	395	500
Well 8	Chickenhouse	GCUWCD	500	2,917	868	1,100
Well 9	Camphouse	GCUWCD	500	450	395	500
Well 11	Coastal Field	GCUWCD	500	3,543	395	500
Well 12	Bull Trap	GCUWCD	500	568	296	375
New SE 1	-	GCUWCD	-	1,000	710	900
New NE 1	-	GCUWCD	-	1,000	395	500
New NE 2	-	GCUWCD	-	1,000	395	500
New NE 3	-	GCUWCD	-	1,000	395	500
New NE 4	-	GCUWCD	-	1,000	395	500
			<b>Total GPM:</b>		<b>5,978</b>	<b>7,575</b>
			<b>Total Ac-ft/yr:</b>		<b>9,649</b>	

**Carrizo Well Locations**

- Proposed New Wells Ranch Well
- Existing Wells Ranch Well

**Groundwater Lease Properties by lease and permit status**

- Leased and permitted
- Leased, but not permitted



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Geomatics, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Table 2

## Wells Ranch Northeast and Southeast Carrizo Wells

Preliminary Engineering Opinion of Probable Costs

Date: **5/28/15**

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS	1	8%	\$ 263,200
2	Wilcox Aquifer Well & Well Pump	EA	5	\$ 500,000	\$ 2,500,000
3	Concrete Piping & Control Pads	EA	5	\$ 20,000	\$ 100,000
4	Piping, Fittings, & Appurtenances	EA	5	\$ 30,000	\$ 150,000
5	Electrical & Controls	EA	5	\$ 75,000	\$ 375,000
6	Painting	EA	5	\$ 3,000	\$ 15,000
7	Site Work, Gravel Driveway, Bollards, Fence	EA	5	\$ 30,000	\$ 150,000
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
	<b>SUBTOTAL</b>				<b>\$ 3,553,200</b>
	Contingencies	12%			\$ 426,384
	<b>TOTAL</b>				<b>\$ 3,979,584</b>
1	SCADA	EA	5	\$ 15,000	\$ 75,000
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 4,054,584</b>
1	Basic Engineering	LS	1	9%	\$ 364,912.56
2	Surveying	EA	5	\$ 7,500	\$ 37,500
3	Geologist	EA	5	\$ 30,000	\$ 150,000
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 552,413</b>
	<b>TOTAL PROJECT</b>				<b>\$ 4,606,997</b>

Table 3

# Wells Ranch Northeast and Southeast Carrizo Well Field Piping And Roadways

Preliminary Engineering Opinion of Probable Costs

Date: **5/28/15**

ITEM	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL COST
1	Bonds, Mobilization, & Insurance	LS		8%	\$ 209,093
2	Site Clearing & Easement Preparation	AC	32	\$ 1,300	\$ 41,600
3	14' Roadway - Preparation of Subgrade	LF	16,510	\$ 2.50	\$ 41,275
4	14' Roadway - 4" Flex. Base with 6" Pit Gravel	LF	16,510	\$ 15	\$ 247,650
5	12" Water Pipeline	LF	4,300	\$ 50	\$ 215,000
6	16" Water Pipeline	LF	22,120	\$ 60	\$ 1,327,200
7	Swing Gates, Cattle Guards	EA	15	\$ 5,000	\$ 75,000
8	Bores Carrier & Casing Pipe	LF	600	\$ 550	\$ 330,000
9	D.I. Fittings	TON	3	\$ 7,200	\$ 21,600
10	Fire Hydrants	EA	16	\$ 5,000	\$ 80,000
11	Revegetation	AC	18	\$ 550	\$ 9,900
12	Trench Safety	LF	26,420	\$ 1	\$ 26,420
13	4" Combination Air Release Valve Assembly	EA	4	\$ 12,500	\$ 50,000
14	12" Gate Valve	EA	3	\$ 6,200	\$ 18,600
15	16" Gate Valve	EA	16	\$ 5,000	\$ 80,000
16	Erosion & Sedimentation Control	LS	1	\$ 20,000	\$ 20,000
17	Remove & Replace Barbed Wire Fence	LF	1,500	\$ 2	\$ 3,000
18	Testing & Disinfection	LF	26,420	\$ 1	\$ 26,420
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
	<b>SUBTOTAL</b>				<b>\$ 2,822,758</b>
	Contingencies	12%			\$ 338,731
	<b>TOTAL</b>				<b>\$ 3,161,489</b>
1	Site Power, GVEC	EA	5	\$ 200,000	\$ 1,000,000
	<b>TOTAL CONSTRUCTION COST</b>				<b>\$ 4,161,489</b>
1	Basic Engineering	LS	1	7%	\$ 291,304
2	Surveying	LS	1	3%	\$ 94,844.68
3	Environmental	LS	1	1%	\$ 41,615
	<b>TOTAL ENGINEERING COSTS</b>				<b>\$ 427,764</b>
	<b>TOTAL PROJECT</b>				<b>\$ 4,589,253</b>

## B. Phased Funding

In the plan to move forward with the completion of the Wells Ranch Phase 2 Water Supply Project, project expense is an important consideration. This section looks at breaking project costs down into a phased funding plan consisting of smaller groups of individual projects and/or specific project elements to allow a “spreading” of the project cost over a longer period, rather than a single large bond issue.

Two phased funding scenarios are shown in the following tables, Table 4 and Table 5, and have been based on the Northeast and Southeast Well Field alternative presented above. Additional phased funding scenarios can be further discussed and Individual projects can be moved to meet specific customer needs and/or delivery schedules.

It should be noted that a phased funding approach would likely increase bond issuance cost, but may be off-set by a reduction in capitalized interest expense due to stair-stepping project funding. Construction inflation may also be a factor in delaying project completion through phasing.

Wells Ranch Phase 2 Water Supply Project cost summary sheets that include the estimated project costs as well as bond issuance cost, capitalized interest, and non-construction contingencies for a \$55 million bond issue (Table 6) and a \$42 million bond issue (Table 7) are attached for information.





Table 6

## PHASE 2 - CRWA Groundwater Improvements

Project Construction Cost Estimates

Project	Description	Estimated Total Project Cost
1	Wells Ranch Wilcox Well (2)	\$ 2,479,000
2	Wells Ranch Water Treatment Plant Expansion	\$ 5,822,000
3	1 MG Elevated Storage Tank	\$ 2,953,000
4	Leissner Booster Pump Station Expansion	\$ 2,785,000
5	Brown Family Trust Wells (5)	\$ 4,607,000
6	Brown Family Trust Well Field & Roadway	\$ 7,567,000
7	Brown Family Trust Transmission Main	\$ 9,351,000
8	Santa Clara -Wagner Booster Pump Station Transmission Main	\$ 5,952,000
9	Wagner Booster Pump Station	\$ 3,626,000
10	Loop 1604 Booster Pump Station	\$ 667,000
11	Crystal Clear Transmission Pipeline	\$ 4,867,000
	<b>Estimated Total Project Cost</b>	<b>\$ 50,676,000</b>
	Fiscal, Legal and Administration	\$ 600,000
	Capitalized Interest for 2 years	\$ 3,369,000
	Non-construction Contingencies	\$ 355,000
	<b>Estimated Total</b>	<b>\$ 55,000,000</b>

**Table 7**

<b>CRWA Wells Ranch Phase 2 Water Supply Project</b> Wells Ranch Northeast and Southeast Well Field Alternative Project Construction Cost Estimates		
<b>Project</b>	<b>Description</b>	<b>Estimated Total Project Cost</b>
1	Wells Ranch Wilcox Well (2)	\$ 2,479,000
2	Wells Ranch Water Treatment Plant Expansion	\$ 5,822,000
3	1 MG Elevated Storage Tank	\$ 2,953,000
4	Leissner Booster Pump Station Expansion	\$ 2,785,000
8	Santa Clara -Wagner Booster Pump Station Transmission Main	\$ 5,952,000
9	Wagner Booster Pump Station	\$ 3,626,000
10	1604 Booster Pump Station Expansion	\$ 667,000
11	Crystal Clear Transmission Pipeline	\$ 4,867,000
12	Wells Ranch Northeast and Southeast Carrizo Wells (5)	\$ 4,607,000
13	Wells Ranch Northeast and Southeast Well Field Piping & Roadways	\$ 4,589,000
	<b>Estimated Total Construction Cost</b>	<b>\$ 38,347,000</b>
	Fiscal, Legal and Administration	\$ 465,000
	Capitalized Interest for 2 years	\$ 2,554,000
	Non-construction Contingencies	\$ 634,000
	<b>Estimated Total</b>	<b>\$ 42,000,000</b>

**ATTACHMENT**

**P**

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**PROJECTED DRAW SCHEDULE FOR**

Template must be downloaded and saved prior to printing.

Entity Name: **Canyon Regional Water Authority**

Project No.:

Please complete all areas shaded in blue.  
Gray shaded areas will compute automatically.

Date Prepared: 5/26/2015

By my signature, I acknowledge I have reviewed the project draw schedule incorporated herein and to the best of my knowledge it is an accurate reflection of the anticipated project financial needs at this time.

	Print Name	Signature	Date
Owner:	Canyon Regional Water Authority		
Engineer:	River City Engineering		5/26/2015
Financial Advisor:	SAMCO Financial Advisors		

Financial Advisor signature needed prior to closing only.

Entires must include all Fiscal Costs associated with the project except contingency. Show the contingency in the month immediately after completion of the project.

Entires must match budgeted amounts.

Source of Funds	DWSRF	EDAP	Other	Total	Total Draws	Cummulative Draws	Debt Service Maturities
Loan/Grant #			SWIFT	Project Costs			
Loan/Grant Amount		\$ -	\$ 55,000,000	\$ 55,000,000			
Actual or Estimated Closing Date	Nov-15						
	Dec-15		\$ 177,347		\$ 177,347	\$ 177,347	
	Jan-16		\$ 177,347		\$ 177,347	\$ 354,693	
	Feb-16		\$ 177,347		\$ 177,347	\$ 532,040	
	Mar-16		\$ 177,347		\$ 177,347	\$ 709,387	
	Apr-16		\$ 177,347		\$ 177,347	\$ 886,734	
	May-16		\$ 177,347		\$ 177,347	\$ 1,064,080	
	Jun-16		\$ 445,792		\$ 445,792	\$ 1,509,872	
	Jul-16		\$ 445,792		\$ 445,792	\$ 1,955,665	
	Aug-16		\$ 445,792		\$ 445,792	\$ 2,401,457	
	Sep-16		\$ 1,465,286		\$ 1,465,286	\$ 3,866,743	
	Oct-16		\$ 1,465,286		\$ 1,465,286	\$ 5,332,029	
	Nov-16		\$ 1,465,286		\$ 1,465,286	\$ 6,797,314	
	Dec-16		\$ 1,179,383		\$ 1,179,383	\$ 7,976,697	
	Jan-17		\$ 1,179,383		\$ 1,179,383	\$ 9,156,080	
	Feb-17		\$ 1,179,383		\$ 1,179,383	\$ 10,335,463	
	Mar-17		\$ 2,495,372		\$ 2,495,372	\$ 12,830,835	
	Apr-17		\$ 2,495,372		\$ 2,495,372	\$ 15,326,207	
	May-17		\$ 2,495,372		\$ 2,495,372	\$ 17,821,578	
	Jun-17		\$ 2,335,483		\$ 2,335,483	\$ 20,157,061	
	Jul-17		\$ 2,335,483		\$ 2,335,483	\$ 22,492,543	
	Aug-17		\$ 2,335,483		\$ 2,335,483	\$ 24,828,026	
	Sep-17		\$ 2,812,089		\$ 2,812,089	\$ 27,640,115	
	Oct-17		\$ 2,812,089		\$ 2,812,089	\$ 30,452,204	
	Nov-17		\$ 2,812,089		\$ 2,812,089	\$ 33,264,293	
	Dec-17		\$ 2,812,089		\$ 2,812,089	\$ 36,076,382	
	Jan-18		\$ 2,812,089		\$ 2,812,089	\$ 38,888,471	
	Feb-18		\$ 2,812,089		\$ 2,812,089	\$ 41,700,561	
	Mar-18		\$ 1,496,100		\$ 1,496,100	\$ 43,196,661	
	Apr-18		\$ 1,496,100		\$ 1,496,100	\$ 44,692,761	
	May-18		\$ 1,496,100		\$ 1,496,100	\$ 46,188,862	
	Jun-18		\$ 1,496,100		\$ 1,496,100	\$ 47,684,962	
	Jul-18		\$ 1,496,100		\$ 1,496,100	\$ 49,181,063	
	Aug-18		\$ 1,496,100		\$ 1,496,100	\$ 50,677,163	
	Sep-18		\$ -		\$ -	\$ 50,677,163	
	Oct-18		\$ -		\$ -	\$ 50,677,163	
	Nov-18		\$ -		\$ -	\$ 50,677,163	
	Dec-18		\$ -		\$ -	\$ 50,677,163	
	Jan-19		\$ -		\$ -	\$ 50,677,163	
	Feb-19		\$ -		\$ -	\$ 50,677,163	
	Mar-19		\$ -		\$ -	\$ 50,677,163	
	Apr-19		\$ -		\$ -	\$ 50,677,163	
	May-19		\$ -		\$ -	\$ 50,677,163	
	Jun-19		\$ -		\$ -	\$ 50,677,163	
	Jul-19		\$ -		\$ -	\$ 50,677,163	
	Aug-19		\$ -		\$ -	\$ 50,677,163	
	Sep-19		\$ -		\$ -	\$ 50,677,163	

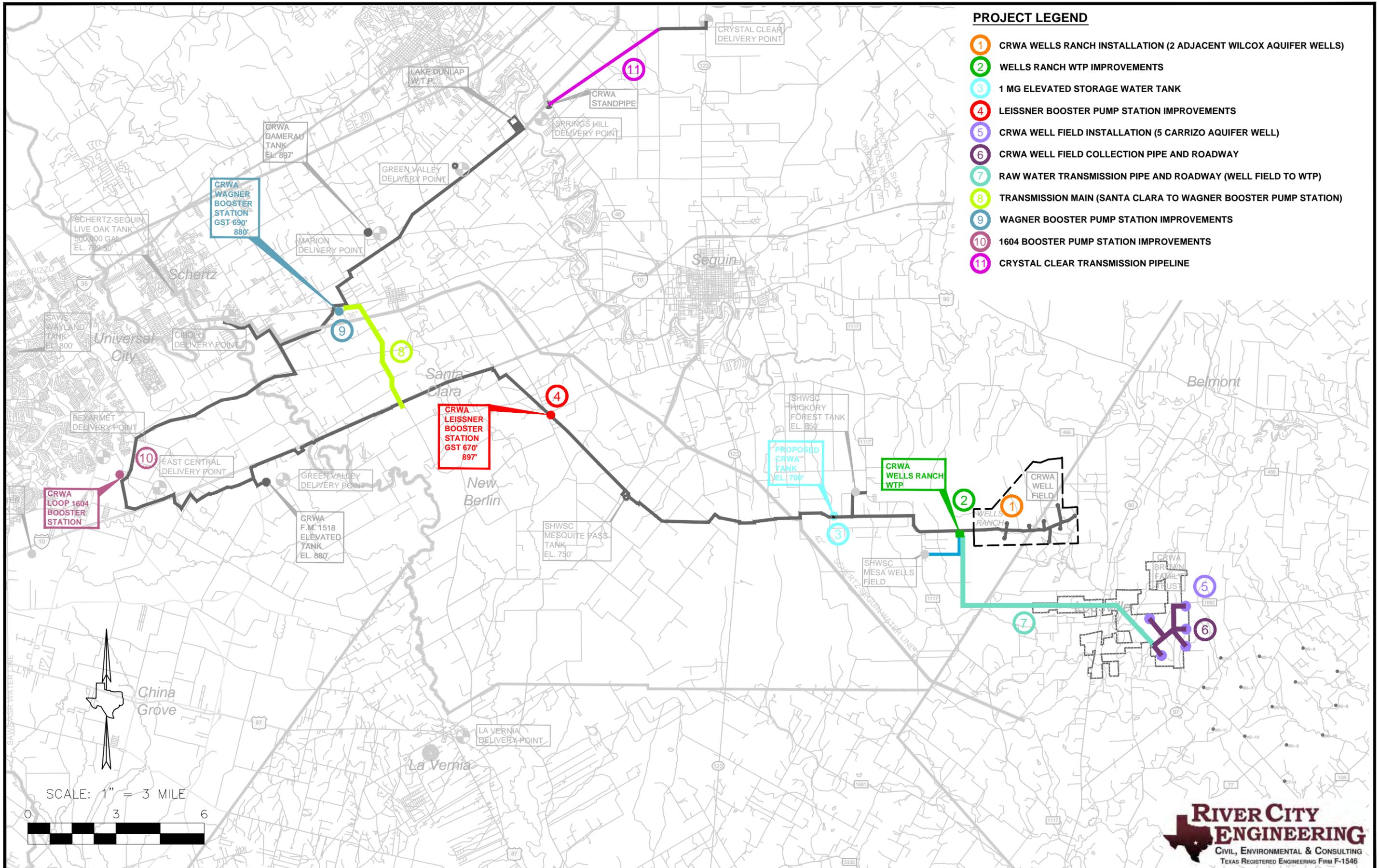
Oct-19				\$	-	\$ 50,677,163	
Nov-19				\$	-	\$ 50,677,163	
Dec-19				\$	-	\$ 50,677,163	
Jan-20				\$	-	\$ 50,677,163	
Feb-20				\$	-	\$ 50,677,163	
Mar-20				\$	-	\$ 50,677,163	
Apr-20				\$	-	\$ 50,677,163	
May-20				\$	-	\$ 50,677,163	
Jun-20				\$	-	\$ 50,677,163	
Jul-20				\$	-	\$ 50,677,163	
Aug-20				\$	-	\$ 50,677,163	
Sep-20				\$	-	\$ 50,677,163	
Oct-20				\$	-	\$ 50,677,163	
Nov-20				\$	-	\$ 50,677,163	
Dec-20				\$	-	\$ 50,677,163	
Jan-21				\$	-	\$ 50,677,163	
Feb-21				\$	-	\$ 50,677,163	
Mar-21				\$	-	\$ 50,677,163	
Apr-21				\$	-	\$ 50,677,163	
May-21				\$	-	\$ 50,677,163	
Jun-21				\$	-	\$ 50,677,163	
Jul-21				\$	-	\$ 50,677,163	
Aug-21				\$	-	\$ 50,677,163	
Sep-21				\$	-	\$ 50,677,163	
Oct-21				\$	-	\$ 50,677,163	
Nov-21				\$	-	\$ 50,677,163	
Dec-21				\$	-	\$ 50,677,163	
Jan-22				\$	-	\$ 50,677,163	

# **ATTACHMENT**

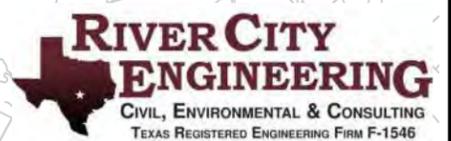
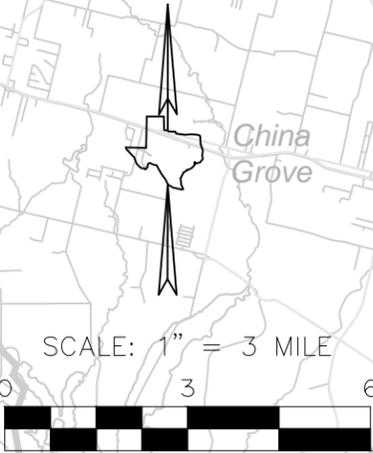
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# FIGURE V-1 WELLS RANCH PHASE III - PRELIMINARY ENGINEERING REPORT



- PROJECT LEGEND**
- 1 CRWA WELLS RANCH INSTALLATION (2 ADJACENT WILCOX AQUIFER WELLS)
  - 2 WELLS RANCH WTP IMPROVEMENTS
  - 3 1 MG ELEVATED STORAGE WATER TANK
  - 4 LEISSNER BOOSTER PUMP STATION IMPROVEMENTS
  - 5 CRWA WELL FIELD INSTALLATION (5 CARRIZO AQUIFER WELL)
  - 6 CRWA WELL FIELD COLLECTION PIPE AND ROADWAY
  - 7 RAW WATER TRANSMISSION PIPE AND ROADWAY (WELL FIELD TO WTP)
  - 8 TRANSMISSION MAIN (SANTA CLARA TO WAGNER BOOSTER PUMP STATION)
  - 9 WAGNER BOOSTER PUMP STATION IMPROVEMENTS
  - 10 1604 BOOSTER PUMP STATION IMPROVEMENTS
  - 11 CRYSTAL CLEAR TRANSMISSION PIPELINE



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CANYON REGIONAL WATER AUTHORITY  
MEMBER ENTITY CENSUS TRACTS

**CITY OF CIBOLO (11903)**

COUNTY	TRACT
29	1316.01 *
187	2106.04 *
187	2107.08
187	2107.12 *
187	2107.13 *
187	2107.14 *
187	2108.04 *

**CITY OF CONVERSE (10701)**

COUNTY	TRACT
29	1215.01
29	1215.05
29	1216.01
29	1216.04
29	1216.05
29	1316.01 *
29	1316.06
29	1316.08
29	1316.09
29	1316.10
29	1316.13
29	1317.00

**CITY OF LA VERNIA (10689)**

COUNTY	TRACT
493	0001.02 *
493	0001.03 *
493	0001.04 *
187	2108.03 *

**CITY OF MARION (12061)**

COUNTY	TRACT
187	2106.03 *
187	2106.04 *
187	2108.04 *

**COUNTY LINE WSC (10292)**

COUNTY	TRACT
209	0109.06 *
209	0109.07
55	9601.01 *
55	9605.00 *

**CRYSTAL CLEAR WSC (10297)**

COUNTY	TRACT
209	0103.02 *
209	0104.00 *
209	0105.00
209	0106.00
187	2101.00
187	2105.04 *
187	2105.05 *
187	2105.06 *
187	2105.08 *
187	2109.01 *
187	2109.02 *
91	3109.02
91	3109.03
55	9605.00 *

\* DENOTES DUPLICATED BOUNDARY

**EAST CENTRAL WSC (10655)**

COUNTY	TRACT
493	0001.03 *
493	0004.03 *
29	1318.01 *
29	1318.02 *
29	1417.00
29	1418.00
29	1419.00 *
187	2108.03 *
187	2108.04 *

**GREEN VALLEY SUD (10646)**

COUNTY	TRACT
29	1316.01 *
29	1318.01 *
29	1318.02 *
187	2105.04 *
187	2105.07 *
187	2106.03 *
187	2106.04 *
187	2106.06 *
187	2106.07
187	2106.08 *
187	2107.11
187	2107.12 *
187	2107.13 *
187	2107.14 *

COUNTY	TRACT
187	2108.01 *
187	2108.03 *
187	2108.04 *
91	3104.03
91	3108.02

CANYON REGIONAL WATER AUTHORITY  
MEMBER ENTITY CENSUS TRACTS

**MARTINDALE WSC (10312)**

COUNTY	TRACT	
209	0001.04	*
187	2105.05	*
187	2105.06	*
55	9605.00	*

\* DENOTES DUPLICATED BOUNDARY

**MAXWELL WSC (10293)**

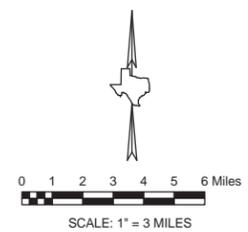
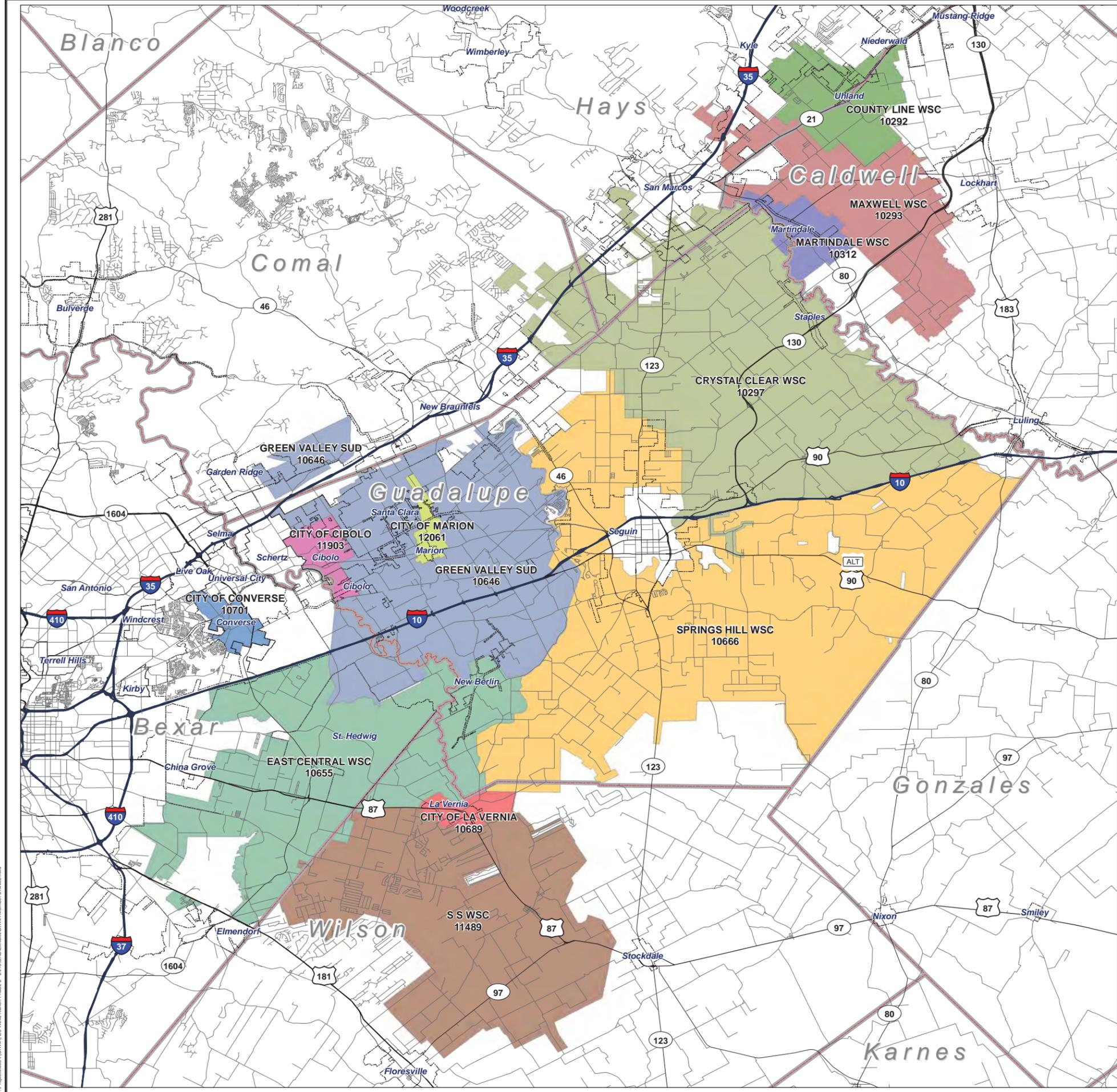
COUNTY	TRACT	
209	0103.02	*
209	0103.03	
209	0103.04	
209	0104.00	*
209	0107.02	
209	0109.05	
209	0109.06	*
55	9601.01	*
55	9601.02	
55	9603.00	
55	9604.00	
55	9605.00	*

**SS WSC (11489)**

COUNTY	TRACT	
493	0001.02	*
493	0001.03	*
493	0001.04	*
493	0004.02	
493	0004.03	*
493	0004.04	
493	0005.00	
29	1419.00	*

**SPRINGS HILL WSC (10666)**

COUNTY	TRACT		COUNTY	TRACT	
493	0001.02	*	187	2106.08	*
493	0001.03	*	187	2108.01	*
187	2102.00		187	2108.03	*
187	2103.00		187	2108.04	*
187	2104.00		187	2109.01	*
187	2105.04	*	187	2109.02	*
187	2105.06	*			
187	2105.07	*			
187	2105.08	*			
187	2106.06	*			



**LEGEND**

- CITY LIMITS
- COUNTY BOUNDARY
- UTILITY CCNs**
- CITY OF CIBOLO (11903)
- CITY OF CONVERSE (10701)
- CITY OF LA VERNIA (10689)
- CITY OF MARION (12061)
- COUNTY LINE WSC (10292)
- CRYSTAL CLEAR WSC (10297)
- EAST CENTRAL WSC (10655)
- GREEN VALLEY SUD (10646)
- MARTINDALE WSC (10312)
- MAXWELL WSC (10293)
- S S WSC (11489)
- SPRINGS HILL WSC (10666)

**CANYON REGIONAL WATER AUTHORITY  
MEMBER ENTITIES**



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**ATTACHMENT**

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## Current and Future Population Projections

Region	County	WUG Name	2015	2020	2030	2040	2050	2060
L	BEXAR	CONVERSE	21933	23289	25936	28193	28193	28193
L	BEXAR	EAST CENTRAL SUD	9065	9626	10731	11747	12723	13619
L	BEXAR	GREEN VALLEY SUD	2994	3179	3594	3975	4341	4677
<b>BEXAR Total</b>			<b>33,992</b>	<b>36,094</b>	<b>40,261</b>	<b>43,915</b>	<b>45,257</b>	<b>46,489</b>
L	CALDWELL	MAXWELL WSC	3610	4070	4983	5883	6774	7674
L	CALDWELL	COUNTY LINE WSC	1040	1173	1436	1695	1952	2212
L	CALDWELL	MARTINDALE	1222	1378	1687	1992	2293	2598
<b>CALDWELL Total</b>			<b>2,263</b>	<b>6,621</b>	<b>8,106</b>	<b>9,570</b>	<b>11,019</b>	<b>12,484</b>
L	COMAL	CRYSTAL CLEAR WSC	1922	2087	2404	2726	3051	3373
L	COMAL	GREEN VALLEY SUD	327	355	450	547	644	741
<b>COMAL Total</b>			<b>2,249</b>	<b>2,442</b>	<b>2,854</b>	<b>3,273</b>	<b>3,695</b>	<b>4,114</b>
L	GUADALUPE	MARION	1175	1299	1562	1831	2094	2361
L	GUADALUPE	CRYSTAL CLEAR WSC	10144	11211	13479	15799	18068	20378
L	GUADALUPE	EAST CENTRAL SUD	620	685	824	965	1104	1245
L	GUADALUPE	CIBOLO	33479	37000	54800	64234	73459	82849
L	GUADALUPE	GREEN VALLEY SUD	17755	19622	23591	27652	31624	35666
L	GUADALUPE	SPRINGS HILL WSC	14952	16524	19866	23286	26630	30034
<b>GUADALUPE Total</b>			<b>78,125</b>	<b>86,341</b>	<b>114,122</b>	<b>133,767</b>	<b>152,979</b>	<b>172,533</b>
L	HAYS	COUNTY LINE WSC	2371	2601	3427	4433	5691	7112
L	HAYS	CRYSTAL CLEAR WSC	4005	4393	5131	6029	7152	8421
L	HAYS	MAXWELL WSC	1045	1146	1248	1372	1527	1702
<b>HAYS Total</b>			<b>7,421</b>	<b>8,140</b>	<b>9,806</b>	<b>11,834</b>	<b>14,370</b>	<b>17,235</b>
L	WILSON	EAST CENTRAL SUD	985	1111	1368	1618	1843	2056
L	WILSON	LA VERNIA	1159	1307	1610	1904	2168	2419
L	WILSON	S S WSC	14563	16420	20224	23918	27238	30384
<b>WILSON Total</b>			<b>16,708</b>	<b>18,838</b>	<b>23,202</b>	<b>27,440</b>	<b>31,249</b>	<b>34,859</b>
<b>REGION L Total</b>			<b>140,756</b>	<b>158,476</b>	<b>198,351</b>	<b>229,799</b>	<b>258,569</b>	<b>287,714</b>

Data referenced from TWDB 2016 Regional Water Plan

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PROJECT BUDGET - Entity Name <u>Canyon Regional Water Authority</u>						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
<b>Construction</b>						
Construction	\$41,180,000	\$0	\$0	\$41,180,000	\$0	\$41,180,000
<b>Subtotal Construction</b>	<b>\$41,180,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$41,180,000</b>	<b>\$0</b>	<b>\$41,180,000</b>
<b>Basic Engineering Fees</b>						
Planning +	\$0	\$0	\$0	\$0	\$0	\$0
Design	\$2,672,000	\$0	\$0	\$2,672,000	\$0	\$2,672,000
Construction Engineering	\$486,000	\$0	\$0	\$486,000	\$0	\$486,000
<b>Basic Engineering Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Basic Engineering Fees</b>	<b>\$3,158,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,158,000</b>	<b>\$0</b>	<b>\$3,158,000</b>
<b>Special Services</b>						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$0	\$0	\$0	\$0	\$148,185	\$148,185
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$623,000	\$0	\$0	\$623,000	\$0	\$623,000
Geotechnical	\$90,000	\$0	\$0	\$90,000	\$0	\$90,000
Testing	\$70,000	\$0	\$0	\$70,000	\$0	\$70,000
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$500,000	\$0	\$0	\$500,000	\$0	\$500,000
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution	\$0	\$0	\$0	\$0	\$0	\$0
<b>Special Services Other* Hydrogeologist/Geologist</b>	<b>\$210,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$210,000</b>	<b>\$0</b>	<b>\$210,000</b>
<b>Subtotal Special Services</b>	<b>\$1,493,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,493,000</b>	<b>\$148,185</b>	<b>\$1,641,185</b>
<b>Other</b>						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Other Services</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Fiscal Services</b>						
Financial Advisor	\$250,000	\$0	\$0	\$250,000	\$0	\$250,000
Bond Counsel	\$250,000	\$0	\$0	\$250,000	\$0	\$250,000
Issuance Cost	\$50,000	\$0	\$0	\$50,000	\$0	\$50,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$50,000	\$0	\$0	\$50,000	\$0	\$50,000
Capitalized Interest	\$3,369,000	\$0	\$0	\$3,369,000	\$0	\$3,369,000
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other **</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subtotal Fiscal Services</b>	<b>\$3,969,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,969,000</b>	<b>\$0</b>	<b>\$3,969,000</b>
<b>Contingency</b>						
Contingency	\$5,200,000	\$0	\$0	\$5,200,000	\$0	\$5,200,000
<b>Subtotal Contingency</b>	<b>\$5,200,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,200,000</b>	<b>\$0</b>	<b>\$5,200,000</b>
<b>TOTAL COSTS</b>	<b>\$55,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,000,000</b>	<b>\$148,185</b>	<b>\$55,148,185</b>

**Other \*\* description must be entered**

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A			0
Category B			0
Category C			0
Category D			0
<b>Total Planning Costs</b>		0	0

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Texas Water Development Board Water Project Information							
A. Project Name		B. Project No.		C. County		D. Regional Planning Group (A-P)	
E. Program(s)		F. Loan <input type="checkbox"/> / Grant <input type="checkbox"/> Amount:		G. Loan Term:			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc)							
<b>Attach map of service area affected by Project or other documentation.</b>							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input type="checkbox"/> No <input type="checkbox"/>			
K. Projected Population from application for <b>at least a 20 year period. Attach justification and list service area populations if different from Planning Area.</b>	Year	Reference Year	2010	2020	2030	2040	
	Population Projection						
Project Design Year				Design Population			
L. Is the proposed project included in a current Regional Water Plan? Yes <input type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: _____)							
M. What type of water source is <b>associated directly with the proposed project</b> ? Surface Water <input type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input type="checkbox"/> No <input type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? _____ Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
R. Consulting Engineer Name			Telephone No.		E-mail address		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		

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6. Does the applicant intend to lease the proposed well site(s)?  
Yes  No

Attach a copy of the draft lease agreement(s) or other contractual arrangement documenting that the applicant is in the process of acquiring the contractual right to drill for and produce groundwater at the Project site(s).

Item attached: Yes  No

7. Is the project located within the boundaries of a groundwater conservation district?

Yes  No

(a) Attach all groundwater district permits issued by the District authorizing groundwater production from the proposed groundwater well(s).

Item attached: Yes  No

(b) Attach copies of all applications filed with a groundwater conservation district for any permit(s) required for the proposed groundwater well(s).

Item attached: Yes  No

Signed the 20<sup>th</sup> day of May, 20 15.

[Signature]  
Name

Director of Water Resources  
Title

Sworn to and subscribed before me by HUMBERTO RAMOS

on May 20, 20 15.

[Signature]  
Notary Public in and for the State of Texas

My Commission expires: 5/5/2017

[SEAL]





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**2009 LEASE AGREEMENT**

**BETWEEN**

**CANYON REGIONAL WATER AUTHORITY**

**AND**

***THE BROWN TRUST***

**GONZALES COUNTY, TEXAS**

This **Lease Agreement** is entered into as of the date reflected on the signature page (the Effective Date), by and between **CANYON REGIONAL WATER AUTHORITY ("CRWA")** its successors, and assigns, and **THE BROWN TRUST (hereinafter the "Landowner(s))**, their heirs, successors, and assigns, (collectively, the "Parties") for the purposes and mutual benefits to be derived by the Parties and declares this their only agreement.

**I.**  
**RECITALS**

**WHEREAS**, CRWA is a governmental agency of the State of Texas, a water conservation district and a body politic and corporate, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas, and Texas Revised Civil Statutes, as amended, and the applicable general laws of the State of Texas. CRWA is engaged in the development of water for wholesale service to its member entities through the acquisition, development, treatment and delivery of water to its customers to accomplish its legislative purposes [Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the "Act")] to promote regional efforts at water resource development in furtherance of S.B. 1 [75th Leg., ch. 1010, [S.B. 1, 1997, 76th Leg.] and subsequent legislative mandate].

**WHEREAS**, all Parties to this Lease Agreement understand that the relationship between CRWA and the Landowners shall not be deemed a partnership or a joint venture, but rather an arrangement which sets forth the parties' contractual obligations.

**NOW THEREFORE**, in consideration of the mutual promises, obligations, and benefits to be derived by the Parties pursuant to this Lease Agreement, and the receipt of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by the Parties, each Party agrees as follows:

**II.**  
**THIS LEASE AGREEMENT CONTROLS**

The parties acknowledge that there have been discussions, negotiations and correspondence by and between the parties. For the purpose of finality, this Lease Agreement contains all terms, conditions, agreements and covenants between the parties, and necessarily excludes any oral agreements or prior writings with respect to this Lease Agreement.

**III.**  
**AGREEMENTS**

1. Grant.
  - a. Surface and Subsurface Water Estate to CRWA. The Landowners, in consideration of Ten Dollars in hand paid and the royalties herein provided, and of the agreements of CRWA hereinafter contained, hereby grant, convey, lease, and let unto CRWA the surface and subsurface estate for the sole and only purpose of exploring, investigating, conducting geologic, hydrogeologic, and geophysical surveys, tests, drilling, operating for, and producing groundwater, , transporting groundwater, laying waterlines and electric lines, installing metering devices, , , transmitters, telephone lines, roads, and all related and necessary structures thereon, all of which CRWA may deem reasonably necessary and useful to CRWA's operations to produce, save, care for, measure, monitor water levels, , and transport said groundwater from the subject lands or other lands leased, to interconnect the CRWA's system, and to obtain access for ingress and egress, and to conduct those activities described herein pursuant to permits respecting this land situated in Gonzales County, State of Texas, and more particularly described herein at Exhibit A ("Legal Description of Property") (the "Property"), subject only to the terms and provisions provided. The Parties expressly recognize and agree that this Lease Agreement conveys a fee simple title in the groundwater, conditioned only on continued payment of royalties as herein provided. CRWA shall not store groundwater, build storage tanks, power stations, or treat groundwater on the Property.

- b. Water Line Depth, Distance from Improvement. CRWA shall bury all waterlines below ordinary plow depth on actively cultivated lands, and no production or monitoring well shall be drilled within one thousand (1,000) feet of any residence or barn existing on land at the time of initial drilling of a given well. Landowners covenant and agree that no residence, barn or other improvement will be built within one thousand (1,000) feet of any well then existing on the property; provided however, requests may be made by the Landowner of CRWA for exceptions to this one thousand (1,000) foot restriction in connection with the Landowners use of its property. All such requests and approvals shall be in writing. No requests will be unreasonably denied. CRWA hereby covenants and agrees to reasonably repair any damage directly caused by CRWA to Landowners' property and/or to restore Landowners' property as nearly as possible to its original condition, within a reasonable time after notice of damage. Also, see Paragraph 32.
- c. Acres Benefited and Payments Thereto. See attached *Exhibit "A"*; included herein by reference, describing subject property. Royalty Payments as provided herein shall be provided by CRWA to the Landowner(s) upon signing this Lease Agreement for the first six (6) month term or portion thereof, at the time of title closing.

In the event of any term being less than six (6) months, the Royalty Payment shall be pro-rated. In the event of any force majeure, the Royalty Payment for either time or amount shall be pro-rated, as may be required pursuant to the terms of time or the requirements of the force majeure.

- d. Easements. This Agreement is intended and does hereby contemplate future grants unto CRWA of the reasonable use of the surface as may be from time-to-time necessary for CRWA to exercise its rights to develop at least one and a maximum of 5 on-premises water well site at a location to be mutually acceptable and transmit the water from the subsurface water rights estate provided in the grant recited hereabove in III 1. a. Landowner agrees to execute any written easements reasonably requested by CRWA for this purpose.
- e. The Landowners and their heirs, successors, or assigns shall not conduct any activities which conflict with CRWA's operations, water transportation, or its use of well site(s) and easement(s) upon the subject property. Both Parties agree that the purpose of the easements conveyed hereunder, among others, is to protect the quality of CRWA's water as it is pumped from the ground and transported away from the property. For this reason, Landowners acknowledge and agree that they are prohibited from installing or constructing any animal feedlot or poultry

facility, septic, sewage-related, or other facility which would have a potential impact to impair the quality of the groundwater from its natural state or condition within 1000 feet radius of any CRWA well site.

- f. Specified Well-Site Easements of 2.2 Acres Per Site as May Be Determined  
CRWA will confer with and determine by mutual agreement [such site(s) which the Landowner will not unreasonably withhold] concerning the area(s) of the Property which will be used by CRWA as 2.2 acre well site(s). CRWA and Landowner agree to a maximum of 5 permitted production waterwells to be drilled and determine by mutual agreement [such site(s) which the Landowner will not unreasonably withhold] concerning the site(s). The Landowners, for the same consideration recited herein, hereby agree to grant and convey unto CRWA, subject to the terms of this Lease Agreement, an Easement in each 2.2 acre well site so designated by CRWA, including, to the extent applicable, all groundwater rights in and to and associated with each well-site, but excluding any and all mineral estate. In the event CRWA reasonably determines, from time to time, that for purposes of production monitoring or per various regulatory requirements, including mitigation, that additional Well-Sites, including test or monitoring wells, may be necessary for the purposes of this Lease Agreement, CRWA may designate and secure agreement which Landowner will not unreasonably withhold regarding additional areas as Well Sites and/or areas of operation, and the Landowners shall promptly execute a recordable well site instrument(s) including, *as* necessary, separate Sanitary Easement, consistent with the terms and conditions provided under this Lease Agreement, including therewith compliance with any requirement of the groundwater district having jurisdiction. The Landowners agree that CRWA is hereby authorized to develop and maximize, for CRWA's benefit, the quantity of the well(s) and groundwater sources which can be drilled or water produced as of a result of this surface estate grant from this or other Property, limited only by applicable well and spacing regulations of the Gonzales County Underground Water Conservation District ("GCUWCD") *or its* successor regulatory authority effective from time-to-time following execution of this Lease Agreement; provided at no time shall there be more than five (5) permitted production wells. The parties further agree that CRWA, subject to applicable regulation, shall have sole obligation and duty in the design, format and layout of any well-fields, access road easements and all related facilities, transmission equipment or towers and easements necessary to provide access, electric or other utilities, service to, through over or from the property. CRWA shall pay for surveying and hydrogeologic studies, recording of the easements, and expenses of regulatory approvals.

- g. Groundwater. The Landowners, for the consideration herein provided, and of the agreements of CRWA hereinafter contained, hereby grant unto CRWA exclusive use of, and all lawful right and fee title to all groundwater, from any and all underlying groundwater formations, that may be produced from said lands described in Para. 1(a), such production restricted only by applicable statute and regulation, and thereafter for so long as groundwater is produced from said lands, and/or creditable groundwater allocation from said land is made available to CRWA, for purposes of calculating that surface area required for the water permit applicable to this and other lands upon which royalties are paid as provided herein and that all historical usage rights, **if any**, shall accrue for the benefit of the Landowners and CRWA, and the Landowners' rights are hereby assigned exclusively to CRWA, during CRWA's performance of its payment obligation, except as CRWA and the Landowners may require for Landowners' use. The Landowners agree that title to the produced groundwater is vested exclusively in CRWA during all production, and thereafter, for as long as CRWA is entitled to produce groundwater and/or the relevant land-related royalties are paid.
- h. "Production" Defined: "Production" is defined as the permitted groundwater that may be withdrawn by CRWA whether actually withdrawn or not, from the Landowner's Property, from any number of wells or source formation, whether situated on any portion of the Property or elsewhere; provided, however, that Landowner received all Royalty payments related to the Landowner's property excepting any applicable regulatory reduction.
- i. Exclusive Ownership of Groundwater to CRWA/Exceptions: The Landowners agree and covenant not to contest CRWA's exclusive ownership of groundwater described in subparagraph (f), above, and/or any permits associated therewith, except for exempt groundwater and any rights reserved to the Landowners as provided in the applicable subsections below. Except for their own non-retail use, the Landowners agree not to compete with CRWA's water development and supply activities, and agree to install or construct only exempt wells:
- (1) Landowners' Exempt Wells: Landowners may continue production or drill well(s) and withdraw groundwater therefrom for any exempt purpose, provided that such wells are considered exempt under state law, the Rules of the applicable regulatory agency at the time drilling commences, and so long as the exempt withdrawal by the Landowners does not in any manner reduce CRWA's permitted right to withdraw groundwater from the property. Landowners agree to obtain CRWA's prior written approval concerning the location, size and characteristics of any exempt well to be constructed by Landowners after the date of this agreement pursuant to

this Section which prior written consent will not be unreasonably withheld. Landowner will not be required by CRWA to meter water used for exempt purposes.

- (2) Annual Allotment of Groundwater to Landowners: In addition to groundwater withdrawals by exempt wells which may now or in the future be authorized under state law and/or local regulation, Landowners shall be entitled to an allotment of 200 acre-feet per calendar year of raw, untreated groundwater from CRWA through a CRWA well that may be situated on the Property. CRWA shall also provide the metering devices to measure the water diverted by Landowner. The location of the two diversion valves on the waterlines shall be as reasonably and jointly determined by both parties. Landowner shall bear the actual production cost of producing the 200 acre-feet allotment. The actual production cost of producing the 200-acre feet allotment shall be calculated by dividing the total monthly cost of production on the Property (measured by the monthly electrical cost incurred by CRWA from use of the well or wells situated on the Property) by the total acre-feet of untreated groundwater diverted to Landowner per month. In the event CRWA does not develop and maintain a water well on the Property which would provide Landowner access to the 200 acre-feet per calendar year, at Landowner's request and subject to applicable regulations, CRWA shall assign 200 acre feet to Landowner so that Landowner may produce the 200 acre feet from Landowner's own well. Landowner may assign its right to all or a portion of the annual allotment of water without the consent of CRWA provided that the allotted water shall be used exclusively on the Property for recreational, irrigation, domestic, livestock operations, residential or other beneficial purposes and provided that the assignment is not made to a person who competes with CRWA or who competes with CRWA's member entities or to a wholesale or retail water supplier or purveyor (especially a present or future holder of a certificate of convenience and necessity).
- i. Non-Competition/Non-Transfer/Non-Interference: Landowners agree not to sell, transport or deliver any groundwater (whether produced by Landowner or purchased from CRWA) off of the property, or to authorize the use of any such groundwater off of the property referenced in this Lease Agreement. Moreover, Landowners shall ensure that their operation and use of exempt wells does not impair the water quality of any respective formation.

- ii. Waiver of Claim: Landowners covenant and agree not to assert any cause of action in adverse possession, inverse condemnation, taking, nuisance, trespass or a like claim based on CRWA groundwater withdrawals hereunder including but not limited to any cause of action for negligence, and contractually waives all such rights of action by their execution of this Lease Agreement.
  
  - j. Project Description. The project is known as the Wells Ranch Project. CRWA is developing a groundwater project that will be sourced from one or more groundwater bearing formations located under multiple lessees that will be producing water in an amount to be specified by CRWA, based on recommendations of its engineers. The total project, at this time, is estimated to be 4,500 acre-feet, subject to adjustment up or down from time-to-time, and based on cost considerations affecting the project. A portion of the project will be in Gonzales County and a portion of the project will be in Guadalupe County.
  
  - k. Landowner reserves all oil, gas, and other minerals except for the water that is the subject of this Lease Agreement; including the right of Landowner and the owners of the mineral estate and their agents to enter onto the Property to explore for oil, gas, and other minerals and to produce and remove same from the land; provided that no mineral well site shall be within 1000 feet of an existing CRWA well site and all mineral activity shall be conducted in a manner that protects the quality of CRWA's water.
2. Perpetual Term. The term of this Lease Agreement shall be for so long as groundwater is permitted for withdrawal and produced from the Property, or said property is included within the surface acreage calculus required by the regulatory authority for permitted production, royalties are paid and obligations hereunder by CRWA are performed. Following initial production, in the event that groundwater is not produced from the property, and at the sole determination and option of CRWA, said Lease Agreement may be terminated upon ninety (90) days written notice; provided, however, if any period of non-production by CRWA is the result of regulatory requirements or force majeure that result in non-production, such as drought conditions or conservation cessation or reduction, then this Lease Agreement shall continue provided all required payments are made to the Landowner. See Savings Clause, Section 15. Notwithstanding the other provisions of this Agreement, in the event under the terms of this Agreement, no Royalty Payments are required to be made to Landowner for a period of twenty-four (24) months, then either party shall have the option to terminate this lease.

3. Development Costs. CRWA shall be responsible for development, producing operations and permitting costs for the produced water from any formation under the subject property. The Parties acknowledge and agree that CRWA has already incurred and made significant investment and development of the Wells Ranch Project and that the Wells Ranch Project water production, depending upon regulatory approval, may be accomplished off the subject premises without waiver of either parties rights and/or obligations.
4. Cooperation to Secure Regulatory Approvals for Groundwater Development, Production and Export. Whenever compliance with this Lease Agreement requires the approval of regulatory agencies, including local groundwater conservation districts, each party agrees to actively support and cooperate with the other to secure regulatory approval and such support shall not be unreasonably withheld or delayed.
5. Royalty Payments. In consideration of the agreements contained herein CRWA agrees to make semi-annual payments for the periods of January 1 – June 30 and July 1 – December 31. The landowner payments are defined in Section III 6.
6. Fifty Percent (50%) Royalty Payment During Aquifer Permit Process:  
The parties agree that Landowner Royalty Payments shall be calculated according to the following:
  - a. Accrual. The Landowner's right to payment for Landowner Royalty Payments, as calculated in this paragraph 6 and the terms of this Lease Agreement, accrues upon execution of the Lease Agreement. The requirement for payment described in this Paragraph 6 is defined as a "take or pay" agreement. The phrase "take or pay" means that Landowner's right to payment for Landowner Royalty Payments does not depend on the existence of a well on Landowner's property, but on Production, as that term is defined in Section III, Paragraph 1.h of the Lease Agreement, subject only to regulatory reduction imposed by governmental authority with jurisdiction to order a lesser per-acre amount of production or allocation of surface acreage credited toward such production.
  - b. Until Permit Approval. The parties agree that for any portion of a calendar year prior to permit approval, the Landowner Royalty Payments shall be the sum equal to the CRWA Royalty Rate (as defined in Paragraph 7 and as adjusted pursuant to Paragraph 7 and Paragraph 7a), multiplied by the number of acres of the Property and multiplied further by one-half acre foot per acre per year from the Property.

- c. On or After Permit Approval. On or after permit approval and continuing during the Lease Term thereafter, the Landowner Royalty Payments shall be the sum equal to the number of permitted feet established by the Gonzales County Underground Water Conservation District or any successor regulatory authority, per year approved by such regulatory authority for the Property, multiplied by the CRWA Royalty Rate (as adjusted) and further multiplied by the number of acres of the Property, subject only to reduction imposed by governmental authority with jurisdiction to order a lesser per-acre amount of production or allocation of surface acreage credited toward such production.
  
7. Annual Adjustment from GBRA Base Year 2009: Commencing with GBRA's 2009 Basin Charge ("the Base Year"), the calculation of the annual payment by CRWA to Landowner shall be equal to eighty-three and three-tenths percent (83.3%) of the annual charge per acre-foot of untreated surface water charged by the Guadalupe-Blanco River Authority ("GBRA") as applied to its In-District wholesale customers ("CRWA Royalty Rate"). The CRWA Royalty Rate will be adjusted annually thereafter, per GBRA rates, customarily established in July or August, to become applicable commencing in January of the succeeding calendar year.
  - 7.a. Alternative Method of Calculating Annual Royalty Adjustment (CPI): In the event that the U. S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index ("CPI") (all items) will provide a larger (annual) multiplier for the benefit of the landowner, CRWA shall calculate the annual adjustment (see formula in Paragraph 7 above) for the take-or-pay Royalty by multiplying CRWA's previous year's Royalty Rate by the applicable annual CPI Index, U. S Department of Labor, Bureau of Labor Statistics (reflecting the previous year's all items Consumer Price Index). Alternatively, the CPI may be lower in which case the Landowner shall receive the GBRA Basin Rate.
  
8. No Royalty Offset or Credit for Development Costs: Both the Landowners and CRWA acknowledge that the Royalty payment contemplated shall not be deducted, reduced or off set for any development, transmission, or production costs, or any other costs incurred by CRWA to produce, and deliver the groundwater to its customers.
  
9. Payment and Depository Provisions. All CRWA payments shall, with the exception of the initial six (6) month Royalty Payment, be made **semi-annually**. Such Royalty Payments shall be made on January 15th and July 15th, or the next business day thereafter, by electronic means.

Deposit To The Account Of: \_\_\_\_\_  
Account Number \_\_\_\_\_  
Bank Name \_\_\_\_\_  
Bank Routing # \_\_\_\_\_

The designated "Depository Bank(s)" may be changed from time to time, upon reasonable notice, by the Landowner providing such written notice to the CRWA Office. All payments pursuant to this Lease shall be made electronically, and shall be made on the biannual dates specified here.

10. Non-Payment Provision to Cure and Termination. If CRWA fails to make payment when due, the Landowners shall provide actual notice to CRWA of such past due payment. In the event CRWA fails to remedy such default by making payment within 15 *business* days of receipt of the Landowners' written notice issued in accordance with this paragraph, the lease shall terminate. Upon termination of the Lease, all rights, title and interest of CRWA in the water and all portions of the Property shall terminate and upon request by Landowner, CRWA shall execute termination and transfer documents as reasonably requested by Landowner.
11. Entire Lease Agreement. The provisions set forth in this Lease Agreement shall constitute the entire agreement between the Parties, and both Parties shall be bound to comply with any covenants, express, or implied, set forth in this Lease Agreement.
12. Release of Lien. Landowner, if the subject property to be leased is mortgaged, shall take steps to secure a subordination by any lienholders and shall provide to CRWA approvals reasonably necessary to prevent conflict with any pre-existing mineral leases that may prohibit the surface or subsurface agreements provided herein.
13. Good Title. The Landowners covenant that they maintain good, clear and transferable title to the property subject only to easements, restrictions, and reservations of record, and agree to defend title to the property which is required for Lease conveyance governed by this Lease Agreement. A title report shall be prepared within thirty (30) days of the effective date of this Agreement. Moreover, a closing, at which time CRWA shall, at its sole expense, purchase a policy of title insurance to identify any defects of title which may exist. CRWA will identify and object to any material defects in title, if any, within five (5) business days of receipt of the title abstract or title commitment. Landowner is obligated to cure CRWA's objections within ten (10) business days after Landowner receives the objections from CRWA. In the event all or part of the Landowner's title should fail, then Landowner shall have a reasonable time, not to exceed sixty (60)

calendar days, to cure such defect. In the event that CRWA timely identifies and objects to any material defects in title, Landowner shall undertake reasonable efforts to cure objections but shall not be required to file litigation or expend funds or otherwise be required to cure objections. In the event that Landowner notifies CRWA that Landowner will not cure CRWA's objections, CRWA shall within five (5) business days of notice from Landowner to either waive the objections or the Agreement shall be automatically terminated. Closing shall occur within sixty (60) days after the effective date of this lease.

14. Environmental Representations, Covenants and Warranties. Landowners hereby warrant, covenant and represent to CRWA that, to the best of Landowners' knowledge, there are no hazardous materials, other than recorded natural gas transmission lines and hazardous materials commonly used on a ranch in connection with grazing, livestock, and farming operations, in, on or under the property, nor has any release of hazardous materials occurred in, on or under the property prior to entering into this Lease Agreement. Landowners, to their actual knowledge, have not received notice of any notice, actions or proceedings relating to hazardous materials in, on or under the property.
15. Saving Clause. Once production is permitted and commenced, if total groundwater production from Landowner's subsurface water right estate ceases for any reason, other than a regulatory requirement or force majeure, this Lease Agreement shall not terminate if CRWA continues applicable monthly Royalty Payments.
16. Termination. CRWA shall have the obligation, to remove all surface equipment, at anytime within 1 (one) year after the termination of this Lease Agreement. Further, CRWA shall have the right but not the obligation to remove all subsurface improvements within one (1) year of the termination of this Lease Agreement. Provided, however, the Landowner may request and the parties may agree to the transfer of the well improvements from CRWA to Landowner and the Landowner assumes responsibility for said improvements and all regulatory requirements pertaining to the operation, maintenance or closure of the well and any related subsurface facilities installed by CRWA. In the event of any disturbance to the land resulting from termination, the surface shall be restored as nearly as possible to its original condition prior to termination. Any well drilled by CRWA on said land requiring plugging shall be plugged in accordance with the applicable rules and regulations. CRWA and Landowner may agree in writing to vary the terms of this paragraph.
17. Assignment and Approval. CRWA shall have the right to assign this lease and will notify Landowner of its intention in writing. Landowner may transfer, pledge, sell or assign his rights in this lease and provided, however, Landowner may not . transfer any

interest in this Lease to a wholesale or retail water supplier or water purveyor as may from time-to-time be defined by law.

18. Indemnity. To the extent authorized by law, each Party shall indemnify against, and hold the other Party harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including reasonable attorneys' fees, arising out of, connected with, or resulting from the use herein provided, including without limitation the exploring, drilling, taking, delivery, possession, use, operation, or return of the water, or related to activities conducted on the Property, easements, provided such claim is not caused in whole or in part by the other party's negligence. This indemnity is made by the party acting, pursuant to the terms of this Lease Agreement, and shall be for the benefit of the non-acting party.
  
19. Insurance Required of Third Parties.
  - a. Prior to *entry*, or any construction, to the extent CRWA is authorized and required by law, CRWA or its agents or employees, its contractor(s) and subcontractor(s) shall purchase and maintain evidence of Auto and General Liability Coverage. The insurance referenced under this Subparagraph shall be obtained at the sole cost of CRWA or its contractor or contractors, and subcontractor(s), and shall include Landowners and CRWA as additional insureds, as applicable, and protect the Landowners and CRWA against any and all liability for injury to or death of a person or persons, and for damage to or destruction of property occasioned by or arising out of or in connection with contractor's construction, whether execution of the construction arises by the contractor, its contractor(s), or subcontractor(s), or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Additionally, notice that said insurance carriers are licensed to sell insurance in the State of Texas and have designated Texas agent(s) to receive notices required pursuant to the policies shall be delivered to both Parties.
  
  - b. The limits of Auto and General Liability coverage insurance policy or policies described under this section, and required of the contractor, its contractor(s) and subcontractor(s), shall be in an amount not less than \$500,000.00 per individual and \$1,000,000.00 per occurrence, and an amount of not less than \$1,000,000.00 in respect to property damaged or destroyed in any one occurrence. Said Auto and General Liability coverage insurance policy or policies and certificates of insurance shall contain a cancellation clause which will allow cancellation by Contractor, its contractor(s), and subcontractor(s), only after 30 (thirty) days prior written notice to the Landowners and CRWA.

20. Liability and Reimbursement. Each Party shall have the right to collect from the other all reasonable costs and expenses, including reasonable attorneys' fees, incurred by a successful Party in exercising or enforcing any of its rights or remedies hereunder or in enforcing any of the terms, conditions, or provisions of this Lease Agreement in a court of law.
- 21.a. Notwithstanding any other provision of the Lease Agreement, no governmental, statutory, or regulatory restriction, regulation or prohibition, including but not limited to prohibition or reduction in production or export by a local groundwater conservation district, imposition of withdrawal or transport limits, including such limits imposed by management plans (collective "Government Act"), shall be considered a Force Majeure to delay, abate, or suspend any Landowner Royalty Payments owed under paragraph 6 or paragraph 15.
- 21.b. Force Majeure. If performance by either Party hereunder is prevented by reason of any act of God, including drought, flood or catastrophic weather conditions, strike, governmental restriction or regulation, or interference, fire, tornado, drought, or other casualty, or any other event or condition beyond the control of CRWA and/or the Landowners, the other Party agrees to grant the nonperforming Party a reasonable time to take action to overcome the event of force majeure and resume performance of the duties hereunder. All Parties understand and acknowledge that production and export of groundwater may be restricted or prohibited by applicable statute or regulatory activity, including but not limited to the imposition of withdrawal and transport limits, including such limits imposed by management plans, enacted by local groundwater conservation districts and, that pursuant to such requirements, Royalty Payments may be reduced or suspended, prorata until the event of force majeure is no longer in effect. The duty to mitigate any force majeure event shall apply to both parties to the extent within their respective control and by the exercise of reasonable care.
22. Invalidation. If any provision herein is held by a court of competent jurisdiction to be invalid, unenforceable, or illegal in any respect, this invalidity, unenforceability, or illegality shall not operate to terminate the entire Lease Agreement, and the other provisions shall remain effective, and the court, pursuant to the applicable Declaratory Judgment Act, shall declare the remaining provisions intact and, to the extent practicable, give effect to the entire Lease Agreement after deletion of any offending provisions.
23. No Additional Waiver Implied. No waiver(s) of any breach or default(s) by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.

24. Addresses and Notice. Service of all notices under this agreement shall be sufficient if given by electronic means that shall be confirmed by certified mail or courier delivery to the Party involved at its respective address set forth below, or at such address as such Party may provide in writing from time to time. Any such notice dispatched to such address shall be effective when actually received by certified mail or courier delivery.

IF TO THE LANDOWNERS to:

THE BROWN TRUST  
Attention: James William Steele, Independent Executor  
P. O. Box 2019  
Edinburg, Texas 78540

IF TO CRWA, to:

CRWA  
Attention: General Manager 850 Lakeside Pass  
New Braunfels, Texas 78130  
Telephone: (830) 609-0543  
Facsimile: (830) 609-0740  
Email: [crwa@crwa.com](mailto:crwa@crwa.com)

25. Adverse Effects Mitigation. If CRWA's production of groundwater from the Property has the effect of lowering the water table relating to any of Landowner's well(s) to a level which causes the Landowners to be unable to continue to withdraw groundwater in the same manner which the Landowners have historically produced from such well, CRWA agrees to take steps to mitigate its impact on such wells during the term of this Lease Agreement, at CRWA's election and expense, by (i) reworking, lowering of pumps or re-drilling for the well, (ii) providing additional groundwater in lieu of such wells, or (iii) in such other manner mutually acceptable to CRWA and the Landowners.
26. Mutual Cooperation Concerning Well Location, Spacing, Operation and Potential for Interference. The Parties covenant to avoid location or installation of wells (or any facility or infrastructure) that will or may operate to interfere with or reduce the efficiency of the other party's well or facility; provided, however, if such interference is unavoidable, the parties covenant to work cooperatively one with the other to minimize any potential conflict or interference.

27. Surface Covenants. CRWA shall not hunt, fish or engage in any other non-approved activities on Landowner's Property. With the exception of duly licensed and authorized security personnel, CRWA shall not bring onto the Real Property any guns or firearms. CRWA agrees to keep all gates, providing any access to locations on the subject Property (both inside and outside the Well Sites) closed and locked (use of double locks to be effected for entrance; well site to be exclusive control of CRWA) at all times during the term of this Lease Agreement, except during periods of ingress and egress, and as may be necessary in connection with construction or operation by CRWA. Generally, and as conditions may vary, CRWA and the Landowners agree to cooperate with each other so that the Landowner wildlife management, soil conservation, reintroduction of native flora, and cattle operations may continue. The Landowners shall provide CRWA with a key or combination to each locked gate or allow CRWA to place a separate combination or keyed lock for each locked gate on the Property required for access to its Wells. Moreover, the parties expressly agree that, notwithstanding any other provision in this Lease Agreement, Landowners shall be entitled to the use and enjoyment of the Property and to the leasing of the Property provided such use, enjoyment and leasing is subject to the terms of this Lease Agreement including the lease of the surface of the subject property to third parties for the purpose of cattle grazing or other livestock operations. All parties agree that any such surface lessees shall be required to abide by the terms of this Lease Agreement, and refrain from entering any well site or sanitary easement which must exclude cattle operations for health and safety purposes.
28. No Third Party Beneficiaries. This Lease Agreement shall create no Third Party benefits of any kind whatsoever; however all covenants and obligations hereunder shall run with the land and become the obligations and benefits that accrue to any successors, assigns or heirs.
29. Confidential and Lease Memorandum. This Lease Agreement provides for terms, conditions and consideration flowing for the mutual benefit of the party signatories. Each agrees that a Lease Memorandum will be prepared for recordation in the applicable county deed records. Otherwise, this document, itself, shall only be disclosed as required by law and by Landowner's to their accountants, attorneys, financial advisors, bankers, successors and assigns and as may be necessary for the operation of the Property. The parties shall execute separate Lease related documents for recording as may be required to implement this Lease Agreement and comply with regulatory measures of the Gonzales County Underground Water Conservation District, the Texas Water Development Board and the Texas Commission on Environmental Quality.
30. Title Company Instruction. The parties further agree to instruct any title company, appraisal district and any other such entity, to which disclosure may be required by law

that it is intended that this document be treated as proprietary, confidential and that any disclosure be conditioned on such limitation to protect the interest of the parties in and to the development opportunities represented herein. Such limitation on disclosure shall be pursued to protect the public interest in maintenance of reasonable water value (Lessor) and reasonable rates (Lessee) and with the intent to protect CRWA's ultimate water customers from unreasonable escalation of rates.

31. Ad Valorem Taxes Prohibited. CRWA shall pay no ad valorem taxes. CRWA, as a governmental entity created pursuant to law and Article 59, Section XI of the Constitution, shall not pay ad valorem taxes and any title transaction requiring a closing between the contracting Parties shall be so governed and the title company instructed to pro-rate up to the time of such closing, but not thereafter, such that CRWA shall not pay any ad valorem property tax applicable to private property.
32. Injury to Landowner's Property. CRWA will be liable and will promptly provide reasonable compensation to Landowner for any damage to Landowner's improvements, livestock, or real or personal property caused by negligence of CRWA, its employees, agents, invitees, representatives, or contractors while performing services or acts on the real property. The Parties agree to submit to non-binding mediation prior to filing litigation.
33. Mitigation Agreement. The Landowners and CRWA both acknowledge that the groundwater district having jurisdiction over this 2009 Lease Agreement will likely require a formal mitigation agreement. The parties hereto agree and covenant to cooperate with each other in the performance of such mitigation agreement, and the terms and conditions of such mitigation agreement as the groundwater district may impose, along with the groundwater district's regulations, rules and orders, are included herein by reference. As a part of this Lease Agreement, binding on the parties are such rules, agreements and orders that shall be enacted under the police power of the groundwater district or other public authorities, and are applicable from time to time, pursuant to law, and applicable to this Lease or the subject land leased. The Landowner will bear none of the cost of mitigation and requirements of such mitigation, if any, shall not delay royalty payments otherwise required pursuant to this Lease.
34. Most Favored Nations Royalty Clause. If at any time *after* effective date hereof, CRWA enters into a contract providing for purchase of water from Property located within Gonzales County, and for which the any water formation is its source and producing non-saline, untreated water at 1,000 total suspended solids per ml or less, and said Property is located within Gonzales County at a radius not to exceed fifty miles of the leased property, and if the Royalty price per acre foot at any time payable under such contract is

higher than the Royalty price payable here, each Royalty price payable here which is less than the Royalty price payable at the same time under such other contract immediately must be increased by written pricing addenda so that the Royalty price and terms of this Lease Agreement will equal the Royalty price payable under the other contract. It is further provided that water sourced from any other formation within Gonzales County, and meeting these criteria, will be accorded the same Most Favored Nations Royalty pricing provisions. This provision shall operate prospectively from and after the effective date of this Agreement.

35. Time is of the essence for the performance of all terms and conditions of the Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Lease Agreement to be duly executed, upon lawful approval and authority, in multiple counterparts, each of which shall constitute an original, signed and effective this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

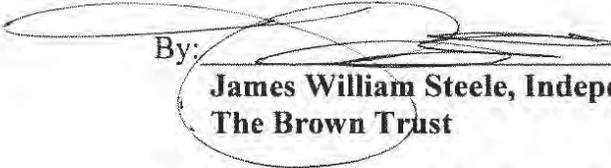
**ATTACHMENT:**

**EXHIBIT A - Legal Description of the Brown Trust Property Located Within  
Gonzales County, Texas.**

**NOTE:**

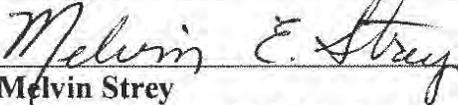
**One original shall be on file at CRWA in its confidential, proprietary files; a second copy shall be on file with the Landowner(s), in its confidential, proprietary files. A Memorandum of Lease reflecting the execution of this Lease shall be the only publicly filed document reflecting the existence of this 2009 Lease Agreement between CRWA and the named Landowners specified herein.**

**LANDOWNER**

By: 

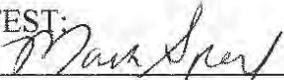
**James William Steele, Independent Executor  
The Brown Trust**

**CANYON REGIONAL WATER AUTHORITY**

By: 

**Melvin Strey  
Chairman, Board of Trustees**

ATTEST:

  
Secretary, Board of Trustees

DATED: 1/26/09

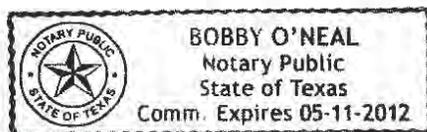
**ACKNOWLEDGMENT (LANDOWNER)**

STATE OF TEXAS

COUNTY OF GONZALES

Before me, the undersigned authorities in and for said County and State, on this 17<sup>th</sup> day of January, 2009, personally appeared **James William Steele, Independent Executor, The Brown Trust**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 17<sup>th</sup> day of January, 2009.



Bobby O'Neal  
Notary Public, State of Texas  
My Commission Expires: 5-11-2012

**ACKNOWLEDGMENT (CRWA)**

STATE OF TEXAS

COUNTY OF Guadalupe

Before me, the undersigned authorities in and for said County and State, on this 26<sup>th</sup> day of January, 2009, personally appeared Melvin Strey, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 26<sup>th</sup> day of January, 2009.



Adriane Tschoepe  
Notary Public, State of Texas  
My Commission Expires: 2/16/2011

## **EXHIBIT A**

### **Legal Description of the Brown Trust Property Located Within Gonzales County, Texas 1639.47 Acres, being the following tracts:**

1. 142-2/3 acres of land, more or less, a part of the DANIEL BROWN SURVEY, Gonzales County, Texas, being the 142-2/3 acres of land described in Deed from J. B. Moore to Willie Bydelle Colwell, recorded in Volume 228, Page 596, of the Deed Records of Gonzales County, Texas;
2. 151 acres of land, more or less, a part of the DANIEL BROWN SURVEY, Gonzales County, Texas, being the 151 acres of land described in Deed from Nance to Willie Bydelle Colwell, recorded in Volume 227, Page 79, of the Deed Records of Gonzales County, Texas;
3. 1245.95 acres of land, more or less, a part of the DANIEL BROWN LEAGUE & LABOR, the R. C. McDANIELS LABOR, the BYRD LOCKHART (CASTLEMAN) LEAGUE and the EZEKIEL W. CULLEN LABOR, Gonzales County, Texas, being the 1245.95 acres of land described in Deed between Ben Colwell and wife, Pearl Colwell, Willie Colwell and wife, Berta Colwell and Willie Beydelle Colwell, recorded in Volume 222, Page 508, of the Deed Records of Gonzales County, Texas;
4. 99.85 acres of land, more or less, a part of the DANIEL BROWN LEAGUE AND LABOR, ABSTRACT NO. 103, Gonzales County, Texas, being the 99.85 acres described in Deed from J. R. Collins, Receiver to William Brewster Brown and Willie Bydelle Colwell Brown, recorded in Volume 344, Page 62, of the Deed Records of Gonzales County, Texas.

**2008 LEASE AGREEMENT**  
**BETWEEN**  
**CANYON REGIONAL WATER AUTHORITY**  
**AND**  
**LANDOWNER**

**DOROTHY M. MORTON, TRUSTEE AND INDEPENDENT EXECUTOR OF THE  
ESTATE OF EDWARD M. MORTON, DECEASED**

**For GONZALES COUNTY, TEXAS**

Each Party has Covenanted that this Lease Agreement shall not be recorded and shall not be provided to any party not a signatory or prospective signatory except as required by law. This is a confidential, privileged document used for purposes of negotiating and effectuating the Lease Agreement between the parties.

**2008 LEASE AGREEMENT**

**BETWEEN**

**CANYON REGIONAL WATER AUTHORITY**

**AND**

**LANDOWNER**

**DOROTHY M. MORTON, TRUSTEE AND INDEPENDENT EXECUTOR OF THE  
ESTATE OF EDWARD M. MORTON, DECEASED**

**GONZALES COUNTY, TEXAS**

This **Lease Agreement** is entered into as of the date reflected on the signature page (the Effective Date), by and between **CANYON REGIONAL WATER AUTHORITY ("CRWA")** its successors, and assigns, and **DOROTHY M. MORTON, TRUSTEE AND INDEPENDENT EXECUTOR OF THE ESTATE OF EDWARD M. MORTON, DECEASED (hereinafter the "Landowner(s))**, their heirs, successors, and assigns, (collectively, the "Parties") for the purposes and mutual benefits to be derived by the Parties and declares this their only agreement.

**I.**

**RECITALS**

**WHEREAS**, CRWA is a governmental agency of the State of Texas, a water conservation district and a body politic and corporate, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas, and Texas Revised Civil Statutes, as amended, and the applicable general laws of the State of Texas. CRWA is engaged in the development of water for wholesale service to its member entities through the acquisition, development, treatment and delivery of water to its customers to accomplish its legislative purposes [Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the "Act")] to promote regional efforts at water resource development in furtherance of S.B. 1 [75th Leg., ch. 1010, [S.B. 1, 1997, 76th Leg.] and subsequent legislative mandate].

**WHEREAS**, all Parties to this Lease Agreement understand that the relationship between CRWA and the Landowners shall not be deemed a partnership or a joint venture, but rather an arrangement which sets forth contractual obligations.

**NOW THEREFORE**, in consideration of the mutual promises, obligations, and benefits to be derived by the Parties pursuant to this Lease Agreement, and the receipt of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by the Parties, each Party agrees as follows:

**II.**  
**THIS LEASE AGREEMENT CONTROLS**

The parties acknowledge that there have been discussions, negotiations and correspondence by and between the parties. For the purpose of finality, this Lease Agreement contains all terms, conditions, agreements and covenants between the parties, and necessarily excludes any oral agreements or prior writings with respect to this Lease Agreement.

**III.**  
**AGREEMENTS**

1. Grant.
  - a. Surface and Subsurface Water Estate to CRWA. The Landowners, in consideration of Ten Dollars in hand paid and the royalties herein provided, and of the agreements of CRWA hereinafter contained, hereby grant, convey, lease, and let unto CRWA that entire surface and subsurface estate, along with a Blanket Easement, for the sole and only purpose of exploring, investigating, conducting geologic, hydrogeologic, and geophysical surveys, tests, drilling, operating for, and producing groundwater, storing groundwater, transporting groundwater, laying waterlines and electric lines, installing metering devices, building storage tanks, power stations, transmitters, telephone lines, roads, and all related and necessary structures thereon, all of which CRWA may deem reasonably necessary and useful to CRWA's operations to produce, save, care for, measure, monitor water levels, store, treat, and transport said groundwater from the subject lands or other lands leased, to interconnect the CRWA's system, and to obtain access for ingress and egress, and to conduct those activities described herein pursuant to permits respecting this land situated in Gonzales County, State of Texas, and more particularly described herein at Exhibit A ("Legal Description of Property") (the "Property"), subject only to the terms and provisions provided. The Parties expressly recognize and agree that this Lease Agreement conveys a fee simple

title in the groundwater, conditioned only on continued payment of royalties as herein provided.

b. Water Line Depth, Distance from Improvement. CRWA shall bury all waterlines below ordinary plow depth on actively cultivated lands, and no production or monitoring well shall be drilled within one thousand (1,000) feet of any residence or barn existing on land at the time of initial drilling of a given well. Landowners covenant and agree that no residence, barn or other improvement will be built within one thousand (1,000) feet of any well, road, or other CRWA facility then existing on the property; provided however, requests may be made by the Landowner of CRWA for exceptions to this one thousand (1,000) foot restriction in connection with the Landowners use of its property. All such requests and approvals shall be in writing. No requests will be unreasonably denied. CRWA hereby covenants and agrees to reasonably repair any damage directly caused by CRWA to Landowners' property and/or to restore Landowners' property as nearly as possible to its original condition, within a reasonable time after notice of damage. Also, see Paragraph 31.

c. Acres Benefited and Payments Thereto. See attached Exhibit "A"; included herein by reference, describing subject property. Royalty Payments as provided herein shall be provided by CRWA to the Landowner(s) upon signing this Lease Agreement for the first six (6) month term or portion thereof, at the time of title closing.

In the event of any term being less than six (6) months, the Royalty Payment shall be pro-rated. In the event of any force majeure, the Royalty Payment for either time or amount shall be pro-rated, as may be required pursuant to the terms of time or the requirements of the force majeure.

d. Easements. This Agreement is intended and does hereby contemplate future grants unto CRWA of the reasonable use of the surface as may be from time-to-time necessary for CRWA to exercise its rights to develop and transmit the water from the subsurface water rights estate provided in the grant recited hereabove in III 1. a. Landowner agrees to execute any written easements reasonably requested by CRWA for this purpose.

e. The Landowners and their heirs, successors, or assigns shall not conduct any activities which conflict with CRWA's operations, water transportation, or its use of well site(s) and easement(s) upon the subject property. Both Parties agree that the purpose of the easements conveyed hereunder, among others, is to protect the

quality of CRWA's water as it is pumped from the ground and transported away from the property. For this reason, Landowners acknowledge and agree that they are prohibited from installing or constructing any animal feedlot or poultry facility, septic, sewage-related, or other facility which would have a potential impact to impair the quality of the groundwater from its natural state or condition within 1000 feet radius of any CRWA well site.

- f. Specified Well-Site Easements of 2.2 Acres Per Site as May Be Determined by CRWA at Its Sole Discretion. CRWA will designate, in its sole and exclusive discretion, in writing, the areas of the Property, if any, which will be used by CRWA as 2.2 acre well site(s). The Landowners, for the same consideration recited herein, hereby agree to grant and convey unto CRWA, an Easement in each 2.2 acre well site so designated by CRWA, including, to the extent applicable, all groundwater rights in and to and associated with each well-site, but excluding any and all mineral estate. In the event CRWA reasonably determines, from time to time, that for purposes of production monitoring or per various regulatory requirements, including mitigation, that additional Well-Sites, including test or monitoring wells, may be necessary for the purposes of this Lease Agreement, CRWA may designate additional areas as Well Sites and/or areas of operation, and the Landowners shall promptly execute a recordable well site instrument(s) including, if necessary, separate Sanitary Easement, consistent with the terms and conditions provided under this Lease Agreement, including therewith compliance with any requirement of the groundwater district having jurisdiction. The Landowners agree that CRWA is hereby authorized to develop and maximize, for CRWA's benefit, the quantity of wells and groundwater sources which can be drilled from this or other Property, limited only by applicable well and spacing regulations of the Gonzales County Underground Water Conservation District ("GCUWCD") and/or Guadalupe County Groundwater Conservation District ("GCGCD") or their respective successors effective from time-to-time following execution of this Lease Agreement. The parties further agree that CRWA, subject to applicable regulation, shall have sole obligation and duty in the design, format and layout of any well-fields, access road easements and all related facilities, transmission equipment or towers and easements necessary to provide access, electric or other utilities, service to, through over or from the property. CRWA shall pay for surveying and hydrogeologic studies, recording of the easements, and expenses of regulatory approvals.
- g. Groundwater. The Landowners, for the consideration herein provided, and of the agreements of CRWA hereinafter contained, hereby grant unto CRWA exclusive

use of, and all lawful right and fee title to all groundwater, from any and all underlying groundwater formations, that may be produced from said lands described in Para. 1(a), such production restricted only by applicable statute and regulation, and thereafter for so long as groundwater is produced from said lands, allocation from said land is made available to the Lessee, CRWA, for purposes of calculating that surface area required for the water permit applicable to this and other lands upon which royalties are paid as provided herein and that all historical usage rights, **if any**, shall accrue for the benefit of the Landowners and CRWA, and the Landowners' rights are hereby assigned exclusively to CRWA, during CRWA's performance of its payment obligation, except as CRWA and the Landowners may require for Landowners' use. The Landowners agree that title to the produced groundwater is vested exclusively in CRWA during all production, and thereafter, for as long as groundwater is produced and the royalties are paid.

- h. "Production" Defined: "Production" is defined as actual permitted withdrawal of groundwater by CRWA (from any number of wells or source formation, whether situated on any portion of the subject Property or elsewhere).
- i. Exclusive Ownership of Groundwater to CRWA/Exceptions: The Landowners agree and covenant not to contest CRWA's exclusive ownership of groundwater described in subparagraph (f), above, and/or any permits associated therewith, except for exempt groundwater and any rights reserved to the Landowners as provided in the subsections below. Except for their own use, the Landowners agree not to compete with CRWA's water development and supply activities, and agree to install or construct only exempt wells:
  - (1) Landowners' Exempt Wells: Landowners may continue production or drill well(s) and withdraw groundwater therefrom for any exempt purpose, provided that such wells are considered exempt under state law, the Rules of the applicable regulatory agency at the time drilling commences, and so long as the withdrawal by the Landowners does not in any manner reduce CRWA's permitted right to withdraw groundwater from the property. Landowners agree to obtain CRWA's prior written approval concerning the location, size and characteristics of any exempt well to be constructed by Landowners after the date of this agreement pursuant to this Section. Landowner will not be required by CRWA to meter water used for exempt purposes.
  - (2) Annual Allotment of Groundwater to Landowners: In addition to groundwater withdrawals by exempt wells which may now or in the future

be authorized under state law and/or local regulation. Landowners may negotiate, for their own domestic or livestock use raw, untreated groundwater from CRWA through its infrastructure situated on the leased property. Landowner(s) shall bear any and all costs associated with constructing Landowner facilities for receipt, transmission and storage of groundwater received by Landowner from CRWA facilities.

i. Non-Competition/Non-Transfer/Non-Interference: Landowners agree not to sell, transport or deliver any groundwater (whether produced by them or purchased from CRWA) off of the property, or to authorize the use of any such groundwater off of the property referenced in this Lease Agreement. Moreover, Landowners shall ensure that their operation and use of exempt wells does not impair the water quality of any respective formation.

ii. Waiver of Claim: Landowners covenant and agree not to assert any cause of action in adverse possession, inverse condemnation, taking, nuisance, trespass or a like claim based on CRWA groundwater withdrawals hereunder including but not limited to any cause of action for negligence, and contractually waives all such rights of action by their execution of this Lease Agreement.

j. Project Description. The project is known as the Wells Ranch Project. CRWA is developing a groundwater project that will be sourced from one or more groundwater bearing formations located under multiple lessees that will be producing water in an amount to be specified by CRWA, based on recommendations of its engineers. The total project, at this time, is estimated to be 4,500 acre-feet, subject to adjustment up or down from time-to-time, and based on cost considerations affecting the project. A portion of the project will be in Gonzales County and a portion of the project will be in Guadalupe County.

2. Perpetual Term. The term of this Lease Agreement shall be for so long as groundwater is permitted for withdrawal and produced from the Property, or said property is included within the surface acreage calculus required by the regulatory authority for permitted production, royalties are paid and obligations hereunder by CRWA are performed. Following initial production, in the event that groundwater is not produced from the property, and at the sole determination and option of CRWA, said Lease Agreement may be terminated upon ninety (90) days written notice; provided, however, if any period of non-production by CRWA is the result of regulatory requirements or force majeure that result in non-production, such as drought conditions or conservation cessation or

reduction, then this Lease Agreement shall continue provided all required payments are made to the Landowner. See Savings Clause, Section 15.

3. Development Costs. CRWA shall be responsible for development, producing operations and permitting costs for the produced water from any formation under the subject property. The Parties acknowledge and agree that CRWA has already incurred and made significant investment and development of the Wells Ranch Project and that the Wells Ranch Project water production, depending upon regulatory approval, may be accomplished off the subject premises without waiver of either parties rights and/or obligations.
4. Cooperation to Secure Regulatory Approvals for Groundwater Development, Production and Export. Whenever compliance with this Lease Agreement requires the approval of regulatory agencies, including local groundwater conservation districts, each party agrees to actively support and cooperate with the other to secure regulatory approval and such support shall not be unreasonably withheld or delayed.
5. Royalty Payments. In consideration of the agreements contained herein CRWA agrees to make semi-annual payments for the periods of January 1 – June 30 and July 1 – December 31. The landowner payments are defined in Section III 6.
6. Initial Fifty Percent (50%) Royalty Payment During Carrizo Aquifer Permit Process: The parties agree that for any portion of a calendar year prior to permit approval and prior to January 1, 2012, the Landowner Royalty payments shall be a sum equal to production projected by CRWA and the regulatory authority or one-half acre foot per year from the property whichever is lesser. Beginning January 1, 2012, the Landowner Royalty Payment shall be a sum equal to number of permitted acre feet established by the Gonzales County Groundwater Conservation District or any successor regulatory agency, by year approved by such regulatory authority. The requirement for payment described herein is defined as a take or pay agreement. The landowner shall be paid for the initial period prior to January 1, 2012, the monies provided herein even though there is no production from the property. Should CRWA fail to timely pay its semi-annual Royalty Payments, then and in that event this lease will be governed pursuant to the termination provisions in Section III, subparagraphs 10 and 15, as applicable. In any calculation of Royalty Payments, and obligations thereunder, the Royalty Payments shall be based upon production directly associated with the subject leasehold property. At the outset, upon permit approval, CRWA and the landowner shall stipulate the water production and Royalty Payment associated with the subject lease within thirty (30) days of the permitting authority's approval of the permit.

7. Annual Adjustment from GBRA Base Year 2008: Commencing with GBRA's 2008 Basin Charge ("the Base Year"), the calculation of the annual payment shall be equal to eighty-three and three-tenths percent (83.3%) of the annual charge per acre-foot of untreated surface water charged by the Guadalupe-Blanco River Authority ("GBRA") as applied to its In-District wholesale customers. The CRWA Royalty Rate will be adjusted annually thereafter, per GBRA rates, customarily established in July or August, to become applicable commencing in January of the succeeding calendar year.
- 7.a. Alternative Method of Calculating Annual Royalty Adjustment (CPI): In the event that the U. S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index ("CPI") (all items) will provide a larger (annual) multiplier for the benefit of the landowner, CRWA shall calculate the annual adjustment (see formula in Paragraph 7 above) for the take-or-pay Royalty by multiplying CRWA's previous year's Royalty Rate by the applicable annual CPI Index, U. S Department of Labor, Bureau of Labor Statistics (reflecting the previous year's all items Consumer Price Index).
8. No Royalty Offset or Credit for Development Costs: Both the Landowners and CRWA acknowledge that the Royalty payment contemplated shall not be deducted, reduced or off set for any development, transmission, or production costs, or any other costs incurred by CRWA to produce, store, and deliver the groundwater to its customers.
9. Payment and Depository Provisions. All CRWA payments shall, with the exception of the initial six (6) month Royalty Payment, be made **semi-annually**. Such Royalty Payments shall be made on January 15th and July 15th, or the next business day thereafter, as follows:
- Mail Check to: Dorothy M. Morton  
25107 Morton Road  
Katy, Texas 77493
10. Non-Payment Provision to Cure and Termination. If CRWA fails to make payment when due, the Landowners shall provide actual notice to CRWA of such past due payment. In the event CRWA fails to remedy such default by making payment within 15 days of receipt of the Landowners' written notice issued in accordance with this paragraph, the lease shall terminate.

11. Entire Lease Agreement. The provisions set forth in this Lease Agreement shall constitute the entire agreement between the Parties, and both Parties shall be bound to comply with any covenants, express, or implied, set forth in this Lease Agreement.
12. Release of Lien. Landowner, if the subject property to be leased is mortgaged, shall take steps to secure a subordination by any lienholders and shall provide to CRWA approvals reasonably necessary to prevent conflict with any pre-existing mineral leases that may prohibit the surface or subsurface agreements provided herein.
13. Good Title. The Landowners covenant that they maintain good, clear and transferable title to the property and agree to defend title to the property which is required for Lease conveyance governed by this Lease Agreement. Moreover, a closing, at which time CRWA shall, at its sole expense, purchase a policy of title insurance to identify any defects of title which may exist. CRWA will identify and object to any material defects in title, if any, within five (5) days of receipt of the title abstract or title commitment. Landowner is obligated to cure CRWA's objections within ten (10) business days after Landowner receives the objections from CRWA. In the event all or part of the Landowner's title should fail, then Landowner shall have a reasonable time, not to exceed sixty (60) calendar days, to cure such defect.
14. Environmental Representations, Covenants and Warranties. Landowners hereby warrant, covenant and represent to CRWA that, to the best of Landowners' knowledge, there are no hazardous materials, other than hazardous materials commonly used on a ranch in connection with grazing, livestock, and farming operations, in, on or under the property, nor has any release of hazardous materials occurred in, on or under the property prior to entering into this Lease Agreement. Landowners, to their actual knowledge, have not received notice of any notice, actions or proceedings relating to hazardous materials in, on or under the property.
15. Saving Clause. Once production is permitted and commenced, if total groundwater production from Landowner's subsurface water right estate ceases for any reason, other than a regulatory requirement or force majeure, this Lease Agreement shall not terminate if CRWA continues applicable monthly Royalty Payments or commences drilling or reworking within 90 (ninety) days after the cessation of such production from the Landowner's property.
16. Termination. CRWA shall have the obligation, to remove all surface equipment, at anytime within 1 (one) year after the termination of this Lease Agreement. CRWA shall have the right but not the obligation to remove all subsurface improvements within one (1) year of the termination of this Lease Agreement. In either instance, the surface shall

be restored as nearly as possible to its original condition prior to termination. Any well drilled by CRWA on said land requiring plugging shall be plugged in accordance with the applicable rules and regulations. CRWA and Landowner may agree in writing to vary the terms of this provision.

17. Assignment and Approval. CRWA shall have the right to assign this lease, will notify Landowner of its intention in writing, and Landowner agrees it will not unreasonably withhold approval of any such proposed assignment. Landowner may transfer, pledge, sell or assign his rights in this lease, provided any such notice is provided to CRWA in writing, and CRWA shall not unreasonably withhold any such approval. Assignments as contemplated by this section shall be in writing, the requests and approvals shall be reviewed and approved within not to exceed forty-five (45) days of written notice, and any such approval shall be routinely approved providing terms and conditions remain unchanged.
18. Indemnity. To the extent authorized by law, each Party shall indemnify against, and hold the other Party harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including reasonable attorneys' fees, arising out of, connected with, or resulting from the use herein provided, including without limitation the exploring, drilling, taking, delivery, possession, use, operation, or return of the water, or related to activities conducted on the Property, easements, provided such claim is not caused in whole or in part by the other party's negligence. This indemnity is made by the party acting, pursuant to the terms of this Lease Agreement, and shall be for the benefit of the non-acting party.
19. Insurance Required of Third Parties.
  - a. Prior to any construction, pursuant to this Lease Agreement, the CRWA contractor, its contractor(s) and subcontractor(s) shall deliver to the Landowners evidence of Auto and General Liability Coverage. The insurance referenced under this Subparagraph shall be obtained at the sole cost of contractor, its contractor(s), and subcontractor(s), and shall name the Landowners and CRWA as additional insureds, and protect the Landowners and CRWA against any and all liability for injury to or death of a person or persons, and for damage to or destruction of property occasioned by or arising out of or in connection with contractor's construction, whether execution of the construction arises by the contractor, its contractor(s), or subcontractor(s), or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Additionally, notice that said insurance carriers are licensed to sell insurance in the State of

Texas and have designated Texas agent(s) to receive notices required pursuant to the policies shall be delivered to both Parties.

- b. The limits of Auto and General Liability coverage insurance policy or policies described under this section, and required of the contractor, its contractor(s) and subcontractor(s), shall be in an amount not less than \$500,000.00 per individual and \$1,000,000.00 per occurrence, and an amount of not less than \$1,000,000.00 in respect to property damaged or destroyed in any one occurrence. Said Auto and General Liability coverage insurance policy or policies and certificates of insurance shall contain a cancellation clause which will allow cancellation by Contractor, its contractor(s), and subcontractor(s), only after 30 (thirty) days prior written notice to the Landowners and CRWA.

20. Liability and Reimbursement. Each Party shall have the right to collect from the other all reasonable costs and expenses, including reasonable attorneys' fees, incurred by a successful Party in exercising or enforcing any of its rights or remedies hereunder or in enforcing any of the terms, conditions, or provisions of this Lease Agreement in a court of law.
21. Force Majeure. If performance by either Party hereunder is prevented by reason of any act of God, including drought, flood or catastrophic weather conditions, strike, governmental restriction or regulation (including prohibition or reduction in production or export by a local groundwater conservation district), or interference, fire, tornado, drought, or other casualty, or any other event or condition beyond the control of CRWA and/or the Landowners, the other Party agrees to grant the nonperforming Party a reasonable time to take action to overcome the event of force majeure and resume performance of the duties hereunder. All Parties understand and acknowledge that production and export of groundwater may be restricted or prohibited by applicable statute or regulatory activity, including but not limited to the imposition of withdrawal and transport limits, including such limits imposed by management plans, enacted by local groundwater conservation districts and, that pursuant to such requirements, Royalty Payments may be reduced or suspended, prorata until the event of force majeure is no longer in effect.
22. Invalidation. If any provision herein is held by a court of competent jurisdiction to be invalid, unenforceable, or illegal in any respect, this invalidity, unenforceability, or illegality shall not operate to terminate the entire Lease Agreement, and the other provisions shall remain effective, and the court, pursuant to the applicable Declaratory Judgment Act, shall declare the remaining provisions intact and, to the extent practicable, give effect to the entire Lease Agreement after deletion of any offending provisions.

23. No Additional Waiver Implied. No waiver(s) of any breach or default(s) by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.

24. Addresses and Notice. Service of all notices under this agreement shall be sufficient if given by electronic means that shall be confirmed by certified mail or courier delivery to the Party involved at its respective address set forth below, or at such address as such Party may provide in writing from time to time. Any such notice dispatched to such address shall be effective when actually received by certified mail or courier delivery.

IF TO THE LANDOWNERS to:

Dorothy M. Morton  
25207 Morton Road  
Katy, Texas 77493

IF TO CRWA, to:

CRWA  
Attention: General Manager 850 Lakeside Pass  
New Braunfels, Texas 78130  
Telephone: (830) 609-0543  
Facsimile: (830) 609-0740  
Email: [crwa@crwa.com](mailto:crwa@crwa.com)

25. Adverse Effects Mitigation. If CRWA's production of groundwater from the Property has the effect of lowering the water table relating to any of Landowner's well(s) to a level which causes the Landowners to be unable to continue to withdraw groundwater in the same manner which the Landowners have historically produced from such well, CRWA agrees to take steps to mitigate its impact on such wells during the term of this Lease Agreement, at CRWA's election and expense, by (i) reworking, lowering of pumps or re-drilling for the well, (ii) providing additional groundwater in lieu of such wells, or (iii) in such other manner mutually acceptable to CRWA and the Landowners.
26. Mutual Cooperation Concerning Well Location, Spacing, Operation and Potential for Interference. The Parties covenant to avoid location or installation of wells (or any facility or infrastructure) that will or may operate to interfere with or reduce the efficiency of the other party's well or facility; provided, however, if such interference is unavoidable, the parties covenant to work cooperatively one with the other to minimize any potential conflict or interference.

27. Surface Covenants. CRWA shall not hunt, fish or engage in any other non-approved activities on the Property. With the exception of duly licensed and authorized security personnel, CRWA shall not bring onto the Real Property any guns or firearms. CRWA agrees to keep all gates, providing any access to locations on the subject Property (both inside and outside the Well Sites) closed and locked at all times during the term of this Lease Agreement, except during periods of ingress and egress, and as may be necessary in connection with construction or operation by CRWA. Generally, and as conditions may vary, CRWA and the Landowners agree to cooperate with each other so that the Landowner cattle operations may continue. The Landowners shall provide CRWA with a key or combination to each locked gate or allow CRWA to place a separate combination or keyed lock for each locked gate on the Property required for access to its Wells. Moreover, the parties expressly agree that, notwithstanding any other provision in this Lease Agreement, Landowners shall be entitled to lease the surface of the subject property to third parties for the purpose of cattle grazing or other livestock operations. All parties agree that any such surface lessees shall be required to abide by the terms of this Lease Agreement, and refrain from entering any well site or sanitary easement which must exclude cattle operations for health and safety purposes. Further, such lessees shall derive no benefits from this Lease Agreement unless further agreed in writing.
28. No Third Party Beneficiaries. This Lease Agreement shall create no Third Party benefits of any kind whatsoever; however all covenants and obligations hereunder shall run with the land and become the obligations and benefits that accrue to any successors, assigns or heirs.
29. Confidential and Lease Memorandum. This Lease Agreement provides for terms, conditions and consideration flowing for the mutual benefit of the party signatories. Each agrees that a Lease Memorandum will be prepared for recordation in the applicable county deed records. Otherwise, this document, itself, shall only be disclosed as required by law and by Landowner's to their accountants, attorneys, financial advisors, bankers, successors and assigns and as may be necessary for the operation of the Property. The parties shall execute a separate Blanket Lease for recording, plus such Easement amendments and related documents as may be required to implement this Lease Agreement.
30. Title Company Instruction. The parties further agree to instruct any title company, appraisal district and any other such entity, to which disclosure may be required by law that it is intended that this document be treated as proprietary, confidential and that any disclosure be conditioned on such limitation to protect the interest of the parties in and to the development opportunities represented herein. Such limitation on disclosure shall be pursued to protect the public interest in maintenance of reasonable water value (Lessor)

and reasonable rates (Lessee) and with the intent to protect CRWA's ultimate water customers from unreasonable escalation of rates.

31. Ad Valorem Taxes Prohibited. CRWA shall pay no ad valorem taxes. CRWA, as a governmental entity created pursuant to law and Article 59, Section XI of the Constitution, shall not pay ad valorem taxes and any title transaction requiring a closing between the contracting Parties shall be so governed and the title company instructed to pro-rate up to the time of such closing, but not thereafter, such that CRWA shall not pay any ad valorem property tax applicable to private property.
32. Injury to Grantors Property. Grantee will be liable and will promptly provide reasonable compensation to Grantor for any damage to Grantor's improvements, livestock, or real or personal property caused by negligence of Grantee, its employees, agents, invitees, representatives, or contractors while performing services or acts on the real property. The amount of damages will be determined in accordance with the provisions of paragraph 24 of the Blanket Easement.
33. Mitigation Agreement. The Landowners, Grantors, and CRWA, as Grantee, both acknowledge that the groundwater district having jurisdiction over this 2007 Lease Agreement will likely require a formal mitigation agreement. The parties hereto agree and covenant to cooperate with each other in the performance of such mitigation agreement, and the terms and conditions of such mitigation agreement as the groundwater district may impose, along with the groundwater district's regulations, rules and orders, are included herein by reference. As a part of this Lease Agreement, binding on the parties are such rules, agreements and orders that shall be enacted under the police power of the groundwater district or other public authorities, and are applicable from time to time, pursuant to law to this Lease or the subject land leased. The Landowner will bear none of the cost of mitigation.
34. Most Favored Nations Clause. If at any time after effective date hereof, CRWA enters into a contract providing for purchase of water from Property located within Gonzales and/or Guadalupe Counties, and for which the Carrizo formation is its source and producing non-saline, untreated water at 1,000 total suspended solids per ml or less, and said Property is located within a radius of fifty miles of the leased property, and if the price per acre foot at any time payable under such contract is higher than the price payable here, each price payable here which is less than the price payable at the same time under such other contract immediately must be increased by written pricing addenda so that the price and terms of this Lease Agreement will equal the price payable under the other contract. It is further provided that water sourced from any other formation within

Gonzales County, and meeting these criteria, will be accorded the same Most Favored Nations pricing provisions.

IN WITNESS WHEREOF, the Parties hereto have caused this Lease Agreement to be duly executed, upon lawful approval and authority, in multiple counterparts, each of which shall constitute an original, signed this \_\_\_\_ day of \_\_\_\_\_, 2008.

**ATTACHMENT:**

**EXHIBIT A - Legal Description of Property Located Within  
Gonzales County, Texas.**

**NOTE:**

**One original shall be on file at CRWA in its confidential, proprietary files; a second copy shall be on file with the Landowner(s), in its confidential, proprietary files. A Memorandum of Lease reflecting the execution of this Lease shall be the only publicly filed document reflecting the existence of this 2008 Lease Agreement between CRWA and the named Landowners specified herein.**

**LANDOWNERS**

By: *Dorothy M. Morton*  
**Dorothy M. Morton, Trustee and  
Independent Executor of The Estate  
of Edward M. Morton, Deceased**

**CANYON REGIONAL WATER  
AUTHORITY**

By: *Melvin E. Strey*  
**Melvin Strey  
Chairman, Board of Trustees**

ATTEST:

*Mark Speed*  
Secretary, Board of Trustees

DATED: 11/10/08

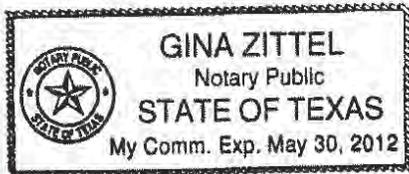
**ACKNOWLEDGMENT (LANDOWNERS)**

**STATE OF TEXAS**

**COUNTY OF**

Before me, the undersigned authorities in and for said County and State, on this 20 day of October, 2008, personally appeared **DOROTHY M. MORTON**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 20 day of October, 2008.



Gina Zittel  
Notary Public, State of Texas  
My Commission Expires: May 30, 2012

ACKNOWLEDGMENT (CRWA)

STATE OF TEXAS

COUNTY OF Guadalupe

Before me, the undersigned authorities in and for said County and State, on this 10<sup>th</sup> day of November, 2008, personally appeared Melvin Strey, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 10<sup>th</sup> day of November, 2008.



Adriane Tschoepe  
Notary Public, State of Texas  
My Commission Expires: 2/16/2011

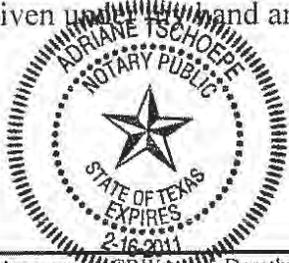
ACKNOWLEDGMENT (CRWA)

STATE OF TEXAS

COUNTY OF Guadalupe

Before me, the undersigned authorities in and for said County and State, on this 10<sup>th</sup> day of November, 2008, personally appeared Melvin Strey, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 10<sup>th</sup> day of November, 2008.



Adriane Tschoepe  
Notary Public, State of Texas  
My Commission Expires: 2/16/2011

## EXHIBIT A

### 500 acres in Gonzales County, Texas, as described below.

Being all that certain tract or parcel of land, situated in the Jose de la Baume Six Leagues Grant, Abstract No. 34, lying and being situated in Gonzales and Guadalupe Counties, Texas, and is more particularly described by metes and bounds as follows, to-wit:

BEGINNING at a stone mound on a high rocky hill on the western boundary of a roadway along the western boundary of a 2342 acre tract conveyed by J. H. Hermann to Fred Mathies:

THENCE South 3575 feet to northwest corner of Fritz Jahns 250 acres, from which a P. O. 9" diameter bears South  $30^{\circ}$  East 29 feet and a P. O. 8" diameter bears North  $61^{\circ}$  East 29 feet;

THENCE East 7950 feet to the western boundary of the Leesville Road, the northeast corner of the Fritz Jahns 250 acres, from which a P.O. 4 inches in diameter bears South  $31^{\circ}$  West and a P. O. 4 inches bears North  $65^{\circ}$  4 varas;

THENCE North 3575 feet to the southeast corner of a 912 acre tract conveyed by The Federal Land Bank of Houston, Texas, to Will J. Blanks taken out of a tract of 2342 acres described in deed to Matthies in Volume 36, page 297, of the Deed Records of Guadalupe County, Texas;

THENCE West 7950 feet to the place of beginning containing 650 acres of land, more or less..

Being the same land described in that certain deed from Charles C. Norwood and wife, Franklin Norwood, to A. E. Moreman dated December 17th, A. D. 1956, recorded in Volume 304, pages 628-629 of the Gonzales County Deed Records;

Also being the same land described in that certain deed from A. E. Moreman and wife, Vashti Moreman, to L. B. Cunningham, dated September 3rd, A. D. 1966, recorded in Volume 347, pages 395-396 of the Gonzales County Deed Records.

This conveyance includes all improvements thereon and all crop allotments, if any.

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NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

233838

**BLANKET ASSIGNMENT AND TRANSFER AGREEMENT –  
GONZALES COUNTY WELL SITES**

1. This Assignment and Transfer Agreement is entered into on 12<sup>th</sup> day of September, 2007 by and between CANYON REGIONAL WATER AUTHORITY, whose address is 850 Lakeside Pass, New Braunfels, Comal County, Texas, and BEXAR METROPOLITAN WATER DISTRICT, whose address is 2047 W. Malone, San Antonio, Bexar County, Texas, and certain landowners residing in Gonzales County, whose names and signatures appear below.

2. For TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, BEXAR METROPOLITAN WATER DISTRICT (hereinafter GRANTOR/ASSIGNOR) hereby CONVEYS, ASSIGNS, and TRANSFERS, all right, title, and interest, including any interest in real or personal property, whether in fee simple absolute or in a lesser estate, to CANYON REGIONAL WATER AUTHORITY (hereinafter GRANTEE/ASSIGNEE), that are created by or arise out of the instruments described below, all of said instruments being incorporated by reference herein:

- (i) a document entitled, "Memorandum of the 2004 Revised Agreement," recorded in Volume 912, Page 33, Official Records of Gonzales County, Texas;
- (ii) a document entitled, "2004 Revised Agreement," entered into between BEXAR METROPOLITAN WATER DISTRICT and Howard Williamson III, Janice S. Williamson, Lawrence A. Norman, and Kelli Jo Norman;
- (iii) a document entitled, "Ingress and Egress Easement – Well No. 1," recorded in Volume 914, Pages 486, Official Records of Gonzales County, Texas; *- Tommy's well*
- (ii) a document entitled, "Sanitary Control Easement – Well No. 1," recorded in Volume 914, Page 494, Official Records of Gonzales County, Texas;
- (iii) a document entitled, "Warranty Deed – Well Site No. 1," recorded in Volume 914, Page 501, Official Records of Gonzales County, Texas;
- (iv) a document entitled, "Ingress and Egress Easement – Well No. 9," recorded in Volume 914, Page 420, Official Records of Gonzales County, Texas; *- Campbell's*
- (v) a document entitled, "Sanitary Control Easement – Well No. 9," recorded in Volume 914, Page 429, Official Records of Gonzales County, Texas;

- (vi) a document entitled, "Warranty Deed – Well Site No. 9," recorded in Volume 914, Page 436, Official Records of Gonzales County, Texas;
- (vii) a document entitled, "Ingress and Egress Easement – Well No. 11," recorded in Volume 914, Page 442, Official Records of Gonzales County, Texas; *Controlled*
- (viii) a document entitled, "Sanitary Control Easement – Well No. 11," recorded in Volume 914, Page 451, Official Records of Gonzales County, Texas;
- (ix) a document entitled, "Warranty Deed – Well Site No. 11," recorded in Volume 914, Page 458, Official Records of Gonzales County, Texas;
- (x) a document entitled, "Ingress and Egress Easement – Well No. 12," recorded in Volume 914, Page 464, Official Records of Gonzales County, Texas; *- 117r = ?*
- (xi) a document entitled, "Sanitary Control Easement – Well No. 12," recorded in Volume 914, Page 473, Official Records of Gonzales County, Texas; and
- (xii) a document entitled, "Warranty Deed – Well Site No. 12," recorded in Volume 914, Page 480, Official Records of Gonzales County, Texas.

3. In further consideration of the above, GRANTOR/ASSIGNOR agrees to convey any other easement, right-of-way, or access right to GRANTEE/ASSIGNEE, which arises out of or relates to the above-referenced 2004 Revised Agreement and is not expressly identified or referenced in the above-described instruments.

4. In further consideration of the above, GRANTOR/ASSIGNOR hereby transfers and assigns to GRANTEE/ASSIGNEE all rights relating to any groundwater permits issued in connection with or related to the 2004 Revised Agreement.

5. In further consideration of the above, GRANTOR/ASSIGNOR agrees to make available for GRANTEE/ASSIGNEE's review all project documents, including engineering reports, surveys, or studies, related to the 2004 Revised Agreement.

6. GRANTOR/ASSIGNOR intends to assign, convey, and transfer all interests, including all real and personal property interests, that GRANTOR/ASSIGNOR has in the above-described instruments to GRANTEE/ASSIGNEE such that GRANTEE/ASSIGNEE shall replace GRANTOR/ASSIGNOR with respect to all rights and obligations arising out of said instruments among the parties thereto and that said instruments and their respective legal effects shall continue in existence and operation as if GRANTEE/ASSIGNEE had, in lieu of GRANTOR/ASSIGNOR, originally been a party thereto.

7. GRANTOR/ASSIGNOR warrants and represents that it has the lawful right to effectuate said assignment, conveyance, and transfer to GRANTEE/ASSIGNEE, and that this Blanket

Assignment and Transfer Agreement effectuates and is consistent with said right to assign, convey, and transfer.

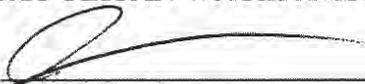
8. GRANTOR/ASSIGNOR agrees to indemnify and hold harmless GRANTEE/ASSIGNEE for any claim asserted by any person that is not a party to this Blanket Assignment and Transfer Agreement that arises out of this Blanket Assignment and Transfer Agreement.

9. GRANTEE/ASSIGNEE does not assume any obligation not expressly arising out of and between the parties to the above-described instruments.

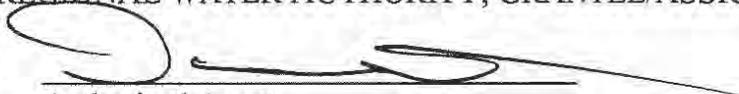
10. This Blanket Assignment and Transfer Agreement is performable in Gonzales County, Texas.

11. This Blanket Assignment and Transfer Agreement conforms to the Agreement for Assignment, Transfer, and Assumption of Wells Ranch Project entered into between GRANTOR/ASSIGNOR and GRANTEE/ASSIGNEE, effective April 26, 2007, and to a Resolution adopted by the board of GRANTOR/ASSIGNOR on July 30, 2007, captioned "A Resolution Approving a Bond Resolution to be Adopted by the Board of Trustees of the Canyon Regional Water Authority."

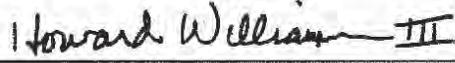
BEXAR METROPOLITAN WATER DISTRICT, GRANTOR/ASSIGNOR

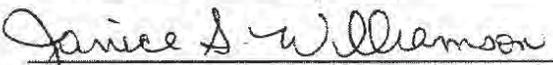
By:   
Authorized Agent

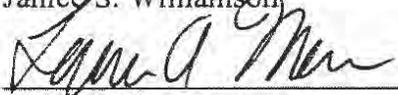
CANYON REGIONAL WATER AUTHORITY, GRANTEE/ASSIGNEE

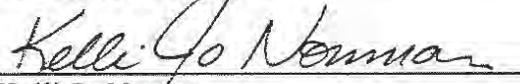
By:   
Authorized Agent

Transaction Approved by:

  
Howard Williamson III

  
Janice S. Williamson

  
Lawrence A. Norman

  
Kelli Jo Norman

STATE OF TEXAS

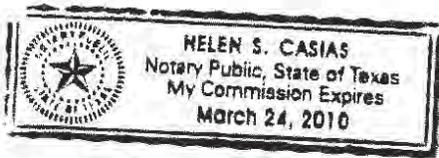
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COUNTY OF GONZALES

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared F. Gilbert Olivas, who represented to me to that he was the authorized agent for BEXAR METROPOLITAN WATER DISTRICT, with respect to the foregoing instrument, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 11 day of September, 2007.



Helen S. Casias

Notary Public in and for the State of Texas

My commission expires: 3/24/10

STATE OF TEXAS

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COUNTY OF GONZALES

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared David Deveraux, who represented to me to that he was the authorized agent for CANYON REGIONAL WATER AUTHORITY, with respect to the foregoing instrument, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 11 day of September, 2007.



Adriane T. Schorpe

Notary Public in and for the State of Texas

My commission expires: 2/16/11

STATE OF TEXAS

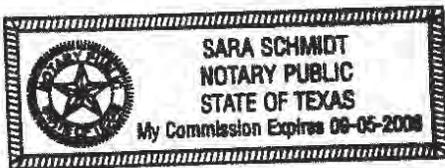
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COUNTY OF GONZALES

**ACKNOWLEDGEMENT**

Before me, the undersigned authority, on this day personally appeared HOWARD WILLIAMSON III, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 10th day of Sept, 2007.



*Sara Schmidt*

Notary Public in and for the State of Texas

My commission expires: 09-05-2008

STATE OF TEXAS

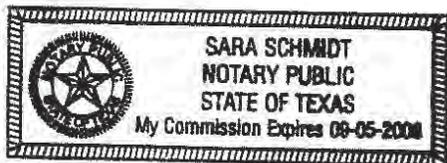
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COUNTY OF GONZALES

**ACKNOWLEDGEMENT**

Before me, the undersigned authority, on this day personally appeared JANICE S. WILLIAMSON, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 10th day of Sept, 2007.



*Sara Schmidt*

Notary Public in and for the State of Texas

My commission expires: 09.05.2008

STATE OF TEXAS

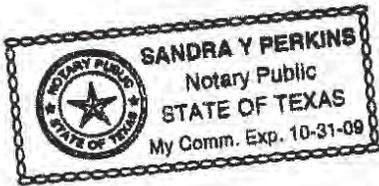
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COUNTY OF GONZALES

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared LAWRENCE A. NORMAN, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 10<sup>th</sup> day of September, 2007.



*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public in and for the State of Texas  
My commission expires: 10-31-09.

STATE OF TEXAS

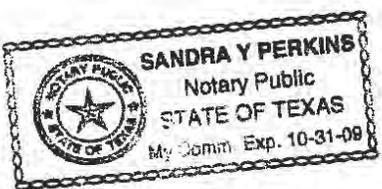
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COUNTY OF GONZALES

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared KELLI JO NORMAN, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 10<sup>th</sup> day of September, 2007.



*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public in and for the State of Texas  
My commission expires: 10-31-09.

**Upon Recording Return to:**

The Law Offices of Louis T. Rosenberg, P.C.  
322 Martinez Street  
San Antonio, Texas 78205

FILED this 18 day of SEPT., 20 07  
at 3:00P M  
EE RIEDEL  
GONZALES COUNTY TEXAS  
*Marta Macias*

STATE OF TEXAS COUNTY OF GONZALES  
I hereby certify that this instrument  
was filed on the date and time stamped  
hereon by me and was duly recorded in  
the Official Records of Gonzales County,  
Texas in volume and page as stamped  
hereon by me.

SEP 19 2007



*Lee Riedel*  
County Clerk, Gonzales County, Texas  
By *[Signature]* Deputy

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## Gonzales County Underground Water Conservation District

920 Saint Joseph Street  
P.O. Box 1919  
Gonzales, TX 78629  
Phone: 830.672.1047  
Fax: 830.672.1387

### Production and Transportation Permit For Public Water Supply Permit No.: 11-09-01

**Permit Issued To:** Canyon Regional Water Authority/ Howard Williamson III  
**Mailing Address:** 850 Lakeside Pass  
New Braunfels, TX 78130

**Phone:** 830.609.0543  
**Fax:** 830.609.0740

**Date Application Filed:** February 24, 2009  
**Date of Public Hearing:** November 10, 2009  
**Date Permit Granted:** November 10, 2009

**Production Permit Provisions:** Total production is limited to 3,000 acre-feet per year  
**Capacity of Water Wells:** Well #1 - 465 gpm      Well #9 - 465 gpm  
Well #11 - 465 gpm      Well #12 - 465 gpm  
**Aquifer Production Allocation:** 2.0 acre-foot per acre from the Carrizo Aquifer  
*Production allocation reverts to 1.0 acre-foot per acre after 2012.*

**Term of Production Permit:** 5 years

*A permittee holding a drilling and production permit due to expire shall file a written request to reissue the permit to the General Manager no later than 30 days prior to the expiration date of the permit. The permit shall remain effective until final Board action on the reissue of the permit. Requests to reissue a permit shall be subject to review for substantial compliance with the rules of the District by the General Manager.*

*Any permit subject to reissue shall after due consideration and an affirmative vote by the Board be reissued for a period of five years in accordance to the rules in effect at the time of reissue.*

**Transport Permit Provisions:** Transport of water from the District is limited to 3,000 acre-feet per year.  
**Capacity of Transport System:** The capacity of the transport facility has no bearing on the current permitted production or transportation volumes or on any future production or transportation volume requests.

**Term of Transport Permit:** 30 years

*A permittee holding a transportation permit shall submit an application to reissue the permit to the General Manager no later than thirty (30) days prior to the expiration of the permit. The permit shall remain effective until final Board action on the reissue of the permit. In its determination whether to reissue the transportation permit, the Board shall consider relevant and current data for the conservation of groundwater. Requests to reissue a permit shall be subject to the notice and hearing requirements applicable to permit applications.*

## **Additional Conditions Applicable to Production and Transportation Permit:**

### **A. Special Provisions**

This production and transportation permit was granted by the Board of Directors with the following special provisions:

1. Acceptance and implementation of a Mitigation Agreement approved by the Canyon Regional Water Authority Board (Agreement Attached).
2. Acceptance and implementation of a Monitoring Well Agreement approved by the Canyon Regional Water Authority Board (Agreement Attached).

### **B. General Conditions**

Acceptance of the permit by the person to whom it is issued constitutes acknowledgment of and agreement to comply with all of the terms, provisions, conditions, limitations, and restrictions of these rules including, but not limited to, the following:

1. Permits are granted in accordance with the provisions of the Texas Water Code and the Rules, Management Plan and Orders of the District, and acceptance of the permit constitutes an acknowledgment and agreement that the permittee will comply with the Texas Water Code, the District Rules, Management Plan, Orders of the District Board, and all the terms, provisions, conditions, requirements, limitations and restrictions embodied in a permit.
2. A permit confers no vested rights in the holder, and it may be revoked or suspended, or its terms may be modified or amended pursuant to the provisions of the District's Rules.
3. The operation of a well for the authorized withdrawal must be conducted in a non-wasteful manner. In the event the groundwater is to be transported a distance greater than one-half mile from the well, it must be transported by pipeline to prevent waste caused by evaporation and percolation.
4. A well site must be accessible to District representatives for inspection, and the permittee agrees to fully cooperate in any reasonable inspection of the well and well site by District representatives.
5. Applications for which a permit is issued are incorporated in the permit and thus permits are granted on the basis of and contingent upon the accuracy of the information supplied in the application and any amendments to the application. A finding that false information has been supplied is grounds for immediate revocation of a permit. In the event of conflict between the provisions of a permit and the contents of the application, the provisions of the permit shall control.
6. Suspension or revocation of a permit may require immediate cessation of all activities granted by the permit.
7. Violation of a permit's terms, conditions, requirements or special provisions is punishable by civil penalties provided by the District's Rules.
8. Where ever special provisions in a permit are inconsistent with other provisions or District Rules, the special provisions prevail.
9. Changes in the amount of water transported or the wells associated with the transportation facility may not be made without the prior approval of a permit amendment issued by the District.

10. The owner of a transportation facility shall be responsible for the prevention of pollution and waste, and with protecting the public's health in relation to water produced from such facility as required by District rules, and by reason of operations of said facility.

### **C. Transportation Facility Requirements**

All transportation facilities subject to registration or permitting shall be equipped with flow monitoring devices approved by the District and shall be available at all reasonable times for inspection by District personnel. The operator of a transportation facility shall be required to keep records and make reports to the District as to the operation of the transportation facility as indicated below:

1. Permitted transportation facilities shall submit reports to the District on a monthly basis, beginning at the time a permit is issued to operate. Monthly reports are due in the District office by the 15<sup>th</sup> day of the following month.
2. Such reports shall include the volume of water transported during the preceding month and the production for each well associated with the transportation facility.
3. Immediate written notice must be given to the District in the event production or transport exceeds the quantity authorized by this permit, or a well is either polluted or causing pollution of the aquifer.

The District may, every five years, review the amount of water that may be transferred out of the District under a permit and may limit the amount of water which may be transferred, after a consideration of the factor set forth in applicable District Rules, and all relevant and current data for conservation of groundwater resources in the District. At any time during the term of a transportation permit, the District may revise or amend the permit if the use of water unreasonably affects existing groundwater and surface water resources or existing Permit Holders.

### **D. Fees**

1. Permitted transportation facilities shall pay a fee to the District equal to 2.5 cents per one thousand gallons for the water transported from the District in the preceding month. Monthly fees are due by the 15<sup>th</sup> day of the following month in the District office.
2. All transportation facilities, unless exempted by these rules, shall reimburse the District for expenses incurred by the District for administration in connection with the facility as outlined in Chapter 36, Texas Water Code.

### **E. Change of Ownership**

A drilling or production permit may be transferred to another person through change of ownership of the well provided all permit conditions remain in compliance with District Rules and the District is notified, in advance, of the proposed change in ownership. The General Manager is authorized to effectuate the permit transfer.

### **F. Fines**

Permitted transportation facilities which fail to comply with District rules may be subject to a civil penalty to be determined by the Board not to exceed \$10,000 per day of violation and each day of continued violation constitutes a separate violation.

*Emmet Baker, Jr.*

Emmet Baker, Jr.  
President  
Gonzales County UWCD

11-24-09  
Date

**Attachments**

Mitigation Agreement, November 10, 2009

Monitoring Well Agreement, November 3, 2009

**MITIGATION AGREEMENT  
CANYON REGIONAL WATER AUTHORITY and  
GONZALES COUNTY UNDERGROUND WATER CONSERVATION DISTRICT**

THE PARTIES

This agreement is effective this 10<sup>th</sup> day of November, 2009 (the "Effective Date") by and between the Gonzales County Underground Water Conservation District ("GCUWCD"), a groundwater conservation district, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas and Chapter 36 of the Texas Water Code, and Canyon Regional Water Authority ("CRWA"), a governmental agency of the State of Texas, a statutory district and political subdivision created by Special Act, Chapter 670, Acts of the 71<sup>st</sup> Legislature, Regular Session 1989 (the "Act"), as Amended, pursuant to Article XVI, Section 59 of the Texas Constitution and is comprised of its member-entities that have entered into various agreements pursuant to Chapter 791, Texas Government Code, as Amended (the "Interlocal Cooperation Act"). Pursuant to its Act and applicable law, CRWA is dedicated to the acquisition and production of new sources of raw water, and provide<sup>s</sup> the public utility function of water resource development, purification and delivery of water on a wholesale basis to CRWA member-entities pursuant to CRWA's authorizing legislation, the Texas Water Code, and general law. GCUWCD and CRWA are collectively referred to herein as "the Parties."

RECITALS

1. CRWA, as 2007 successor-assignee to BexarMet, by Board of Trustees action has assumed the GCUWCD responsibilities and obligations to perform the Rule 5D function of mitigation, concurrent with production and transportation permit approvals, with respect to production and transportation permits at the Wells Ranch wellfield and issued by the GCUWCD. This document shall replace and supersede the 2004 Mitigation Agreement dated April 13, 2004. This document shall be referenced as the "Mitigation Agreement" or "Agreement."
2. CRWA owns certain real property rights and groundwater rights in Gonzales County and has applied to GCUWCD for permits authorizing the construction and operation of wells and the transport of groundwater out of the District.
3. GCUWCD has been charged by the Texas Legislature with conserving and protecting the groundwater in Gonzales County, Texas. To that end, and pursuant to its enabling legislation and Chapter 36 of the Texas Water Code ("Chapter 36"), the GCUWCD has promulgated a District

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MITIGATION AGREEMENT  
BETWEEN GCUWCD AND CRWA  
November 3, 2009

Management Plan and Rules governing the issuance of permits for drilling, production and transportation of groundwater underlying GCUWCD's boundaries.

4. GCUWCD has adopted Rule 5D relating to a well owner and transporters responsibility to mitigate unreasonable adverse Effects upon registered water well owners. The Parties acknowledge, and desire to contractually adopt principles contained in such Rules and do so by this Mitigation Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

I. Purpose

- 1.1 It is the purpose of this Agreement to formulate a fair and reasonable protocol to accomplish the purposes of the Parties, to work together as good neighbors, and to cooperate for the purpose of ensuring that CRWA's use of groundwater does not unreasonably affect existing permit holders or existing registered wells within the District (both existing permit holders and existing registered wells shall be subsequently referred to in this agreement as "Existing Wells").
- 1.2 The Parties agree to deal with each other reasonably and through fair dealing. In the event of a disagreement between the Parties, this agreement will be construed in order to carry out the intent of the Parties.
- 1.3 The Parties acknowledge and agree that this Agreement and the performance of this agreement does not constitute an admission of any liability whatsoever, but results from their desire to expeditiously resolve mitigation claims.

II. Defined Terms

- 2.1 "CRWA Production Facilities" means the infrastructure owned or operated by CRWA for the production of groundwater. This term includes, but is not limited to the wells and pumps owned by or leased to or from CRWA for its water production operations in Gonzales County.

- 2.2 "Area of Operations and Impact Area for CRWA Facilities" means only those tracts of land situated within the GCUWCD's boundaries and reasonably close in proximity to the tracts upon which CRWA conducts its water production operations, the location of such tracts being shown by the map attached as Exhibit A.
- 2.3 "Existing Wells" means only those groundwater withdrawal or production wells situated within the GCUWCD's boundary which were constructed, operated, and permitted or registered, as appropriate, with GCUWCD, before the Effective Date of this agreement and which are utilized or capable of being utilized for beneficial use as defined in the Texas Water Code. Subject to the limitations described below, a well for which registration has been requested from the District prior to June 1, 2010 is considered an Existing Well. The term "Existing Well" does not include any well that presently (as of the Effective Date of this agreement) either: (i) was not drilled or completed in accordance with the standards in effect at the time the well was drilled or (ii) due to age or conditions, the casing or packing of the well has deteriorated to the extent that it permits the flow of water between formation, <sup>3</sup> pollutants on or near the surface of the ground to enter the well; or prevents the lowering of the pumps in the well. A well shall not be considered deteriorated solely because it has a reduced diameter which prevents the lowering of its pump. *ms*
- 2.4 The term "Existing Well" does not include any well that is plugged or required by state law or GCUWCD rules to be capped (regardless of whether it is actually capped ) prior to the Effective Date of this agreement or at any time during the term of this agreement. The term "Existing Well" does not include any well that is producing water solely from a formation other than the "Carrizo" formation, unless it is subsequently demonstrated that a communication between formations exists and that the communication is causing the unreasonable Effect on the well. The term "Existing Well" does not include any well that is located on any tract of land that is included in the contiguous acreage on which CRWA has acquired water rights by lease, contract, or conveyance.

- 2.5 “Unreasonably Affect” or “Affect” means either: (i) causing the degradation of the quality of the water to the extent that a treatment system is required for continued use to meet primary or secondary drinking water quality standards established by the Texas Commission on Environmental Quality or the water can no longer be used, for the purpose for which the Existing Well was originally developed; or (ii) causing decline in the level of the water in the well to the extent that the pump must be lowered or the well must be replaced. These terms encompass the noun “Effect” as well as the verb “Affect.”

### III. CRWA Program Implementation

- 3.1 Mitigation. CRWA will conduct the mitigation program for the period of operation of the CRWA Production Facilities. CRWA will establish a public contact point for owners of Existing Wells within the Area of Operations and Impact Area for CRWA Facilities to contact CRWA personnel in the event of a well complaint (Craig Hines, Cell Phone: 830-857-6684). Upon receipt of a complaint relating to an Existing Well, CRWA will promptly notify GCUWCD and conduct an investigation to document the condition of the well water supply. GCUWCD agrees to cooperate with and assist CRWA with the investigation, including access to the well which is the subject of the complaint and access to wells of other persons. With collected information, CRWA will conduct an investigation to assess the effect of CRWA Production Facilities on the well supply and determine the appropriate response per CRWA’s mitigation program. In the event CRWA determines CRWA Production Facilities solely Affected the supply, CRWA will promptly mitigate the Affected well supply in a mutually agreeable manner between CRWA and the landowner.
- 3.2 In the event CRWA determines that CRWA Production Facilities, in conjunction with production by other persons, Affected the supply, CRWA will promptly mitigate the Affected well supply in a mutually agreeable manner between CRWA and the landowner, or CRWA will promptly coordinate with the other producers to develop an agreeable plan to mitigate the well. If CRWA mitigates a well jointly Affected by other producers, CRWA reserves all rights to seek contribution from the other producers and assumes the rights of the well owner to seek contribution from the other

producers and the GCUWCD agrees to cooperate with the CRWA in its attempts to obtain contribution from the other producers.

- 3.3 All well complaint information collected and the results of the CRWA investigations and mitigation activities will be reported to the GCUWCD, except for matters privileged under the law. In the event the owner of an Existing Well disagrees with CRWA investigations or proposed mitigation steps, the landowner may contact the GCUWCD and the well complaint shall proceed according to Paragraph IV and Paragraph V herein.

#### IV. GCUWCD Notice and Consultation

- 4.1 Consultation. CRWA and GCUWCD agree to meet periodically (as may be deemed necessary by either party) to discuss and consult regarding CRWA's operations and activities within the GCUWCD's boundaries. These consultations shall be expeditiously held at a time and location determined by agreement of the Parties to this agreement.
- 4.2 Request for Consideration of Unreasonable Adverse Effects. GCUWCD may, from time to time, advise CRWA that it requests that CRWA consider undertaking mitigation activities based on claims of Effects resulting from CRWA's facilities or activities, and to take appropriate actions to reasonably minimize present or imminent direct and unreasonable adverse Effects upon the operations of Existing Wells within the Area of Operations and Impact Area for CRWA Facilities. Notice of the GCUWCD's Request for Consideration shall be made in writing and delivered to CRWA's representative.
- 4.3 Response to Request for Consideration and Proposed Remedy. Upon receipt of a Request for Consideration from the GCUWCD, CRWA will review such claimed or contemplated adverse Effects, and respond in writing with ten (10) business days. In the event that CRWA determines that its activities or facilities are the sole producing cause of the identified direct and unreasonable adverse Effects upon the operations of the Existing Wells, such Response shall include CRWA's proposal to remedy or minimize such Effects. Should CRWA determine that its activities or facilities are not or may not be the producing cause of the identified direct and unreasonable adverse Effects upon the operations of Existing Wells, CRWA shall advise

the GCUWCD of such position in its written Response to the Request for Consideration. The Parties agree that in instances where human health and welfare are an issue or a persons' livelihood is at stake, an expedited response will be accomplished.

- 4.4 Health and Safety. In the case of an emergency, a well owner or the General Manager, after contacting CRWA pursuant to 3.1, may proceed to address the adverse effects and responsibility and costs of mitigation shall be determined later. In the event CRWA determines CRWA Production Facilities, in conjunction with production by other persons, Affected the supply, CRWA will promptly mitigate the Affected well supply in a mutually agreeable manner between CRWA and the landowner, or CRWA will promptly coordinate with the other transport permit holders to develop an agreeable plan to mitigate the well. If CRWA mitigates a well jointly Affected by other transport permit holders, CRWA reserves all rights to seek contribution from the other transport permit holders and assumes the rights of the well owner, upon assignment, to seek contribution from the other producers and the GCUWCD agrees to cooperate with the CRWA in the CRWA attempts to obtain contribution from the other producers.
- 4.5 Inter-Aquifer Communication. To the extent that any inter-aquifer water communication exists that becomes apparent upon investigation of mitigation claims, the Parties agree to address that issue as part of the mitigation process and apply sound professional judgment in connection with any remediation measures otherwise required to address specific Existing Wells.

V. Determination of Responsibility for Adverse Effects - Contested Mitigation

- 5.1 Agreement Concerning CRWA's Responsibility for Adverse Effects upon Existing Wells and Allocation of Costs Associated with Mitigation. If, upon review, the Parties jointly and by agreement determine that CRWA must take action to mitigate the direct adverse Effects of its operations on other Existing Wells situated within the Area of Operations and Impact Area for CRWA Facilities, the Parties will jointly prepare a design plan and cost estimate, identifying costs required for mitigation of the direct adverse Effects of such operations on other Existing Wells allocated to CRWA. The Parties shall also establish a schedule for completion of all necessary work related to the

improvements or modifications necessitated by any agreement or agreed claim of adverse Effect.

5.2 Dispute Resolution Concerning Responsibility for Adverse Effects upon Existing Wells and Allocation of Costs Associated with Mitigation. In the event that the Parties are unable to agree in the determination of whether CRWA's activities or facilities have resulted or will imminently result in direct adverse Effects upon the operations of Existing Wells within the Area of Operations and Impact Area for CRWA Facilities and/or the specific mitigation activities required to remedy such adverse Effects, or the contribution allocated to other producers, the Parties agree to submit each and all contested issues to a three party Resolution Committee (5.3 below) for issuance of a written recommendation concerning the producing cause of such Effects, required mitigation measure(s), and allocation of costs for any mitigation measure(s). The decision of the Resolution Committee shall be based upon a simple majority vote on any submitted issue, and shall be prepared and signed by the majority members. The submission of a disputed issue to the Resolution Committee shall constitute procedural satisfaction contemplated by GCUWCD Rule 5D.

5.3 Three Party Resolution Committee. Coincident with approval of this Mitigation Agreement, the Parties shall establish a three party Resolution Committee for the purposes set-forth in the previous paragraph. The Resolution Committee shall be comprised as follows:

- (a) one (1) permanent member to be designated by the Board of Directors of the GCUWCD;
- (b) one (1) permanent member to be designated by CRWA; and
- (c) one (1) "term member," to be jointly-appointed by the Parties to a two year term.

5.4 Qualifications of Jointly-Appointed Term Member of Resolution Committee. Any licensed individual actively engaged in the profession of well-drilling in Texas or holding a license or certification as a professional geologist or groundwater hydrologist, or a professional engineer, agreeable to CRWA and GCUWCD, shall be eligible to serve as the term member of the Resolution

Committee. The term member shall serve without pay; provided, however, in any dispute between the Parties requiring the term member's technical expertise, the term member's published or customary hourly rate shall form the basis for any Compensation Request. No individual employed by either party to this contract, whether as an employee or consultant, may be appointed to or serve on the Resolution Committee (as the term member) during any period of such employment. Appointment of the term member shall be made and ratified by the Boards of the Parties within thirty (30) days of any vacancy.

5.5 Division of Costs of Resolution Committee Deliberations. The costs of the analysis by the term member, if any, separate and ~~distinct~~ <sup>distinct</sup> from the Term Members' participation of deliberation on a disputed matter, shall be paid by CRWA irrespective of the Resolution Committee's determination on any submitted issue.

5.6 Written Decision of Resolution Committee. If the decision of the Resolution Committee is accepted by the Parties, it shall be reported to GCUWCD and promptly implemented. Any Party may appeal the decision of the Resolution Committee to the GCUWCD Board for review and determination within thirty (30) days; provided, however, in matters of health and safety, provisions of Paragraph 4.3 shall control and an immediate response shall be required. Such appeals shall be tried *de novo* pursuant to the District's rules governing hearing procedures and contested permit hearing procedures.

## VI. Duration

6.1 The duration of this agreement shall be from the Effective Date and for as long thereafter as CRWA, its successors or assigns, conduct water production operations within the boundaries of the GCUWCD. For purposes hereof, the term "water production operations" means any activity related or incidental to obtaining or maintaining permits or authority necessary for CRWA to drill, test, produce or transport groundwater from within the boundaries of the GCUWCD.

VII. Miscellaneous

- 7.1 Notices. All notices given hereunder must be in writing. Any written notice must be given by sending the same electronically, by United States certified mail, return receipt requested, or by personal delivery. Either party may change its address by written notice to the other and either party may confirm notice by electronic means.

The address for GCUWCD for all purposes under this agreement and for all notices herein shall be:

Greg Sengelmann, General Manager  
Gonzales County Underground Water Conservation District  
P.O. Box 1919  
920 St. Joseph Street, Room 129  
Gonzales, Texas 78629  
Phone & Fax: 830-672-1047  
Email: [gcuwcd@gvec.net](mailto:gcuwcd@gvec.net)

The address for CRWA for all purposes under this agreement and for all notices herein shall be:

David Davenport, General Manager  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130-8233  
Phone: (830) 609-0543  
Fax: (830) 609-0740  
Email: [crwa@crwa.com](mailto:crwa@crwa.com)

- 7.2 Governing Law. This agreement is being executed, delivered, and is intended to be performed in the State of Texas. Texas law shall govern the validity, construction, enforcement, and interpretation of this agreement, unless otherwise specified herein. Both Parties are required to comply with numerous State and Federal statutes and regulations in the performance of their duties. Nothing in this agreement is intended to be nor shall be construed as being in conflict with all applicable laws, and neither Party

waives any rights or remedies thereunder. Any delays in any schedule established in this agreement that are occasioned by compliance with any Federal or Texas law or regulations shall not constitute a temporal breach of this agreement.

- 7.3 Parties Bound. This agreement shall be binding upon and inure to the benefit of GCUWCD and CRWA and their respective successors, and assigns and shall be construed without respect to which Entity was the drafter of this Agreement.
- 7.4. Default and Remedies. In the event that one Party believes the other Party has materially breached the terms and conditions of this agreement, the nondefaulting party will make written demand and notice to cure and give the defaulting Party up to thirty (30) days to cure such material breach or, if the curative action cannot reasonably be completed within thirty (30) days of its receipt of such written demand and notice, then the defaulting will commence the curative action within thirty (30) days and thereafter diligently pursue the curative action completion. This period must pass before the nondefaulting party may initiate any remedies available to the nondefaulting party due to such breach, and such remedies shall be limited to specific performance only.

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VIII. POSTED on November 6<sup>th</sup>, 2009, and APPROVED on 11-10-09, 2009, pursuant to Agenda Item      by Gonzales County Underground Water Conservation District.

IX. POSTED ON November 3, 2009, and APPROVED on November 9, 2009, pursuant to Agenda Item 7 by Canyon Regional Water Authority.

GONZALES COUNTY UNDERGROUND  
WATER CONSERVATION DISTRICT

By: Emmet Baker Jr.  
Name: Emmet Baker Jr.  
Title: President  
Date: 11-10-09

Attest:

By: J. Petersek  
Name: JEAN PETEREK  
Title: Secretary  
Date: 11-10-09

CANYON REGIONAL  
WATER AUTHORITY

By: Melvin E. Strey  
Name: Melvin Strey  
Title: Chairman  
Date: Nov 9, 2009

**Attest:**

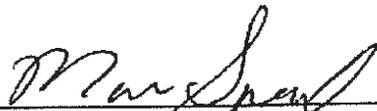
By: Mark Speed  
Name: Mark Speed  
Title: Secretary  
Date: Nov 9, 2009

**CERTIFICATION OF BOARD ACTION  
BY SECRETARY TO THE CANYON REGIONAL WATER AUTHORITY  
BOARD OF TRUSTEES  
NOVEMBER 9, 2009**

I, **Mark Speed**, do hereby certify that I am the Secretary of Canyon Regional Water Authority (hereinafter called "Authority"), that this certificate is executed pursuant to a **Standstill Agreement** that was duly approved by the Board of Trustees of the Authority at its Board meeting of **November 9, 2009**, pursuant to Item 7, mitigation & monitoring Agreement and pursuant to the duly noticed agenda, that the meeting was held in accordance with the Board's procedures, and that upon a motion by Trustee William Oki, seconded by Trustee William Seiler, the motion was approved by a vote of 16 in favor, 0 opposed, 0 abstaining, and 5 absent.

To certify which, witness my hand and seal of said Authority this 9th day of November, 2009.

SEAL

  
\_\_\_\_\_  
Mark Speed, Secretary  
Canyon Regional Water Authority

LAW OFFICE OF  
**LOUIS T. ROSENBERG, P.C.**  
A PROFESSIONAL CORPORATION

**LOUIS T. ROSENBERG**  
Attorney at Law & Mediator

**NOHL PATRICK BRYANT**  
Attorney at Law

De Mazieres Building  
322 Martinez Street  
San Antonio, Texas 78205  
Phone (210) 225-5454  
Fax (210) 225-5450

E-MAIL: [firm@ltrlaw.com](mailto:firm@ltrlaw.com)  
WEBSITE: [www.ltrlaw.com](http://www.ltrlaw.com)

**SONIA CANTU ROSENBERG**  
Office Manager/Paralegal

**SHELLI L. BAKER**  
Sr. Admin. Assist./Paralegal

November 3, 2009

Mr. Greg Sengelmann, General Manager  
GCUWCD  
920 St. Joseph Street, Room 129  
Gonzales, Texas 78629

RE: CRWA / GCUWCD Permit Matter [10389H(20g)]

Dear Greg:

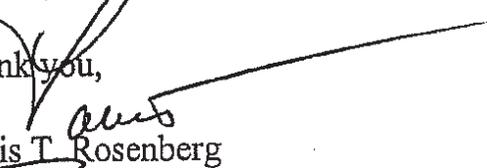
Supplementing the previous transmittal from this morning where we provided the SAWS edition of the Mitigation Agreement revised slightly to fit CRWA, please accept this letter as a confirmation of the information in paragraph 9.2 of the earlier CRWA Mitigation Agreement and in conformity with the commitment made when I discussed CRWA's permit with Mr. Baker:

- (1) Two (2) Carrizo monitoring wells proximate to the Wells Ranch well field, at a location to be determined by yourself and CRWA's consultant, James Bené, will be established; and
- (2) One (1) Wilcox monitoring well, at a location related to the Wells Ranch well field, also will be established upon consultation with James Bené and yourself.

These monitoring wells, whether existing or new, are part of the CRWA commitment to provide data to the GCUWCD that is reflective of the water well levels that would be reflected based on the pumping activity of CRWA.

This information, above stated, may be included in the motion for approval of the Wells Ranch production and transportation permits scheduled for next Tuesday, November 10th, to reflect CRWA's commitment.

Thank you,

  
Louis T. Rosenberg  
LTR:slb

Attachment: CRWA's Monitor Wells - 2 Carrizo; 1 Wilcox.

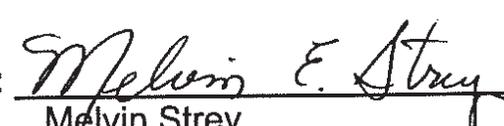
cc: Mr. David Davenport, General Manager  
Mr. Craig Hines, Project Manager  
CRWA

James Bené, P.G.

Nohl P. Bryant, Esq.

**APPROVED:**

**CANYON REGIONAL WATER AUTHORITY**

By:   
Melvin Strey  
Its President

Date: 11-9-09

**Attest:**

By:   
Mark Speed  
Its Secretary

Date: 11/9/09

## Attachment to November 3, 2009 Letter to Greg Sengemann

### CRWA's Monitor Wells - 2 Carrizo; 1 Wilcox

It is desired that existing wells be used to determine the aquifer response to CRWA's pumpage where the accuracy and reliability of measurements from the wells can be verified. The GCUWCD shall work with CRWA's groundwater consultant to ascertain whether water levels in existing wells reflect actual aquifer conditions and should be included in the monitoring program. As part of this evaluation, a well's historic water level measurements and construction methods and material settings will be assessed. Specifically, information describing the following will be verified and recorded where practical: well depth, screened interval, diameter, owner, well use, location description, site description (including photograph), latitude/longitude, pumping equipment settings, and elevation of the land surface and measuring point. For wells in which information is incomplete, CRWA will work with the GCUWCD to determine, on a case-by-case basis, whether further investigations are required to demonstrate the suitability of the well for inclusion into the monitoring network.

If the coverage of monitor wells is considered insufficient after considering existing wells, CRWA will construct new, dedicated monitoring wells. Two (2) Carrizo and one (1) Wilcox monitoring wells will be constructed by CRWA at locations determined by the GCUWCD General Manager in consultation with CRWA's groundwater consultant, and upon such determination the GCUWCD General Manager will provide written notice of such determination to CRWA for implementation. Because the siting of wells is dependent on many unresolved factors such as land availability, electric power, and drilling rig access issues, the final locations of potential monitor wells are not currently known but can be promptly determined upon review of GCUWCD wells registered with the District located proximate to the Wells Ranch Project wellfield.

VIII. POSTED on November 6<sup>th</sup>, 2009, and APPROVED on 11-10-09, 2009, pursuant to Agenda Item      by Gonzales County Underground Water Conservation District.

IX. POSTED ON November 3, 2009, and APPROVED on November 9, 2009, pursuant to Agenda Item 7 by Canyon Regional Water Authority.

GONZALES COUNTY UNDERGROUND  
WATER CONSERVATION DISTRICT

By: Emmet Baker Jr.  
Name: Emmet Baker Jr.  
Title: President  
Date: 11-10-09

Attest:

By: Jean Petersek  
Name: JEAN PETERSEK  
Title: Secretary  
Date: 11-10-09

VIII. POSTED on November 6<sup>th</sup>, 2009, and APPROVED on 11-10-09, 2009, pursuant to Agenda Item      by Gonzales County Underground Water Conservation District.

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GONZALES COUNTY UNDERGROUND  
WATER CONSERVATION DISTRICT

By: Emmet Baker Jr.  
Name: Emmet Baker Jr.  
Title: President  
Date: 11-10-09

Attest:

By: Jean Petersek  
Name: JEAN PETERSEK  
Title: Secretary  
Date: 11-10-09

**ORDER OF THE GONZALES COUNTY UNDERGROUND WATER CONSERVATION DISTRICT REGARDING APPLICATIONS OF THE CANYON REGIONAL WATER AUTHORITY FOR PERMITS TO PRODUCE AND TRANSPORT WATER FROM THE CARRIZO AQUIFER IN GONZALES COUNTY, TEXAS; AND RELATED AGREEMENTS.**

WHEREAS, after providing the required mailed and published notices, the Board of Directors ("Board") of the Gonzales County Underground Conservation District ("District") held a public hearing on November 14, 2012, to consider the Applications of the Canyon Regional Water Authority ("CRWA") to drill six (6) new water wells and re-equip four (4) existing water wells, produce approximately 4,400 acre-feet of water per year at an average rate of approximately 500 gallons per minute per well, and transport groundwater from the six (6) new production wells and four (4) existing re-equipped wells to a location outside of the District's boundaries; and

WHEREAS, after considering the CRWA Applications, the pre-filed direct testimony and exhibits, and the additional testimony and evidence presented and admitted at the hearing, the Board of the District makes the following order and report pursuant to District Rule 24(L).

**NOW THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE GONZALES COUNTY UNDERGROUND WATER CONSERVATION DISTRICT THAT:**

1. Upon consideration of the criteria set-forth in the Chapter 36 of the Texas Water Code, District Rule 11(B-C), and other applicable rules, laws and regulations, the Board of Directors hereby finds and determines that CRWA's Application to drill and produce six (6) new water wells in Gonzales County is in compliance with all requirements for issuance of a permit for drilling and production.
2. Upon consideration of the criteria set-forth in the Chapter 36 of the Texas Water Code, District Rules 12 and 16, and other applicable rules, laws and regulations, the Board of Directors hereby finds and determines that CRWA's Application to re-equip and produce four (4) existing water wells in Gonzales County is in compliance with all requirements for issuance of a permit for re-work of existing wells and production therefrom.
3. Upon consideration of the criteria set-forth in the Chapter 36 of the Texas Water Code, District Rule 15 (including Rule 15(D)), and other applicable rules, laws and regulations, the Board of Directors hereby finds and determines that CRWA's Application to transport groundwater from the six (6) new production wells and four (4) existing re-equipped wells to a location outside of the District's boundaries is in compliance with all requirements for issuance of a permit for transportation.
4. The Board of Directors hereby approves a permit in substantially the form attached hereto as Attachment 1 authorizing CRWA to drill six (6) new water wells and re-equip four (4) existing water wells in Gonzales County, Texas, produce 4,400 acre-feet of water per year from the Carrizo aquifer, and transport said water outside of the boundaries of the District for

municipal (public water supply) purposes, and authorizes Bruce Patteson, President, to sign such permit.

5. The Board of Directors hereby approves a Mitigation Agreement in substantially the form attached hereto as Attachment 2, and authorizes Bruce Patteson, President, to execute such a Mitigation Agreement on behalf of the District.

6. The Board of Directors hereby approves a Negotiated Export Fee Agreement in substantially the form attached hereto as Attachment 3, and authorizes Bruce Patteson, President, to execute such a Negotiated Export Fee Agreement on behalf of the District.

7. This Order is effective immediately upon its passage.

PASSED AND APPROVED ON THIS THE 17th DAY OF December, 2012.

GONZALES COUNTY  
UNDERGROUND WATER  
CONSERVATION DISTRICT

By Bruce Patteson

Printed Name Bruce Patteson

Title: Board President

Date: 12-17-12

ATTEST:

By: Steve Ehrig

Printed Name: Steve Ehrig  
Secretary

Date: 12-17-12

# **Attachment 1**

## Gonzales County Underground Water Conservation District

920 Saint Joseph Street  
P.O. Box 1919  
Gonzales, TX 78629  
Phone: 830.672.1047  
Fax: 830.672.1387

### Production and Transportation Permit

Permit No.:

11-12-2

Permit Issued To: Canyon Regional Water Authority ("Permittee")

Mailing Address:

Attn: David Davenport, General Manager  
850 Lakeside Pass  
New Braunfels, TX 78130  
EMAIL: [crwa@crwa.com](mailto:crwa@crwa.com)

Phone: 830/609-0543

Date Application Filed: March 17, 2010

Date of Public Hearing: November 14, 2012

Date Permit Granted: November 14, 2012

Aquifer Production Allocation: Not to exceed 1.0 acre-foot per acre from the Carrizo Aquifer

Purpose of Use: Municipal Purposes (Public Water Supply).

Permitted Production Amount: Not to exceed 4,400 acre-feet per year, subject to  
Production Schedule (see below)

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**Capacity of Water Wells:**

A. **New Wells to be Constructed:** The new wells permitted hereunder will produce up to a maximum rate of 500 gallons per minute. Maximum production from the Gonzales portion of the Wells Ranch hereunder shall be 1,035 acre-feet per year (and is in addition to the 3,000 acre-feet per year previously permitted by the District). Maximum production from the new wells on the Brown Trust property hereunder shall be 3,365 acre-feet per year.

Well No.	Property	Maximum Avg. Pumping Rate (gpm)
Well 8	Wells Ranch	500
Brown 1	Brown Trust	500
Brown 2	Brown Trust	500
Brown 3	Brown Trust	500
Brown 4	Brown Trust	500
Brown 5	Brown Trust	500

B. **Re-Work of Existing Wells:** Each re-equipped well will be operated to produce a maximum of 500 gallons per minute, with a maximum annual production (by all new wells) of approximately 3,000 acre-feet.

Well No.	Property	Maximum Avg. Pumping Rate (gpm)
Well 1	Wells Ranch	500
Well 9	Wells Ranch	500
Well 11	Wells Ranch	500
Well 12	Wells Ranch	500

**Production Schedule:**

Permittee is authorized to produce and transport from the District a total annual amount of 4,400 acre-feet per year of groundwater in accordance with the following production schedule:

A. Interim Stage I – During the period from November 14, 2012 through November 13, 2017, Permittee is authorized to produce and transport no more than 2,000 acre feet per year of groundwater.

B. Interim Stage II – During the period from November 14, 2017 through November 13, 2032, Permittee is authorized to produce and transport no more than 4,400 acre feet per year of groundwater.

All groundwater production and transportation authorized by this permit is in addition to such amounts as are authorized by the District pursuant to other permits granted to Permittee.

In accordance with District Rule 11(G)(2), Permittee may time the drilling and completion of wells to match the above-stated Production Schedule. The Permittee may request from the General Manager a modification of the Production Schedule during any Interim Stage. Permittee's request for modification of the Production Schedule must include an explanation for the modification. If the Desired Future Condition is not in imminent danger of not being achieved or the Desired Future Condition is being achieved, the Board shall amend the Production Schedule and such action shall not be subject to a contested case hearing.

**Term of Production Permit: 5 years**

*A permittee holding a drilling and production permit due to expire shall file a written request to reissue the permit to the General Manager no later than 30 days prior to the expiration date of the permit. The permit shall remain effective until final Board action on the reissue of the permit. Requests to reissue a permit shall be subject to review for substantial compliance with the rules of the District by the General Manager. (Rule 11.G.3)*

*Any permit subject to reissue shall after due consideration and an affirmative vote by the Board be reissued for a period of five years in accordance with the rules in effect at the time of reissue. (Rule 11.G.4)*

**Transport Permit Provisions:** Transport of water from the District shall not exceed 4,400 acre-feet per year. The transportation of groundwater outside the District authorized by this permit is limited to the out-of-District service areas specified in Permittee's initial application for a production and transportation permit filed with the District.

**Capacity of Transport System:** The capacity of the transport facility has no bearing on the current permitted production or transportation volumes or on any future production or transportation volume requests.

**Term of Transport Permit: 30 years**

*A permittee holding a transportation permit shall submit an application to reissue the permit to the General Manager no later than thirty (30) days prior to the expiration of the permit. The permit shall remain effective until final Board action on the reissue of the permit. In its determination whether to reissue the transportation permit, the Board shall consider relevant and current data for the conservation of groundwater. Requests to reissue a permit shall be subject to the notice and hearing requirements applicable to permit applications. (Rule 15.K)*

**Additional Conditions Applicable to Production and Transportation Permit:**

**A. Special Provisions**

This production and transportation permit was granted by the Board of Directors with the following special provisions:

1. Execution of a Mitigation Agreement.
2. Execution of a Negotiated Export Fee Agreement.

## **B. General Conditions**

Acceptance of the permit by the person to whom it is issued constitutes acknowledgment of and agreement to comply with all of the terms, provisions, conditions, limitations, and restrictions of these rules including, but not limited to, the following:

1. Permits are granted in accordance with the provisions of the Texas Water Code and the Rules, Management Plan and Orders of the District, and acceptance of the permit constitutes an acknowledgment and agreement that the permittee will comply with the Texas Water Code, the District Rules, Management Plan, Orders of the District Board, and all the terms, provisions, conditions, requirements, limitations and restrictions embodied in a permit. (Rule 11.F.2.a; Rule 15.E.2.a)
2. A permit confers no vested rights in the holder, and it may be revoked or suspended, or its terms may be modified or amended pursuant to the provisions of the District's Rules. (Rule 11.F.2.b; Rule 15.E.2.b)
3. The operation of a well for the authorized withdrawal must be conducted in a non-wasteful manner. In the event the groundwater is to be transported a distance greater than one-half mile from the well, it must be transported by pipeline to prevent waste caused by evaporation and percolation. (Rule 11.F.2.c; Rule 15.E.2.c)
4. A well site must be accessible to District representatives for inspection, and the permittee agrees to fully cooperate in any reasonable inspection of the well and well site by District representatives. (Rule 11.F.2.e; Rule 15.E.2.e)
5. Applications for which a permit is issued are incorporated in the permit and thus permits are granted on the basis of and contingent upon the accuracy of the information supplied in the application and any amendments to the application. A finding that false information has been supplied is grounds for immediate revocation of a permit. In the event of conflict between the provisions of a permit and the contents of the application, the provisions of the permit shall control. (Rule 11.F.2.f; Rule 15.E.2.f)
6. Suspension or revocation of a permit may require immediate cessation of all activities granted by the permit. (Rule 11.F.2.g; Rule 15.E.2.g)
7. Violation of a permit's terms, conditions, requirements or special provisions is punishable by civil penalties provided by the District's Rules. (Rule 11.F.2.h; Rule 15.E.2.h)
8. Wherever special provisions in a permit are inconsistent with other provisions or District Rules, the special provisions prevail. (Rule 11.F.2.i; Rule 15.E.2.i)

9. Changes in the amount of water transported or the wells associated with the transportation facility may not be made without the prior approval of a permit amendment issued by the District. (Rule 15.E.2.j)
10. The owner of a transportation facility shall be responsible for the prevention of pollution and waste, and with protecting the public's health in relation to water produced from such facility as required by District rules, and by reason of operations of said facility. (Rule 15.G)

### C. Transportation Facility Requirements

All transportation facilities subject to registration or permitting shall be equipped with flow monitoring devices approved by the District and shall be available at all reasonable times for inspection by District personnel. The operator of a transportation facility shall be required to keep records and make reports to the District as to the operation of the transportation facility as indicated below:

1. Permitted transportation facilities shall submit reports to the District on a monthly basis, beginning at the time a permit is issued to operate. Monthly reports are due in the District office by the 15th day of the following month. (Rule 15.F.1)
2. Such reports shall include the volume of water transported during the preceding month and the production for each well associated with the transportation facility. (Rule 15.F.2 d; Rule 15.E.2.d)
3. Immediate written notice must be given to the District in the event production or transport exceeds the quantity authorized by this permit, or a well is either polluted or causing pollution of the aquifer. (Rule 11.F.2)

The District may, every five (5) years, review the amount of water that may be transferred out of the District under a permit and may limit the amount of water which may be transferred, after a consideration of the factors set forth in applicable District Rules and all relevant and current data for conservation of groundwater resources in the District. At any time during the term of a transportation permit, the District may revise or amend the permit if the use of water unreasonably affects existing groundwater and surface water resources or existing Permit Holders. (Rule 15.J)

### D. Fees

Beginning on October 1, 2013, Permittee shall pay the District fees in accordance with the Negotiated Export Fee Agreement. Prior to the implementation of such Negotiated Export Fee Agreement, Permittee shall pay export fees in accordance with the previously-existing agreement between Permittee and the District.

### E. Change of Ownership

A drilling or production permit may be transferred to another person through change of ownership of the well provided all permit conditions remain in compliance with District Rules and the District is notified, in advance, of the proposed change in ownership. The General Manager is authorized to effectuate the permit transfer. (Rule 11.E)

**F. Fines**

Permitted transportation facilities which fail to comply with District rules may be subject to a civil penalty to be determined by the Board not to exceed \$10,000 per day of violation and each day of continued violation constitutes a separate violation. (Rule 27.G).

**G. Production Limits**

The total amount of production authorized under this permit, or production authorized under any Interim Stage, may be reduced by the Board if the Board finds that the Desired Future Condition for the District is not being achieved or is in imminent danger of not being achieved and that the Permittee has caused or significantly contributed to the non-achievement or imminent non-achievement of the Desired Future Condition.



Bruce Patteson, President  
Gonzales County Underground Water Conservation District

12-17-12  
Date

**Attachments:**  
Mitigation Agreement  
Negotiated Export Fee Agreement

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NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**BLANKET ASSIGNMENT AND TRANSFER AGREEMENT –**  
**GUADALUPE COUNTY WELL SITES**

1. This Assignment and Transfer Agreement is entered into on 12<sup>th</sup> day of September, 2007 by and between CANYON REGIONAL WATER AUTHORITY, whose address is 850 Lakeside Pass, New Braunfels, Comal County, Texas, and BEXAR METROPOLITAN WATER DISTRICT, whose address is 2047 W. Malone, San Antonio, Bexar County, Texas, and certain landowners residing in Gonzales County, whose names and signatures appear below.

2. For TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, BEXAR METROPOLITAN WATER DISTRICT (hereinafter GRANTOR/ASSIGNOR) hereby CONVEYS, ASSIGNS, and TRANSFERS, all right, title, and interest, including any interest in real or personal property, whether in fee simple absolute or in a lesser estate, to CANYON REGIONAL WATER AUTHORITY (hereinafter GRANTEE/ASSIGNEE), that are created by or arise out of the instruments described below, all of said instruments being incorporated by reference herein:

- (i) a settlement agreement inuring to the benefit of certain landowners and GRANTOR/ASSIGNOR, arising out of Case No. SA-A3-CA1119-OG, filed in the United States District Court for the Western District of Texas, San Antonio Division, styled *Williamson et al. v. Guadalupe County Groundwater Conservation District*.
- (ii) a document entitled, "Memorandum of the 2004 Revised Agreement," recorded in Volume 912, Page 33, Official Records of Gonzales County, Texas;
- (iii) a document entitled, "2004 Revised Agreement," entered into between BEXAR METROPOLITAN WATER DISTRICT and Howard Williamson III, Janice S. Williamson, Lawrence A. Norman, and Kelli Jo Norman;
- (iv) a document entitled, "Ingress and Egress Easement – Well No. 2," recorded in Volume 2086, Page 463, Official Public Records of Guadalupe County, Texas;
- (v) a document entitled, "Sanitary Control Easement – Well No. 2," recorded in Volume 2086, Page 473, Official Public Records of Guadalupe County, Texas; and
- (vi) a document entitled, "Warranty Deed – Well Site No. 2," recorded in Volume 2086, Page 482, Official Public Records of Guadalupe County, Texas.

3. In further consideration of the above, GRANTOR/ASSIGNOR agrees to convey any other easement, right-of-way, or access right to GRANTEE/ASSIGNEE, which arises out of or relates to the above-referenced 2004 Revised Agreement and is not expressly identified or referenced in the above-described instruments.

4. In further consideration of the above, GRANTOR/ASSIGNOR hereby transfers and assigns to GRANTEE/ASSIGNEE all rights relating to any groundwater permits issued in connection with or related to the 2004 Revised Agreement.

5. In further consideration of the above, GRANTOR/ASSIGNOR agrees to make available for GRANTEE/ASSIGNEE's review all project documents, including engineering reports, surveys, or studies, related to the 2004 Revised Agreement.

6. GRANTOR/ASSIGNOR intends to assign, convey, and transfer all interests, including all real and personal property interests, that GRANTOR/ASSIGNOR has in the above-described instruments to GRANTEE/ASSIGNEE such that GRANTEE/ASSIGNEE shall replace GRANTOR/ASSIGNOR with respect to all rights and obligations arising out of said instruments among the parties thereto and that said instruments and their respective legal effects shall continue in existence and operation as if GRANTEE/ASSIGNEE had, in lieu of GRANTOR/ASSIGNOR, originally been a party thereto.

7. GRANTOR/ASSIGNOR warrants and represents that it has the lawful right to effectuate said assignment, conveyance, and transfer to GRANTEE/ASSIGNEE, and that this Blanket Assignment and Transfer Agreement effectuates and is consistent with said right to assign, convey, and transfer.

8. GRANTOR/ASSIGNOR agrees to indemnify and hold harmless GRANTEE/ASSIGNEE for any claim asserted by any person that is not a party to this Blanket Assignment and Transfer Agreement that arises out of this Blanket Assignment and Transfer Agreement.

9. GRANTEE/ASSIGNEE does not assume any obligation not expressly arising out of and between the parties to the above-described instruments.

10. This Blanket Assignment and Transfer Agreement is performable in Guadalupe County, Texas.

11. This Blanket Assignment and Transfer Agreement conforms to the Agreement for Assignment, Transfer, and Assumption of Wells Ranch Project entered into between GRANTOR/ASSIGNOR and GRANTEE/ASSIGNEE, effective April 26, 2007, and to a Resolution adopted by the board of GRANTOR/ASSIGNOR on July 30, 2007, captioned "A Resolution Approving a Bond Resolution to be Adopted by the Board of Trustees of the Canyon Regional Water Authority."

BEXAR METROPOLITAN WATER DISTRICT, GRANTOR/ASSIGNOR

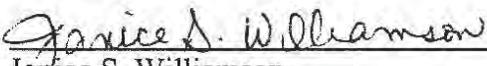
By:   
Authorized Agent

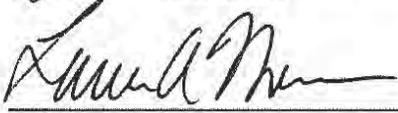
CANYON REGIONAL WATER AUTHORITY, GRANTEE/ASSIGNEE

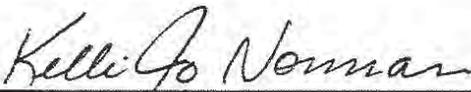
By:   
Authorized Agent

*Transaction Approved by:*

  
Howard Williamson III

  
Janice S. Williamson

  
Lawrence A. Norman

  
Kelli Jo Norman

STATE OF TEXAS

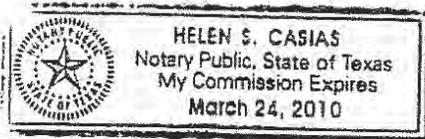
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COUNTY OF GUADALUPE

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared F. Gilbert Olivares, who represented to me to that he was the authorized agent for BEXAR METROPOLITAN WATER DISTRICT, with respect to the foregoing instrument, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 11 day of September, 2007.



Helen S. Casias

Notary Public in and for the State of Texas

My commission expires: 3/24/10

STATE OF TEXAS

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COUNTY OF GUADALUPE

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared David Devera, who represented to me to that he was the authorized agent for CANYON REGIONAL WATER AUTHORITY, with respect to the foregoing instrument, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 11th day of September, 2007.



Adriane Tschoepe

Notary Public in and for the State of Texas

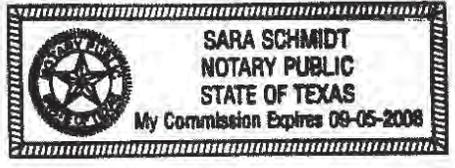
My commission expires: 2/16/11

STATE OF TEXAS           §  
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COUNTY OF GUADALUPE   §

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared HOWARD WILLIAMSON III, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 10<sup>th</sup> day of Sept., 2007.



*Sara Schmidt*  
Notary Public in and for the State of Texas  
My commission expires: 09-05-2008.

STATE OF TEXAS           §  
  §  
COUNTY OF GUADALUPE   §

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared JANICE S. WILLIAMSON, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 10<sup>th</sup> day of Sept., 2007.



*Sara Schmidt*  
Notary Public in and for the State of Texas  
My commission expires: 09-05-2008.

STATE OF TEXAS

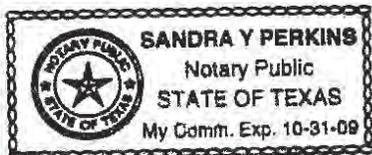
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COUNTY OF GUADALUPE

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared LAWRENCE A. NORMAN, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this <sup>th</sup>10 day of September, 2007.



[Signature]  
Notary Public in and for the State of Texas  
My commission expires: 10-31-09

STATE OF TEXAS

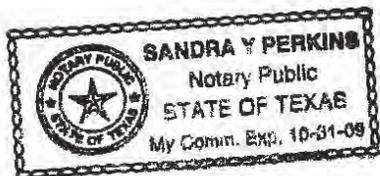
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COUNTY OF GUADALUPE

ACKNOWLEDGEMENT

Before me, the undersigned authority, on this day personally appeared KELLI JO NORMAN, and proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this <sup>th</sup>10 day of September, 2007.



[Signature]  
Notary Public in and for the State of Texas  
My commission expires: 10-31-09

**Upon Recording Return to:**

The Law Offices of Louis T. Rosenberg, P.C.  
322 Martinez Street  
San Antonio, Texas 78205

FILED FOR RECORD  
2007 SEP 18 PM 12: 52

TERESA KIEL  
COUNTY CLERK GUADALUPE COUNTY

BY



STATE OF TEXAS  
COUNTY OF GUADALUPE  
I certify this instrument was FILED on the  
date and at the time stamped thereon and  
was duly recorded in the Official Public  
Records of Guadalupe County, Texas.



*Teresa Kiel*  
TERESA KIEL  
Guadalupe County Clerk

PTC-  
→ Craig Hines

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GUADALUPE COUNTY GROUNDWATER CONSERVATION DISTRICT

STATE OF TEXAS

**PRODUCTION PERMIT**

**FOR THE WITHDRAWAL AND BENEFICIAL USE OF GROUNDWATER**

**Permit No. 4-P**

**THIS CERTIFIES THAT:**

**Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130**

the Permit Holder applied for a Production Permit seeking authority to withdraw from its well(s) identified herein and place to beneficial use groundwater from the Carrizo Aquifer located within the boundaries of the Guadalupe County Groundwater Conservation District (the "District") and, upon notice and hearing, that the Board of Directors of the District APPROVED the application as follows:

**1.0 Category of Permit:** Production Permit

**2.0 Permit Term:**

The Permit Term shall expire on the fifth anniversary of the effective date of this permit, and may be renewed upon written request by the Permit Holder for three additional five-year periods, as long as the Permit Holder remains in compliance with the permit conditions, District's rules, and applicable law.

**3.0 Groundwater Withdrawal Amount:**

The Permit Holder may withdraw 1,400.00 (one thousand four hundred) acre-feet of groundwater per annum from the Carrizo Aquifer and place it to beneficial use for the purpose stated in Paragraph 4.0. The Permit Holder expressly assumes the risk of drilling, operating, and/or otherwise investing in the well or the groundwater to be produced from it in the event that authorized production may be partially or fully reduced and/or restricted pursuant to state law and the District's implementation thereof. The District reserves the right to reduce production under this permit during drought conditions or to comply with state law.

**4.0 Purpose of Use:**

Municipal purposes as recognized by District's rules and state law.

**5.0 Location of Point(s) of Withdrawal and Place of Use and Authorization to Transport Groundwater Outside District's Boundaries:**

The Permit Holder may withdraw groundwater from the Carrizo Aquifer from the points

of withdrawal authorized by Water Well Permit Nos. 2, 3, and 5, and place that groundwater to beneficial use (for the purpose specified in paragraph 4.0 above) at the places of use that include the service areas of Canyon Regional Water Authority's member entities, as that service area is defined by Certificates of Convenience and Necessity issued by the Texas Commission on Environmental Quality or its predecessors, applicable state law, and regulations of the Texas Commission on Environmental Quality. The Permit Holder is authorized to transport outside the District's boundaries the full production allocation provided for under Paragraph 4.0.

**6.0 Transfer of Ownership of the Permit, Place of Use, and/or Wells:**

The transfer of ownership of the well(s) designated by a permit is presumed to transfer ownership of this permit, absent an express reservation of rights in the transferor, pursuant to the District's rules.

**7.0 Reporting Requirements:**

The Permit Holder is subject to the reporting requirements and must file monthly groundwater pumpage and transportation reports required pursuant to the District's rules.

**8.0 Fees:**

The Permit Holder is subject to payment of fees for production and transport of groundwater in accordance with the District's rules.

**9.0 Conditions and Limitations:**

The activities authorized under this permit are subject to any and all limitations provided for in the District's enabling act (the "District Act," that Act of May 29, 1997, 75<sup>th</sup> Leg., R.S., Ch. 1066, as amended by Act of May 26, 1999, 76<sup>th</sup> Leg., R.S., Ch. 1141), the District's Rules and Board Orders, the District's Management Plan approved by the Texas Water Development Board, Texas Water Code Chapters 36 and 49, and all other applicable laws, as may be amended from time to time, and permit conditions, including but not limited to the following express conditions and limitations:

- (a) Acceptance of this permit constitutes an acknowledgment and agreement that the applicant will comply with the District Act, the District's Rules, Board Orders, and Management Plan, Texas Water Code Chapters 36 and 49, and all other applicable laws, and all the terms, provisions, conditions, requirements, limitations, and restrictions embodied in this permit.
- (b) This permit confers no vested rights in the holder, and it may be revoked or suspended, or its terms may be modified or amended pursuant to the provisions of the District Act and Chapter 36 of the Texas Water Code.

- (c) A groundwater meter must be installed and operated in accordance with the District's rules. The Permit Holder shall keep accurate records of the amount of groundwater withdrawn and the purpose of the withdrawal, and such records shall be available for inspection by the District or its representatives. The meter shall be read, and the meter reading and actual amount of pumpage recorded each month. Immediate written notice shall be given to the District in the event a withdrawal exceeds the quantity authorized by this permit.
- (d) The well site shall be accessible to District representatives for inspection, and the applicant agrees to cooperate fully in any reasonable inspection of the well and well site by District representatives.
- (e) The application pursuant to which this permit has been issued is incorporated in this permit, and this permit is granted on the basis of and contingent upon the accuracy of the information supplied in that application and in any amendments to the application. A finding that false information has been supplied shall be grounds for immediate revocation of the permit. In the event of conflict between the provisions of this permit and the contents of the application, the provisions of this permit shall control.
- (f) The Mitigation Agreement Between BexarMet and GCGCD which was assigned by BexarMet to Canyon Regional Water Authority and which is attached to Canyon Regional Water Authority's permit application is incorporated herein as a special condition binding Canyon Regional Water Authority to the obligations set forth therein; provided, however, that nothing in the Mitigation Agreement is intended to be nor shall be construed as being in conflict with all applicable laws, and that this special condition may, consequently, be amended to reflect changes in applicable law.
- (g) Violation of this permit's terms, conditions, requirements, or special provisions, including pumping amounts in excess of authorized withdrawal, shall be punishable by civil penalties and other remedies as provided by the District's rules, the District Act, and applicable law.
- (h) Wherever special provisions are inconsistent with other provisions or rules of the District, the special provisions shall prevail.

**NOW, THEREFORE, THIS PROPOSED PERMIT IS ISSUED** pursuant to the District's Rules and Board Orders, the District's Act, Texas Water Code Chapters 36 and 49, and all other applicable laws, and the Permit Holder is authorized to withdraw groundwater from the Carrizo Aquifer within Guadalupe County and place it to beneficial use only in accordance with this Permit.

DATED, ISSUED, AND EXECUTED THIS 20 day of June, 2008, and TO BE EFFECTIVE the 20 day of June, 2008, by the President of the Board of Directors of the District.



Ron Naumann, Board President  
Guadalupe County Groundwater Conservation  
210 East Live Oak Street, Suite 213  
Seguin, Texas 78156  
Office: (830) 379-5969

ATTEST:



Secretary/Treasurer, Board of Directors  
Guadalupe County Groundwater Conservation District



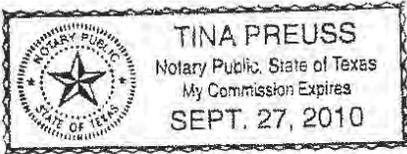
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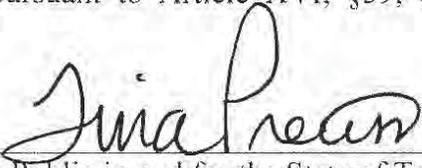
STATE OF TEXAS

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COUNTY OF GUADALUPE

THIS PERMIT TO WITHDRAW GROUNDWATER FROM THE CARRIZO AQUIFER WAS ACKNOWLEDGED before me on the 20 day of June, 2008, by Ron Naumann, President, Board of Directors, Guadalupe County Groundwater Conservation District, a conservation and reclamation district created pursuant to Article XVI, §59, of the Texas Constitution, on behalf of the District.



  
\_\_\_\_\_  
Notary Public in and for the State of Texas

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GUADALUPE COUNTY GROUNDWATER CONSERVATION DISTRICT

STATE OF TEXAS

**WATER WELL PERMIT**

**FOR THE DRILLING OF A NEW WELL**

Permit No. 5-WW

**THIS CERTIFIES THAT:**            **Canyon Regional Water Authority**  
   **850 Lakeside Pass**  
   **New Braunfels, Texas 78130**

the Permit Holder applied for a Water Well Permit seeking authority to drill the well identified herein into the Carrizo Aquifer located within the boundaries of the Guadalupe County Groundwater Conservation District (the "District") and, upon notice and hearing, that the Board of Directors of the District APPROVED the application as follows:

**1.0     Category of Permit:** Water Well Permit (for the drilling of a new water well)

**2.0     Permit Term:**

The Permit Term shall expire on the fifth anniversary of the effective date of this permit, and may be renewed upon written request by the Permit Holder for three additional five-year periods, as long as the Permit Holder remains in compliance with the permit conditions, District's rules, and applicable law.

**3.0     Proposed Groundwater Withdrawal Amount:**

The Permit Holder is not authorized to withdraw groundwater pursuant to this permit, but may be authorized to withdraw groundwater from the well identified in this permit pursuant to a separate Production Permit. The Permit Holder seeks authority to withdraw 1,400 acre feet from the well identified herein and two or more additional wells. The Permit Holder expressly assumes the risk of drilling, operating, and/or otherwise investing in the well or the groundwater to be produced from it in the event that authorized production may be partially or fully reduced and/or restricted pursuant to state law and the District's implementation thereof.

**4.0     Proposed Purpose of Use:**

Municipal purposes as recognized by District's rules and state law.

**5.0     Location of Point(s) of Withdrawal and Place of Use:**

The Permit Holder may withdraw groundwater from the Carrizo Aquifer from the point of withdrawal set forth herein and place that groundwater to beneficial use (for the purpose specified in paragraph 4.0 above) at the place of use indicated in the following table:

Well No(s).	Location of Point of Withdrawal Latitude Longitude	Location of Place of Use
#7	Lat. 29.45623 / Long. 97.79583	Service area of CRWA's member entities

**6.0 Transfer of Ownership of the Permit, Place of Use, and/or Wells:**

The transfer of ownership of the well(s) designated by a permit is presumed to transfer ownership of this permit, absent an express reservation of rights in the transferor, pursuant to District Rule 5.8.

**7.0 Reporting Requirements:**

The Permit Holder must file its well completions report with the District.

**8.0 Conditions and Limitations:**

The activities authorized under this permit are subject to any and all limitations provided for in the District's enabling act (the "District Act," that Act of May 29, 1997, 75<sup>th</sup> Leg., R.S., Ch. 1066, as amended by Act of May 26, 1999, 76<sup>th</sup> Leg., R.S., Ch. 1141), the District's Rules and Board Orders, the District's Management Plan approved by the Texas Water Development Board, Texas Water Code Chapters 36 and 49, and all other applicable laws, as may be amended from time to time, and permit conditions, including but not limited to the following express conditions and limitations:

- (a) Acceptance of this permit constitutes an acknowledgment and agreement that the applicant will comply with the District Act, the District's Rules, Board Orders, and Management Plan, Texas Water Code Chapters 36 and 49, and all other applicable laws, and all the terms, provisions, conditions, requirements, limitations, and restrictions embodied in this permit.
- (b) This permit confers no vested rights in the holder, and it may be revoked or suspended, or its terms may be modified or amended pursuant to the provisions of the District Act and Chapter 36 of the Texas Water Code.
- (c) A groundwater meter must be installed and operated in accordance with the District's rules.
- (d) The well site shall be accessible to District representatives for inspection, and the applicant agrees to cooperate fully in any reasonable inspection of the well and well site by District representatives.
- (e) The application pursuant to which this permit has been issued is incorporated in this permit, and this permit is granted on the basis of and contingent upon the accuracy of the information supplied in that application and in any amendments to the application. A finding that false information has been supplied shall be grounds for immediate revocation of the permit. In the event of conflict between the provisions of this permit and the contents of the application, the provisions of this permit shall control.

- (f) Violation of this permit's terms, conditions, requirements, or special provisions, including pumping amounts in excess of authorized withdrawal, shall be punishable by civil penalties and other remedies as provided by the District's rules, the District Act, and applicable law.
- (g) Wherever special provisions are inconsistent with other provisions or rules of the District, the special provisions shall prevail.

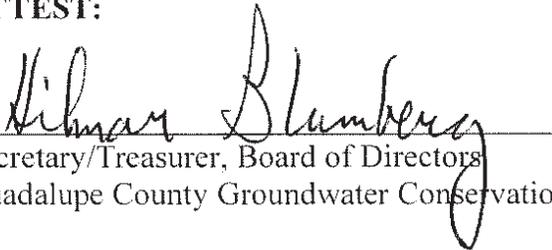
**NOW, THEREFORE, THIS PROPOSED PERMIT IS ISSUED** pursuant to the District's Rules and Board Orders, the District's Act, Texas Water Code Chapters 36 and 49, and all other applicable laws, and the Permit Holder is authorized to drill the new well identified herein into the Carrizo Aquifer within Guadalupe County in accordance with this Permit.

**DATED, ISSUED, AND EXECUTED THIS** 20 day of June, 2008, and **TO BE EFFECTIVE** the 20 day of June, 2008, by the President of the Board of Directors of the District.



Ron Naumann, Board President  
Guadalupe County Groundwater Conservation  
210 East Live Oak Street, Suite 213  
Seguin, Texas 78156  
Office: (830) 379-5969

**ATTEST:**



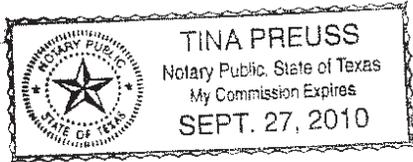
Secretary/Treasurer, Board of Directors  
Guadalupe County Groundwater Conservation District

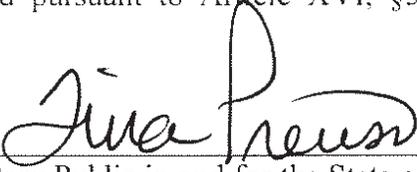


ACKNOWLEDGMENT

STATE OF TEXAS                   §  
   §  
COUNTY OF GUADALUPE       §

**THIS PERMIT TO WITHDRAW GROUNDWATER FROM THE CARRIZO AQUIFER WAS ACKNOWLEDGED** before me on the 20 day of June, 2008, by Ron Naumann, President, Board of Directors, Guadalupe County Groundwater Conservation District, a conservation and reclamation district created pursuant to Article XVI, §59, of the Texas Constitution, on behalf of the District.



  
\_\_\_\_\_  
Notary Public in and for the State of Texas

GUADALUPE COUNTY GROUNDWATER CONSERVATION DISTRICT

STATE OF TEXAS

**WATER WELL PERMIT**

**FOR THE ALTERATION AND/OR RE-EQUIPPING OF AN EXISTING WELL**

**Permit No. 2-WW**

**THIS CERTIFIES THAT:** Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130

the Permit Holder applied for a Water Well Permit seeking authority to alter and/or re-equip the existing well identified herein into the Carrizo Aquifer located within the boundaries of the Guadalupe County Groundwater Conservation District (the "District") and, upon notice and hearing, that the Board of Directors of the District APPROVED the application as follows:

**1.0 Category of Permit:** Water Well Permit (for the alteration and/or re-equiping of an existing water well)

**2.0 Permit Term:**

The Permit Term shall expire on the fifth anniversary of the effective date of this permit, and may be renewed upon written request by the Permit Holder for three additional five-year periods, as long as the Permit Holder remains in compliance with the permit conditions, District's rules, and applicable law.

**3.0 Proposed Groundwater Withdrawal Amount:**

The Permit Holder is not authorized to withdraw groundwater pursuant to this permit, but may be authorized to withdraw groundwater from the well identified in this permit pursuant to a separate Production Permit. The Permit Holder seeks authority to withdraw 1,400 acre feet from the well identified herein and two or more additional wells. The Permit Holder expressly assumes the risk of drilling, operating, and/or otherwise investing in the well or the groundwater to be produced from it in the event that authorized production may be partially or fully reduced and/or restricted pursuant to state law and the District's implementation thereof.

**4.0 Proposed Purpose of Use:**

Municipal purposes as recognized by District's rules and state law.

**5.0 Location of Point(s) of Withdrawal and Place of Use:**

The Permit Holder may withdraw groundwater from the Carrizo Aquifer from the point of withdrawal set forth herein and place that groundwater to beneficial use (for the purpose

specified in paragraph 4.0 above) at the place of use indicated in the following table:

Well No(s).	Location of Point of Withdrawal Latitude    Longitude	Location of Place of Use
#2	Lat. 29.450035 / Long. 97.79819	Service area of CRWA's member entities

**6.0    Transfer of Ownership of the Permit, Place of Use, and/or Wells:**

The transfer of ownership of the well(s) designated by a permit is presumed to transfer ownership of this permit, absent an express reservation of rights in the transferor, pursuant to District Rule 5.8.

**7.0    Reporting Requirements:**

The Permit Holder must file its well completions report with the District.

**8.0    Conditions and Limitations:**

The activities authorized under this permit are subject to any and all limitations provided for in the District's enabling act (the "District Act," that Act of May 29, 1997, 75<sup>th</sup> Leg., R.S., Ch. 1066, as amended by Act of May 26, 1999, 76<sup>th</sup> Leg., R.S., Ch. 1141), the District's Rules and Board Orders, the District's Management Plan approved by the Texas Water Development Board, Texas Water Code Chapters 36 and 49, and all other applicable laws, as may be amended from time to time, and permit conditions, including but not limited to the following express conditions and limitations:

- (a) Acceptance of this permit constitutes an acknowledgment and agreement that the applicant will comply with the District Act, the District's Rules, Board Orders, and Management Plan, Texas Water Code Chapters 36 and 49, and all other applicable laws, and all the terms, provisions, conditions, requirements, limitations, and restrictions embodied in this permit.
- (b) This permit confers no vested rights in the holder, and it may be revoked or suspended, or its terms may be modified or amended pursuant to the provisions of the District Act and Chapter 36 of the Texas Water Code.
- (c) A groundwater meter must be installed and operated in accordance with the District's rules.
- (d) The well site shall be accessible to District representatives for inspection, and the applicant agrees to cooperate fully in any reasonable inspection of the well and well site by District representatives.
- (e) The application pursuant to which this permit has been issued is incorporated in this permit, and this permit is granted on the basis of and contingent upon the accuracy of the information supplied in that application and in any amendments to the application. A finding that false information has been supplied shall be grounds for immediate

revocation of the permit. In the event of conflict between the provisions of this permit and the contents of the application, the provisions of this permit shall control.

- (f) Violation of this permit's terms, conditions, requirements, or special provisions, including pumping amounts in excess of authorized withdrawal, shall be punishable by civil penalties and other remedies as provided by the District's rules, the District Act, and applicable law.
- (g) Wherever special provisions are inconsistent with other provisions or rules of the District, the special provisions shall prevail.

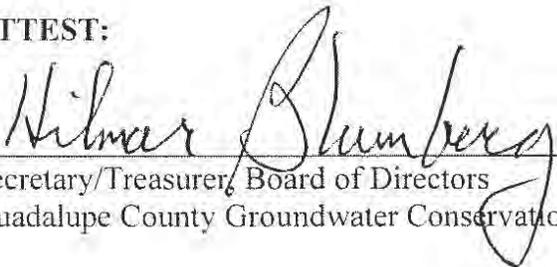
**NOW, THEREFORE, THIS PROPOSED PERMIT IS ISSUED** pursuant to the District's Rules and Board Orders, the District's Act, Texas Water Code Chapters 36 and 49, and all other applicable laws, and the Permit Holder is authorized to alter and/or re-equip the well identified herein drilled in the Carrizo Aquifer within Guadalupe County in accordance with this Permit.

**DATED, ISSUED, AND EXECUTED THIS** 20 day of June, 2008, and **TO BE EFFECTIVE** the 20 day of June, 2008, by the President of the Board of Directors of the District.



Ron Naumann, Board President  
Guadalupe County Groundwater Conservation  
210 East Live Oak Street, Suite 213  
Seguin, Texas 78156  
Office: (830) 379-5969

**ATTEST:**



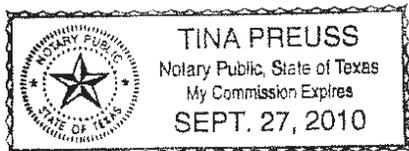
Secretary/Treasurer, Board of Directors  
Guadalupe County Groundwater Conservation District

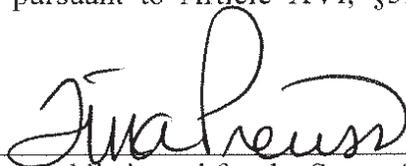


ACKNOWLEDGMENT

STATE OF TEXAS                   §  
   §  
COUNTY OF GUADALUPE       §

**THIS PERMIT TO WITHDRAW GROUNDWATER FROM THE CARRIZO AQUIFER WAS ACKNOWLEDGED** before me on the 20 day of June, 2008, by Ron Naumann, President, Board of Directors, Guadalupe County Groundwater Conservation District, a conservation and reclamation district created pursuant to Article XVI, §59, of the Texas Constitution, on behalf of the District.



  
\_\_\_\_\_  
Notary Public in and for the State of Texas

**GUADALUPE COUNTY GROUNDWATER CONSERVATION DISTRICT**

STATE OF TEXAS

**WATER WELL PERMIT**

**FOR THE DRILLING OF A NEW WELL**

Permit No. 3-WW

**THIS CERTIFIES THAT:**            **Canyon Regional Water Authority**  
   **850 Lakeside Pass**  
   **New Braunfels, Texas 78130**

the Permit Holder applied for a Water Well Permit seeking authority to drill the well identified herein into the Carrizo Aquifer located within the boundaries of the Guadalupe County Groundwater Conservation District (the "District") and, upon notice and hearing, that the Board of Directors of the District APPROVED the application as follows:

**1.0     Category of Permit:** Water Well Permit (for the drilling of a new water well)

**2.0     Permit Term:**

The Permit Term shall expire on the fifth anniversary of the effective date of this permit, and may be renewed upon written request by the Permit Holder for three additional five-year periods, as long as the Permit Holder remains in compliance with the permit conditions, District's rules, and applicable law.

**3.0     Proposed Groundwater Withdrawal Amount:**

The Permit Holder is not authorized to withdraw groundwater pursuant to this permit, but may be authorized to withdraw groundwater from the well identified in this permit pursuant to a separate Production Permit. The Permit Holder seeks authority to withdraw 1,400 acre feet from the well identified herein and two or more additional wells. The Permit Holder expressly assumes the risk of drilling, operating, and/or otherwise investing in the well or the groundwater to be produced from it in the event that authorized production may be partially or fully reduced and/or restricted pursuant to state law and the District's implementation thereof.

**4.0     Proposed Purpose of Use:**

Municipal purposes as recognized by District's rules and state law.

**5.0     Location of Point(s) of Withdrawal and Place of Use:**

The Permit Holder may withdraw groundwater from the Carrizo Aquifer from the point of withdrawal set forth herein and place that groundwater to beneficial use (for the purpose specified in paragraph 4.0 above) at the place of use indicated in the following table:

Well No(s).	Location of Point of Withdrawal Latitude    Longitude	Location of Place of Use
#4	Lat. 29.454950 / Long. 97.78392	Service area of CRWA's member entities

**6.0    Transfer of Ownership of the Permit, Place of Use, and/or Wells:**

The transfer of ownership of the well(s) designated by a permit is presumed to transfer ownership of this permit, absent an express reservation of rights in the transferor, pursuant to District Rule 5.8.

**7.0    Reporting Requirements:**

The Permit Holder must file its well completions report with the District.

**8.0    Conditions and Limitations:**

The activities authorized under this permit are subject to any and all limitations provided for in the District's enabling act (the "District Act," that Act of May 29, 1997, 75<sup>th</sup> Leg., R.S., Ch. 1066, as amended by Act of May 26, 1999, 76<sup>th</sup> Leg., R.S., Ch. 1141), the District's Rules and Board Orders, the District's Management Plan approved by the Texas Water Development Board, Texas Water Code Chapters 36 and 49, and all other applicable laws, as may be amended from time to time, and permit conditions, including but not limited to the following express conditions and limitations:

- (a) Acceptance of this permit constitutes an acknowledgment and agreement that the applicant will comply with the District Act, the District's Rules, Board Orders, and Management Plan, Texas Water Code Chapters 36 and 49, and all other applicable laws, and all the terms, provisions, conditions, requirements, limitations, and restrictions embodied in this permit.
- (b) This permit confers no vested rights in the holder, and it may be revoked or suspended, or its terms may be modified or amended pursuant to the provisions of the District Act and Chapter 36 of the Texas Water Code.
- (c) A groundwater meter must be installed and operated in accordance with the District's rules.
- (d) The well site shall be accessible to District representatives for inspection, and the applicant agrees to cooperate fully in any reasonable inspection of the well and well site by District representatives.
- (e) The application pursuant to which this permit has been issued is incorporated in this permit, and this permit is granted on the basis of and contingent upon the accuracy of the information supplied in that application and in any amendments to the application. A finding that false information has been supplied shall be grounds for immediate revocation of the permit. In the event of conflict between the provisions of this permit and the contents of the application, the provisions of this permit shall control.

- (f) Violation of this permit's terms, conditions, requirements, or special provisions, including pumping amounts in excess of authorized withdrawal, shall be punishable by civil penalties and other remedies as provided by the District's rules, the District Act, and applicable law.
- (g) Wherever special provisions are inconsistent with other provisions or rules of the District, the special provisions shall prevail.

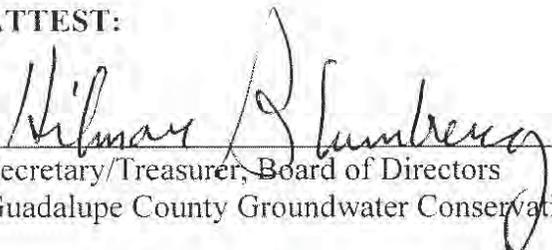
**NOW, THEREFORE, THIS PROPOSED PERMIT IS ISSUED** pursuant to the District's Rules and Board Orders, the District's Act, Texas Water Code Chapters 36 and 49, and all other applicable laws, and the Permit Holder is authorized to drill the new well identified herein into the Carrizo Aquifer within Guadalupe County in accordance with this Permit.

**DATED, ISSUED, AND EXECUTED THIS** 20 day of June, 2008, and **TO BE EFFECTIVE** the 20 day of June, 2008, by the President of the Board of Directors of the District.



Ron Naumann, Board President  
Guadalupe County Groundwater Conservation  
210 East Live Oak Street, Suite 213  
Seguin, Texas 78156  
Office: (830) 379-5969

**ATTEST:**



Hilmar Blumberg  
Secretary/Treasurer, Board of Directors  
Guadalupe County Groundwater Conservation District



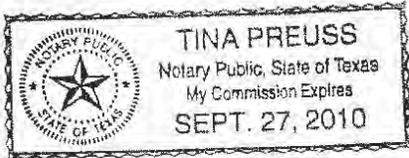
ACKNOWLEDGMENT

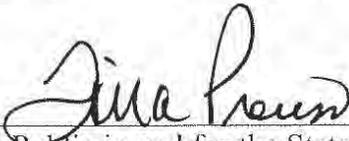
STATE OF TEXAS

§  
§  
§

COUNTY OF GUADALUPE

**THIS PERMIT TO WITHDRAW GROUNDWATER FROM THE CARRIZO  
AQUIFER WAS ACKNOWLEDGED** before me on the 20 day of June, 2008, by Ron  
Naumann, President, Board of Directors, Guadalupe County Groundwater Conservation District,  
a conservation and reclamation district created pursuant to Article XVI, §59, of the Texas  
Constitution, on behalf of the District.



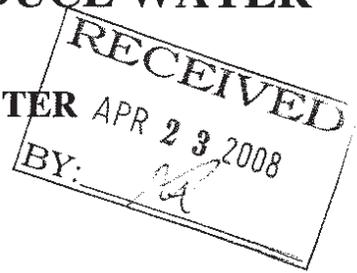
  
\_\_\_\_\_  
Notary Public in and for the State of Texas

Application 004 7/23/08

# APPLICATION FOR PERMIT TO PRODUCE WATER

## GUADALUPE COUNTY GROUNDWATER CONSERVATION DISTRICT

P. O. Box 1221  
210 East Live Oak Street, Suite 213  
Seguin, TX 78156-1221  
Phone 830-379-5969



**Applicant Name:** Canyon Regional Water Authority  
**Mailing address:** 850 Lakeside Pass, New Braunfels, Tx 78130  
**Telephone number:** 830-609-0543  
**Date application filed:** April 18, 2008

**GeoID or Property ID of parcel(s) where the well(s) will be located.**  
2G0027-0000-10700-0-00

**GeoID or Property ID of parcel(s) from which water rights were obtained, and ac-ft per year granted. Please provide copies of all contracts granting use of water rights.**  
2G0027-0000-10700-0-00. See attached BexarMet-GCGCD Settlement: 1,400 ac-ft/yr are to be produced).

If a permit is granted, it is expressly granted on the condition that the number, location, pump size and production capacity of the wells used to implement this permit meet the spacing requirements contained in the District Rules at the time of production. Actual well locations, pump sizes, and anticipated production capacity will be shown on the applications for individual well permits, to be submitted prior to the commencement of drilling operations.

**Proposed destination of produced water:**  
Within the city limits of N/A and N/A located in N/A Counties.  
(The water will be used to supplement the supplies of various member suppliers in South Central Texas affiliated with Canyon Regional Water Authority.

**Use or purpose of produced water:**  
Public Supply

**Conditions of permit, if granted:**  
1. Prior to the actual commencement of pumping from the well field, the permittee shall establish a network of monitoring wells at sites to be agreed to by District. Permittee shall

provide the District with information from these wells quarterly, except for the initial water level information which shall be provided prior to actual commencement of pumping.

2. Permittee may drill a production well no closer than one-half mile from the perimeter boundary of the well field within the District. Permittee shall furnish the District annual water level measurements for each producing well.

3. The District shall be furnished copies of any results of chemical analysis taken from the well field and any reports of water quality or hydrologic conditions regarding the well field.

4. Permittee shall provide a water conservation and drought management plan to the District prior to the actual commencement of pumping from the well field, and shall comply with such plans.

5. Permittee shall maintain and recognize existing contractual commitments to neighboring landowners or water rights holders related to alternative water supplies, in the event that the wells of the neighboring landowners or water rights holders should go dry.

6. By agreement, permit will be issued pursuant to the District's rules adopted 8-12-04 and corrected 9-13-07.

*Hilmar Blumberg, Secretary, GCGCD*

# Guadalupe County Groundwater Conservation District

FOR DISTRICT USE ONLY

Well #	<u>003</u>
Date of Application	<u>5/20/08</u>
Date Certified	<u>5/20/08</u>
Date officially Approved	<u>6/19/08</u>
Size of Pump	Maximum Yield _____ GPM
( ) Located on Map	

## APPLICATION FOR WATER WELL PERMIT

I, Canyon Regional Water Authority  
(Name of Applicant)

(830) 609-0543  
( Phone Number)

850 Lakeside Pass  
( Address)

New Braunfels, TX 78130-8233  
( City, State, Zip)

hereby make application to GUADALUPE COUNTY GROUNDWATER CONSERVATION DISTRICT for a permit to drill the hereinafter described water well at the location indicated:

- Proposed Size 18 INCHES Maximum Yield 450 GPM
- Proposed Use: Public supply
- NW1/4, NE1/4, SW1/4, SE1/4 of Sec. N/A Blk. N/A Survey: Jose De La Baume  
(Circle the one that applies)
- County: Guadalupe Latitude 29.454950 Longitude 97.78392

This well to be located: 6.4 miles N of S and 10.9 miles E or W of the town of: Seguin, Texas

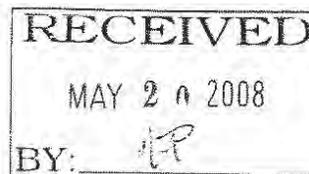
(Circle the ones that apply. Directions should be in directions shown only.)

Driller: To be determined following public bidding process

Drilling to start about Summer, 2008  
Date

**Please Make Sure Your Measurements Are Correct---They Will Be Checked for Accuracy**

Location of Proposed Well as submitted by applicant is 1063 measured yards from (NS) and 3322 measured yards from (HW) property line, or section line. (Circle direction that applies.)



Number the three adjacent wells, and/or applications, on the plate on the back of this permit as 1,2, and 3, to correspond with the following:

Well 1: 1370 measured yards from the proposed well.

Owned by: Canyon Regional Water Authority (Well 7)

Address: 850 Lakeside Pass, New Braunfels, TX 78130-8233

Well 2: 1637 measured yards from the proposed well.

Owned by: Canyon Regional Water Authority (Well 2)

Address: 850 Lakeside Pass, New Braunfels, TX 78130-8233

Well 3: 2128 measured yards from the proposed well.

Owned by: Howard Williamson (Stock Well)

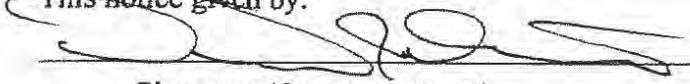
Address: PO Box 81, Leesville, Tx 78122

**MARK X INSIDE CIRCLE ⊕ WITHIN GRID FOR PROPOSED WELL LOCATION. (Grid square indicates 1 section, or square mile.) MARK X showing 3 closest wells and/or applications**

*\* See attached well location map (this application pertains to Well 4).*

I agree that this well will be drilled within ten (10) yards of the location specified and not elsewhere, and that I will furnish the Board of Directors the completed driller's log immediately upon completion of this well and prior to the production of water. I hereby certify that I have read the foregoing statements and, to the best of my knowledge and belief, all data therein contained are true and correct and complies with all District Rules.

This notice given by:



Signature (Owner or Agent)

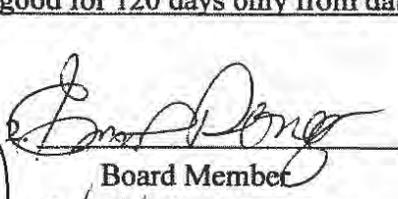
General Manager

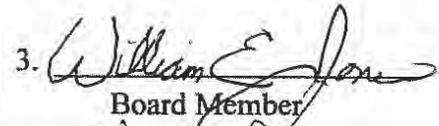
Title

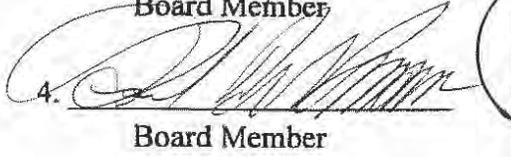
**This permit approved subject to the rules for spacing from existing wells and/or prior permits.**

Permit good for 120 days only from date of approval.

1.   
Board Member

2.   
Board Member

3.   
Board Member

4.   
Board Member

5.   
Board Member

6.   
Board Member

7.   
Board Member

I, hereby, certify that this application has been verified and is in compliance with the Rules of the District.

  
District Manager

6/19/08  
Date

# Guadalupe County Groundwater Conservation District

FOR DISTRICT USE ONLY

Well #	<u>10</u>	<u>5</u>
Date of Application	<u>3/20/09</u>	
Date Certified	<u>5/20/08</u>	
Date officially Approved	<u>6/19/08</u>	
Size of Pump	Maximum Yield	GPM
( )	Located on Map	

## APPLICATION FOR WATER WELL PERMIT

I, Canyon Regional Water Authority  
(Name of Applicant)

(830) 609-0543  
(Phone Number)

850 Lakeside Pass  
(Address)

New Braunfels, TX 78130-8233  
(City, State, Zip)

hereby make application to GUADALUPE COUNTY GROUNDWATER CONSERVATION DISTRICT for a permit to drill the hereinafter described water well at the location indicated:

- Proposed Size 18 INCHES Maximum Yield 450 GPM
- Proposed Use: Public supply
- NW1/4, NE1/4, SW1/4, SE1/4 of Sec. N/A Blk. N/A Survey: Jose De La Baume  
(Circle the one that applies)
- County: Guadalupe Latitude 29.45623 Longitude 97.79583

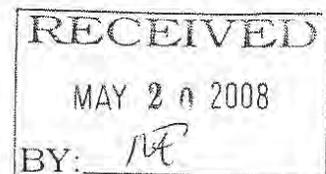
This well to be located: 6.4 miles N or S and 10.3 miles E or W of the town of: Seguin, Texas  
(Circle the ones that apply. Directions should be in directions shown only.)

Driller: To be determined following public bidding process

Drilling to start about Summer, 2008  
Date

***Please Make Sure Your Measurements Are Correct---They Will Be Checked for Accuracy***

Location of Proposed Well as submitted by applicant is 1232 measured yards from (NS) and 1962 measured yards from (EW) property line, or section line. (Circle direction that applies.)



Number the three adjacent wells, and/or applications, on the plate on the back of this permit as 1,2, and 3, to correspond with the following:

Well 1: 787 measured yards from the proposed well.

Owned by: Canyon Regional Water Authority (Well 2)

Address: 850 Lakeside Pass, New Braunfels, TX 78130-8233

Well 2: 1370 measured yards from the proposed well.

Owned by: Canyon Regional Water Authority (Well 4)

Address: 850 Lakeside Pass, New Braunfels, TX 78130-8233

Well 3: 2912 measured yards from the proposed well.

Owned by: Howard Williamson (Stock Well)

Address: PO Box 81, Leesville, Tx 78122

**MARK X INSIDE CIRCLE ⊕ WITHIN GRID FOR PROPOSED WELL LOCATION. (Grid square indicates 1 section, or square mile.) MARK X showing 3 closest wells and/or applications**

*\* See attached well location map (this application pertains to Well 7).*

I agree that this well will be drilled within ten (10) yards of the location specified and not elsewhere, and that I will furnish the Board of Directors the completed driller's log immediately upon completion of this well and prior to the production of water. I hereby certify that I have read the foregoing statements and, to the best of my knowledge and belief, all data therein contained are true and correct and complies with all District Rules.

This notice given by:



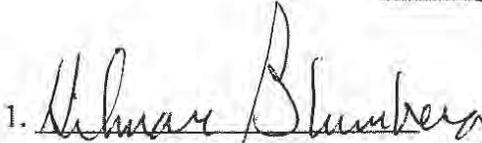
Signature (Owner or Agent)

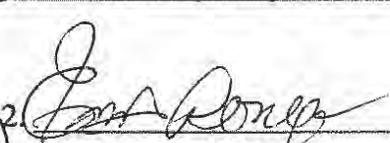
General Manager

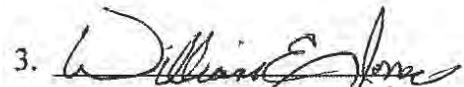
Title

**This permit approved subject to the rules for spacing from existing wells and/or prior permits.**

Permit good for 120 days only from date of approval.

1.  Board Member

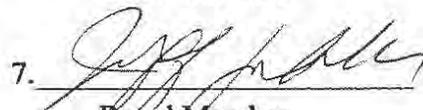
2.  Board Member

3.  Board Member

4.  Board Member

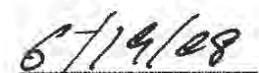
5.  Board Member

6.  Board Member

7.  Board Member

I, hereby, certify that this application has been verified and is in compliance with the Rules of the District.

  
District Manager

  
Date

# Guadalupe County Groundwater Conservation District

FOR DISTRICT USE ONLY

Well #	<u>00 2</u>
Date of Application	<u>5/20/08</u>
Date Certified	<u>5/20/08</u>
Date officially Approved	<u>6/14/08</u>
Size of Pump	Maximum Yield _____ GPM
( )	Located on Map

## APPLICATION FOR WATER WELL PERMIT

I, Canyon Regional Water Authority  
(Name of Applicant)

(830) 609-0543  
(Phone Number)

850 Lakeside Pass  
(Address)

New Braunfels, TX 78130-8233  
(City, State, Zip)

hereby make application to GUADALUPE COUNTY GROUNDWATER CONSERVATION DISTRICT for a permit to drill the hereinafter described water well at the location indicated:

- Proposed Size 16 INCHES Maximum Yield 450 GPM
- Proposed Use: Public supply
- NW1/4, NE1/4, SW1/4, SE1/4 of Sec. N/A Blk. N/A Survey: Jose De La Baume  
(Circle the one that applies)
- County: Guadalupe Latitude 29.450035 Longitude 97.79819

This well to be located: 6.4 miles N or S and 10.3 miles E or W of the town of: Seguin, Texas

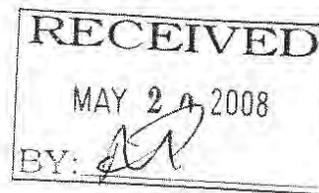
(Circle the ones that apply. Directions should be in directions shown only.)

Driller: T.M. Johnson Drilling

Drilling to start about October 27, 1999  
Date

***Please Make Sure Your Measurements Are Correct---They Will Be Checked for Accuracy***

Location of Proposed Well as submitted by applicant is 508 measured yards from (NS) and 1806 measured yards from (EW) property line, or section line. (Circle direction that applies.)



Number the three adjacent wells, and/or applications, on the plate on the back of this permit as 1,2, and 3, to correspond with the following:

Well 1: 877 measured yards from the proposed well.

Owned by: Canyon Regional Water Authority (Well 7)

Address: 850 Lakeside Pass, New Braunfels, TX 78130-8233

Well 2: 1637 measured yards from the proposed well.

Owned by: Canyon Regional Water Authority (Well 4)

Address: 850 Lakeside Pass, New Braunfels, TX 78130-8233

Well 3: 3522 measured yards from the proposed well.

Owned by: Howard Williamson (Stock Well)

Address: PO Box 81, Leesville, Tx 78122

**MARK X INSIDE CIRCLE ⊕ WITHIN GRID FOR PROPOSED WELL LOCATION. (Grid square indicates 1 section, or square mile.) MARK X showing 3 closest wells and/or applications**

*\* See attached well location map (this application pertains to Well 4).*

I agree that this well will be drilled within ten (10) yards of the location specified and not elsewhere, and that I will furnish the Board of Directors the completed driller's log immediately upon completion of this well and prior to the production of water. I hereby certify that I have read the foregoing statements and, to the best of my knowledge and belief, all data therein contained are true and correct and complies with all District Rules.

This notice given by: [Signature] General Manager  
Signature (Owner or Agent) Title

**This permit approved subject to the rules for spacing from existing wells and/or prior permits.**

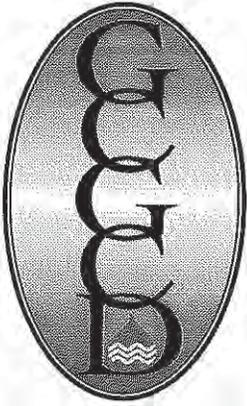
Permit good for 120 days only from date of approval.

- 1. Nilmar Blumberg Board Member
- 2. [Signature] Board Member
- 3. William E. Jones Board Member
- 4. [Signature] Board Member
- 5. [Signature] Board Member
- 6. [Signature] Board Member
- 7. [Signature] Board Member

I, hereby, certify that this application has been verified and is in compliance with the Rules of the District.

Mark Parker District Manager      6/19/08 Date

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**Guadalupe County Groundwater  
Conservation District**  
**P.O. Box 1221**  
**Seguin, TX 78156-1221**  
**830-379-5969**  
**gcgcd@sbcglobal.net**  
**www.gcgcd.org**

Canyon Regional  
Water Authority

APR 26 2012

April 25, 2012

Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78160-8233

RE: Wilcox Aquifer Permits

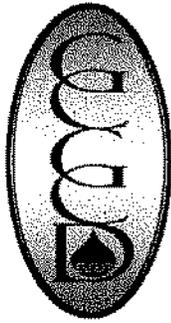
The Board of Directors of the Guadalupe County Groundwater Conservation District (GCGCD) at the April 12, 2012 regular meeting approved the two permits for two wells to be constructed on the Wells Ranch. Additionally the production permit was approved for 3,026 acre-feet per year of Wilcox Aquifer water on the Wells Ranch. The effective date of these permits will be October 1, 2012.

Should additional information is needed please contact me at 830-305-8840.

Sincerely;

Ronald A. Naumann  
President

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**Guadalupe County Groundwater  
Conservation District**  
**P.O. Box 1221**  
**Seguin, TX 78156-1221**  
**830-379-5969**  
[gcgcd@sbcglobal.net](mailto:gcgcd@sbcglobal.net)  
[www.gcgcd.org](http://www.gcgcd.org)

October 9, 2009

Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130-8233

RE: Permits

The Board of Directors of the Guadalupe County Groundwater District (GCGCD) approved the production and drilling permits as presented by R. W. Harden & Associates, Inc. Production permits for the three (3) existing wells on the Wells Ranch in Guadalupe County that will produce the 1,754.415 acre-feet of water per year.

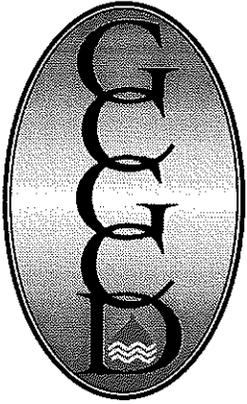
The cost of the permit is \$500.00 per well that will be in production on the Wells Ranch. The total fee of \$1,500.00, for the three wells and should be paid before production begins. If additional wells are developed that will produce 1,754.415 acre-feet of water an additional fee will be assessed to the new well. Since CRWA has wells in Gonzales County on the Wells Ranch there will not be a need for backup wells in Guadalupe County.

Should any additional information be needed please call me at 830-379-5969 or my cell 830-305-8840.

Sincerely,

Ronald A. Naumann  
President

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**Guadalupe County Groundwater  
Conservation District**  
P.O. Box 1221  
Seguin, TX 78156-1221  
830-379-5969  
gcgcd@sbcglobal.net  
www.gcgcd.org

Canyon Regional  
Water Authority

APR 26 2012

April 25, 2012

Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130-8233

RE: Carrizo Aquifer Production Permit

The Board of Directors of the Guadalupe County Groundwater Conservation District (GCGCD) at the April 12, 2012 regular meeting approved the additional 849 acre-feet of Carrizo Aquifer production per year. The effective date of this permit is October 1, 2012.

Should additional information is needed please contact me at 830-305-8840.

Sincerely,

Ronald A. Naumann  
President

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**2008 LEASE AGREEMENT**  
**BETWEEN**  
**CANYON REGIONAL WATER AUTHORITY**  
**AND**  
**H. T. LITTLEFIELD**  
**For GONZALES COUNTY, TEXAS**

**Each Party has Covenanted that this Lease Agreement shall not be recorded and shall not be provided to any party not a signatory or prospective signatory except as required by law. This is a confidential, privileged document used for purposes of negotiating and effectuating the Lease Agreement between the parties.**

**2008 LEASE AGREEMENT**

**BETWEEN**

**CANYON REGIONAL WATER AUTHORITY**

**AND**

**H. T. LITTLEFIELD**

**GONZALES COUNTY, TEXAS**

This **Lease Agreement** is entered into as of the date reflected on the signature page (the Effective Date), by and between **CANYON REGIONAL WATER AUTHORITY** (“**CRWA**”) its successors, and assigns, and **H. T. LITTLEFIELD** (**hereinafter the “Landowner(s)”**), their heirs, successors, and assigns, (collectively, the “Parties”) for the purposes and mutual benefits to be derived by the Parties and declares this their only agreement.

**I.**  
**RECITALS**

**WHEREAS**, CRWA is a governmental agency of the State of Texas, a water conservation district and a body politic and corporate, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas, and Texas Revised Civil Statutes, as amended, and the applicable general laws of the State of Texas. CRWA is engaged in the development of water for wholesale service to its member entities through the acquisition, development, treatment and delivery of water to its customers to accomplish its legislative purposes [Chapter 670, Acts of the 71<sup>st</sup> Legislature, Regular Session, 1989, as amended (the “Act”)] to promote regional efforts at water resource development in furtherance of S.B. 1 [75<sup>th</sup> Leg., ch. 1010, [S.B. 1, 1997, 76<sup>th</sup> Leg.] and subsequent legislative mandate].

**WHEREAS**, all Parties to this Lease Agreement understand that the relationship between CRWA and the Landowners shall not be deemed a partnership or a joint venture, but rather an arrangement which sets forth contractual obligations.

**NOW THEREFORE**, in consideration of the mutual promises, obligations, and benefits to be derived by the Parties pursuant to this Lease Agreement, and the receipt of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by the Parties, each Party agrees as follows:

**II.**  
**THIS LEASE AGREEMENT CONTROLS**

The parties acknowledge that there have been discussions, negotiations and correspondence by and between the parties. For the purpose of finality, this Lease Agreement contains all terms, conditions, agreements and covenants between the parties, and necessarily excludes any oral agreements or prior writings with respect to this Lease Agreement.

**III.**  
**AGREEMENTS**

1. Grant.
  - a. Surface and Subsurface Water Estate to CRWA. The Landowners, in consideration of Ten Dollars in hand paid and the royalties herein provided, and of the agreements of CRWA hereinafter contained, hereby grant, convey, lease, and let unto CRWA that entire surface and subsurface estate, along with a Blanket Easement, for the sole and only purpose of exploring, investigating, conducting geologic, hydrogeologic, and geophysical surveys, tests, drilling, operating for, and producing groundwater, storing groundwater, transporting groundwater, laying waterlines and electric lines, installing metering devices, building storage tanks, power stations, transmitters, telephone lines, roads, and all related and necessary structures thereon, all of which CRWA may deem necessary and useful to CRWA's operations to produce, save, care for, measure, monitor water levels, store, treat, and transport said groundwater from the subject lands or other lands leased, to interconnect the CRWA's system, and to obtain access for ingress and egress, and to conduct those activities described herein pursuant to permits respecting this land situated in Gonzales County and Guadalupe County, State of Texas, and more particularly described herein at *Exhibit A* ("Legal Description of Property")(the "Property"), subject only to the terms and provisions provided. The Parties expressly recognize and agree that this Lease Agreement conveys a fee simple title in the groundwater, conditioned only on continued payment of royalties as herein provided.
  - b. Water Line Depth, Distance from Improvement. CRWA shall bury all waterlines below ordinary plow depth on actively cultivated lands, and no production or monitoring well shall be drilled within one thousand (1,000) feet of any residence or barn existing on land at the time of initial drilling of a

given well. Landowners covenant and agree that no residence, barn or other improvement will be built within one thousand (1,000) feet of any well, road, or other CRWA facility then existing on the property; provided however, reasonable requests may be made by the Landowner of CRWA for exceptions to this one thousand (1,000) foot restriction in connection with the Landowners use of its property and all such requests and approvals shall be in writing. CRWA hereby covenants and agrees to reasonably repair any damage directly caused by CRWA to Landowners' property and/or to restore Landowners' property as nearly as possible to its original condition, within a reasonable time after notice of damage. Also, see Paragraph 31.

- c. Acres Benefited and Payments Thereto. See attached *Exhibit "A"*, included herein by reference, describing subject property. Royalty Payments as provided herein shall be provided by CRWA to the Landowner(s) upon signing this Lease Agreement for the first six (6) month term or portion thereof, at the time of title closing.

In the event of any term being less than six (6) months, the Royalty Payment shall be pro-rated. In the event of any force majeure, the Royalty Payment for either time or amount shall be pro-rated, as may be required pursuant to the terms of time or the requirements of the force majeure.

- d. Easements. CRWA will from time-to-time determine and designate, in writing, those portions of the Property which will be used by CRWA for operations upon the property. Landowners hereby agree to grant a Blanket Easement unto CRWA, for the consideration herein recited, with supplemental definition of lesser areas so designated by CRWA [by Amended Easement within two (2) years of the Blanket Easement's execution], the primary purpose of which is to provide CRWA with certain areas to construct water pumps, connect water lines (est. at 75' corridors), and install necessary and related infrastructure and maintain and operate same for so long as groundwater is produced from the Property and the payments are paid as provided. In the event that CRWA determines, from time to time, that lesser areas of the Property have become necessary for well sites and easements for operations, CRWA may amend easement(s) required and the Landowners shall promptly execute recordable easement instruments.
- e. The Landowners and their heirs, successors, or assigns shall not conduct any activities which conflict with CRWA's operations, water transportation, or its use of well site(s) and easement(s) upon the subject property. Both Parties agree that the purpose of the easements conveyed hereunder, among others, is

to protect the quality of CRWA's water as it is pumped from the ground and transported away from the property. For this reason, Landowners acknowledge and agree that they are prohibited from installing or constructing any animal feedlot or poultry facility, septic, sewage-related, or other facility which would have a potential impact to impair the quality of the groundwater from its natural state or condition within 1000 feet radius of any CRWA well site.

- f. Specified Well-Site Easements of 2.2 Acres Per Site as May Be Determined by CRWA at Its Sole Discretion. CRWA will designate, at its sole and exclusive discretion, in writing, the areas of the Property, if any, which will be used by CRWA as 2.2 acre well site(s). The Landowners, for the same consideration recited herein, hereby agree to grant and convey unto CRWA, Easement in each 2.2 acre well site so designated by CRWA, including, to the extent applicable, all groundwater rights in and to and associated with each well-site, but excluding any and all mineral estate. In the event CRWA reasonably determines, from time to time, that for purposes of production monitoring or per various regulatory requirements, including mitigation, that additional Well-Sites, including test or monitoring wells, may be necessary for the purposes of this Lease Agreement, CRWA may designate additional areas as Well Sites and/or areas of operation, and the Landowners shall promptly execute a recordable well site instrument(s) including, if necessary, separate Sanitary Easement, consistent with the terms and conditions provided under this Lease Agreement, including therewith compliance with any requirement of the groundwater district having jurisdiction. The Landowners agree that CRWA is hereby authorized to develop and maximize, for CRWA's benefit, the quantity of wells and groundwater sources which can be drilled from this or other Property, limited only by applicable well and spacing regulations of the Gonzales County Underground Water Conservation District ("GCUWCD") and/or Guadalupe County Groundwater Conservation District ("GCGCD") effective from time-to-time following execution of this Lease Agreement. The parties further agree that CRWA, subject to applicable regulation, shall have sole obligation and duty in the design, format and layout of any well-fields, access road easements and all related facilities, transmission equipment or towers and easements necessary to provide access, electric or other utilities, service to, through over or from the property. CRWA shall pay for surveying and hydrogeologic studies, recording of the easements, and expenses of regulatory approvals.
- g. Groundwater. The Landowners, for the consideration herein provided, and of the agreements of CRWA hereinafter contained, hereby grant unto CRWA

exclusive use of, and all lawful right and fee title to all groundwater, from any and all underlying groundwater formations, that may be produced from said lands described in Para. 1(a), such production restricted only by applicable statute and regulation, and thereafter for so long as groundwater is produced from said lands, allocation from said land is made available to the Lessee, CRWA, for purposes of calculating that surface area required for the water permit applicable to this and other lands upon which royalties are paid as provided herein and that all historical usage rights, *if any*, shall accrue for the benefit of the Landowners and CRWA, and the Landowners' rights are hereby assigned exclusively to CRWA, during CRWA's performance of its payment obligation, except as CRWA and the Landowners may require for Landowners' use. The Landowners agree that title to the produced groundwater is vested exclusively in CRWA during all production, and thereafter, for as long as groundwater is produced and the royalties are paid.

- h. "Production" Defined: "Production" is defined as actual permitted withdrawal of groundwater by CRWA (from any number of wells or source formation, whether situated on any portion of the subject Property or elsewhere).
- i. Exclusive Ownership of Groundwater to CRWA/Exceptions: The Landowners agree and covenant not to contest CRWA's exclusive ownership of groundwater described in subparagraph (f), above, and/or any permits associated therewith, except for exempt groundwater and any allotment rights reserved to the Landowners as provided in the subsections below. Except for their own use, the Landowners agree not to compete with CRWA's water development and supply activities, and agree to install or construct only exempt wells:
  - (1) Landowners' Exempt Wells: Landowners may continue production or drill well(s) and withdraw groundwater therefrom for any exempt purpose, provided that such wells are considered exempt under state law, the Rules of the applicable regulatory agency at the time drilling commences, and so long as the withdrawal by the Landowners does not in any manner reduce CRWA's permitted right to withdraw groundwater from the property. Landowners agree to obtain CRWA's prior written approval concerning the location, size and characteristics of any exempt well to be constructed by Landowners pursuant to this Section.
  - (2) Annual Allotment of Groundwater to Landowners: In addition to groundwater withdrawals by exempt wells which may now or in the

future be authorized under state law and/or local regulation, Landowners may negotiate, for their own domestic or livestock use, to purchase raw, untreated groundwater from CRWA through its infrastructure situated on the leased property.

A. Costs of Allotment and Prior Approval of Facilities: Landowners shall bear any and all costs associated with constructing Landowner facilities for receipt, transmission and storage of groundwater purchased from CRWA and the parties shall, by separate addendum, agree to costs of pricing for CRWA raw water purchase by Landowners.

i. Non-Competition/Non-Transfer/Non-Interference: Landowners agree not to sell, transport or deliver any groundwater (whether produced by them or purchased from CRWA) off of the property, or to authorize the use of any such groundwater off of the property referenced in this Lease Agreement. Moreover, Landowners shall ensure that their operation and use of exempt wells does not impair the water quality of any respective formation.

ii. Waiver of Claim: Landowners covenant and agree not to assert any cause of action in adverse possession, inverse condemnation, taking, nuisance, trespass or a like claim based on CRWA groundwater withdrawals hereunder including but not limited to any cause of action for negligence, and contractually waives all such rights of action by their execution of this Lease Agreement.

j. Project Description. The project is known as the Wells Ranch Project. CRWA is developing a groundwater project that will be sourced from one or more groundwater bearing formations located under multiple lessees that will be producing water in an amount to be specified by CRWA, based on recommendations of its engineers. The total project, at this time, is estimated to be 4,500 acre-feet, subject to adjustment up or down from time-to-time, and based on cost considerations affecting the project. A portion of the project will be in Gonzales County and a portion of the project will be in Guadalupe County.

2. Perpetual Term. The term of this Lease Agreement shall be for so long as groundwater is permitted for withdrawal and produced from the Property, or said property is included within the surface acreage calculus required by the regulatory authority for permitted production, royalties are paid and obligations hereunder by

CRWA are performed. Following initial production, in the event that groundwater is not produced from the property, and at the sole determination and option of CRWA, said Lease Agreement may be terminated upon ninety (90) days written notice; provided, however, if any period of non-production by CRWA is the result of regulatory requirements or force majeure that result in non-production, such as drought conditions or conservation cessation or reduction, then this Lease Agreement shall continue. See Savings Clause, Section 13.

3. Development Costs. CRWA shall be responsible for development, producing operations and permitting costs for the produced water from any formation under the subject property. The Parties acknowledge and agree that CRWA has already incurred and made significant investment and development of the Wells Ranch Project and that the Wells Ranch Project water production, depending upon regulatory approval, may be accomplished off the subject premises without waiver of either parties rights and/or obligations.
4. Cooperation to Secure Regulatory Approvals for Groundwater Development, Production and Export. Whenever compliance with this Lease Agreement requires the approval of regulatory agencies, including local groundwater conservation districts, each party agrees to actively support and cooperate with the other to secure regulatory approval and such support shall not be unreasonably withheld or delayed.
5. Royalty Payments. In consideration for landowners' conveyances and royalty payments provided herein, and the groundwater to be produced or allocated as a result of this Lease for permits related to said property, CRWA shall make **semi-annual** payments to the Landowners representing royalties for groundwater conveyed and permitted. Semi-annual royalty payments shall be made in advance on the basis of total CRWA project groundwater permitted and authorized for production and export for the following six-month period (calculated from January 1 to June 30 and July 1 to December 31 of each year).
6. Initial 50% Royalty Payment During Carrizo Aquifer Permit Approval Process: The Parties expressly agree that for any portion of a calendar year, but prior to permit approval, the Royalty Payments shall be equal to fifty (50%) percent of the sum of the requested amount of water to be permitted by the applicable groundwater district for such period of permit processing (including export approval). Upon permit approval, including export or approval for transport out-of-the-district, where necessary, the Royalty Payment shall be 100%, calculated by multiplying the Royalty Rate times each permitted acre foot of groundwater actually produced or to be produced from the subject property during a calendar year (take-or-pay calculation).

7. Annual Adjustment (GBRA): The calculation of the annual payment shall be equal to eighty-three and three-tenths percent (83.3 %) of the annual charge *per acre-foot* of untreated surface water charged by the Guadalupe-Blanco River Authority (“GBRA”) as applied to its 2007 In-District wholesale customers. The CRWA Royalty Rate is 83.3% of the GBRA annual charge. The CRWA Royalty Rate will be adjusted annually, per GBRA rates, customarily established in July or August, to become applicable commencing in January of the succeeding calendar year.
- 7.a. Alternative Method of Calculating Annual Royalty Adjustment (CPI): In the event that the U. S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index (“CPI”) (all items) will provide a larger (annual) multiplier for the benefit of the landowner, CRWA shall calculate the annual adjustment (see formula in Paragraph 7 above) for the take-or-pay Royalty by multiplying CRWA’s previous year’s Royalty Rate by the applicable annual CPI Index, U. S Department of Labor, Bureau of Labor Statistics (reflecting the previous year’s all items Consumer Price Index).
8. No Royalty Offset or Credit for Development Costs: Both the Landowners and CRWA acknowledge that the Royalty payment contemplated shall not be deducted, reduced or off-set for any development, transmission, or production costs, or any other costs incurred by CRWA to produce, store, and deliver the groundwater to its customers.
9. Payment and Depository Provisions. All CRWA payments shall, with the exception of the initial six (6) month Royalty Payment, be made *semi-annually*. Such Royalty Payments shall be made on January 15<sup>th</sup> and July 15<sup>th</sup>, or the next business day thereafter, as follows: Mail to: **H. T. Littlefield P.O. Box 87 Leesville, TX 78122-0087**. The designated “Depository Bank(s)” may be changed from time to time, upon reasonable notice, by the Grantor Landowner providing such written notice to the CRWA Office. All payments pursuant to this Lease shall be made electronically, and shall be made on the biannual dates specified here.
10. Non-Payment Provision to Cure and Termination. If CRWA fails to make payment when due, the Landowners shall provide written notice to CRWA of such past due payment. In the event CRWA fails to remedy such default by making payment within 15 days of receipt of the Landowners’ written notice issued in accordance with this paragraph, Landowners may issue show cause written notice of termination of this Lease Agreement. Upon receipt of such second notice, CRWA shall have fifteen (15) days to cure any defect in payment. Upon receipt of notice and failure to cure non-payment, Landowners shall notify CRWA of their application for mandamus to compel non-discretionary payment of royalties under this Lease Agreement.
11. Entire Lease Agreement. The provisions set forth in this Lease Agreement shall constitute the entire agreement between the Parties, and both Parties shall be bound to

comply with any covenants, express, or implied, set forth in this Lease Agreement.

12. Release of Lien. Landowner, if the subject property to be leased is mortgaged, shall take steps to secure approval of any lienholders affected for purposes of lease approval and related approval of the Blanket Easement or Amended Blanket Easement and for purposes of approving the Memorandum of Lease to be recorded in the Deed Records.
13. Good Title. The Landowners covenant that they maintain good, clear and transferable title to the property and agree to defend title to the property which is required for Lease conveyance governed by this Lease Agreement. Moreover, a closing, at which time CRWA shall, at its sole expense, purchase a policy of title insurance to identify any defects of title which may exist. CRWA will identify and object to any material defects in title, if any, within five (5) days of receipt of the title abstract or title commitment. Landowner is obligated to cure CRWA's objections within ten (10) business days after Landowner receives the objections from CRWA. In the event all or part of the Landowner's title should fail, then Landowner shall have a reasonable time, not to exceed sixty (60) calendar days, to cure such defect.
14. Environmental Representations, Covenants and Warranties. Landowners hereby warrant, covenant and represent to CRWA that, to the best of Landowners' knowledge, there are no hazardous materials, other than hazardous materials commonly used on a ranch in connection with grazing, livestock, and farming operations, in, on or under the property, nor has any release of hazardous materials occurred in, on or under the property prior to entering into this Lease Agreement. Landowners, to their actual knowledge, have not received notice of any notice, actions or proceedings relating to hazardous materials in, on or under the property.
15. Saving Clause. Once production is permitted and commenced, if total groundwater production ceases for any reason, other than a regulatory requirement or force majeure, this Lease Agreement shall not terminate if CRWA commences drilling or reworking within 90 (ninety) days after the cessation of such total production.
16. Termination. CRWA shall have the right, but not the obligation, to remove all surface and subsurface equipment, and may remove all surface equipment, at anytime during or within 1 (one) year after the termination of this Lease Agreement, and in the event of such removal, the surface shall be restored as nearly as possible to its original condition. Any well drilled by CRWA on said land requiring plugging shall be plugged in accordance with the applicable rules and regulations.

17. Assignment and Approval. Upon sixty (60) days written notice and approval (which may not be unreasonably withheld), the rights of either Party hereunder may be assigned in whole or in part to any person or entity, and the provisions hereof shall extend to all successors and assigns. This Lease Agreement shall be binding upon and inure to the benefit of the Parties to this Lease Agreement and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns.
18. Indemnity. To the extent authorized by law, each Party shall indemnify against, and hold the other Party harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including reasonable attorneys' fees, arising out of, connected with, or resulting from the use herein provided, including without limitation the exploring, drilling, taking, delivery, possession, use, operation, or return of the water, or related to activities conducted on the Property, easements, provided such claim is not caused in whole or in part by the other party's negligence. This indemnity is made by the party acting, pursuant to the terms of this Lease Agreement, and shall be for the benefit of the non-acting party.
19. Insurance Required of Third Parties.
  - a. Prior to any construction, pursuant to this Lease Agreement, the CRWA contractor, its contractor(s) and subcontractor(s) shall deliver to the Landowners evidence of Auto and General Liability Coverage. The insurance referenced under this Subparagraph shall be obtained at the sole cost of contractor, its contractor(s), and subcontractor(s), and shall name the Landowners and CRWA as additional insured, and protect the Landowners and CRWA against any and all liability for injury to or death of a person or persons, and for damage to or destruction of property occasioned by or arising out of or in connection with contractor's construction, whether execution of the construction arises by the contractor, its contractor(s), or subcontractor(s), or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Additionally, notice that said insurance carriers are licensed to sell insurance in the State of Texas and have designated Texas agent(s) to receive notices required pursuant to the policies shall be delivered to both Parties.
  - b. The limits of Auto and General Liability coverage insurance policy or policies described under this section, and required of the contractor, its contractor(s) and subcontractor(s), shall be in an amount not less than \$500,000.00 per individual and \$1,000,000.00 per occurrence, and an amount of not less than \$1,000,000.00 in respect to property damaged or destroyed in any one occurrence. Said Auto and General Liability coverage insurance policy or

policies and certificates of insurance shall contain a cancellation clause which will allow cancellation by Contractor, its contractor(s), and subcontractor(s), only after 30 (thirty) days prior written notice to the Landowners and CRWA.

20. Liability and Reimbursement. Each Party shall have the right to collect from the other all reasonable costs and expenses, including reasonable attorneys' fees, incurred by a successful Party in exercising or enforcing any of its rights or remedies hereunder or in enforcing any of the terms, conditions, or provisions of this Lease Agreement in a court of law.
21. Force Majeure. If performance by either Party hereunder is prevented by reason of any act of God, including drought, flood or catastrophic weather conditions, strike, governmental restriction or regulation (including prohibition or reduction in production or export by a local groundwater conservation district), or interference, fire, tornado, drought, or other casualty, or any other event or condition beyond the control of CRWA and/or the Landowners, the other Party agrees to grant the non-performing Party a reasonable time to take action to overcome the event of force majeure and resume performance of the duties hereunder. All Parties understand and acknowledge that production and export of groundwater may be restricted or prohibited by applicable statute or regulatory activity, including but not limited to the imposition of withdrawal and transport limits, including such limits imposed by management plans, enacted by local groundwater conservation districts and, that pursuant to such requirements, Royalty Payments may be reduced or suspended, pro-rata until the event of force majeure is no longer in effect.
22. Invalidation. If any provision herein is held by a court of competent jurisdiction to be invalid, unenforceable, or illegal in any respect, this invalidity, unenforceability, or illegality shall not operate to terminate the entire Lease Agreement, and the other provisions shall remain effective, and the court, pursuant to the applicable Declaratory Judgment Act, shall declare the remaining provisions intact and, to the extent practicable, give effect to the entire Lease Agreement after deletion of any offending provisions.
23. No Additional Waiver Implied. No waiver(s) of any breach or default(s) by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.
24. Addresses and Notice. Service of all notices under this agreement shall be sufficient if given personally by electronic means that may be confirmed or by certified mail to

the Party involved at its respective address set forth below, or at such address as such Party may provide in writing from time to time. Any such notice dispatched to such address shall be effective when deposited in the United States mail, certified, duly addressed, and with postage prepaid or actually received.

**IF TO THE LANDOWNERS to:**

H. T. LITTLEFIELD  
P. O. Box 87  
Leesville, Texas 78122-0087

**IF TO CRWA, to:**

CRWA  
Attention: General Manager  
850 Lakeside Pass  
New Braunfels, Texas 78130  
Telephone: (830) 609-0543  
Facsimile: (830) 609-0740  
Email: [crwa@crwa.com](mailto:crwa@crwa.com)

25. Adverse Effects Mitigation. If CRWA's production of groundwater from the Property has the effect of lowering the water table relating to any of Landowner's well(s) to a level which causes the Landowners to be unable to continue to withdraw groundwater in the same manner which the Landowners have historically produced from such well, CRWA agrees to take steps to mitigate its impact on such wells during the term of this Lease Agreement, at CRWA's election and expense, by (i) reworking, lowering of pumps or re-drilling for the well, (ii) providing additional groundwater in lieu of such wells, or (iii) in such other manner mutually acceptable to CRWA and the Landowners.
  
26. Mutual Cooperation Concerning Well Location, Spacing, Operation and Potential for Interference. The Parties covenant to avoid location or installation of wells (or any facility or infrastructure) that will or may operate to interfere with or reduce the efficiency of the other party's well or facility; provided, however, if such interference is unavoidable, the parties covenant to work cooperatively one with the other to minimize any potential conflict or interference.

27. Surface Covenants. CRWA shall not hunt, fish or engage in any other non-approved activities on the Property. With the exception of duly licensed and authorized security personnel, CRWA shall not bring onto the Real Property any guns or firearms. CRWA agrees to keep all gates, providing any access to locations on the subject Property (both inside and outside the Well Sites) closed and locked at all times during the term of this Lease Agreement, except during periods of ingress and egress, and as may be necessary in connection with construction or operation by CRWA. Generally, and as conditions may vary, CRWA and the Landowners agree to cooperate with each other so that the Landowner cattle operations may continue. The Landowners shall provide CRWA with a key or combination to each locked gate or allow CRWA to place a separate combination or keyed lock for each locked gate on the Property required for access to its Wells. Moreover, the parties expressly agree that, notwithstanding any other provision in this Lease Agreement, Landowners shall be entitled to lease the surface of the subject property to third parties for the purpose of cattle grazing or other livestock operations. All parties agree that any such surface lessees shall be required to abide by the terms of this Lease Agreement, and refrain from entering any well site or sanitary easement which must exclude cattle operations for health and safety purposes. Further, such lessees shall derive no benefits from this Lease Agreement unless further agreed in writing.
28. No Third Party Beneficiaries. This Lease Agreement shall create no Third Party benefits of any kind whatsoever; however all covenants and obligations hereunder shall run with the land and become the obligations and benefits that accrue to any successors, assigns or heirs.
29. Confidential and Lease Memorandum. This Lease Agreement provides for terms, conditions and consideration flowing for the mutual benefit of the party signatories. Each agrees that a Lease Memorandum will be prepared for recordation in the applicable county deed records. Otherwise, this document, itself, shall only be disclosed as required by law and by Landowner's to their accountants, attorneys, financial advisors, bankers, successors and assigns and as may be necessary for the operation of the Property. The parties shall execute a separate Blanket Lease for recording, plus such Easement amendments and related documents as may be required to implement this Lease Agreement.
30. Title Company Instruction. The parties further agree to instruct any title company, appraisal district and any other such entity, to which disclosure may be required by law that it is intended that this document be treated as proprietary, confidential and that any disclosure be conditioned on such limitation to protect the interest of the parties in and to the development opportunities represented herein. Such limitation on disclosure shall be pursued to protect the public interest in maintenance of reasonable

water value (Lessor) and reasonable rates (Lessee) and with the intent to protect CRWA's ultimate water customers from unreasonable escalation of rates.

31. Ad Valorem Taxes Prohibited. CRWA shall pay no ad valorem taxes. CRWA, as a governmental entity created pursuant to law and Article 59, Section XI of the Constitution, shall not pay ad valorem taxes and any title transaction requiring a closing between the contracting Parties shall be so governed and the title company instructed to pro-rate up to the time of such closing, but not thereafter, such that CRWA shall not pay any ad valorem property tax applicable to private property.
32. Injury to Grantors Property. Grantee will be liable and will promptly provide reasonable compensation to Grantor for any damage to Grantor's improvements, livestock, or real or personal property caused by negligence of Grantee, its employees, agents, invitees, representatives, or contractors while performing services or acts on the real property. The amount of damages will be determined in accordance with the provisions of paragraph 24 of the Blanket Easement.
33. Mitigation Agreement. The Landowners, Grantors, and CRWA, as Grantee, both acknowledge that the groundwater district having jurisdiction over this 2007 Lease Agreement will likely require a formal mitigation agreement. The parties hereto agree and covenant to cooperate with each other in the performance of such mitigation agreement, and the terms and conditions of such mitigation agreement as the groundwater district may impose, along with the groundwater district's regulations, rules and orders, are included herein by reference. As a part of this Lease Agreement, binding on the parties are such rules, agreements and orders that shall be enacted under the police power of the groundwater district or other public authorities, and are applicable from time to time, pursuant to law to this Lease or the subject land leased.

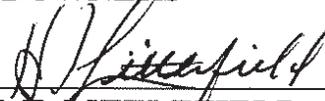
IN WITNESS WHEREOF, the Parties hereto have caused this Lease Agreement to be duly executed, upon lawful approval and authority, in multiple counterparts, each of which shall constitute an original, signed this \_\_\_\_ day of \_\_\_\_\_, 2008.

**LIST OF EXHIBITS:**

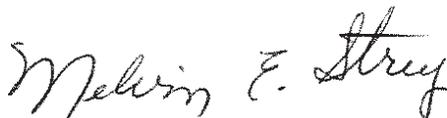
**EXHIBIT A - Legal Description of Property**

**NOTE: One original shall be on file at CRWA in its confidential, proprietary files; a second copy shall be on file with the Landowner(s), in its confidential, proprietary files. A Memorandum of Lease reflecting the execution of this Lease shall be the only publicly filed document reflecting the existence of this 2008 Lease Agreement between CRWA and the named Landowners specified herein.**

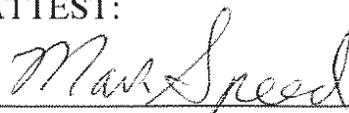
**LANDOWNERS**

by:   
\_\_\_\_\_ **H. T. LITTLEFIELD**

**CANYON REGIONAL WATER  
AUTHORITY**

By:   
Melvin Strey  
Chairman, Board of Trustees

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Trustees

DATED: \_\_\_\_\_

**ACKNOWLEDGMENT (LANDOWNER)**

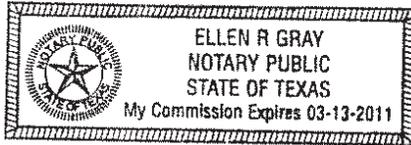
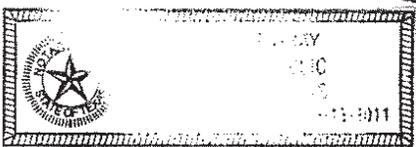
STATE OF TEXAS  
COUNTY OF GONZALES

Before me, the undersigned authorities in and for said County and State, on this 20<sup>th</sup> day of June, 2008, personally appeared **H. T. LITTLEFIELD**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 20<sup>th</sup> day of June, 2008.

Ellen R. Gray  
Notary Public, State of Texas

My Commission Expires: 03-13-2011



**ACKNOWLEDGMENT (CRWA)**

STATE OF TEXAS  
COUNTY OF Guadalupe

Before me, the undersigned authorities in and for said County and State, on this 25<sup>th</sup> day of June, 2008, personally appeared Melvin Strey, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 25<sup>th</sup> day of June, 2008.



Adriane Tschoppe  
Notary Public, State of Texas

My Commission Expires: 2/16/2011

**ACKNOWLEDGMENT (CRWA)**

STATE OF TEXAS  
COUNTY OF \_\_\_\_\_

Before me, the undersigned authorities in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 2008, personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this \_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires: \_\_\_\_\_

## EXHIBIT A

### Legal Description of Property

253.36 acres of land situated in the Jose de la Baume Survey, Abst. 34, Gonzales County, Texas. Said 253.36 acre tract is that same land called 252.1 acres in conveyance from Gus Soefje to Martha Ulrich recorded in Volume 180 at page 521 of the deed records of said county and is described by metes and bounds, as follows:

BEGINNING at an iron stake set at a fence corner marking the southwest corner of said Ulrich Tract, same being the southeast corner of a tract called 2,041.3 acres in conveyance to C. M. Wells recorded in Volume 107 at page 66 of the deed records of said county;

THENCE with fence along a common line of said Ulrich Tract and said Wells Tract, N. 0° 19' W. 1,392.5 feet to an iron stake found marking the northwest corner of said Ulrich Tract;

THENCE with fence along a common boundary of said Ulrich Tract, and the Hilda K. Bond 253 acre tract, N. 89° 43' E. 7,962.0 feet to an iron stake set at a fence corner in the west line of a county road, said corner being situated S. 0° 15' E. 11,175.0 feet (measured bearing distance) from the intersection of the center lines of said county road and Farm-to-Market Road Number 466;

THENCE with fence along the west line of said county road, S. 0° 42' E. 1,366.6 feet to an iron stake set at fence corner;

THENCE with fence along the north line of a tract called 9,324.19 acres in conveyance from C. M. Wells to G. A. C. Halff recorded in Volume 179 at page 290, same being the south line of said Ulrich Tract, as follows:

S. 89° 24' W. 4,741.3 feet;

thence S. 89° 19' W. 607.1 feet to the northwest corner of said Halff Tract;

THENCE with fence along the north line of the residue of a tract called 8,155 acres in conveyance to C. M. Wells recorded in Volume 107 at page 66, S. 89° 47' W. 2,622.9 feet to the place of beginning and containing 253.36 acres of land.

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**2011 LEASE AGREEMENT**  
**BETWEEN**  
**CANYON REGIONAL WATER AUTHORITY**  
**AND**  
**JOSEPH ANTHONY BURRIS,**  
**a married man, as his separate property and estate**  
**For GONZALES COUNTY, TEXAS**

Each Party has Covenanted that this Lease Agreement shall not be recorded and shall not be provided to any party not a signatory or prospective signatory except as required by law. This is a confidential, privileged document used for purposes of negotiating and effectuating the Lease Agreement between the parties.

**2011 LEASE AGREEMENT**

**BETWEEN**

**CANYON REGIONAL WATER AUTHORITY**

**AND**

**JOSEPH ANTHONY BURRIS,  
a married man, as his separate property and estate**

**GONZALES COUNTY, TEXAS**

This **Lease Agreement** is entered into as of the date reflected on the signature page (the Effective Date), by and between **CANYON REGIONAL WATER AUTHORITY ("CRWA")** its successors, and assigns, and **JOSEPH ANTHONY BURRIS, a married man, as his separate property and estate, (hereinafter the "Landowner(s))**, their heirs, successors, and assigns, (collectively, the "Parties") for the purposes and mutual benefits to be derived by the Parties and declares this their only agreement.

**I.  
RECITALS**

**WHEREAS**, CRWA is a governmental agency of the State of Texas, a water conservation district and a body politic and corporate, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas, and Texas Revised Civil Statutes, as amended, and the applicable general laws of the State of Texas. CRWA is engaged in the development of water for wholesale service to its member entities through the acquisition, development, treatment and delivery of water to its customers to accomplish its legislative purposes [Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the "Act")] to promote regional efforts at water resource development in furtherance of S.B. 1 [75th Leg., ch. 1010, [S.B. 1, 1997, 76th Leg.] and subsequent legislative mandate].

**WHEREAS**, all Parties to this Lease Agreement understand that the relationship between CRWA and the Landowners shall not be deemed a partnership or a joint venture, but rather an arrangement which sets forth contractual obligations.

**NOW THEREFORE**, in consideration of the mutual promises, obligations, and benefits to be derived by the Parties pursuant to this Lease Agreement, and the receipt of Ten

Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by the Parties, each Party agrees as follows:

**II.**  
**THIS LEASE AGREEMENT CONTROLS**

The parties acknowledge that there have been discussions, negotiations and correspondence by and between the parties. For the purpose of finality, this Lease Agreement contains all terms, conditions, agreements and covenants between the parties, and necessarily excludes any oral agreements or prior writings with respect to this Lease Agreement.

**III.**  
**AGREEMENTS**

1. Grant.

- a. Surface and Subsurface Water Estate to CRWA. The Landowners, in consideration of Ten Dollars in hand paid and the royalties herein provided, and of the agreements of CRWA hereinafter contained, hereby grant, convey, lease, and let unto CRWA that entire surface and subsurface estate, along with a Blanket Easement, for the sole and only purpose of exploring, investigating, conducting geologic, hydrogeologic, and geophysical surveys, tests, drilling, operating for, and producing groundwater, storing groundwater, transporting groundwater, laying waterlines and electric lines, installing metering devices, building storage tanks, power stations, transmitters, telephone lines, roads, and all related and necessary structures thereon, all of which CRWA may deem reasonably necessary and useful to CRWA's operations to produce, save, care for, measure, monitor water levels, store, treat, and transport said groundwater from the subject lands or other lands leased, to interconnect the CRWA's system, and to obtain access for ingress and egress, and to conduct those activities described herein pursuant to permits respecting this land situated in Gonzales County, State of Texas, and more particularly described herein at Exhibit A ("Legal Description of Property") (the "Property"), subject only to the terms and provisions provided. The Parties expressly recognize and agree that this Lease Agreement conveys a fee simple title in the groundwater, conditioned only on continued payment of royalties as herein provided.
  
- b. Water Line Depth, Distance from Improvement. CRWA shall bury all waterlines below ordinary plow depth on actively cultivated lands, and no production or monitoring well shall be drilled within one thousand (1,000) feet of any residence or barn existing on land at the time of initial drilling of a given well. Landowners covenant and agree that no residence, barn or other improvement will be built within one thousand (1,000) feet of any well, road, or other CRWA facility then existing on the property; provided however, requests may be made by the Landowner of CRWA for exceptions to this one thousand (1,000) foot restriction in connection with the Landowners use of its property. All such

requests and approvals shall be in writing. No requests will be unreasonably denied. CRWA hereby covenants and agrees to reasonably repair any damage directly caused by CRWA to Landowners' property and/or to restore Landowners' property as nearly as possible to its original condition, within a reasonable time after notice of damage. Also, see Paragraph 31.

- c. Acres Benefited and Payments Thereto. See attached Exhibit "A"; included herein by reference, describing subject property. Royalty Payments as provided herein shall be provided by CRWA to the Landowner(s) upon signing this Lease Agreement for the first six (6) month term or portion thereof, at the time of title closing.

In the event of any term being less than six (6) months, the Royalty Payment shall be pro-rated. In the event of any force majeure, the Royalty Payment for either time or amount shall be pro-rated, as may be required pursuant to the terms of time or the requirements of the force majeure.

- d. Easements. This Agreement is intended and does hereby contemplate future grants unto CRWA of the reasonable use of the surface as may be from time-to-time necessary for CRWA to exercise its rights to develop and transmit the water from the subsurface water rights estate provided in the grant recited hereabove in III 1. a. Landowner agrees to execute any written easements reasonably requested by CRWA for this purpose.
- e. The Landowners and their heirs, successors, or assigns shall not conduct any activities which conflict with CRWA's operations, water transportation, or its use of well site(s) and easement(s) upon the subject property. Both Parties agree that the purpose of the easements conveyed hereunder, among others, is to protect the quality of CRWA's water as it is pumped from the ground and transported away from the property. For this reason, Landowners acknowledge and agree that they are prohibited from installing or constructing any animal feedlot or poultry facility, septic, sewage-related, or other facility which would have a potential impact to impair the quality of the groundwater from its natural state or condition within 1000 feet radius of any CRWA well site.
- f. Specified Well-Site Easements of 2.2 Acres Per Site as May Be Determined by CRWA at Its Sole Discretion. CRWA will designate, in its sole and exclusive discretion, in writing, the areas of the Property, if any, which will be used by CRWA as 2.2 acre well site(s). The Landowners, for the same consideration recited herein, hereby agree to grant and convey unto CRWA, an Easement in each 2.2 acre well site so designated by CRWA, including, to the extent applicable, all groundwater rights in and to and associated with each well-site, but excluding any and all mineral estate. In the event CRWA reasonably determines, from time to time, that for purposes of production monitoring or per various regulatory requirements, including mitigation, that additional Well-Sites, including test or monitoring wells, may be necessary for the purposes of this

Lease Agreement, CRWA may designate additional areas as Well Sites and/or areas of operation, and the Landowners shall promptly execute a recordable well site instrument(s) including, if necessary, separate Sanitary Easement, consistent with the terms and conditions provided under this Lease Agreement, including therewith compliance with any requirement of the groundwater district having jurisdiction. The Landowners agree that CRWA is hereby authorized to develop and maximize, for CRWA's benefit, the quantity of wells and groundwater sources which can be drilled from this or other Property, limited only by applicable well and spacing regulations of the Gonzales County Underground Water Conservation District ("GCUWCD") and/or Guadalupe County Groundwater Conservation District ("GCGCD") or their respective successors effective from time-to-time following execution of this Lease Agreement. The parties further agree that CRWA, subject to applicable regulation, shall have sole obligation and duty in the design, format and layout of any well-fields, access road easements and all related facilities, transmission equipment or towers and easements necessary to provide access, electric or other utilities, service to, through over or from the property. CRWA shall pay for surveying and hydrogeologic studies, recording of the easements, and expenses of regulatory approvals.

- g. Groundwater. The Landowners, for the consideration herein provided, and of the agreements of CRWA hereinafter contained, hereby grant unto CRWA exclusive use of, and all lawful right and fee title to all groundwater, from any and all underlying groundwater formations, that may be produced from said lands described in Para. 1(a), such production restricted only by applicable statute and regulation, and thereafter for so long as groundwater is produced from said lands, allocation from said land is made available to the Lessee, CRWA, for purposes of calculating that surface area required for the water permit applicable to this and other lands upon which royalties are paid as provided herein and that all historical usage rights, if any, shall accrue for the benefit of the Landowners and CRWA, and the Landowners' rights are hereby assigned exclusively to CRWA, during CRWA's performance of its payment obligation, except as CRWA and the Landowners may require for Landowners' use. The Landowners agree that title to the produced groundwater is vested exclusively in CRWA during all production, and thereafter, for as long as groundwater is produced and the royalties are paid.
- h. "Production" Defined: "Production" is defined as actual permitted withdrawal of groundwater by CRWA (from any number of wells or source formation, whether situated on any portion of the subject Property or elsewhere).
- i. Exclusive Ownership of Groundwater to CRWA/Exceptions: The Landowners agree and covenant not to contest CRWA's exclusive ownership of groundwater described in subparagraph (f), above, and/or any permits associated therewith, except for exempt groundwater and any rights reserved to the Landowners as provided in the subsections below. Except for their own use, the Landowners

agree not to compete with CRWA's water development and supply activities, and agree to install or construct only exempt wells:

- (1) Landowners' Exempt Wells: Landowners may continue production or drill well(s) and withdraw groundwater therefrom for any exempt purpose, provided that such wells are considered exempt under state law, the Rules of the applicable regulatory agency at the time drilling commences, and so long as the withdrawal by the Landowners does not in any manner reduce CRWA's permitted right to withdraw groundwater from the property. Landowners agree to obtain CRWA's prior written approval concerning the location, size and characteristics of any exempt well to be constructed by Landowners after the date of this agreement pursuant to this Section. Landowner will not be required by CRWA to meter water used for exempt purposes.
- (2) Annual Allotment of Groundwater to Landowners: In addition to groundwater withdrawals by exempt wells which may now or in the future be authorized under state law and/or local regulation, Landowners may negotiate, for their own domestic or livestock use raw, untreated groundwater from CRWA through its infrastructure situated on the leased property. Landowner(s) shall bear any and all costs associated with constructing Landowner facilities for receipt, transmission and storage of groundwater received by Landowner from CRWA facilities.
  - i. Non-Competition/Non-Transfer/Non-Interference: Landowners agree not to sell, transport or deliver any groundwater (whether produced by them or purchased from CRWA) off of the property, or to authorize the use of any such groundwater off of the property referenced in this Lease Agreement. Moreover, Landowners shall ensure that their operation and use of exempt wells does not impair the water quality of any respective formation.
  - ii. Waiver of Claim: Landowners covenant and agree not to assert any cause of action in adverse possession, inverse condemnation, taking, nuisance, trespass or a like claim based on CRWA groundwater withdrawals hereunder including but not limited to any cause of action for negligence, and contractually waives all such rights of action by their execution of this Lease Agreement.
- j. Project Description. The project is known as the Wells Ranch Project. CRWA is developing a groundwater project that will be sourced from one or more groundwater bearing formations located under multiple lessees that will be producing water in an amount to be specified by CRWA, based on recommendations of its engineers. The total project, at this time, is estimated to be 4,500 acre-feet, subject to adjustment up or down from time-to-time, and

based on cost considerations affecting the project. A portion of the project will be in Gonzales County and a portion of the project will be in Guadalupe County.

2. Perpetual Term. The term of this Lease Agreement shall be for so long as groundwater is permitted for withdrawal and produced from the Property, or said property is included within the surface acreage calculus required by the regulatory authority for permitted production, royalties are paid and obligations hereunder by CRWA are performed. Following initial production, in the event that groundwater is not produced from the property, and at the sole determination and option of CRWA, said Lease Agreement may be terminated upon ninety (90) days written notice; provided, however, if any period of non-production by CRWA is the result of regulatory requirements or force majeure that result in non-production, such as drought conditions or conservation cessation or reduction, then this Lease Agreement shall continue provided all required payments are made to the Landowner. See Savings Clause, Section 15.
3. Development Costs. CRWA shall be responsible for development, producing operations and permitting costs for the produced water from any formation under the subject property. The Parties acknowledge and agree that CRWA has already incurred and made significant investment and development of the Wells Ranch Project and that the Wells Ranch Project water production, depending upon regulatory approval, may be accomplished off the subject premises without waiver of either parties rights and/or obligations.
4. Cooperation to Secure Regulatory Approvals for Groundwater Development, Production and Export. Whenever compliance with this Lease Agreement requires the approval of regulatory agencies, including local groundwater conservation districts, each party agrees to actively support and cooperate with the other to secure regulatory approval and such support shall not be unreasonably withheld or delayed.
5. Royalty Payments. In consideration of the agreements contained herein CRWA agrees to make semi-annual payments for the periods of January 1 – June 30 and July 1 – December 31. The landowner payments are defined in Section III 6.
6. Initial Fifty Percent (50%) Royalty Payment During Carrizo Aquifer Permit Process: The parties agree that for any portion of a calendar year prior to permit approval and prior to November 9, 2014, the Landowner Royalty payments shall be a sum equal to production projected by CRWA and the regulatory authority or one-half acre foot per year from the property whichever is lesser. Beginning November 9, 2014, the Landowner Royalty Payment shall be a sum equal to number of permitted acre feet established by the Gonzales County Groundwater Conservation District or any successor regulatory agency, by year approved by such regulatory authority. The requirement for payment described herein is defined as a take or pay agreement. The landowner shall be paid for the initial period prior to November 9, 2014, the monies provided herein even though there is no production from the property. Should CRWA fail to timely pay its semi-annual Royalty Payments, then and in that event this lease will be governed pursuant to the termination provisions in Section III, subparagraphs 10 and 15, as

applicable. In any calculation of Royalty Payments, and obligations thereunder, the Royalty Payments shall be based upon production directly associated with the subject leasehold property. At the outset, upon permit approval, CRWA and the landowner shall stipulate the water production and Royalty Payment associated with the subject lease within thirty (30) days of the permitting authority's approval of the permit.

7. Annual Adjustment from GBRA Base Year 2011: Commencing with GBRA's 2011 Basin Charge ("the Base Year"), the calculation of the annual payment shall be equal to eighty-three and three-tenths percent (83.3%) of the annual charge per acre-foot of untreated surface water charged by the Guadalupe-Blanco River Authority ("GBRA") as applied to its In-District wholesale customers. The CRWA Royalty Rate will be adjusted annually thereafter, per GBRA rates, customarily established in July or August, to become applicable commencing in January of the succeeding calendar year.
- 7.a. Alternative Method of Calculating Annual Royalty Adjustment (CPI): In the event that the U. S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index ("CPI") (all items) will provide a larger (annual) multiplier for the benefit of the landowner, CRWA shall calculate the annual adjustment (see formula in Paragraph 7 above) for the take-or-pay Royalty by multiplying CRWA's previous year's Royalty Rate by the applicable annual CPI Index, U. S Department of Labor, Bureau of Labor Statistics (reflecting the previous year's all items Consumer Price Index).
8. No Royalty Offset or Credit for Development Costs: Both the Landowners and CRWA acknowledge that the Royalty payment contemplated shall not be deducted, reduced or off set for any development, transmission, or production costs, or any other costs incurred by CRWA to produce, store, and deliver the groundwater to its customers.
9. Payment and Depository Provisions. All CRWA payments shall, with the exception of the initial six (6) month Royalty Payment, be made semi-annually. Such Royalty Payments shall be made on January 15th and July 15th, or the next business day thereafter, as follows:

Mail Check to:  
Joseph Anthony Burris  
337 Bloomsbury Drive  
Kyle, Texas 78640
10. Non-Payment Provision to Cure and Termination. If CRWA fails to make payment when due, the Landowners shall provide actual notice to CRWA of such past due payment. In the event CRWA fails to remedy such default by making payment within 15 days of receipt of the Landowners' written notice issued in accordance with this paragraph, the lease shall terminate.

11. Entire Lease Agreement. The provisions set forth in this Lease Agreement shall constitute the entire agreement between the Parties, and both Parties shall be bound to comply with any covenants, express, or implied, set forth in this Lease Agreement.
12. Release of Lien. Landowner, if the subject property to be leased is mortgaged, shall take steps to secure a subordination by any lienholders and shall provide to CRWA approvals reasonably necessary to prevent conflict with any pre-existing mineral leases that may prohibit the surface or subsurface agreements provided herein.
13. Good Title. The Landowners covenant that they maintain good, clear and transferable title to the property and agree to defend title to the property which is required for Lease conveyance governed by this Lease Agreement. Moreover, a closing, at which time CRWA shall, at its sole expense, purchase a policy of title insurance to identify any defects of title which may exist. CRWA will identify and object to any material defects in title, if any, within five (5) days of receipt of the title abstract or title commitment. Landowner is obligated to cure CRWA's objections within ten (10) business days after Landowner receives the objections from CRWA. In the event all or part of the Landowner's title should fail, then Landowner shall have a reasonable time, not to exceed sixty (60) calendar days, to cure such defect.
14. Environmental Representations, Covenants and Warranties. Landowners hereby warrant, covenant and represent to CRWA that, to the best of Landowners' knowledge, there are no hazardous materials, other than hazardous materials commonly used on a ranch in connection with grazing, livestock, and farming operations, in, on or under the property, nor has any release of hazardous materials occurred in, on or under the property prior to entering into this Lease Agreement. Landowners, to their actual knowledge, have not received notice of any notice, actions or proceedings relating to hazardous materials in, on or under the property.
15. Saving Clause. Once production is permitted and commenced, if total groundwater production from Landowner's subsurface water right estate ceases for any reason, other than a regulatory requirement or force majeure, this Lease Agreement shall not terminate if CRWA continues applicable monthly Royalty Payments or commences drilling or reworking within 90 (ninety) days after the cessation of such production from the Landowner's property.
16. Termination. CRWA shall have the obligation, to remove all surface equipment, at anytime within 1 (one) year after the termination of this Lease Agreement. CRWA shall have the right but not the obligation to remove all subsurface improvements within one (1) year of the termination of this Lease Agreement. In either instance, the surface shall be restored as nearly as possible to its original condition prior to termination. Any well drilled by CRWA on said land requiring plugging shall be plugged in accordance with the applicable rules and regulations. CRWA and Landowner may agree in writing to vary the terms of this provision.

17. Assignment and Approval. CRWA shall have the right to assign this lease, will notify Landowner of its intention in writing, and Landowner agrees it will not unreasonably withhold approval of any such proposed assignment. Landowner may transfer, pledge, sell or assign his rights in this lease, provided any such notice is provided to CRWA in writing, and CRWA shall not unreasonably withhold any such approval. Assignments as contemplated by this section shall be in writing, the requests and approvals shall be reviewed and approved within not to exceed forty-five (45) days of written notice, and any such approval shall be routinely approved providing terms and conditions remain unchanged.
18. Indemnity. To the extent authorized by law, each Party shall indemnify against, and hold the other Party harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including reasonable attorneys' fees, arising out of, connected with, or resulting from the use herein provided, including without limitation the exploring, drilling, taking, delivery, possession, use, operation, or return of the water, or related to activities conducted on the Property, easements, provided such claim is not caused in whole or in part by the other party's negligence. This indemnity is made by the party acting, pursuant to the terms of this Lease Agreement, and shall be for the benefit of the non-acting party.
19. Insurance Required of Third Parties.
  - a. Prior to any construction, pursuant to this Lease Agreement, the CRWA contractor, its contractor(s) and subcontractor(s) shall deliver to the Landowners evidence of Auto and General Liability Coverage. The insurance referenced under this Subparagraph shall be obtained at the sole cost of contractor, its contractor(s), and subcontractor(s), and shall name the Landowners and CRWA as additional insureds, and protect the Landowners and CRWA against any and all liability for injury to or death of a person or persons, and for damage to or destruction of property occasioned by or arising out of or in connection with contractor's construction, whether execution of the construction arises by the contractor, its contractor(s), or subcontractor(s), or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Additionally, notice that said insurance carriers are licensed to sell insurance in the State of Texas and have designated Texas agent(s) to receive notices required pursuant to the policies shall be delivered to both Parties.
  - b. The limits of Auto and General Liability coverage insurance policy or policies described under this section, and required of the contractor, its contractor(s) and subcontractor(s), shall be in an amount not less than \$500,000.00 per individual and \$1,000,000.00 per occurrence, and an amount of not less than \$1,000,000.00 in respect to property damaged or destroyed in any one occurrence. Said Auto and General Liability coverage insurance policy or policies and certificates of insurance shall contain a cancellation clause which will allow cancellation by Contractor, its contractor(s), and subcontractor(s), only after 30 (thirty) days prior written notice to the Landowners and CRWA.

20. Liability and Reimbursement. Each Party shall have the right to collect from the other all reasonable costs and expenses, including reasonable attorneys' fees, incurred by a successful Party in exercising or enforcing any of its rights or remedies hereunder or in enforcing any of the terms, conditions, or provisions of this Lease Agreement in a court of law.
21. Force Majeure. If performance by either Party hereunder is prevented by reason of any act of God, including drought, flood or catastrophic weather conditions, strike, governmental restriction or regulation (including prohibition or reduction in production or export by a local groundwater conservation district), or interference, fire, tornado, drought, or other casualty, or any other event or condition beyond the control of CRWA and/or the Landowners, the other Party agrees to grant the nonperforming Party a reasonable time to take action to overcome the event of force majeure and resume performance of the duties hereunder. All Parties understand and acknowledge that production and export of groundwater may be restricted or prohibited by applicable statute or regulatory activity, including but not limited to the imposition of withdrawal and transport limits, including such limits imposed by management plans, enacted by local groundwater conservation districts and, that pursuant to such requirements, Royalty Payments may be reduced or suspended, prorata until the event of force majeure is no longer in effect.
22. Invalidation. If any provision herein is held by a court of competent jurisdiction to be invalid, unenforceable, or illegal in any respect, this invalidity, unenforceability, or illegality shall not operate to terminate the entire Lease Agreement, and the other provisions shall remain effective, and the court, pursuant to the applicable Declaratory Judgment Act, shall declare the remaining provisions intact and, to the extent practicable, give effect to the entire Lease Agreement after deletion of any offending provisions.
23. No Additional Waiver Implied. No waiver(s) of any breach or default(s) by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.
24. Addresses and Notice. Service of all notices under this agreement shall be sufficient if given by electronic means that shall be confirmed by certified mail or courier delivery to the Party involved at its respective address set forth below, or at such address as such Party may provide in writing from time to time. Any such notice dispatched to such address shall be effective when actually received by certified mail or courier delivery.

IF TO THE LANDOWNERS, to:

Joseph Anthony Burris  
337 Bloomsbury Drive  
Kyle, Texas 78640

IF TO CRWA, to:

CRWA  
Attention: General Manager 850 Lakeside Pass  
New Braunfels, Texas 78130  
Telephone: (830) 609-0543  
Facsimile: (830) 609-0740  
Email: [crwa@crwa.com](mailto:crwa@crwa.com)

25. Adverse Effects Mitigation. If CRWA's production of groundwater from the Property has the effect of lowering the water table relating to any of Landowner's well(s) to a level which causes the Landowners to be unable to continue to withdraw groundwater in the same manner which the Landowners have historically produced from such well, CRWA agrees to take steps to mitigate its impact on such wells during the term of this Lease Agreement, at CRWA's election and expense, by (i) reworking, lowering of pumps or re-drilling for the well, (ii) providing additional groundwater in lieu of such wells, or (iii) in such other manner mutually acceptable to CRWA and the Landowners.
26. Mutual Cooperation Concerning Well Location, Spacing, Operation and Potential for Interference. The Parties covenant to avoid location or installation of wells (or any facility or infrastructure) that will or may operate to interfere with or reduce the efficiency of the other party's well or facility; provided, however, if such interference is unavoidable, the parties covenant to work cooperatively one with the other to minimize any potential conflict or interference.
27. Surface Covenants. CRWA shall not hunt, fish or engage in any other non-approved activities on the Property. With the exception of duly licensed and authorized security personnel, CRWA shall not bring onto the Real Property any guns or firearms. CRWA agrees to keep all gates, providing any access to locations on the subject Property (both inside and outside the Well Sites) closed and locked at all times during the term of this Lease Agreement, except during periods of ingress and egress, and as may be necessary in connection with construction or operation by CRWA. Generally, and as conditions may vary, CRWA and the Landowners agree to cooperate with each other so that the Landowner cattle operations may continue. The Landowners shall provide CRWA with a key or combination to each locked gate or allow CRWA to place a separate combination or keyed lock for each locked gate on the Property required for access to its Wells. Moreover, the parties expressly agree that, notwithstanding any other provision in this Lease Agreement, Landowners shall be entitled to lease the surface of the subject property to third parties for the purpose of cattle grazing or other livestock operations. All parties agree that any such surface lessees shall be required to abide by the terms of

this Lease Agreement, and refrain from entering any well site or sanitary easement which must exclude cattle operations for health and safety purposes. Further, such lessees shall derive no benefits from this Lease Agreement unless further agreed in writing.

28. No Third Party Beneficiaries. This Lease Agreement shall create no Third Party benefits of any kind whatsoever; however all covenants and obligations hereunder shall run with the land and become the obligations and benefits that accrue to any successors, assigns or heirs.
29. Confidential and Lease Memorandum. This Lease Agreement provides for terms, conditions and consideration flowing for the mutual benefit of the party signatories. Each agrees that a Lease Memorandum will be prepared for recordation in the applicable county deed records. Otherwise, this document, itself, shall only be disclosed as required by law and by Landowner's to their accountants, attorneys, financial advisors, bankers, successors and assigns and as may be necessary for the operation of the Property. The parties shall execute a separate Blanket Lease for recording, plus such Easement amendments and related documents as may be required to implement this Lease Agreement.
30. Title Company Instruction. The parties further agree to instruct any title company, appraisal district and any other such entity, to which disclosure may be required by law that it is intended that this document be treated as proprietary, confidential and that any disclosure be conditioned on such limitation to protect the interest of the parties in and to the development opportunities represented herein. Such limitation on disclosure shall be pursued to protect the public interest in maintenance of reasonable water value (Lessor) and reasonable rates (Lessee) and with the intent to protect CRWA's ultimate water customers from unreasonable escalation of rates.
31. Ad Valorem Taxes Prohibited. CRWA shall pay no ad valorem taxes. CRWA, as a governmental entity created pursuant to law and Article 59, Section XI of the Constitution, shall not pay ad valorem taxes and any title transaction requiring a closing between the contracting Parties shall be so governed and the title company instructed to pro-rate up to the time of such closing, but not thereafter, such that CRWA shall not pay any ad valorem property tax applicable to private property.
32. Injury to Grantors Property. Grantee will be liable and will promptly provide reasonable compensation to Grantor for any damage to Grantor's improvements, livestock, or real or personal property caused by negligence of Grantee, its employees, agents, invitees, representatives, or contractors while performing services or acts on the real property. The amount of damages will be determined in accordance with the provisions of paragraph 24 of the Blanket Easement.
33. Mitigation Agreement. The Landowners, Grantors, and CRWA, as Grantee, both acknowledge that the groundwater district having jurisdiction over this 2011 Lease

Agreement will likely require a formal mitigation agreement. The parties hereto agree and covenant to cooperate with each other in the performance of such mitigation agreement, and the terms and conditions of such mitigation agreement as the groundwater district may impose, along with the groundwater district's regulations, rules and orders, are included herein by reference. As a part of this Lease Agreement, binding on the parties are such rules, agreements and orders that shall be enacted under the police power of the groundwater district or other public authorities, and are applicable from time to time, pursuant to law to this Lease or the subject land leased. The Landowner will bear none of the cost of mitigation.

34. Most Favored Nations Clause. If at any time after effective date hereof, CRWA enters into a contract providing for purchase of water from Property located within Gonzales and/or Guadalupe Counties, and for which the Carrizo formation is its source and producing non-saline, untreated water at 1,000 total suspended solids per ml or less, and said Property is located within a radius of fifty miles of the leased property, and if the price per acre foot at any time payable under such contract is higher than the price payable here, each price payable here which is less than the price payable at the same time under such other contract immediately must be increased by written pricing addenda so that the price and terms of this Lease Agreement will equal the price payable under the other contract. It is further provided that water sourced from any other formation within Gonzales County, and meeting these criteria, will be accorded the same Most Favored Nations pricing provisions.

IN WITNESS WHEREOF, the Parties hereto have caused this Lease Agreement to be duly executed, upon lawful approval and authority, in multiple counterparts, each of which shall constitute an original, signed this 3rd day of November, 2011.

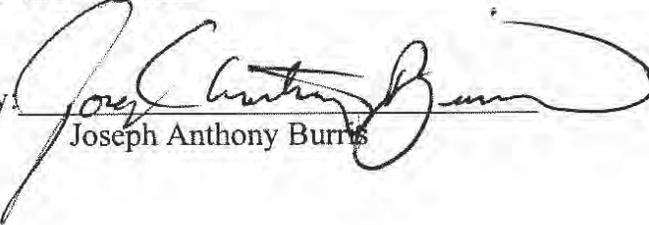
**ATTACHMENT:**

**EXHIBIT A - Legal Description of Property Located Within  
Gonzales County, Texas.**

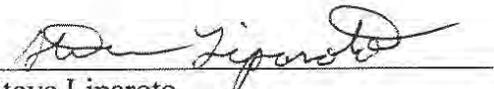
**NOTE:**

One original shall be on file at CRWA in its confidential, proprietary files; a second copy shall be on file with the Landowner(s), in its confidential, proprietary files. A Memorandum of Lease reflecting the execution of this Lease shall be the only publicly filed document reflecting the existence of this 2011 Lease Agreement between CRWA and the named Landowners specified herein.

**LANDOWNERS**

By:   
Joseph Anthony Burris

**CANYON REGIONAL WATER AUTHORITY**

By:   
Steve Liparoto  
Chairman, Board of Trustees

**ATTEST:**

  
Mark Speed  
Secretary, Board of Trustees

DATED: 11/3/11

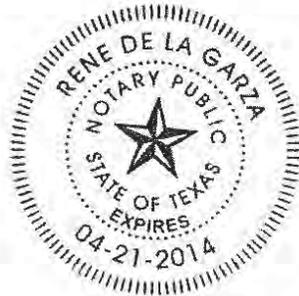
**ACKNOWLEDGMENT (LANDOWNERS)**

STATE OF TEXAS

COUNTY OF CALDWELL

Before me, the undersigned authorities in and for said County and State, on this 14 day of October, 2011, personally appeared **Joseph Anthony Burris**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 14 day of October, 2011.



*[Handwritten Signature]*  
Notary Public, State of Texas

My Commission Expires:

*4-21-2014*

ACKNOWLEDGMENT (CRWA)

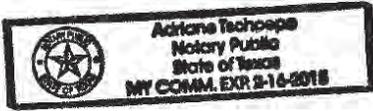
STATE OF TEXAS

COUNTY OF GUADALUPE

Before me, the undersigned authorities in and for said County and State, on this 3rd day of November, 2011, personally appeared **Steve Liparoto**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 3rd day of November, 2011.

Adriane Tchoepe  
Notary Public, State of Texas  
My Commission Expires: 2/16/15



ACKNOWLEDGMENT (CRWA)

STATE OF TEXAS

COUNTY OF GUADALUPE

Before me, the undersigned authorities in and for said County and State, on this 3rd day of November, 2011, personally appeared **Mark Speed**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 3rd day of November, 2011.

Adriane Tchoepe  
Notary Public, State of Texas  
My Commission Expires: 2/16/15



## **EXHIBIT A**

All that 61.465 acres of land, more or less, a part of the Jose De La Baume Survey, Abstract No. 34, in Gonzales County, Texas and being all that 195.27 acres of land conveyed from Hulga Soefje Burris to Stanley Andrew Burris by deed recorded in Volume 435, Page 481 of the Gonzales County, Texas Deed Records, LESS AND EXCEPT any portions of said land previously conveyed by Grantor by deeds of record in Gonzales County, Texas, leaving approximately 61.465 acres conveyed hereby.

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**2008 LEASE AGREEMENT**  
**BETWEEN**  
**CANYON REGIONAL WATER AUTHORITY**  
**AND**  
**LANDOWNER**  
**MIKE W. BOND AND WIFE, CONNIE L. BOND**  
**For GONZALES COUNTY, TEXAS**

Each Party has Covenanted that this Lease Agreement shall not be recorded and shall not be provided to any party not a signatory or prospective signatory except as required by law. This is a confidential, privileged document used for purposes of negotiating and effectuating the Lease Agreement between the parties.

**2008 LEASE AGREEMENT**

**BETWEEN**

**CANYON REGIONAL WATER AUTHORITY**

**AND**

**LANDOWNER**

**MIKE W. BOND AND WIFE, CONNIE L. BOND**

**GONZALES COUNTY, TEXAS**

This **Lease Agreement** is entered into as of the date reflected on the signature page (the Effective Date), by and between **CANYON REGIONAL WATER AUTHORITY ("CRWA")** its successors, and assigns, and **MIKE W. BOND AND WIFE, CONNIE L. BOND (hereinafter the "Landowner(s))**, their heirs, successors, and assigns, (collectively, the "Parties") for the purposes and mutual benefits to be derived by the Parties and declares this their only agreement.

**I.**

**RECITALS**

**WHEREAS**, CRWA is a governmental agency of the State of Texas, a water conservation district and a body politic and corporate, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas, and Texas Revised Civil Statutes, as amended, and the applicable general laws of the State of Texas. CRWA is engaged in the development of water for wholesale service to its member entities through the acquisition, development, treatment and delivery of water to its customers to accomplish its legislative purposes [Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (the "Act")] to promote regional efforts at water resource development in furtherance of S.B. 1 [75th Leg., ch. 1010, [S.B. 1, 1997, 76th Leg.] and subsequent legislative mandate].

**WHEREAS**, all Parties to this Lease Agreement understand that the relationship between CRWA and the Landowners shall not be deemed a partnership or a joint venture, but rather an arrangement which sets forth contractual obligations.

**NOW THEREFORE**, in consideration of the mutual promises, obligations, and benefits to be derived by the Parties pursuant to this Lease Agreement, and the receipt of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by the Parties, each Party agrees as follows:

**II.**  
**THIS LEASE AGREEMENT CONTROLS**

The parties acknowledge that there have been discussions, negotiations and correspondence by and between the parties. For the purpose of finality, this Lease Agreement contains all terms, conditions, agreements and covenants between the parties, and necessarily excludes any oral agreements or prior writings with respect to this Lease Agreement.

**III.**  
**AGREEMENTS**

1. Grant.

- a. Surface and Subsurface Water Estate to CRWA. The Landowners, in consideration of Ten Dollars in hand paid and the royalties herein provided, and of the agreements of CRWA hereinafter contained, hereby grant, convey, lease, and let unto CRWA that entire surface and subsurface estate, along with a Blanket Easement, for the sole and only purpose of exploring, investigating, conducting geologic, hydrogeologic, and geophysical surveys, tests, drilling, operating for, and producing groundwater, storing groundwater, transporting groundwater, laying waterlines and electric lines, installing metering devices, building storage tanks, power stations, transmitters, telephone lines, roads, and all related and necessary structures thereon, all of which CRWA may deem reasonably necessary and useful to CRWA's operations to produce, save, care for, measure, monitor water levels, store, treat, and transport said groundwater from the subject lands or other lands leased, to interconnect the CRWA's system, and to obtain access for ingress and egress, and to conduct those activities described herein pursuant to permits respecting this land situated in Gonzales County, State of Texas, and more particularly described herein at Exhibit A ("Legal Description of Property") (the "Property"), subject only to the terms and provisions provided. The Parties expressly recognize and agree that this Lease Agreement conveys a fee simple title in the groundwater, conditioned only on continued payment of royalties as herein provided.
- b. Water Line Depth, Distance from Improvement. CRWA shall bury all waterlines below ordinary plow depth on actively cultivated lands, and no production or

monitoring well shall be drilled within one thousand (1,000) feet of any residence or barn existing on land at the time of initial drilling of a given well. Landowners covenant and agree that no residence, barn or other improvement will be built within one thousand (1,000) feet of any well, road, or other CRWA facility then existing on the property; provided however, requests may be made by the Landowner of CRWA for exceptions to this one thousand (1,000) foot restriction in connection with the Landowners use of its property. All such requests and approvals shall be in writing. No requests will be unreasonably denied. CRWA hereby covenants and agrees to reasonably repair any damage directly caused by CRWA to Landowners' property and/or to restore Landowners' property as nearly as possible to its original condition, within a reasonable time after notice of damage. Also, see Paragraph 31.

- c. Acres Benefited and Payments Thereto. See attached Exhibit "A"; included herein by reference, describing subject property. Royalty Payments as provided herein shall be provided by CRWA to the Landowner(s) upon signing this Lease Agreement for the first six (6) month term or portion thereof, at the time of title closing.

In the event of any term being less than six (6) months, the Royalty Payment shall be pro-rated. In the event of any force majeure, the Royalty Payment for either time or amount shall be pro-rated, as may be required pursuant to the terms of time or the requirements of the force majeure.

- d. Easements. This Agreement is intended and does hereby contemplate future grants unto CRWA of the reasonable use of the surface as may be from time-to-time necessary for CRWA to exercise its rights to develop and transmit the water from the subsurface water rights estate provided in the grant recited hereabove in III 1. a. Landowner agrees to execute any written easements reasonably requested by CRWA for this purpose.
- e. The Landowners and their heirs, successors, or assigns shall not conduct any activities which conflict with CRWA's operations, water transportation, or its use of well site(s) and easement(s) upon the subject property. Both Parties agree that the purpose of the easements conveyed hereunder, among others, is to protect the quality of CRWA's water as it is pumped from the ground and transported away from the property. For this reason, Landowners acknowledge and agree that they are prohibited from installing or constructing any animal feedlot or poultry facility, septic, sewage-related, or other facility which would have a potential impact to impair the quality of the groundwater from its natural state or condition within 1000 feet radius of any CRWA well site.

- f. Specified Well-Site Easements of 2.2 Acres Per Site as May Be Determined by CRWA at Its Sole Discretion. CRWA will designate, in its sole and exclusive discretion, in writing, the areas of the Property, if any, which will be used by CRWA as 2.2 acre well site(s). The Landowners, for the same consideration recited herein, hereby agree to grant and convey unto CRWA, an Easement in each 2.2 acre well site so designated by CRWA, including, to the extent applicable, all groundwater rights in and to and associated with each well-site, but excluding any and all mineral estate. In the event CRWA reasonably determines, from time to time, that for purposes of production monitoring or per various regulatory requirements, including mitigation, that additional Well-Sites, including test or monitoring wells, may be necessary for the purposes of this Lease Agreement, CRWA may designate additional areas as Well Sites and/or areas of operation, and the Landowners shall promptly execute a recordable well site instrument(s) including, if necessary, separate Sanitary Easement, consistent with the terms and conditions provided under this Lease Agreement, including therewith compliance with any requirement of the groundwater district having jurisdiction. The Landowners agree that CRWA is hereby authorized to develop and maximize, for CRWA's benefit, the quantity of wells and groundwater sources which can be drilled from this or other Property, limited only by applicable well and spacing regulations of the Gonzales County Underground Water Conservation District ("GCUWCD") and/or Guadalupe County Groundwater Conservation District ("GCGCD") or their respective successors effective from time-to-time following execution of this Lease Agreement. The parties further agree that CRWA, subject to applicable regulation, shall have sole obligation and duty in the design, format and layout of any well-fields, access road easements and all related facilities, transmission equipment or towers and easements necessary to provide access, electric or other utilities, service to, through over or from the property. CRWA shall pay for surveying and hydrogeologic studies, recording of the easements, and expenses of regulatory approvals.
- g. Groundwater. The Landowners, for the consideration herein provided, and of the agreements of CRWA hereinafter contained, hereby grant unto CRWA exclusive use of, and all lawful right and fee title to all groundwater, from any and all underlying groundwater formations, that may be produced from said lands described in Para. 1(a), such production restricted only by applicable statute and regulation, and thereafter for so long as groundwater is produced from said lands, allocation from said land is made available to the Lessee, CRWA, for purposes of calculating that surface area required for the water permit applicable to this and other lands upon which royalties are paid as provided herein and that all historical

usage rights, **if any**, shall accrue for the benefit of the Landowners and CRWA, and the Landowners' rights are hereby assigned exclusively to CRWA, during CRWA's performance of its payment obligation, except as CRWA and the Landowners may require for Landowners' use. The Landowners agree that title to the produced groundwater is vested exclusively in CRWA during all production, and thereafter, for as long as groundwater is produced and the royalties are paid.

- h. "Production" Defined: "Production" is defined as actual permitted withdrawal of groundwater by CRWA (from any number of wells or source formation, whether situated on any portion of the subject Property or elsewhere).
  
- i. Exclusive Ownership of Groundwater to CRWA/Exceptions: The Landowners agree and covenant not to contest CRWA's exclusive ownership of groundwater described in subparagraph (f), above, and/or any permits associated therewith, except for exempt groundwater and any rights reserved to the Landowners as provided in the subsections below. Except for their own use, the Landowners agree not to compete with CRWA's water development and supply activities, and agree to install or construct only exempt wells:
  - (1) Landowners' Exempt Wells: Landowners may continue production or drill well(s) and withdraw groundwater therefrom for any exempt purpose, provided that such wells are considered exempt under state law, the Rules of the applicable regulatory agency at the time drilling commences, and so long as the withdrawal by the Landowners does not in any manner reduce CRWA's permitted right to withdraw groundwater from the property. Landowners agree to obtain CRWA's prior written approval concerning the location, size and characteristics of any exempt well to be constructed by Landowners after the date of this agreement pursuant to this Section. Landowner will not be required by CRWA to meter water used for exempt purposes.
  
  - (2) Annual Allotment of Groundwater to Landowners: In addition to groundwater withdrawals by exempt wells which may now or in the future be authorized under state law and/or local regulation, Landowners may negotiate, for their own domestic or livestock use raw, untreated groundwater from CRWA through its infrastructure situated on the leased property. Landowner(s) shall bear any and all costs associated with constructing Landowner facilities for receipt, transmission and storage of groundwater received by Landowner from CRWA facilities.

- i. Non-Competition/Non-Transfer/Non-Interference: Landowners agree not to sell, transport or deliver any groundwater (whether produced by them or purchased from CRWA) off of the property, or to authorize the use of any such groundwater off of the property referenced in this Lease Agreement. Moreover, Landowners shall ensure that their operation and use of exempt wells does not impair the water quality of any respective formation.
    - ii. Waiver of Claim: Landowners covenant and agree not to assert any cause of action in adverse possession, inverse condemnation, taking, nuisance, trespass or a like claim based on CRWA groundwater withdrawals hereunder including but not limited to any cause of action for negligence, and contractually waives all such rights of action by their execution of this Lease Agreement.
  - j. Project Description. The project is known as the Wells Ranch Project. CRWA is developing a groundwater project that will be sourced from one or more groundwater bearing formations located under multiple lessees that will be producing water in an amount to be specified by CRWA, based on recommendations of its engineers. The total project, at this time, is estimated to be 4,500 acre-feet, subject to adjustment up or down from time-to-time, and based on cost considerations affecting the project. A portion of the project will be in Gonzales County and a portion of the project will be in Guadalupe County.
2. Perpetual Term. The term of this Lease Agreement shall be for so long as groundwater is permitted for withdrawal and produced from the Property, or said property is included within the surface acreage calculus required by the regulatory authority for permitted production, royalties are paid and obligations hereunder by CRWA are performed. Following initial production, in the event that groundwater is not produced from the property, and at the sole determination and option of CRWA, said Lease Agreement may be terminated upon ninety (90) days written notice; provided, however, if any period of non-production by CRWA is the result of regulatory requirements or force majeure that result in non-production, such as drought conditions or conservation cessation or reduction, then this Lease Agreement shall continue provided all required payments are made to the Landowner. See Savings Clause, Section 15.
  3. Development Costs. CRWA shall be responsible for development, producing operations and permitting costs for the produced water from any formation under the subject property. The Parties acknowledge and agree that CRWA has already incurred and made significant investment and development of the Wells Ranch Project and that the Wells Ranch Project water production, depending upon regulatory approval, may be

accomplished off the subject premises without waiver of either parties rights and/or obligations.

4. Cooperation to Secure Regulatory Approvals for Groundwater Development, Production and Export. Whenever compliance with this Lease Agreement requires the approval of regulatory agencies, including local groundwater conservation districts, each party agrees to actively support and cooperate with the other to secure regulatory approval and such support shall not be unreasonably withheld or delayed.
5. Royalty Payments. In consideration of the agreements contained herein CRWA agrees to make semi-annual payments for the periods of January 1 – June 30 and July 1 – December 31. The landowner payments are defined in Section III 6.
6. Initial Fifty Percent (50%) Royalty Payment During Carrizo Aquifer Permit Process: The parties agree that for any portion of a calendar year prior to permit approval and prior to January 1, 2012, the Landowner Royalty payments shall be a sum equal to production projected by CRWA and the regulatory authority or one-half acre foot per year from the property whichever is lesser. Beginning January 1, 2012, the Landowner Royalty Payment shall be a sum equal to number of permitted acre feet established by the Gonzales County Groundwater Conservation District or any successor regulatory agency, by year approved by such regulatory authority. The requirement for payment described herein is defined as a take or pay agreement. The landowner shall be paid for the initial period prior to January 1, 2012, the monies provided herein even though there is no production from the property. Should CRWA fail to timely pay its semi-annual Royalty Payments, then and in that event this lease will be governed pursuant to the termination provisions in Section III, subparagraphs 10 and 15, as applicable. In any calculation of Royalty Payments, and obligations thereunder, the Royalty Payments shall be based upon production directly associated with the subject leasehold property. At the outset, upon permit approval, CRWA and the landowner shall stipulate the water production and Royalty Payment associated with the subject lease within thirty (30) days of the permitting authority's approval of the permit.
7. Annual Adjustment from GBRA Base Year 2008: Commencing with GBRA's 2008 Basin Charge ("the Base Year"), the calculation of the annual payment shall be equal to eighty-three and three-tenths percent (83.3%) of the annual charge per acre-foot of untreated surface water charged by the Guadalupe-Blanco River Authority ("GBRA") as applied to its In-District wholesale customers. The CRWA Royalty Rate will be adjusted annually thereafter, per GBRA rates, customarily established in July or August, to become applicable commencing in January of the succeeding calendar year.

- 7.a. Alternative Method of Calculating Annual Royalty Adjustment (CPI): In the event that the U. S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index ("CPI") (all items) will provide a larger (annual) multiplier for the benefit of the landowner, CRWA shall calculate the annual adjustment (see formula in Paragraph 7 above) for the take-or-pay Royalty by multiplying CRWA's previous year's Royalty Rate by the applicable annual CPI Index, U. S Department of Labor, Bureau of Labor Statistics (reflecting the previous year's all items Consumer Price Index).
8. No Royalty Offset or Credit for Development Costs: Both the Landowners and CRWA acknowledge that the Royalty payment contemplated shall not be deducted, reduced or off set for any development, transmission, or production costs, or any other costs incurred by CRWA to produce, store, and deliver the groundwater to its customers.
9. Payment and Depository Provisions. All CRWA payments shall, with the exception of the initial six (6) month Royalty Payment, be made **semi-annually**. Such Royalty Payments shall be made on January 15th and July 15th, or the next business day thereafter, as follows:
- Mail Check to: Mike and Connie Bond  
P. O. Box 906  
Belmont, Texas 78604
10. Non-Payment Provision to Cure and Termination. If CRWA fails to make payment when due, the Landowners shall provide actual notice to CRWA of such past due payment. In the event CRWA fails to remedy such default by making payment within 15 days of receipt of the Landowners' written notice issued in accordance with this paragraph, the lease shall terminate.
11. Entire Lease Agreement. The provisions set forth in this Lease Agreement shall constitute the entire agreement between the Parties, and both Parties shall be bound to comply with any covenants, express, or implied, set forth in this Lease Agreement.
12. Release of Lien. Landowner, if the subject property to be leased is mortgaged, shall take steps to secure a subordination by any lienholders and shall provide to CRWA approvals reasonably necessary to prevent conflict with any pre-existing mineral leases that may prohibit the surface or subsurface agreements provided herein.
13. Good Title. The Landowners covenant that they maintain good, clear and transferable title to the property and agree to defend title to the property which is required for Lease

conveyance governed by this Lease Agreement. Moreover, a closing, at which time CRWA shall, at its sole expense, purchase a policy of title insurance to identify any defects of title which may exist. CRWA will identify and object to any material defects in title, if any, within five (5) days of receipt of the title abstract or title commitment. Landowner is obligated to cure CRWA's objections within ten (10) business days after Landowner receives the objections from CRWA. In the event all or part of the Landowner's title should fail, then Landowner shall have a reasonable time, not to exceed sixty (60) calendar days, to cure such defect.

14. Environmental Representations, Covenants and Warranties. Landowners hereby warrant, covenant and represent to CRWA that, to the best of Landowners' knowledge, there are no hazardous materials, other than hazardous materials commonly used on a ranch in connection with grazing, livestock, and farming operations, in, on or under the property, nor has any release of hazardous materials occurred in, on or under the property prior to entering into this Lease Agreement. Landowners, to their actual knowledge, have not received notice of any notice, actions or proceedings relating to hazardous materials in, on or under the property.
15. Saving Clause. Once production is permitted and commenced, if total groundwater production from Landowner's subsurface water right estate ceases for any reason, other than a regulatory requirement or force majeure, this Lease Agreement shall not terminate if CRWA continues applicable monthly Royalty Payments or commences drilling or reworking within 90 (ninety) days after the cessation of such production from the Landowner's property.
16. Termination. CRWA shall have the obligation, to remove all surface equipment, at anytime within 1 (one) year after the termination of this Lease Agreement. CRWA shall have the right but not the obligation to remove all subsurface improvements within one (1) year of the termination of this Lease Agreement. In either instance, the surface shall be restored as nearly as possible to its original condition prior to termination. Any well drilled by CRWA on said land requiring plugging shall be plugged in accordance with the applicable rules and regulations. CRWA and Landowner may agree in writing to vary the terms of this provision.
17. Assignment and Approval. CRWA shall have the right to assign this lease, will notify Landowner of its intention in writing, and Landowner agrees it will not unreasonably withhold approval of any such proposed assignment. Landowner may transfer, pledge, sell or assign his rights in this lease, provided any such notice is provided to CRWA in writing, and CRWA shall not unreasonably withhold any such approval. Assignments as contemplated by this section shall be in writing, the requests and approvals shall be reviewed and approved within not to exceed forty-five (45) days of written notice, and

any such approval shall be routinely approved providing terms and conditions remain unchanged.

18. Indemnity. To the extent authorized by law, each Party shall indemnify against, and hold the other Party harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including reasonable attorneys' fees, arising out of, connected with, or resulting from the use herein provided, including without limitation the exploring, drilling, taking, delivery, possession, use, operation, or return of the water, or related to activities conducted on the Property, easements, provided such claim is not caused in whole or in part by the other party's negligence. This indemnity is made by the party acting, pursuant to the terms of this Lease Agreement, and shall be for the benefit of the non-acting party.
  
19. Insurance Required of Third Parties.
  - a. Prior to any construction, pursuant to this Lease Agreement, the CRWA contractor, its contractor(s) and subcontractor(s) shall deliver to the Landowners evidence of Auto and General Liability Coverage. The insurance referenced under this Subparagraph shall be obtained at the sole cost of contractor, its contractor(s), and subcontractor(s), and shall name the Landowners and CRWA as additional insureds, and protect the Landowners and CRWA against any and all liability for injury to or death of a person or persons, and for damage to or destruction of property occasioned by or arising out of or in connection with contractor's construction, whether execution of the construction arises by the contractor, its contractor(s), or subcontractor(s), or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Additionally, notice that said insurance carriers are licensed to sell insurance in the State of Texas and have designated Texas agent(s) to receive notices required pursuant to the policies shall be delivered to both Parties.
  
  - b. The limits of Auto and General Liability coverage insurance policy or policies described under this section, and required of the contractor, its contractor(s) and subcontractor(s), shall be in an amount not less than \$500,000.00 per individual and \$1,000,000.00 per occurrence, and an amount of not less than \$1,000,000.00 in respect to property damaged or destroyed in any one occurrence. Said Auto and General Liability coverage insurance policy or policies and certificates of insurance shall contain a cancellation clause which will allow cancellation by Contractor, its contractor(s), and subcontractor(s), only after 30 (thirty) days prior written notice to the Landowners and CRWA.

20. Liability and Reimbursement. Each Party shall have the right to collect from the other all reasonable costs and expenses, including reasonable attorneys' fees, incurred by a successful Party in exercising or enforcing any of its rights or remedies hereunder or in enforcing any of the terms, conditions, or provisions of this Lease Agreement in a court of law.
21. Force Majeure. If performance by either Party hereunder is prevented by reason of any act of God, including drought, flood or catastrophic weather conditions, strike, governmental restriction or regulation (including prohibition or reduction in production or export by a local groundwater conservation district), or interference, fire, tornado, drought, or other casualty, or any other event or condition beyond the control of CRWA and/or the Landowners, the other Party agrees to grant the nonperforming Party a reasonable time to take action to overcome the event of force majeure and resume performance of the duties hereunder. All Parties understand and acknowledge that production and export of groundwater may be restricted or prohibited by applicable statute or regulatory activity, including but not limited to the imposition of withdrawal and transport limits, including such limits imposed by management plans, enacted by local groundwater conservation districts and, that pursuant to such requirements, Royalty Payments may be reduced or suspended, prorata until the event of force majeure is no longer in effect.
22. Invalidation. If any provision herein is held by a court of competent jurisdiction to be invalid, unenforceable, or illegal in any respect, this invalidity, unenforceability, or illegality shall not operate to terminate the entire Lease Agreement, and the other provisions shall remain effective, and the court, pursuant to the applicable Declaratory Judgment Act, shall declare the remaining provisions intact and, to the extent practicable, give effect to the entire Lease Agreement after deletion of any offending provisions.
23. No Additional Waiver Implied. No waiver(s) of any breach or default(s) by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.

24. Addresses and Notice. Service of all notices under this agreement shall be sufficient if given by electronic means that shall be confirmed by certified mail or courier delivery to the Party involved at its respective address set forth below, or at such address as such Party may provide in writing from time to time. Any such notice dispatched to such address shall be effective when actually received by certified mail or courier delivery.

IF TO THE LANDOWNERS to:

Norman Burns  
P. O. Box 827  
Gonzales, TX 78629

and to: Mike Bond  
P. O. Box 906  
Belmont, TX 78604

IF TO CRWA, to:

CRWA  
Attention: General Manager 850 Lakeside Pass  
New Braunfels, Texas 78130  
Telephone: (830) 609-0543  
Facsimile: (830) 609-0740  
Email: [crwa@crwa.com](mailto:crwa@crwa.com)

25. Adverse Effects Mitigation. If CRWA's production of groundwater from the Property has the effect of lowering the water table relating to any of Landowner's well(s) to a level which causes the Landowners to be unable to continue to withdraw groundwater in the same manner which the Landowners have historically produced from such well, CRWA agrees to take steps to mitigate its impact on such wells during the term of this Lease Agreement, at CRWA's election and expense, by (i) reworking, lowering of pumps or re-drilling for the well, (ii) providing additional groundwater in lieu of such wells, or (iii) in such other manner mutually acceptable to CRWA and the Landowners.
26. Mutual Cooperation Concerning Well Location, Spacing, Operation and Potential for Interference. The Parties covenant to avoid location or installation of wells (or any facility or infrastructure) that will or may operate to interfere with or reduce the efficiency of the other party's well or facility; provided, however, if such interference is unavoidable, the parties covenant to work cooperatively one with the other to minimize any potential conflict or interference.

27. Surface Covenants. CRWA shall not hunt, fish or engage in any other non-approved activities on the Property. With the exception of duly licensed and authorized security personnel, CRWA shall not bring onto the Real Property any guns or firearms. CRWA agrees to keep all gates, providing any access to locations on the subject Property (both inside and outside the Well Sites) closed and locked at all times during the term of this Lease Agreement, except during periods of ingress and egress, and as may be necessary in connection with construction or operation by CRWA. Generally, and as conditions may vary, CRWA and the Landowners agree to cooperate with each other so that the Landowner cattle operations may continue. The Landowners shall provide CRWA with a key or combination to each locked gate or allow CRWA to place a separate combination or keyed lock for each locked gate on the Property required for access to its Wells. Moreover, the parties expressly agree that, notwithstanding any other provision in this Lease Agreement, Landowners shall be entitled to lease the surface of the subject property to third parties for the purpose of cattle grazing or other livestock operations. All parties agree that any such surface lessees shall be required to abide by the terms of this Lease Agreement, and refrain from entering any well site or sanitary easement which must exclude cattle operations for health and safety purposes. Further, such lessees shall derive no benefits from this Lease Agreement unless further agreed in writing.
28. No Third Party Beneficiaries. This Lease Agreement shall create no Third Party benefits of any kind whatsoever; however all covenants and obligations hereunder shall run with the land and become the obligations and benefits that accrue to any successors, assigns or heirs.
29. Confidential and Lease Memorandum. This Lease Agreement provides for terms, conditions and consideration flowing for the mutual benefit of the party signatories. Each agrees that a Lease Memorandum will be prepared for recordation in the applicable county deed records. Otherwise, this document, itself, shall only be disclosed as required by law and by Landowner's to their accountants, attorneys, financial advisors, bankers, successors and assigns and as may be necessary for the operation of the Property. The parties shall execute a separate Blanket Lease for recording, plus such Easement amendments and related documents as may be required to implement this Lease Agreement.
30. Title Company Instruction. The parties further agree to instruct any title company, appraisal district and any other such entity, to which disclosure may be required by law that it is intended that this document be treated as proprietary, confidential and that any disclosure be conditioned on such limitation to protect the interest of the parties in and to the development opportunities represented herein. Such limitation on disclosure shall be pursued to protect the public interest in maintenance of reasonable water value (Lessor)

and reasonable rates (Lessee) and with the intent to protect CRWA's ultimate water customers from unreasonable escalation of rates.

31. Ad Valorem Taxes Prohibited. CRWA shall pay no ad valorem taxes. CRWA, as a governmental entity created pursuant to law and Article 59, Section XI of the Constitution, shall not pay ad valorem taxes and any title transaction requiring a closing between the contracting Parties shall be so governed and the title company instructed to pro-rate up to the time of such closing, but not thereafter, such that CRWA shall not pay any ad valorem property tax applicable to private property.
32. Injury to Grantors Property. Grantee will be liable and will promptly provide reasonable compensation to Grantor for any damage to Grantor's improvements, livestock, or real or personal property caused by negligence of Grantee, its employees, agents, invitees, representatives, or contractors while performing services or acts on the real property. The amount of damages will be determined in accordance with the provisions of paragraph 24 of the Blanket Easement.
33. Mitigation Agreement. The Landowners, Grantors, and CRWA, as Grantee, both acknowledge that the groundwater district having jurisdiction over this 2007 Lease Agreement will likely require a formal mitigation agreement. The parties hereto agree and covenant to cooperate with each other in the performance of such mitigation agreement, and the terms and conditions of such mitigation agreement as the groundwater district may impose, along with the groundwater district's regulations, rules and orders, are included herein by reference. As a part of this Lease Agreement, binding on the parties are such rules, agreements and orders that shall be enacted under the police power of the groundwater district or other public authorities, and are applicable from time to time, pursuant to law to this Lease or the subject land leased. The Landowner will bear none of the cost of mitigation.
34. Most Favored Nations Clause. If at any time after effective date hereof, CRWA enters into a contract providing for purchase of water from Property located within Gonzales and/or Guadalupe Counties, and for which the Carrizo formation is its source and producing non-saline, untreated water at 1,000 total suspended solids per ml or less, and said Property is located within a radius of fifty miles of the leased property, and if the price per acre foot at any time payable under such contract is higher than the price payable here, each price payable here which is less than the price payable at the same time under such other contract immediately must be increased by written pricing addenda so that the price and terms of this Lease Agreement will equal the price payable under the other contract. It is further provided that water sourced from any other formation within Gonzales County, and meeting these criteria, will be accorded the same Most Favored Nations pricing provisions.

IN WITNESS WHEREOF, the Parties hereto have caused this Lease Agreement to be duly executed, upon lawful approval and authority, in multiple counterparts, each of which shall constitute an original, signed this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

**ATTACHMENT:**

**EXHIBIT A - Legal Description of Property Located Within  
Gonzales County, Texas.**

**NOTE:** One original shall be on file at CRWA in its confidential, proprietary files; a second copy shall be on file with the Landowner(s), in its confidential, proprietary files. A Memorandum of Lease reflecting the execution of this Lease shall be the only publicly filed document reflecting the existence of this 2008 Lease Agreement between CRWA and the named Landowners specified herein.

**LANDOWNERS**

By: Mike W. Bond  
MIKE W. BOND

By: Connie L. Bond  
CONNIE L. BOND

**CANYON REGIONAL WATER  
AUTHORITY**

By: Melvin E. Strey  
Melvin Strey  
Chairman, Board of Trustees

ATTEST:  
Man Speed  
Secretary, Board of Trustees  
DATED: 10/6/08

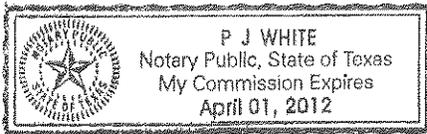
**ACKNOWLEDGMENT (LANDOWNERS)**

STATE OF TEXAS

COUNTY OF

Before me, the undersigned authorities in and for said County and State, on this 18 day of September, 2008, personally appeared **MIKE W. BOND**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 18 day of September, 2008.



P. J. White  
Notary Public, State of Texas  
My Commission Expires:

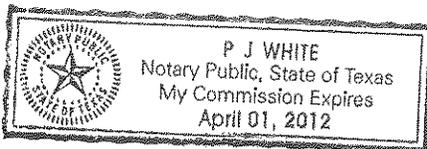
**ACKNOWLEDGMENT (LANDOWNERS)**

STATE OF TEXAS

COUNTY OF

Before me, the undersigned authorities in and for said County and State, on this 18 day of September, 2008, personally appeared **CONNIE L. BOND**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 18 day of September, 2008.



P. J. White  
Notary Public, State of Texas  
My Commission Expires:

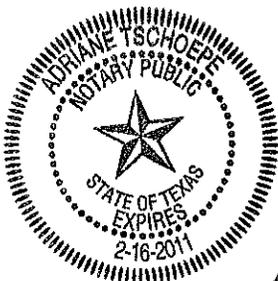
ACKNOWLEDGMENT (CRWA)

STATE OF TEXAS

COUNTY OF Guadalupe

Before me, the undersigned authorities in and for said County and State, on this 6<sup>th</sup> day of October, 2008, personally appeared Melvin Strey, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 6<sup>th</sup> day of October, 2008.



Adriane Tschopp  
Notary Public, State of Texas  
My Commission Expires: 2/16/2011

ACKNOWLEDGMENT (CRWA)

STATE OF TEXAS

COUNTY OF Guadalupe

Before me, the undersigned authorities in and for said County and State, on this 6<sup>th</sup> day of October, 2008, personally appeared Mark Speed, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 6<sup>th</sup> day of October, 2008.



Adriane Tschopp  
Notary Public, State of Texas  
My Commission Expires: 2/16/2011

## EXHIBIT A

Being all that certain tract or parcel of land, lying and being situated in Gonzales County, Texas, in the JOSE DeLA BAUME SURVEY, ABSTRACT NO. 34, and more particularly being a part of 233 acres of land described in Warranty Deed dated May 24, 1915 from Fred Mathis to Gus Soefje recorded in Volume 101, Page 242, of the Gonzales County Deed Records and being a part of 195.27 acres of land described in Warranty Deed dated August 10, 1977 from Hulda Soefje Burris to Stanley Andrew Burris recorded in Volume 435, Pages 481-482 of the Gonzales County Deed Records and the particular portion thereof hereby to be conveyed is described by metes and bounds as follows, to wit:

BEGINNING at a 5/8 inch iron rod set in the East line of county road No. 102 where same is intersected by the southwest corner of a 30 foot wide private road that is described as being cut off the North end of said 195.27 acre tract for the northwest corner of this tract or parcel of land hereby intended to be described;

THENCE with the South line of said 30 foot wide private road North 89° 54' 32" East 1646.35 feet to a 5/8 inch iron rod set at the southeast corner of said road for the northeast corner of this tract or parcel of land hereby intended to be described;

THENCE with the East line of said 195.27 acre tract as same is now fenced, South 0° 17' 31" East at 41 feet a stake marking the division of two 94.9 acre tracts, at 610 feet cross center

## EXHIBIT A

line of an electric line easement 1823.0 feet to a 5/8 inch iron set in said line for the southeast corner of this tract or parcel of land hereby intended to be described;

THENCE following a field fence and cutting into the said 195.27 acre tract South 89° 55' 57" West at 882 feet cross the center line of said electric line easement, 1112.88 feet to a 5/8 inch iron rod set in same for an interior corner of this tract or parcel of land hereby intended to be described;

THENCE following a fence line South 11° 13' 41" West 384.8 feet to point in a concrete livestock water trough for the most southerly southeast corner of this tract or parcel of land hereby intended to be described;

THENCE North 85° 41' 55" West at 1.5 feet a 5/8 inch iron rod set for reference point, 455.26 feet to a 5/8 inch iron rod set in the East line of said County Road No.102 and in the West line of said 195.27 acre tract for the southwest corner of this tract or parcel of land hereby intended to be described;

THENCE with the East line of said County road North 0° 22' West 2165.0 feet to POINT OF BEGINNING containing within said bounds 72.921 acres of land, more or less.

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WARRANTY DEED - WELL SITE NO. 1

Tommy + Well

STATE OF TEXAS           §  
                                  §  
COUNTY OF GONZALES   §

KNOW ALL MEN BY THESE PRESENTS:

That Howard Williamson III and Janice S. Williamson, Lawrence A. Norman, and Kelli Jo Norman (herein called "Grantors") for TEN DOLLARS (\$10.00) and other good and valuable consideration paid to grantors by Bexar Metropolitan Water District (herein called "Grantee"), the receipt and sufficiency of which consideration are hereby acknowledged and confessed by Grantors, have GRANTED, BARGAINED, SOLD, AND CONVEYED, and by these presents do GRANT, BARGAIN, SELL and CONVEY, UNTO Grantee, an undivided joint fee simple interest in a *one-acre tract* situated in Gonzales County, Texas, upon which Grantee has constructed or will construct the following water well, located at or in the vicinity of the following coordinates:

**Well No. 1 (located approximately at 29°45'683" latitude and -97°77'591" longitude), being a one (1.00) acre tract of land out of the Jose De La Baume Survey, Abstract No. 34, Gonzales County, Texas, and out of a tract of land known as first tract recorded in Volume 260, Page 173, Deed Records, Gonzales County, Texas, said 1.00 acre tract being more particularly described as shown in the Field Notes and Diagram in Exhibit "A" attached hereto, and fully incorporated herein.**

Together with all of Grantors' right, title and interest in and to such one-acre tract, the groundwater withdrawn from the water well, all other rights, privileges, options and entitlements of Grantors appurtenant or related to the tract including, without limitation, all rights of Grantors arising under or by virtue of contracts, warranties, or guarantees of performance related to the construction or replacement of any portion of the water well, and all other rights, privileges, options, entitlements, and appurtenances in, appertaining to or arising, directly or indirectly, from or by virtue of any interest in the tract, so long as groundwater is produced from said lands and the royalties or shut-in payments are paid as provided, or a saving clause is triggered under and in accordance with the 2004 Revised Agreement.

This Deed is expressly made subject to all restrictions, covenants, conditions, rights-of-way easements, and other matters and exceptions, if any, of record in the office of the County Clerk of Gonzales County, Texas, to the extent, but only to the extent, the same are valid and subsisting and over or affect the one-acre tract.

The grant under this deed is expressly subject to the terms and conditions of the 2004 Revised Agreement between Bexar Metropolitan Water District and Howard Williamson, III, et. al. as described in the Memorandum of the 2004 Revised Agreement recorded in Volume 912, Page 33, of the Official Records of Gonzales County, Texas (the "2004 Revised Agreement").

There is hereby saved and excepted from the conveyance under this deed and reserved unto Grantors in accordance with the respective undivided interest as of the date of this deed all of the oil, gas, and other minerals with no right of ingress and egress.

TO HAVE AND TO HOLD the one-acre tract described above, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantors do hereby bind themselves, and their successors and legal representatives, to WARRANT AND FOREVER DEFEND all and singular the one-acre tract, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantors, but not otherwise, subject, however, to the matters and exceptions set forth herein.

Nothing herein shall be deemed or construed to constitute a conveyance of any real property of any kind or nature whatsoever except as expressly set forth herein.

EXECUTED as of the date of the acknowledgment below, to be effective the 12<sup>th</sup> day of NOVEMBER, 2004.

GRANTORS:

by: Howard Williamson III  
Howard Williamson III

by: Janice S. Williamson  
Janice S. Williamson

by: Lawrence A. Norman  
Lawrence A. Norman

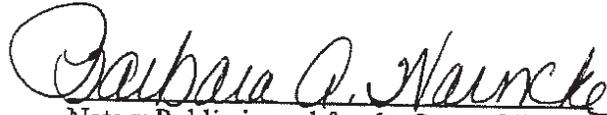
by: Kelli Jo Norman  
Kelli Jo Norman

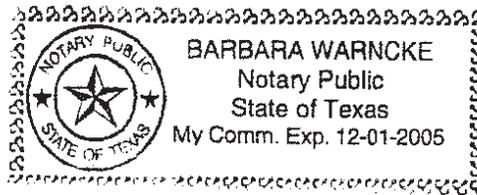
Attachment: *Exhibit A* – Well No. 1 Legal Property Description and Diagram.

STATE OF TEXAS §  
COUNTY OF Guadalupe §

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 12<sup>th</sup> day of NOV., 2004, personally appeared, **Howard Williamson III**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

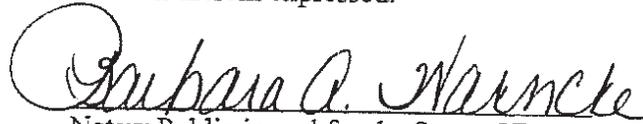
  
Notary Public in and for the State of Texas

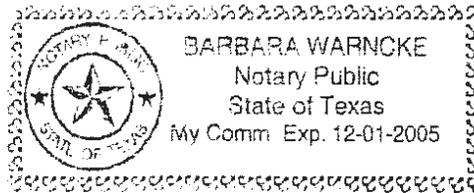


STATE OF TEXAS §  
COUNTY OF Guadalupe §

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 12<sup>th</sup> day of NOV., 2004, personally appeared, **Janice S. Williamson**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

  
Notary Public in and for the State of Texas



STATE OF TEXAS

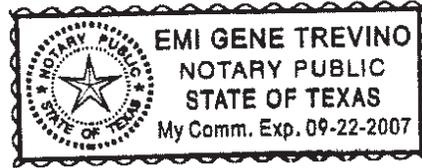
COUNTY OF Bexar

§  
§  
§

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15<sup>th</sup> day of November, 2004, personally appeared, **Lawrence A. Norman**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Emi G Trevino  
Notary Public in and for the State of Texas



STATE OF TEXAS

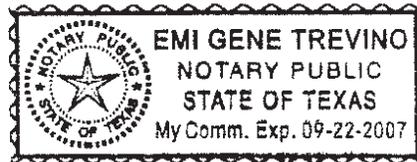
COUNTY OF Bexar

§  
§  
§

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15<sup>th</sup> day of November, 2004, personally appeared, **Kelli Jo Norman**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Emi G Trevino  
Notary Public in and for the State of Texas



WELL NO. 1  
1.00 ACRE

BEING 1.00 ACRE OF LAND MORE OR LESS OUT OF THE JOSE DE LA BAUME SURVEY, ABSTRACT NO. 34, GONZALES COUNTY, TEXAS AND OUT OF A TRACT OF LAND KNOWN AS FIRST TRACT RECORDED IN VOLUME 260, PAGE 173, DEED RECORDS, GONZALES COUNTY, TEXAS. SAID 1.00 ACRE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at a ½" iron pin set with a "BMWD" cap, for the southeast corner of this tract. Said southeast corner being N 58° 42' 34" W, 7109.21 feet from a fence corner at the southeast corner of First Tract.

THENCE S 88° 50' 46" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the southwest corner of this tract.

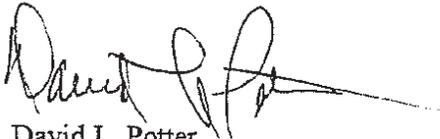
THENCE N 01° 09' 14" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northwest corner of this tract.

THENCE N 88° 50' 46" E, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northeast corner of this tract.

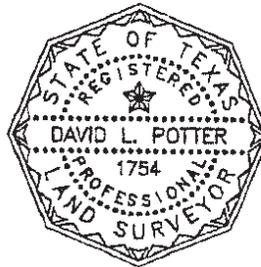
THENCE S 01° 09' 14" E, 208.81 feet to the POINT OF BEGINNING.

The bearings recited herein are based on a G. P. S. observation Texas South Central Zone.

Surveyed by me on the ground this 3<sup>rd</sup> day of September, 2004 A. D.

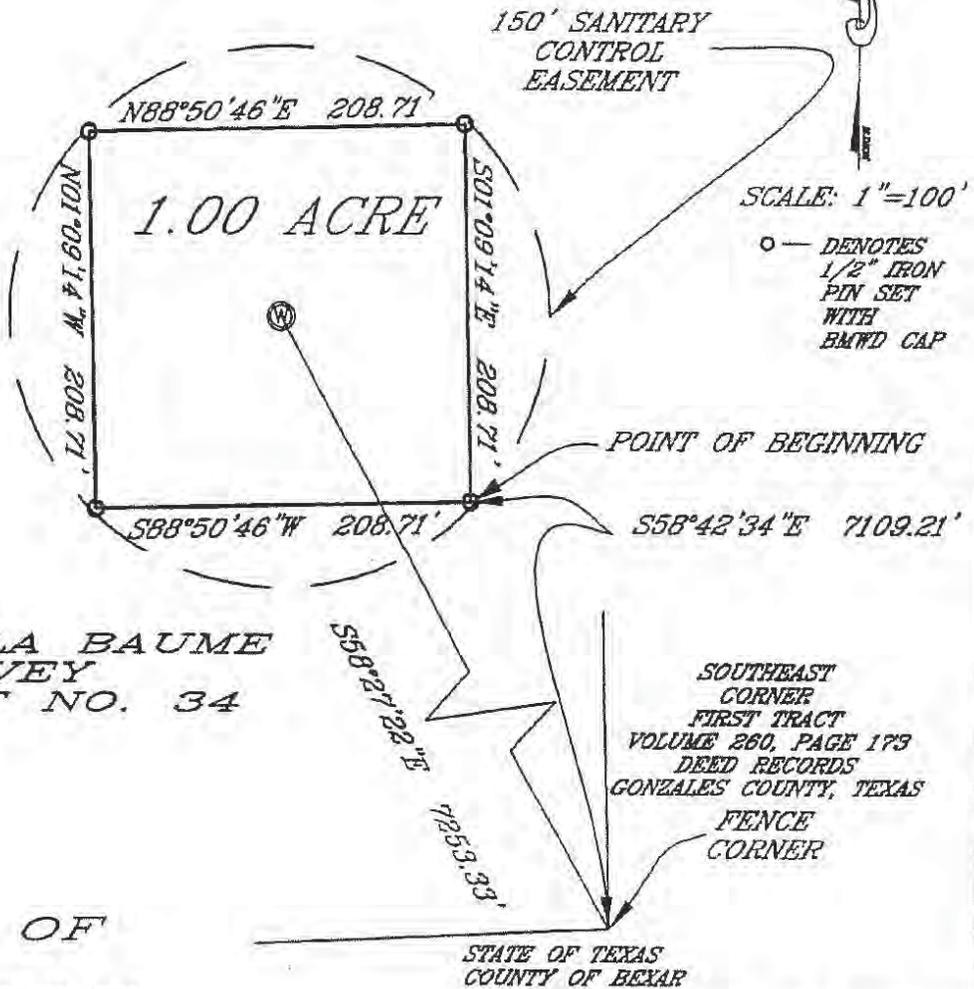


David L. Potter  
Registered Professional Land Surveyor



**EXHIBIT**  
 OF  
 WELL NO. 1  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 34, GONZALES COUNTY, TEXAS

FIRST TRACT  
 VOLUME 260, PAGE 173  
 DEED RECORDS  
 GONZALES COUNTY, TEXAS



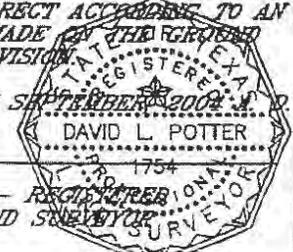
JOSE DE LA BAUME  
 SURVEY  
 ABSTRACT NO. 34

**SURVEY OF**  
 1.00 ACRE  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 34  
 GONZALES COUNTY, TEXAS

REFERENCE: FIRST TRACT  
 VOLUME 260, PAGE 173  
 DEED RECORDS  
 GONZALES COUNTY, TEXAS

I HEREBY CERTIFY THAT THE ABOVE PLAT  
 IS TRUE AND CORRECT ACCORDING TO AN  
 ACTUAL SURVEY MADE ON THE GROUNDS  
 UNDER MY SUPERVISION.

THIS 3RD DAY OF SEPTEMBER, 2002 A.D.  
 DAVID L. POTTER  
 1754  
 DAVID L. POTTER - REGISTERED  
 PROFESSIONAL LAND SURVEYOR



BASES OF BEARING - G.P.S SURVEY - TEXAS SOUTH CENTRAL ZONE



**BEXAR METROPOLITAN WATER DISTRICT**

ADMINISTRATIVE OFFICE: 2047 W. MALONE AVE.  
 P.O. BOX 3577  
 SAN ANTONIO, TEXAS 78211-0577  
 PHONE NO. (210) 354-8600  
 FAX NO. (210) 354-5152

SERVICE CENTER: 2056 W. MALONE AVE.  
 SAN ANTONIO, TEXAS 78225-2096  
 PHONE NO. (210) 354-8500  
 FAX NO. (210) 354-8683

Gonzales

WARRANTY DEED - WELL SITE NO. 11

*Corrected*

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF GONZALES

§

§

That Howard Williamson III and Janice S. Williamson, Lawrence A. Norman, and Kelli Jo Norman (herein called "Grantors") for TEN DOLLARS (\$10.00) and other good and valuable consideration paid to Grantors by Bexar Metropolitan Water District (herein called "Grantee"), the receipt and sufficiency of which consideration are hereby acknowledged and confessed by Grantors, have GRANTED, BARGAINED, SOLD, AND CONVEYED, and by these presents do GRANT, BARGAIN, SELL and CONVEY, UNTO Grantee, an undivided joint fee simple interest in a *one-acre tract* situated in Gonzales County, Texas, upon which Grantee has constructed or will construct the following water well, located at or in the vicinity of the following coordinates:

**Well No. 11 (located approximately at 29°46'518" latitude and -97°76'772" longitude), being a 1.00 acre tract of land out of the Jose De La Baume Survey, Abstract No. 34, Gonzales County, Texas, and out of a 2041.3 acre tract of land recorded in Volume 107, Page 66, Deed Records, Guadalupe County, Texas, said 1.00 acre tract being more particularly described as shown in the Field Notes and Diagram in Exhibit "A" attached hereto, and fully incorporated herein.**

Together with all of Grantors' right, title and interest in and to such one-acre tract, the groundwater withdrawn from the water well, all other rights, privileges, options and entitlements of Grantors appurtenant or related to the tract including, without limitation, all rights of Grantors arising under or by virtue of contracts, warranties, or guarantees of performance related to the construction or replacement of any portion of the water well, and all other rights, privileges, options, entitlements, and appurtenances in, appertaining to or arising, directly or indirectly, from or by virtue of any interest in the tract, so long as groundwater is produced from said lands and the royalties or shut-in payments are paid as provided, or a saving clause is triggered under and in accordance with the 2004 Revised Agreement.

This Deed is expressly made subject to all restrictions, covenants, conditions, rights-of-way easements, and other matters and exceptions, if any, of record in the office of the County Clerk of Gonzales County, Texas, to the extent, but only to the extent, the same are valid and subsisting and over or affect the one-acre tract.

The grant under this deed is expressly subject to the terms and conditions of the 2004 Revised Agreement between Bexar Metropolitan Water District and Howard Williamson, III, et al. as described in the Memorandum of the 2004 Revised Agreement recorded in Volume 913, Page 107 of the Deed Records in Guadalupe County, Texas, and the 2004 Revised Agreement.

There is hereby saved and excepted from the conveyance under this deed and reserved unto Grantors in accordance with the respective undivided interest as of the date of this deed all of the oil, gas, and other minerals with no right of ingress and egress.

TO HAVE AND TO HOLD the one-acre tract described above, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantors do hereby bind themselves, and their successors and legal representatives, to WARRANT AND FOREVER DEFEND all and singular the one-acre tract, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantors, but not otherwise, subject, however, to the matters and exceptions set forth herein.

Nothing herein shall be deemed or construed to constitute a conveyance of any real property of any kind or nature whatsoever except as expressly set forth herein.

EXECUTED as of the date of the acknowledgment below, to be effective the 12<sup>th</sup> day of November, 2004.

GRANTORS:

by: Howard Williamson III  
Howard Williamson III

by: Janice S. Williamson  
Janice S. Williamson

by: Lawrence A. Norman  
Lawrence A. Norman

by: Kelli Jo Norman  
Kelli Jo Norman

Attachment: *Exhibit A* - Well No. 11 Legal Property Description and Diagram.

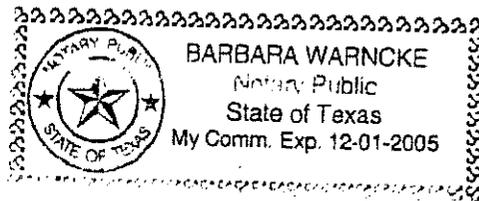
STATE OF TEXAS

COUNTY OF Guadalupe

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 12<sup>th</sup> day of Nov., 2004, personally appeared, Howard Williamson III, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Barbara A. Warncke  
Notary Public in and for the State of Texas



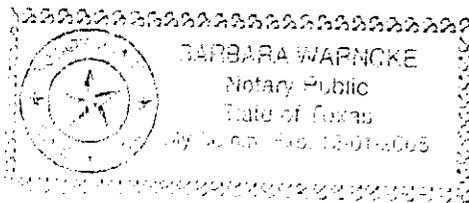
STATE OF TEXAS

COUNTY OF Guadalupe

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 12<sup>th</sup> day of Nov., 2004, personally appeared, Janice S. Williamson, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Barbara A. Warncke  
Notary Public in and for the State of Texas



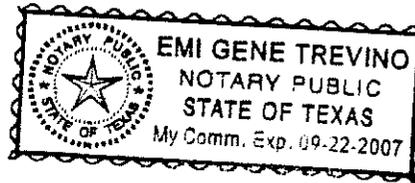
STATE OF TEXAS  
COUNTY OF Bexar

503 503 503

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15<sup>th</sup> day of November, 2004, personally appeared, Lawrence A. Norman, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Emi G Trevino  
Notary Public in and for the State of Texas



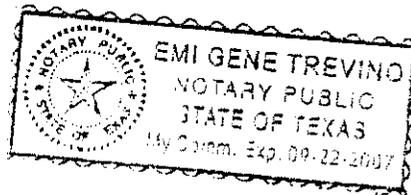
STATE OF TEXAS  
COUNTY OF Bexar

503 503 503

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15<sup>th</sup> day of November, personally appeared, Kelli Jo Norman, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Emi G Trevino  
Notary Public in and for the State of Texas



WELL NO. 11  
1.00 ACRE

BEING 1.00 ACRE OF LAND MORE OR LESS OUT OF THE JOSE DE LA BAUME SURVEY, ABSTRACT NO. 34, GONZALES COUNTY, TEXAS AND OUT OF A 2041.3 ACRE TRACT OF LAND RECORDED IN VOLUME 107, PAGE 66, DEED RECORDS, GUADALUPE COUNTY, TEXAS. SAID 1.00 ACRE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at a ½" iron pin set with a "BMWD" cap, for the southeast corner of this tract. Said southeast corner being N 28° 01' 59" W, 7525.23 feet from a fence corner at the southeast corner of a tract of land known as First Tract recorded in Volume 260, Page 173 Deed Records, Gonzalez County, Texas.

THENCE S 88° 50' 46" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the southwest corner of this tract.

THENCE N 01° 09' 14" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northwest corner of this tract.

THENCE N 88° 50' 46" E, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northeast corner of this tract.

THENCE S 01° 09' 14" E, 208.81 feet to the POINT OF BEGINNING.

The bearings recited herein are based on a G. P. S. observation Texas South Central Zone.

Surveyed by me on the ground this 3<sup>rd</sup> day of September, 2004 A. D.

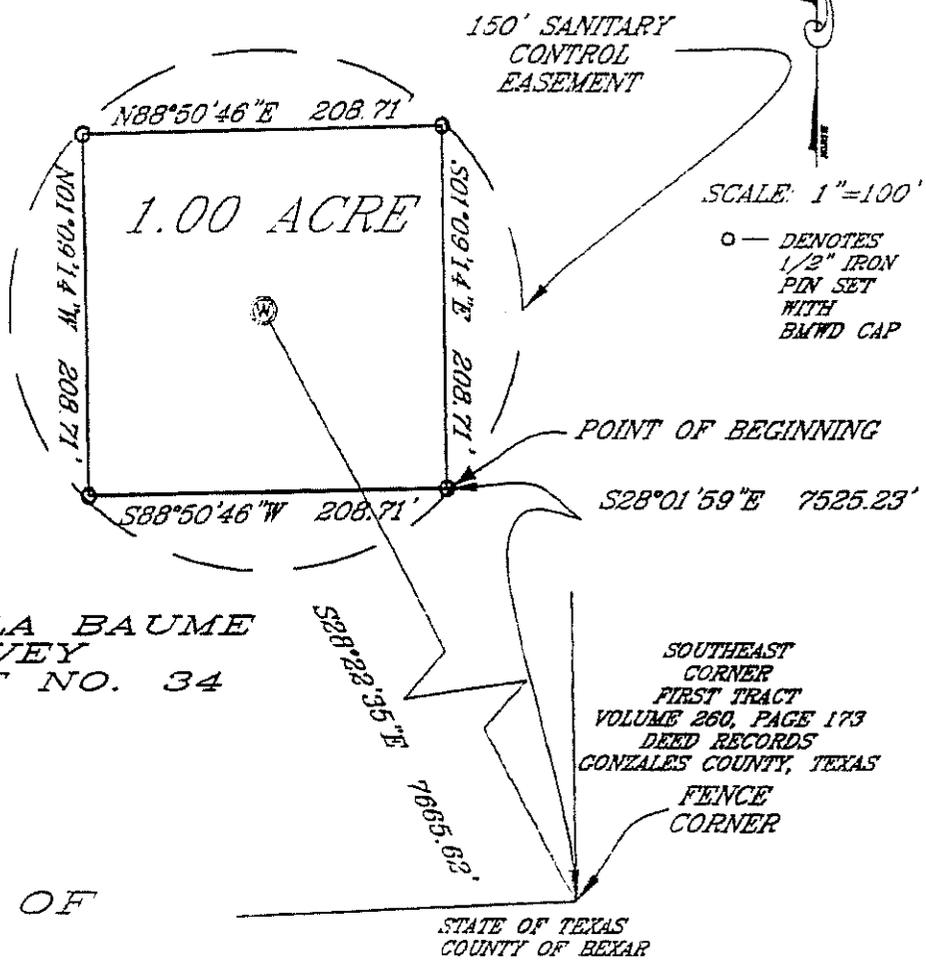


David L. Potter  
Registered Professional Land Surveyor



EXHIBIT  
 OF  
 WELL NO. 11  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 34, GONZALES COUNTY, TEXAS

2041.3 ACRES  
 VOLUME 107, PAGE 66  
 DEED RECORDS  
 GUADALUPE COUNTY, TEXAS



JOSE DE LA BAUME  
 SURVEY  
 ABSTRACT NO. 34

SURVEY OF  
 1.00 ACRE  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 34  
 GONZALES COUNTY, TEXAS

REFERENCE: 2041.3 ACRES  
 VOLUME 107, PAGE 66  
 DEED RECORDS  
 GUADALUPE COUNTY, TEXAS

I HEREBY CERTIFY THAT THE ABOVE PLAT  
 IS TRUE AND CORRECT ACCORDING TO AN  
 ACTUAL SURVEY MADE ON THE FOREGROUND  
 UNDER MY SUPERVISION

THIS 3RD DAY OF SEPTEMBER 2002 A.D.  
 DAVID L. POTTER  
 DAVID L. POTTER - REGISTERED  
 PROFESSIONAL LAND SURVEYOR

BASIS OF BEARING - D.P.S. SURVEY - TEXAS SOUTH CENTRAL ZONE



BEXAR METROPOLITAN WATER DISTRICT

ADMINISTRATIVE OFFICE, 1042 E. WALNUT AVE.  
 P.O. BOX 1687  
 SAN ANTONIO, TEXAS 78211-0677  
 PHONE NO. (210) 354-4540  
 FAX NO. (210) 322-5152

PERMITS DIVISION, 1055 E. WALNUT AVE.  
 SAN ANTONIO, TEXAS 78205-2106  
 PHONE NO. (210) 354-4500  
 FAX NO. (210) 354-4533

B.L.T.r.p

WARRANTY DEED – WELL SITE NO. 12

STATE OF TEXAS           §  
  §  
COUNTY OF GONZALES   §

KNOW ALL MEN BY THESE PRESENTS:

That Howard Williamson III and Janice S. Williamson, Lawrence A. Norman, and Kelli Jo Norman (herein called "Grantors") for TEN DOLLARS (\$10.00) and other good and valuable consideration paid to Grantors by Bexar Metropolitan Water District (herein called "Grantee"), the receipt and sufficiency of which consideration are hereby acknowledged and confessed by Grantors, have GRANTED, BARGAINED, SOLD, AND CONVEYED, and by these presents do GRANT, BARGAIN, SELL and CONVEY, UNTO Grantee, an undivided joint fee simple interest in a *one-acre tract* situated in Gonzales County, Texas, upon which Grantee has constructed or will construct the following water well, located at or in the vicinity of the following coordinates:

**Well No. 12 (located approximately at 29°46'007" latitude and -97°75'784" longitude), being a one (1.00) acre tract of land out of the Jose De La Baume Survey, Abstract No. 34, Gonzales County, Texas, and out of a tract of land known as first tract recorded in Volume 260, Page 173, Deed Records, Gonzales County, Texas, said 1.00 acre tract being more particularly described as shown in the Field Notes and Diagram in Exhibit "A" attached hereto, and fully incorporated herein.**

Together with all of Grantors' right, title and interest in and to such one-acre tract, the groundwater withdrawn from the water well, all other rights, privileges, options and entitlements of Grantors appurtenant or related to the tract including, without limitation, all rights of Grantors arising under or by virtue of contracts, warranties, or guarantees of performance related to the construction or replacement of any portion of the water well, and all other rights, privileges, options, entitlements, and appurtenances in, appertaining to or arising, directly or indirectly, from or by virtue of any interest in the tract, so long as groundwater is produced from said lands and the royalties or shut-in payments are paid as provided, or a saving clause is triggered under and in accordance with the 2004 Revised Agreement.

This Deed is expressly made subject to all restrictions, covenants, conditions, rights-of-way easements, and other matters and exceptions, if any, of record in the office of the County Clerk of Gonzales County, Texas, to the extent, but only to the extent, the same are valid and subsisting and over or affect the one-acre tract.

The grant under this deed is expressly subject to the terms and conditions of the 2004 Revised Agreement between Bexar Metropolitan Water District and Howard Williamson, III, et. al. as described in the Memorandum of the 2004 Revised Agreement recorded in Volume 912, Page 33, of the Official Records of Gonzales County, Texas (the "2004 Revised Agreement").

There is hereby saved and excepted from the conveyance under this deed and reserved unto Grantors in accordance with the respective undivided interest as of the date of this deed all of the oil, gas, and other minerals with no right of ingress and egress.

TO HAVE AND TO HOLD the one-acre tract described above, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantors do hereby bind themselves, and their successors and legal representatives, to WARRANT AND FOREVER DEFEND all and singular the one-acre tract, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantors, but not otherwise, subject, however, to the matters and exceptions set forth herein.

Nothing herein shall be deemed or construed to constitute a conveyance of any real property of any kind or nature whatsoever except as expressly set forth herein.

EXECUTED as of the date of the acknowledgment below, to be effective the 12<sup>th</sup> day of NOV., 2004.

GRANTORS:

by: Howard Williamson III  
Howard Williamson III

by: Janice S. Williamson  
Janice S. Williamson

by: Lawrence A. Norman  
Lawrence A. Norman

by: Kelli Jo Norman  
Kelli Jo Norman

Attachment: *Exhibit A* – Well No. 12 Legal Property Description and Diagram.

STATE OF TEXAS

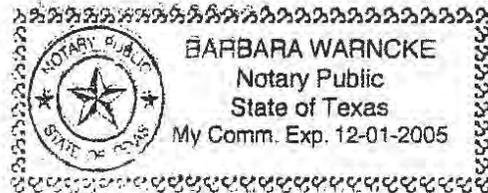
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COUNTY OF Guadalupe

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 12<sup>th</sup> day of Nov., 2004, personally appeared, **Howard Williamson III**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Barbara A. Warncke  
Notary Public in and for the State of Texas



STATE OF TEXAS

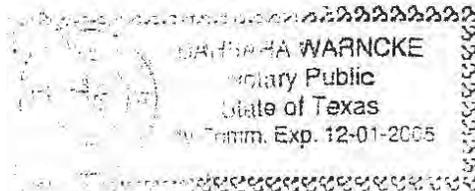
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COUNTY OF Guadalupe

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 12<sup>th</sup> day of Nov., 2004, personally appeared, **Janice S. Williamson**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Barbara A. Warncke  
Notary Public in and for the State of Texas



STATE OF TEXAS

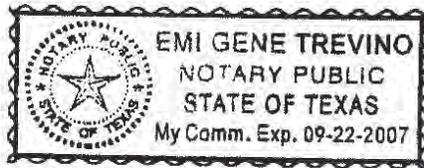
COUNTY OF Bexar

§  
§  
§

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15 day of November 2004, personally appeared, **Lawrence A. Norman**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Emi G Trevino  
Notary Public in and for the State of Texas



STATE OF TEXAS

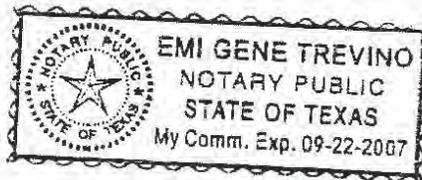
COUNTY OF Bexar

§  
§  
§

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15<sup>th</sup> day of November 2004, personally appeared, **Kelli Jo Norman**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Emi G Trevino  
Notary Public in and for the State of Texas



WELL NO. 12  
1.00 ACRE

BEING 1.00 ACRE OF LAND MORE OR LESS OUT OF THE JOSE DE LA BAUME SURVEY, ABSTRACT NO. 34, GONZALES COUNTY, TEXAS AND OUT OF A TRACT OF LAND KNOWN AS FIRST TRACT RECORDED IN VOLUME 260, PAGE 173, DEED RECORDS, GONZALES COUNTY, TEXAS. SAID 1.00 ACRE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at a ½" iron pin set with a "BMWD" cap, for the southeast corner of this tract. Said southeast corner being N 07° 03' 34" W, 4735.70 feet from a fence corner at the southeast corner of First Tract.

THENCE S 88° 50' 46" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the southwest corner of this tract.

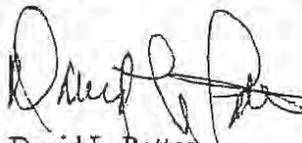
THENCE N 01° 09' 14" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northwest corner of this tract.

THENCE N 88° 50' 46" E, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northeast corner of this tract.

THENCE S 01° 09' 14" E, 208.81 feet to the POINT OF BEGINNING.

The bearings recited herein are based on a G. P. S. observation Texas South Central Zone.

Surveyed by me on the ground this 3<sup>rd</sup> day of September, 2004 A. D.

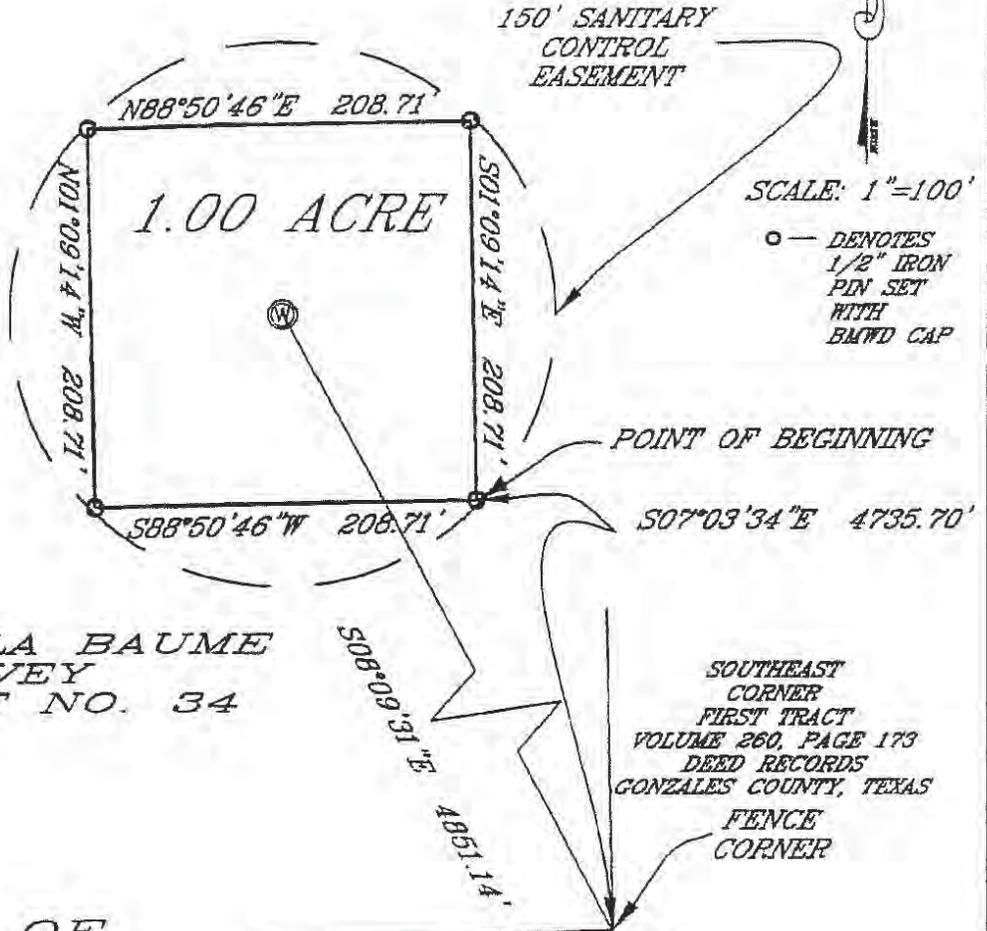


David L. Potter  
Registered Professional Land Surveyor



EXHIBIT  
 OF  
 WELL NO. 12  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 34, GONZALES COUNTY, TEXAS

FIRST TRACT  
 VOLUME 260, PAGE 173  
 DEED RECORDS  
 GONZALES COUNTY, TEXAS



JOSE DE LA BAUME  
 SURVEY  
 ABSTRACT NO. 34

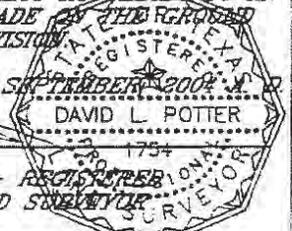
SURVEY OF  
 1.00 ACRE  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 34  
 GONZALES COUNTY, TEXAS

REFERENCE: FIRST TRACT  
 VOLUME 260, PAGE 173  
 DEED RECORDS  
 GONZALES COUNTY, TEXAS

STATE OF TEXAS  
 COUNTY OF BEXAR

I HEREBY CERTIFY THAT THE ABOVE PLAT  
 IS TRUE AND CORRECT ACCORDING TO AN  
 ACTUAL SURVEY MADE BY THE GRADERS  
 UNDER MY SUPERVISION.

THIS 3RD DAY OF SEPTEMBER 2004 A.D.  
 DAVID L. POTTER  
 DAVID L. POTTER - REGISTERED  
 PROFESSIONAL LAND SURVEYOR



BASIS OF BEARING - G.P.S SURVEY - TEXAS SOUTH CENTRAL ZONE



BEXAR METROPOLITAN WATER DISTRICT

ADMINISTRATIVE OFFICE: 2047 W. MALONE AVE.  
 P.O. BOX 3577  
 SAN ANTONIO, TEXAS 78211-0577  
 PHONE NO. (210) 354-6500  
 FAX NO. (210) 922-5162

SERVICE CENTER: 2055 W. MALONE AVE.  
 SAN ANTONIO, TEXAS 78225-2086  
 PHONE NO. (210) 354-6500  
 FAX NO. (210) 354-6582

Gonzales

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

WARRANTY DEED  
WELL SITE NO. 13- Georgie's Well

STATE OF TEXAS  
COUNTY OF GONZALES

§  
§  
§

That Howard Williamson III and Janice S. Williamson, and Lawrence A. Norman and Kelli Jo Norman (herein called "Grantors") in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration in hand paid by CANYON REGIONAL WATER AUTHORITY (herein called "Grantee"), a regional water authority created pursuant to Article XVI, Section 59 of the Texas Constitution, the receipt and sufficiency of which are acknowledged by GRANTOR, does grant sell and convey to GRANTEE, its successors and assigns, interest in a one-acre tract situated in Gonzales County, Texas, upon which Grantee has constructed or will construct water wells and being more particularly described by metes and bounds on the attached Exhibit "A", (the "Property") together with all of Grantors' right, title and interest in and to such one acre tract.

GRANTOR further grants the groundwater withdrawn from the well or wells, all other rights, privileges, options and entitlements of Grantors appurtenant or related to the tract including, without limitation, all rights of Grantors arising under or by virtue of contracts, warranties, or guarantees of performance related to the construction or replacement of any portion of the water well(s), and all other rights, privileges, options, entitlements, and appurtenances in, appertaining to or arising, directly or indirectly, from or by virtue of any interest in the tract, so long as groundwater is produced from said lands and the royalties or shut-in payments are paid as provided, or a saving clause is triggered under and in accordance with the 2004 Revised Agreement.

This Deed is expressly made subject to all restrictions, covenants, conditions, rights of way easements, and other matters and exceptions, if any of record in the office of the County Clerk of Gonzales County, Texas, to the extent, but only to the extent, that same are valid and subsisting and over or affect the one-acre tract.

The grant under this deed is expressly subject to the terms and conditions of the 2004 Revised Agreement between Bexar Metropolitan Water District and Howard Williamson, III, et. al. as described in the memorandum of the 2004 Revised Agreement recorded in Volume 912, Page 33, of the Official Records of Gonzales County, Texas.

There is hereby saved and excepted from the conveyance under this deed the reserved unto

---

Grantors in accordance with the respective undivided interest as of the date of this deed all of the oil, gas, and other minerals with no right of ingress and egress.

TO HAVE AND TO HOLD the one-acre tract described above, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantors do hereby bind themselves, and their successors and legal representatives, to WARRANT AND FOREVER DEFEND all and singular the one-acre tract, unto the Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through and under Grantors, but not otherwise, subject, however, to the matters and expectations set forth herein.

Nothing herein shall be deemed or construed to constitute a conveyance of any real property of any kind or nature whatsoever except as expressly set forth herein.

EXECUTED as of the date of the acknowledgement below, to be effective the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

GRANTORS:

\_\_\_\_\_  
Howard Williamson III

\_\_\_\_\_  
Janice S. Williamson

\_\_\_\_\_  
Lawrence A. Norman

\_\_\_\_\_  
Kelly Jo Norman

---

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by  
Howard Williamson III.

\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by  
Janice S. Williamson.

\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by  
Lawrence A. Norman.

\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS           §  
  §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by  
Kelli Jo Norman.

\_\_\_\_\_  
Notary Public, State of Texas

After recording return to:  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130-8233



# SKETCH TO ACCOMPANY FIELD NOTES GEORGIE'S WELL (WELL NO. 13)

## EXHIBIT "A"

50 0 50

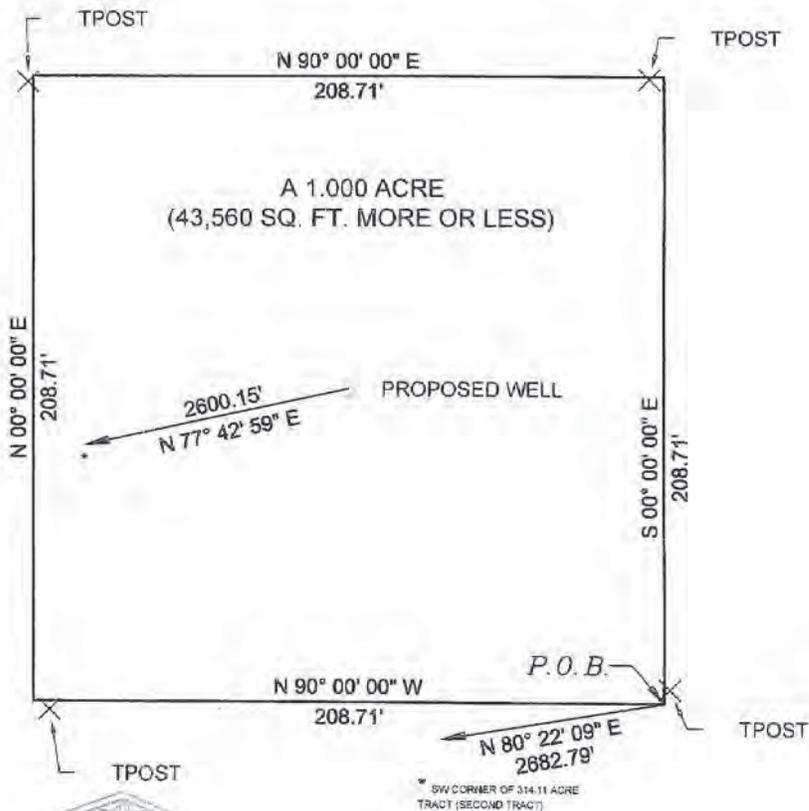


SCALE: 1"=50'



CALLED 314.11 ACRE TRACT  
(SECOND TRACT)  
VOL. 733, PG. 327-332 AND  
VOL. 757, PG. 129-134  
DEED RECORDS  
GONZALES COUNTY, TEXAS

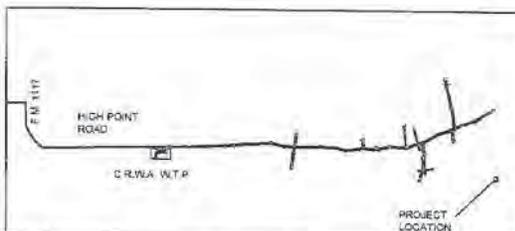
LEGEND:  
P.O.B.=POINT OF  
BEGINNING ON  
FIELD NOTES  
U.G.E.=UNDER  
GROUND ELECTRIC  
P.P.=POWER POLE



NOTES:

- 1) THIS EXHIBIT WAS CREATED WITHOUT THE BENEFIT OF A TITLE COMMITMENT AND MAY NOT SHOW ALL EASEMENTS OR OTHER MATTERS AFFECTING THIS PROPERTY;
- 2) THE BEARINGS SHOWN HEREON ARE BASED ON NAD 83(CORS98) STATE PLAN COORDINATE, TEXAS SOUTH CENTAL ZONE;

A 1.000 acre or 43,560 square feet more or less, tract of land being out of a called 314.11 acre tract (Second Tract) as conveyed to Kelli Jo Norman, recorded in Volume 733, pages 327-332, and Volume 757, pages 129-134, Deed Records of Gonzales County, Texas, out of the Jose De La Baume Survey, Abstract No. 34, Gonzales County, Texas.



RICKMAN LAND SURVEYING FOR RIVER CITY ENGINEERING



3801 SOUTH 1 STREET  
AUSTIN, TEXAS 78704-7047  
PHONE-(512) 442-3008  
FAX-(512) 442-6522  
1011 W. COUNTY LINE ROAD, SUITE 0  
NEW BRAUNFELS, TEXAS 78130  
PHONE-(830)-626-3588  
FAX-(830)-626-3601

WELLS RANCH  
GEORGIE'S WELL  
GEORGIE'S WELL (WELL NO. 13)  
1.000 ACRE TRACT

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WARRANTY DEED - WELL SITE NO. 2

*Deer Stand*

STATE OF TEXAS

§

COUNTY OF GUADALUPE

§

§

KNOW ALL MEN BY THESE PRESENTS:

That Howard Williamson III and Janice S. Williamson, Lawrence A. Norman, and Kelli Jo Norman (herein called "Grantors") for TEN DOLLARS (\$10.00) and other good and valuable consideration paid to Grantors by Bexar Metropolitan Water District (herein called "Grantee"), the receipt and sufficiency of which consideration are hereby acknowledged and confessed by Grantors, have GRANTED, BARGAINED, SOLD, AND CONVEYED, and by these presents do GRANT, BARGAIN, SELL and CONVEY, UNTO Grantee, an undivided joint fee simple interest in a *one-acre tract* situated in Guadalupe County, Texas, upon which Grantee has constructed or will construct the following water well, located in Guadalupe County, Texas, to-wit:

**Well No. 2 (located approximately at 29°26'9766" latitude and -97°47'8766" longitude), being a one (1.00) acre tract of land out of the Jose De La Baume Survey, Abstract No. 27, Guadalupe County, Texas, and out of a tract of land known as first tract recorded in Volume 260, Page 173, Deed Records, Gonzales County, Texas, said 1.00 acre tract being more particularly described as shown in the Field Notes and Diagram in Exhibit "A" attached hereto, and fully incorporated herein.**

Together with all of Grantors' right, title and interest in and to such one-acre tract, the groundwater withdrawn from the water well, all other rights, privileges, options and entitlements of Grantors appurtenant or related to the tract including, without limitation, all rights of Grantors arising under or by virtue of contracts, warranties, or guarantees of performance related to the construction or replacement of any portion of the water well, and all other rights, privileges, options, entitlements, and appurtenances in, appertaining to or arising, directly or indirectly, from or by virtue of any interest in the tract, so long as groundwater is produced from said lands and the royalties or shut-in payments are paid as provided, or a saving clause is triggered under and in accordance with the 2004 Revised Agreement.

This Deed is expressly made subject to all restrictions, covenants, conditions, rights-of-way easements, and other matters and exceptions, if any, of record in the office of the County Clerk of Guadalupe County, Texas, to the extent, but only to the extent, the same are valid and subsisting and over or affect the one-acre tract.

The grant under this deed is expressly subject to the terms and conditions of the 2004 Revised Agreement between Bexar Metropolitan Water District and Howard Williamson, III, et al. as described in the Memorandum of the 2004 Revised Agreement recorded in Volume 2667, Page 25 of the Official Records of Gonzales County, Texas (the "2004 Revised Agreement").

There is hereby saved and excepted from the conveyance under this deed and reserved unto Grantors in accordance with the respective undivided interest as of the date of this deed all of the oil, gas, and other minerals with no right of ingress and egress.

TO HAVE AND TO HOLD the one-acre tract described above, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantors do hereby bind themselves, and their successors and legal representatives, to WARRANT AND FOREVER DEFEND all and singular the one-acre tract, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantors, but not otherwise, subject, however, to the matters and exceptions set forth herein.

Nothing herein shall be deemed or construed to constitute a conveyance of any real property of any kind or nature whatsoever except as expressly set forth herein.

EXECUTED as of the date of the acknowledgment below, to be effective the 12<sup>th</sup> day of Nov., 2004.

GRANTORS:

by: Howard Williamson III  
Howard Williamson III

by: Janice S. Williamson  
Janice S. Williamson

by: Lawrence A. Norman  
Lawrence A. Norman

by: Kelli Jo Norman  
Kelli Jo Norman

Attachment: *Exhibit A* - Well No. 2 Legal Property Description and Diagram.

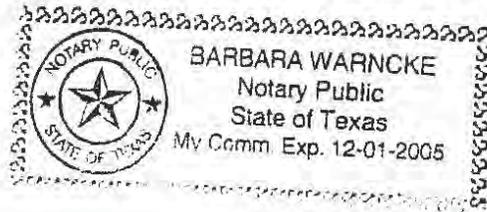
STATE OF TEXAS

COUNTY OF Guadalupe

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 12<sup>th</sup> day of Nov., 2004, personally appeared, **Howard Williamson III**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Barbara A. Warncke  
Notary Public in and for the State of Texas



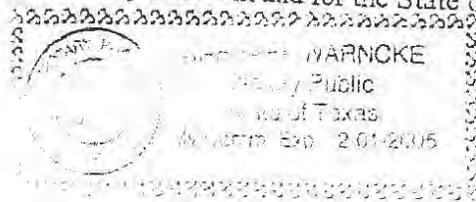
STATE OF TEXAS

COUNTY OF Guadalupe

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 12<sup>th</sup> day of Nov., 2004, personally appeared, **Janice S. Williamson**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Barbara A. Warncke  
Notary Public in and for the State of Texas

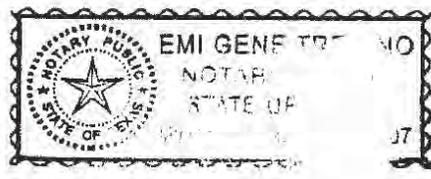


STATE OF TEXAS           §  
  §  
COUNTY OF Bexar       §

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15<sup>th</sup> day of November,  
personally appeared, Lawrence A. Norman, known to me to be the person whose name is  
subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she  
executed the same for the purposes and consideration therein expressed.

Emi G Trevino  
Notary Public in and for the State of Texas

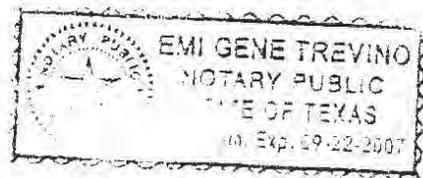


STATE OF TEXAS           §  
  §  
COUNTY OF Bexar       §

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15<sup>th</sup> day of November,  
personally appeared, Kelli Jo Norman, known to me to be the person whose name is subscribed  
to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the  
same for the purposes and consideration therein expressed.

Emi G Trevino  
Notary Public in and for the State of Texas



WELL NO. 2  
1.00 ACRE

BEING 1.00 ACRE OF LAND MORE OR LESS OUT OF THE JOSE DE LA BAUME SURVEY, ABSTRACT NO. 27, GUADALUPE COUNTY, TEXAS AND OUT OF A TRACT OF LAND KNOWN AS FIRST TRACT RECORDED IN VOLUME 260, PAGE 173, DEED RECORDS, GONZALES COUNTY, TEXAS, SAID 1.00 ACRE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at a ½" iron pin set with a "BMWD" cap, for the southeast corner of this tract. Said southeast corner being N 85° 56' 19" W, 13084.51 feet from a fence corner at the southeast corner of First Tract.

THENCE S 88° 50' 46" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the southwest corner of this tract.

THENCE N 01° 09' 14" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northwest corner of this tract.

THENCE N 88° 50' 46" E, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northeast corner of this tract.

THENCE S 01° 09' 14" E, 208.81 feet to the POINT OF BEGINNING.

The bearings recited herein are based on a G. P. S. observation Texas South Central Zone.

Surveyed by me on the ground this 3<sup>rd</sup> day of September, 2004 A. D.

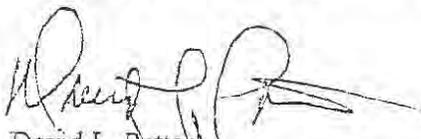
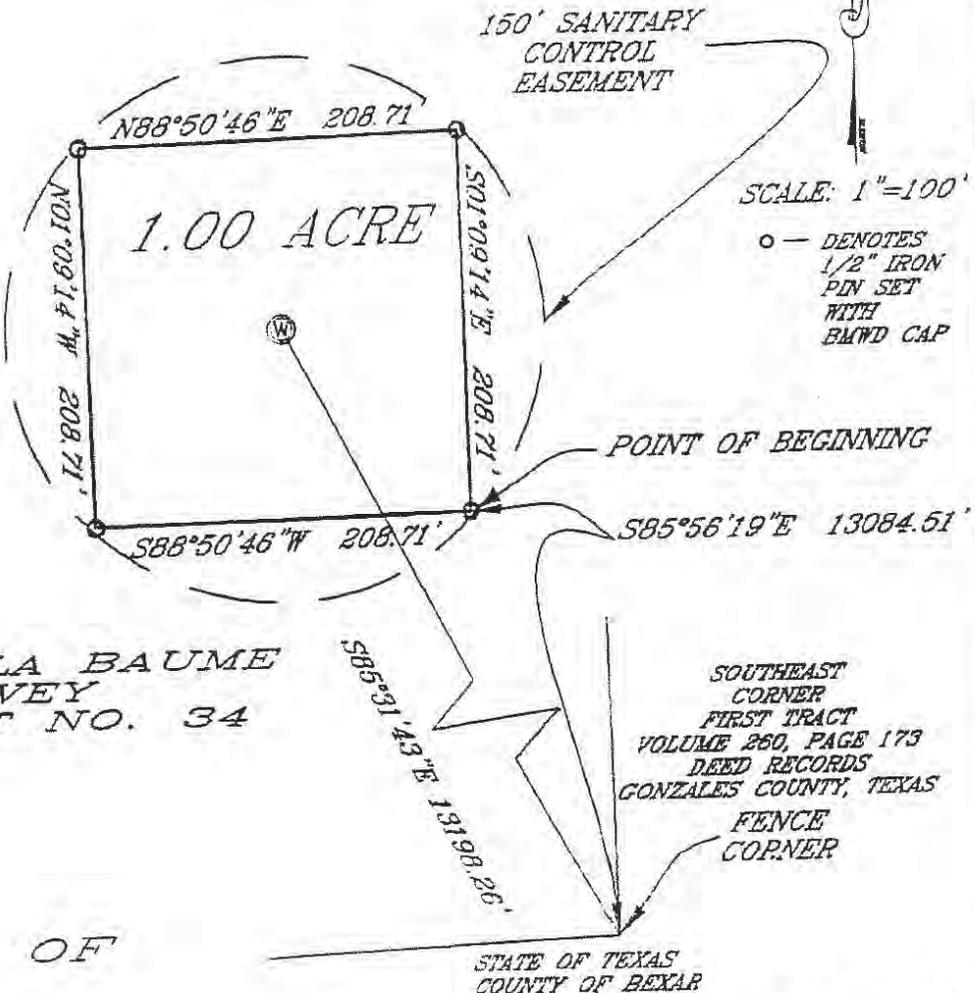
  
David L. Potter  
Registered Professional Land Surveyor



EXHIBIT  
 OF  
 WELL NO. 2  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 27, GUADALUPE COUNTY, TEXAS

FIRST TRACT  
 VOLUME 260, PAGE 173  
 DEED RECORDS  
 GONZALES COUNTY, TEXAS



JOSE DE LA BAUME  
 SURVEY  
 ABSTRACT NO. 34

SURVEY OF  
 1.00 ACRE  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 27  
 GUADALUPE COUNTY, TEXAS

REFERENCE: FIRST TRACT  
 VOLUME 260, PAGE 173  
 DEED RECORDS  
 GONZALES COUNTY, TEXAS

I HEREBY CERTIFY THAT THE ABOVE PLAT IS TRUE AND CORRECT ACCORDING TO AN ACTUAL SURVEY MADE BY THE ABOVE NAMED SURVEYOR UNDER MY SUPERVISION.

THIS 3RD DAY OF SEPTEMBER 2007 A.D.  
 DAVID L. POTTER  
 DAVID L. POTTER - REGISTERED PROFESSIONAL LAND SURVEYOR

BASES OF BEARING - T.P.S. SURVEY - TEXAS SOUTH CENTRAL ZONE



ADMINISTRATIVE OFFICE: 2047 W. MALONE AVE.  
 P.O. BOX 3577  
 SAN ANTONIO, TEXAS 78211-0577  
 PHONE NO. (210) 354-8500  
 FAX NO. (210) 322-5152

Consolidated

BEXAR METROPOLITAN WATER DISTRICT

SERVICE CENTER: 2055 W. MALONE AVE.  
 SAN ANTONIO, TEXAS 78226-2095  
 PHONE NO. (210) 354-8500  
 FAX NO. (210) 354-8533

5/C

12-003436

VOL3095 P60447

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**WARRANTY DEED  
WELL SITE NO. 4- Pig Trap Well**

STATE OF TEXAS                    §  
  §  
COUNTY OF GONZALES           §

That Howard Williamson III and Janice S. Williamson, and Lawrence A. Norman and Kelli Jo Norman (herein called "Grantors") in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration in hand paid by CANYON REGIONAL WATER AUTHORITY (herein called "Grantee"), a regional water authority created pursuant to Article XVI, Section 59 of the Texas Constitution, the receipt and sufficiency of which are acknowledged by GRANTOR, does grant sell and convey to GRANTEE, its successors and assigns, interest in a one-acre tract situated in Gonzales County, Texas, upon which Grantee has constructed or will construct water wells and being more particularly described by metes and bounds on the attached Exhibit "A", (the "Property") together with all of Grantors' right, title and interest in and to such one acre tract.

GRANTOR further grants the groundwater withdrawn from the well or wells, all other rights, privileges, options and entitlements of Grantors appurtenant or related to the tract including, without limitation, all rights of Grantors arising under or by virtue of contracts, warranties, or guarantees of performance related to the construction or replacement of any portion of the water well(s), and all other rights, privileges, options, entitlements, and appurtenances in, appertaining to or arising, directly or indirectly, from or by virtue of any interest in the tract, so long as groundwater is produced from said lands and the royalties or shut-in payments are paid as provided, or a saving clause is triggered under and in accordance with the 2004 Revised Agreement.

This Deed is expressly made subject to all restrictions, covenants, conditions, rights of way easements, and other matters and exceptions, if any of record in the office of the County Clerk of Gonzales County, Texas, to the extent, but only to the extent, that same are valid and subsisting and over or affect the one-acre tract.

The grant under this deed is expressly subject to the terms and conditions of the 2004 Revised Agreement between Bexar Metropolitan Water District and Howard Williamson, III, et. al. as described in the memorandum of the 2004 Revised Agreement recorded in Volume 912, Page 33, of the Official Records of Gonzales County, Texas.

There is hereby saved and excepted from the conveyance under this deed the reserved unto

Grantors in accordance with the respective undivided interest as of the date of this deed all of the oil, gas, and other minerals with no right of ingress and egress.

TO HAVE AND TO HOLD the one-acre tract described above, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantors do hereby bind themselves, and their successors and legal representatives, to WARRANT AND FOREVER DEFEND all and singular the one-acre tract, unto the Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through and under Grantors, but not otherwise, subject, however, to the matters and expectations set forth herein.

Nothing herein shall be deemed or construed to constitute a conveyance of any real property of any kind or nature whatsoever except as expressly set forth herein.

EXECUTED as of the date of the acknowledgement below, to be effective the 9<sup>th</sup> day of February, 2012

GRANTORS:

Howard Williamson III  
Howard Williamson III

Janice S. Williamson  
Janice S. Williamson

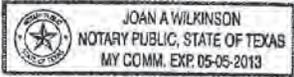
Lawrence A. Norman  
Lawrence A. Norman

Kelly Jo Norman  
Kelly Jo Norman  
KJN

STATE OF TEXAS §

COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 9<sup>th</sup> day of February, 2012 by Howard Williamson III.

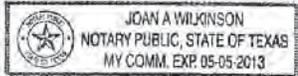


Joan A. Wilkinson  
Notary Public, State of Texas

STATE OF TEXAS §

COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 9<sup>th</sup> day of February, 2012 by Janice S. Williamson.



Joan A. Wilkinson  
Notary Public, State of Texas

STATE OF TEXAS §

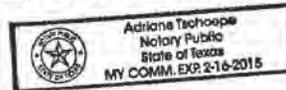
COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 17<sup>th</sup> day of February, 2012 by Lawrence A. Norman.

Adrian Techoope  
Notary Public, State of Texas

STATE OF TEXAS §

COUNTY OF Guadalupe §

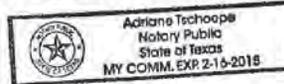


This instrument was acknowledged before me on the 17<sup>th</sup> day of February, 2012 by Kelli Jo Norman.

Adrian Techoope  
Notary Public, State of Texas

After recording return to:  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130-8233

RK



**Fieldnotes for a 1.000 acre Tract (Pig Trap Well)**

A 1.000 acre or 43,560 square feet more or less, tract of land being out of a called 3872.48 acre tract (First Tract) conveyed to Kelli Jo Norman and recorded in Volume 733, pages 327 - 332, and Volume 757, pages 129 - 134, Deed Records of Gonzales County, Texas, out of the Jose De La Baume Survey, Abstract No. 27, Guadalupe County, Texas, being more particularly described as follows, with bearings based on the Texas Coordinate System as established from the North American Datum of 1983 (CORS96) for the South Central Zone:

**BEGINNING:** At a point for the most southeasterly corner of the 1.000 acre tract, and the POINT OF BEGINNING, said point bearing N 71° 48' 22" E, a distance of 10,541.51 feet from a fence corner post for the southwest corner of the 3872.48 acre tract (First Tract.)

**THENCE:** Across the 3872.48 acre tract (First Tract) the following calls and distances:

N 90° 00' 00" W, with the south line of this tract a distance of 208.71 feet to a point, for the southwest corner of this tract,

N 00° 00' 00" E, with the west line of this tract a distance of 208.71 feet to a point, for the northwest corner of this tract,

N 90° 00' 00" E, with the north line of this tract a distance of 208.71 feet to a point, for the northeast corner of this tract,

S 00° 00' 00" E, with the east line of this tract a distance of 208.71 feet to the POINT OF BEGINNING and containing 1.000 acre in Guadalupe County, Texas, said tract being described in accordance with a survey made on the ground and an exhibit prepared by Rickman Land Surveying.




---

114 Encino Torcido

Adkins, Texas 78101

(830) 534-2539

---

# SKETCH TO ACCOMPANY FIELD NOTES

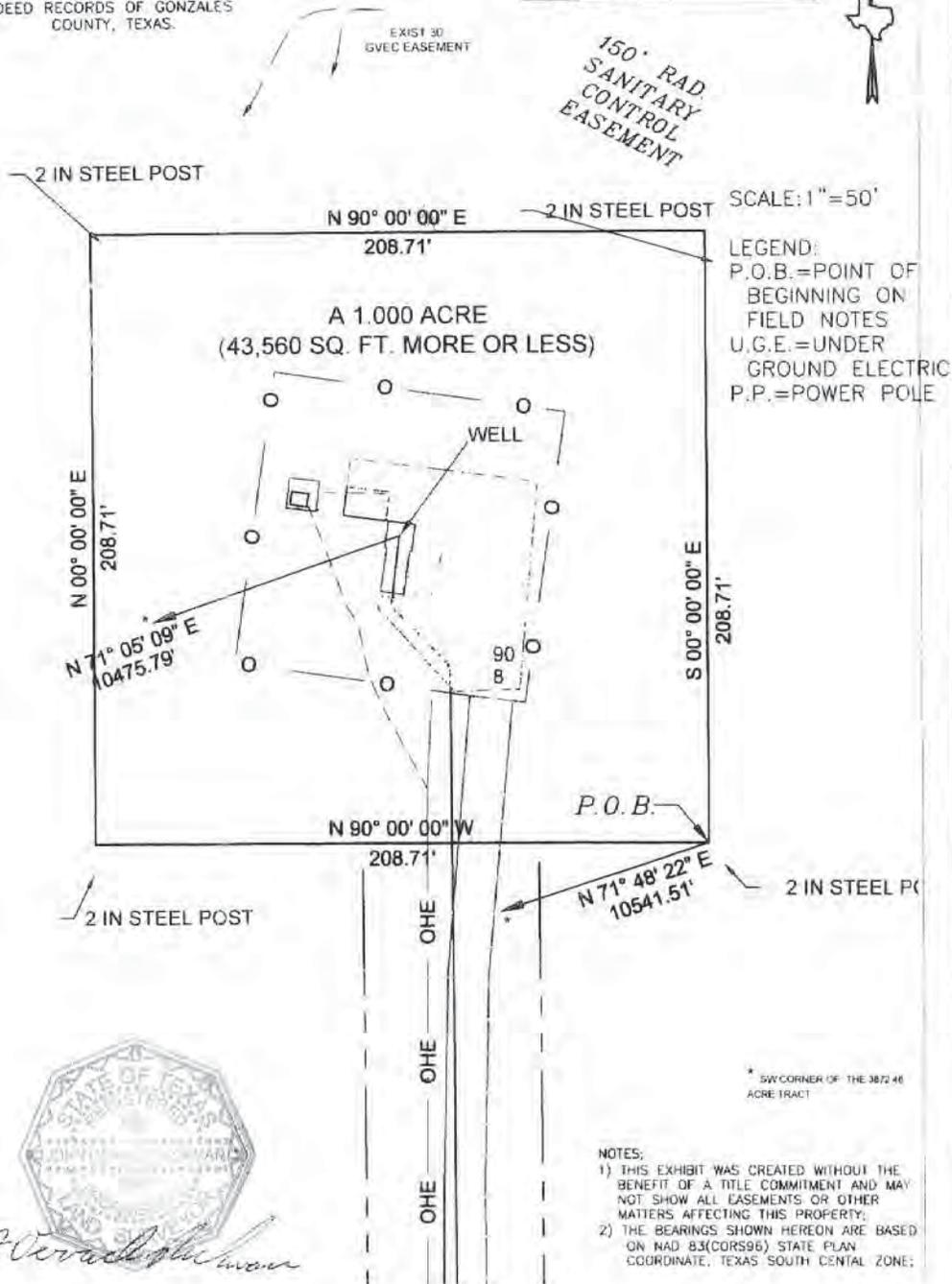
## PIG TRAP WELL (WELL NO. 4)

### EXHIBIT "A"

CALLED 3872.48 ACRE TRACT  
(FIRST TRACT)  
VOLUME 733, PAGES 327-332  
AND  
VOLUME 757, PAGES 129-134  
DEED RECORDS OF GONZALES  
COUNTY, TEXAS.



VML3095 P60451



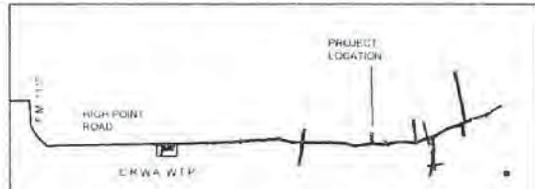
SCALE: 1"=50'  
LEGEND:  
P.O.B.=POINT OF BEGINNING ON FIELD NOTES  
U.G.E.=UNDER GROUND ELECTRIC  
P.P.=POWER POLE



*Rickman Land Surveying*

- NOTES:
- 1) THIS EXHIBIT WAS CREATED WITHOUT THE BENEFIT OF A TITLE COMMITMENT AND MAY NOT SHOW ALL EASEMENTS OR OTHER MATTERS AFFECTING THIS PROPERTY.
  - 2) THE BEARINGS SHOWN HEREON ARE BASED ON NAD 83(CORS96) STATE PLAN COORDINATE, TEXAS SOUTH CENTAL ZONE.

A 1.000 acre or 43,560 square feet more or less, tract of land being out of a called 3872.48 acre tract (First Tract) conveyed to Kelli Jo Norman and recorded in Volume 733, pages 327 - 332, and Volume 757, pages 129 - 134, Deed Records of Gonzales County, Texas, out of the Jose De La Baume Survey, Abstract No. 27, Guadalupe County, Texas.



RICKMAN LAND SURVEYING FOR RIVER CITY ENGINEERING

**RIVER CITY ENGINEERING**  
3801 SOUTH 1 STREET  
AUSTIN, TEXAS 78704-7047  
PHONE-(512) 442-3008  
FAX-(512) 442-6522  
1011 W. COUNTY LINE ROAD, SUITE 100  
NEW BRAUNFELS, TEXAS 78130  
PHONE-(830)-626-3588  
FAX-(830)-626-3601

**WELLS RANCH  
PIG TRAP WELL**  
PIG TRAP WELL (WELL NO. 4)  
1.00 ACRE TRACT

SHEET \_\_\_\_\_ OF \_\_\_\_\_



This page has been added by the Guadalupe County Clerk's office to comply with the statutory requirement that the clerk shall stamp the recording information at the foot of the last page of the document.

This page becomes a part of the document identified by Document Number 12-3436 affixed on the first page of this document.

FILED FOR RECORD

12 FEB 24 PM 3:43

TERESA KIEL  
COUNTY CLERK GUADALUPE COUNTY

BY

STATE OF TEXAS  
COUNTY OF GUADALUPE  
I certify this instrument was FILED on the  
date and at the time stamped thereon and  
was duly recorded in the Official Public  
Records of Guadalupe County, Texas.



*Teresa Kiel*  
TERESA KIEL  
Guadalupe County Clerk



Grantors in accordance with the respective undivided interest as of the date of this deed all of the oil, gas, and other minerals with no right of ingress and egress.

TO HAVE AND TO HOLD the one-acre tract described above, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantors do hereby bind themselves, and their successors and legal representatives, to WARRANT AND FOREVER DEFEND all and singular the one-acre tract, unto the Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through and under Grantors, but not otherwise, subject, however, to the matters and expectations set forth herein.

Nothing herein shall be deemed or construed to constitute a conveyance of any real property of any kind or nature whatsoever except as expressly set forth herein.

EXECUTED as of the date of the acknowledgement below, to be effective the 9<sup>th</sup> day of February, 2014.

GRANTORS:

Howard Williamson III  
Howard Williamson III

Janice S. Williamson  
Janice S. Williamson

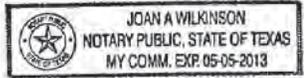
Lawrence A. Norman  
Lawrence A. Norman

Kelli Jo Norman  
Kelli Jo Norman  
KJN

STATE OF TEXAS §

COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 9<sup>th</sup> day of February, 2012 by Howard Williamson III.

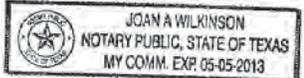


Joan A. Wilkinson  
Notary Public, State of Texas

STATE OF TEXAS §

COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 9<sup>th</sup> day of February, 2012 by Janice S. Williamson.



Joan A. Wilkinson  
Notary Public, State of Texas

STATE OF TEXAS §

COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 17<sup>th</sup> day of February, 2012, by Lawrence A. Norman.

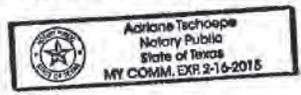
Adrian Schoepe  
Notary Public, State of Texas

STATE OF TEXAS §

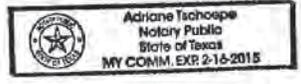
COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 17<sup>th</sup> day of February, 2012, by Kelli Jo Norman.

Adrian Schoepe  
Notary Public, State of Texas



PK  
After recording return to:  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130-8233



# Rickman Land Surveying

## Fieldnotes for a 1.000 acre Tract (Dead Man's Well)

A 1.000 acre or 43,560 square feet more or less, tract of land being out of a called 3872.48 acre tract (First Tract) conveyed to Kelli Jo Norman and recorded in Volume 733, pages 327 - 332, and Volume 757, pages 129 - 134, Deed Records of Gonzales County, Texas, out of the Jose De La Baume Survey, Abstract No. 27, Guadalupe County, Texas, being more particularly described as follows, with bearings based on the Texas Coordinate System as established from the North American Datum of 1983 (CORS96) for the South Central Zone:

**BEGINNING:** At a POINT for the most southeasterly corner of the 1.000 acre tract, and the POINT OF BEGINNING, said point bearing N 59° 10' 17" E, a distance of 6,936.81 feet from a fence corner post for the southwest corner of the 3872.48 acre tract (First Tract.)

**THENCE:** Across the 3872.48 acre tract (First Tract) the following calls and distances:

N 90° 00' 00" W, with the south line of this tract a distance of 208.71 feet to a point, for the southwest corner of this tract,

N 00° 00' 00" E, with the west line of this tract a distance of 208.71 feet to a point, for the northwest corner of this tract,

N 90° 00' 00" E, with the north line of this tract a distance of 208.71 feet to a point, for the northeast corner of this tract,

S 00° 00' " E, with the east line of this tract a distance of 208.71 feet to the POINT OF BEGINNING and containing 1.000 acre in Guadalupe County, Texas, said tract being described in accordance with a survey made on the ground and an exhibit prepared by Rickman Land Surveying.




---

114 Encino Torcido

Adkins, Texas 78101

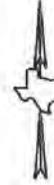
(830) 534-2539

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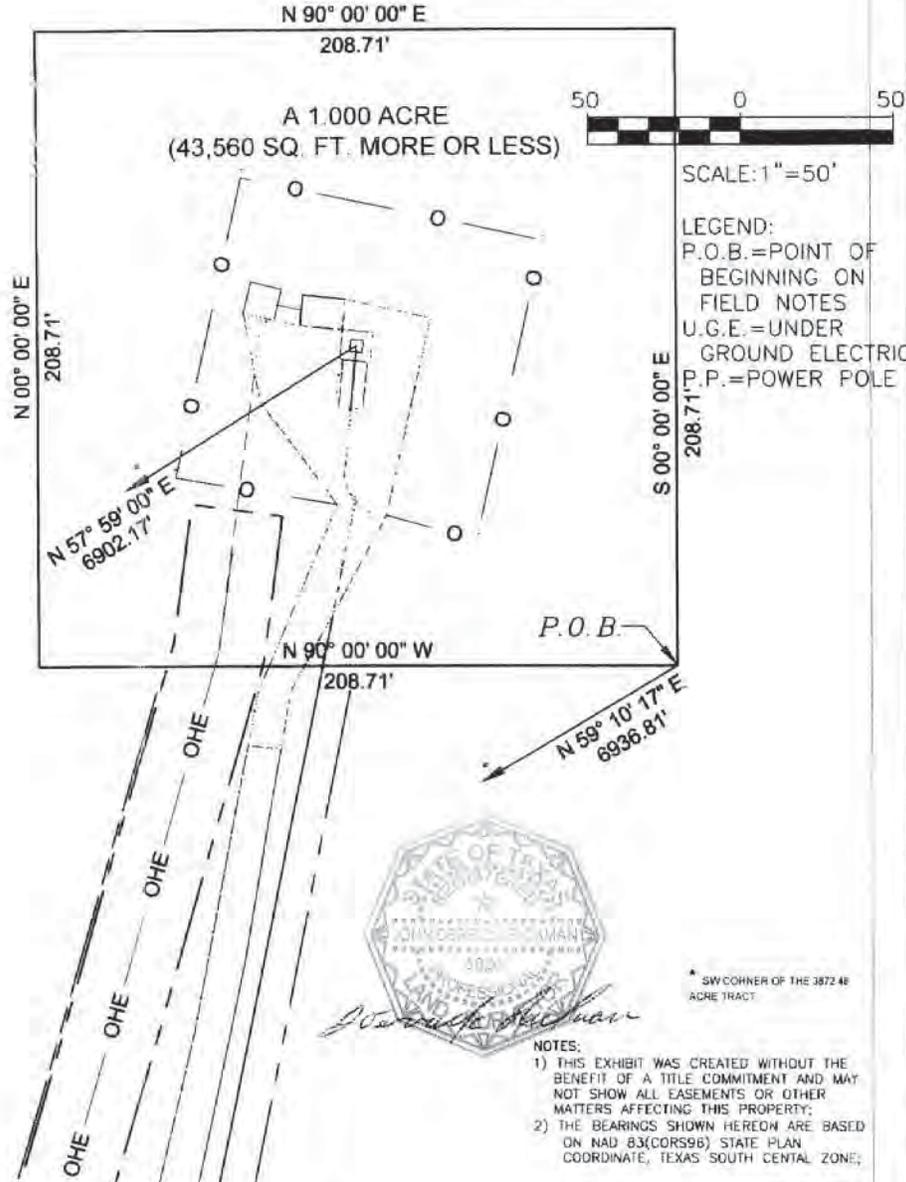
# SKETCH TO ACCOMPANY FIELD NOTES DEAD MAN'S WELL (WELL NO. 7) EXHIBIT "A"

CALLED 3872.48 ACRE TRACT  
 (FIRST TRACT)  
 VOLUME 733, PAGES 327-332  
 AND  
 VOLUME 757, PAGES 129-134  
 DEED RECORDS OF GONZALES  
 COUNTY, TEXAS

150' RAD  
 SANITARY  
 CONTROL  
 EASEMENT



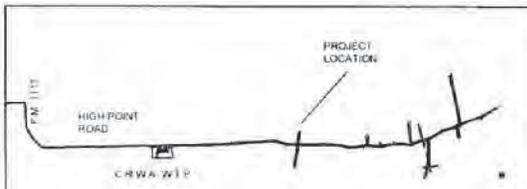
WILL 3095 P80457



SCALE: 1"=50'  
 LEGEND:  
 P.O.B.=POINT OF  
 BEGINNING ON  
 FIELD NOTES  
 U.G.E.=UNDER  
 GROUND ELECTRIC  
 P.P.=POWER POLE

- NOTES:
- 1) THIS EXHIBIT WAS CREATED WITHOUT THE BENEFIT OF A TITLE COMMITMENT AND MAY NOT SHOW ALL EASEMENTS OR OTHER MATTERS AFFECTING THIS PROPERTY;
  - 2) THE BEARINGS SHOWN HEREON ARE BASED ON NAD 83(CORS96) STATE PLAN COORDINATE, TEXAS SOUTH CENTAL ZONE;

A 1.000 acre or 43,560 square feet more or less, tract of land being out of a called 3872.48 acre tract (First Tract) conveyed to Kelli Jo Norman and recorded in Volume 733, pages 327 - 332, and Volume 757, pages 129 - 134, Deed Records of Gonzales County, Texas, out of the Jose De La Baume Survey, Abstract No. 27, Guadalupe County, Texas.



RICKMAN LAND SURVEYING FOR RIVER CITY ENGINEERING

**RIVER CITY  
ENGINEERING**  
Surveying & Engineering Since 1900

3801 SOUTH 1 STREET  
 AUSTIN, TEXAS 78704-7047  
 PHONE-(512) 442-3008  
 FAX-(512) 442-6522

1011 W. COUNTY LINE ROAD, SUITE C  
 NEW BRAUNFELS, TEXAS 78130  
 PHONE-(830)-626-3588  
 FAX-(830)-626-3601

**WELLS RANCH  
DEAD MAN'S WELL**  
 DEAD MAN'S WELL (WELL NO. 7)  
 1.00 ACRE TRACT

SHEET:    OF

© Rickman Land Surveying, 2004. All rights reserved.



This page has been added by the Guadalupe County Clerk's office to comply with the statutory requirement that the clerk shall stamp the recording information at the foot of the last page of the document.

This page becomes a part of the document identified by Document Number 12-3437 affixed on the first page of this document.

FILED FOR RECORD

12 FEB 24 PM 3:44

TERESA KIEL  
COUNTY CLERK GUADALUPE COUNTY

*[Handwritten signature]*

STATE OF TEXAS  
COUNTY OF GUADALUPE  
I certify this instrument was FILED on the  
date and at the time stamped thereon and  
was duly recorded in the Official Public  
Records of Guadalupe County, Texas.



*Teresa Kiel*  
TERESA KIEL  
Guadalupe County Clerk

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

WARRANTY DEED  
WELL SITE NO. 8- Chicken House Well

256551

STATE OF TEXAS

§

§

COUNTY OF GONZALES

§

That Howard Williamson III and Janice S. Williamson, and Lawrence A. Norman and Kelli Jo Norman (herein called "Grantors") in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration in hand paid by CANYON REGIONAL WATER AUTHORITY (herein called "Grantee"), a regional water authority created pursuant to Article XVI, Section 59 of the Texas Constitution, the receipt and sufficiency of which are acknowledged by GRANTOR, does grant sell and convey to GRANTEE, its successors and assigns, interest in a one-acre tract situated in Gonzales County, Texas, upon which Grantee has constructed or will construct water wells and being more particularly described by metes and bounds on the attached Exhibit "A", (the "Property") together with all of Grantors' right, title and interest in and to such one acre tract.

GRANTOR further grants the groundwater withdrawn from the well or wells, all other rights, privileges, options and entitlements of Grantors appurtenant or related to the tract including, without limitation, all rights of Grantors arising under or by virtue of contracts, warranties, or guarantees of performance related to the construction or replacement of any portion of the water well(s), and all other rights, privileges, options, entitlements, and appurtenances in, appertaining to or arising, directly or indirectly, from or by virtue of any interest in the tract, so long as groundwater is produced from said lands and the royalties or shut-in payments are paid as provided, or a saving clause is triggered under and in accordance with the 2004 Revised Agreement.

This Deed is expressly made subject to all restrictions, covenants, conditions, rights of way easements, and other matters and exceptions, if any of record in the office of the County Clerk of Gonzales County, Texas, to the extent, but only to the extent, that same are valid and subsisting and over or affect the one-acre tract.

The grant under this deed is expressly subject to the terms and conditions of the 2004 Revised Agreement between Bexar Metropolitan Water District and Howard Williamson, III, et. al. as described in the memorandum of the 2004 Revised Agreement recorded in Volume 912, Page 33, of the Official Records of Gonzales County, Texas.

There is hereby saved and excepted from the conveyance under this deed the reserved unto

Grantors in accordance with the respective undivided interest as of the date of this deed all of the oil, gas, and other minerals with no right of ingress and egress.

TO HAVE AND TO HOLD the one-acre tract described above, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantors do hereby bind themselves, and their successors and legal representatives, to WARRANT AND FOREVER DEFEND all and singular the one-acre tract, unto the Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through and under Grantors, but not otherwise, subject, however, to the matters and expectations set forth herein.

Nothing herein shall be deemed or construed to constitute a conveyance of any real property of any kind or nature whatsoever except as expressly set forth herein.

EXECUTED as of the date of the acknowledgement below, to be effective the 9<sup>th</sup> day of February, 2012.

GRANTORS:

Howard Williamson III  
Howard Williamson III

Janice S. Williamson  
Janice S. Williamson

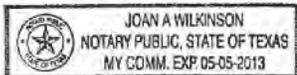
Lawrence A. Norman  
Lawrence A. Norman

Kelly Jo Norman  
Kelly Jo Norman  
KJN

STATE OF TEXAS §

COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 9<sup>th</sup> day of February, 2013 by Howard Williamson III.

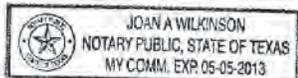


Joan A. Wilkinson  
Notary Public, State of Texas

STATE OF TEXAS §

COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 9<sup>th</sup> day of February, 2013 by Janice S. Williamson.



Joan A. Wilkinson  
Notary Public, State of Texas

STATE OF TEXAS §

COUNTY OF Guadalupe §

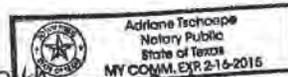
This instrument was acknowledged before me on the 17<sup>th</sup> day of February, 2012 by Lawrence A. Norman.

Adriana Tschopp  
Notary Public, State of Texas

STATE OF TEXAS §

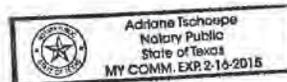
COUNTY OF Guadalupe §

This instrument was acknowledged before me on the 17<sup>th</sup> day of February, 2012 by Kelli Jo Norman.



Adriana Tschopp  
Notary Public, State of Texas

After recording return to:  
Canyon Regional Water Authority  
850 Lakeside Pass  
New Braunfels, Texas 78130-8233



# Rickman Land Surveying

## Fieldnotes for a 1.000 acre Tract (Chicken House Well)

A 1.000 acre or 43,560 square feet more or less, tract of land being out of a called 240.0 acre tract as conveyed to Kelli Jo Norman and Howard Williamson, III, recorded in Volume 757, pages 512-514, Deed Records of Gonzales County, Texas, out of the Jose De La Baume Survey, Abstract No. 34, Gonzales County, Texas, being more particularly described as follows, with bearings based on the Texas Coordinate System as established from the North American Datum of 1983 (CORS96) for the South Central Zone:

**BEGINNING:** At a point for the most southeasterly corner of the 1.000 acre tract, and the POINT OF BEGINNING, bearing N 12° 17' 28" E, a distance of 2,854.19 feet from a fence corner post for the southwest corner of the 240.0 acre tract;

**THENCE:** Across the 240.0 acre tract the following calls and distances:

N 90° 00' 00" W, with the south line of this tract a distance of 208.71 feet to a point, for the southwest corner of this tract,

N 00° 00' 00" E, with the west line of this tract a distance of 208.71 feet to a point, for the northwest corner of this tract,

N 90° 00' 00" E, with the north line of this tract a distance of 208.71 feet to a point, for the northeast corner of this tract,

S 00° 00' 00" E, with the east line of this tract a distance of 208.71 feet to the POINT OF BEGINNING and containing 1.000 acre in Gonzales County, Texas, said tract being described in accordance with a survey made on the ground and an exhibit prepared by Rickman Land Surveying.




---

114 Encino Torcido

Adkins, Texas 78101

(830) 534-2539

---

# SKETCH TO ACCOMPANY FIELD NOTES CHICKEN HOUSE WELL (WELL NO. 8)

EXHIBIT "A"

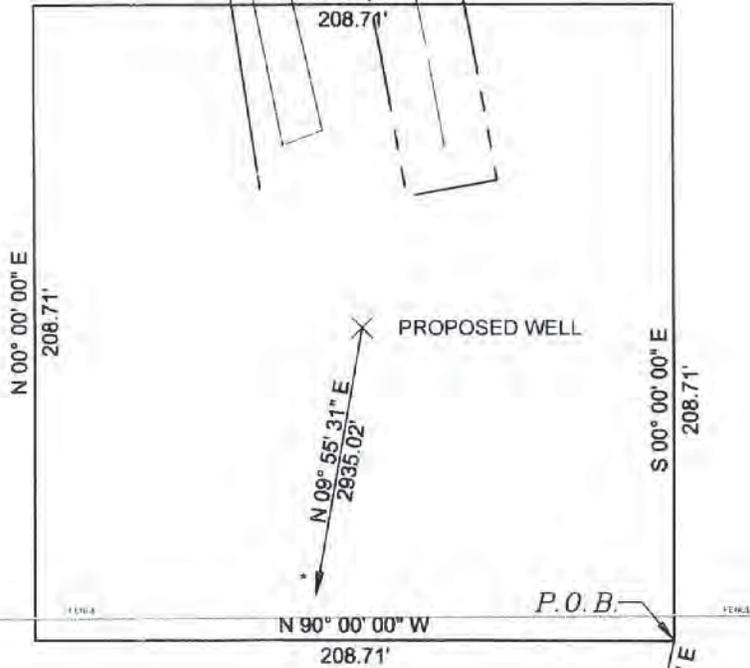


SCALE: 1" = 50'

LEGEND:  
P.O.B.=POINT OF BEGINNING ON FIELD NOTES  
U.G.E.=UNDER GROUND ELECTRIC  
P.P.=POWER POLE

A CALLED 240.0 ACRE TRACT  
VOLUME 757, PAGES 512-514  
DEED RECORDS  
GONZALES COUNTY, TEXAS.

150' RAD.  
SANITARY  
CONTROL  
EASEMENT

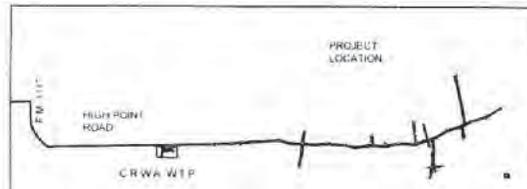


A 1.000 ACRE  
(43,560 SQ. FT. MORE OR LESS)



- NOTES:
- 1) THIS EXHIBIT WAS CREATED WITHOUT THE BENEFIT OF A TITLE COMMITMENT AND MAY NOT SHOW ALL EASEMENTS OR OTHER MATTERS AFFECTING THIS PROPERTY;
  - 2) THE BEARINGS SHOWN HEREON ARE BASED ON NAD 83(CORS96) STATE PLAN COORDINATE, TEXAS SOUTH CENTRAL ZONE;

A 1.000 acre or 43,560 square feet more or less, tract of land being out of a called 240.0 acre tract as conveyed to Kelli Jo Norman and Howard Williamson, III, recorded in Volume 757, pages 512-514, Deed Records of Gonzales County, Texas, out of the Jose De La Baume Survey, Abstract No. 34, Gonzales County, Texas.



RICKMAN LAND SURVEYING FOR RIVER CITY ENGINEERING



3801 SOUTH 1 STREET  
AUSTIN, TEXAS 78704-7047  
PHONE-(512) 442-3008  
FAX-(512) 442-6522  
1011 W. COUNTY LINE ROAD, SUITE C  
NEW BRAUNFELS, TEXAS 78130  
PHONE-(830)-626-3588  
FAX-(830)-626-3601

WELLS RANCH  
CHICKEN HOUSE WELL  
CHICKEN HOUSE (WELL NO. 8)  
1.00 ACRE TRACT

SHEET 1 OF 1

WELL 1079 PAGE 135

FILED OF RECORD  
 AT 3:20 o'clock P M  
 FEB 23 2012  
 LEE RIEDEL  
 COUNTY CLERK, GONZALES COUNTY TEXAS  
 BY *Jina Sa* DEPUTY

STATE OF TEXAS COUNTY OF GONZALES  
 I hereby certify that this instrument  
 was filed on the date and time stamped  
 hereon by me and was duly recorded in  
 the official Records of Gonzales County,  
 Texas in volume and page as stamped  
 hereon by me.

FEB 24 2012



County Clerk, Gonzales County, Texas  
 By *[Signature]*

WARRANTY DEED - WELL SITE NO. 9

*Comp house*

STATE OF TEXAS

§  
§  
§

COUNTY OF GONZALES

KNOW ALL MEN BY THESE PRESENTS:

That Howard Williamson III and Janice S. Williamson, Lawrence A. Norman, and Kelli Jo Norman (herein called "Grantors") for TEN DOLLARS (\$10.00) and other good and valuable consideration paid to Grantors by Bexar Metropolitan Water District (herein called "Grantee"), the receipt and sufficiency of which consideration are hereby acknowledged and confessed by Grantors, have GRANTED, BARGAINED, SOLD, AND CONVEYED, and by these presents do GRANT, BARGAIN, SELL and CONVEY, UNTO Grantee, an undivided joint fee simple interest in a *one-acre tract* situated in Gonzales County, Texas, upon which Grantee has constructed or will construct the following water well, located at or in the vicinity of the following coordinates:

**Well No. 9 (located at 29°44'729" latitude and -97°77'322" longitude), being a one (1.00) acre tract of land out of the Jose De La Baune Survey, Abstract No. 34, Gonzales County, Texas, and out of a tract of land known as first tract recorded in Volume 260, Page 173, Deed Records, Gonzales County, Texas, said 1.00 acre tract being more particularly described as shown in the Field Notes and Diagram in Exhibit "A" attached hereto, and fully incorporated herein.**

Together with all of Grantors' right, title and interest in and to such one-acre tract, the groundwater withdrawn from the water well, all other rights, privileges, options and entitlements of Grantors appurtenant or related to the tract including, without limitation, all rights of Grantors arising under or by virtue of contracts, warranties, or guarantees of performance related to the construction or replacement of any portion of the water well, and all other rights, privileges, options, entitlements, and appurtenances in, appertaining to or arising, directly or indirectly, from or by virtue of any interest in the tract, so long as groundwater is produced from said lands and the royalties or shut-in payments are paid as provided, or a saving clause is triggered under and in accordance with the 2004 Revised Agreement.

This Deed is expressly made subject to all restrictions, covenants, conditions, rights-of-way easements, and other matters and exceptions, if any, of record in the office of the County Clerk of Gonzales County, Texas, to the extent, but only to the extent, the same are valid and subsisting and over or affect the one-acre tract.

The grant under this deed is expressly subject to the terms and conditions of the 2004 Revised Agreement between Bexar Metropolitan Water District and Howard Williamson III, et al., as recorded in the Public Records of Bexar County, Texas, as well as the terms and conditions of the 2004 Revised Agreement between Bexar Metropolitan Water District and Janice S. Williamson, et al., as recorded in the Public Records of Bexar County, Texas.

There is hereby saved and excepted from the conveyance under this deed and reserved unto Grantors in accordance with the respective undivided interest as of the date of this deed all of the oil, gas, and other minerals with no right of ingress and egress.

TO HAVE AND TO HOLD the one-acre tract described above, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantors do hereby bind themselves, and their successors and legal representatives, to WARRANT AND FOREVER DEFEND all and singular the one-acre tract, unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantors, but not otherwise, subject, however, to the matters and exceptions set forth herein.

Nothing herein shall be deemed or construed to constitute a conveyance of any real property of any kind or nature whatsoever except as expressly set forth herein.

EXECUTED as of the date of the acknowledgment below, to be effective the 6<sup>th</sup> day of NOVEMBER 2004.

GRANTORS:

by: Howard Williamson III  
Howard Williamson III

by: Janice S. Williamson  
Janice S. Williamson

by: Lawrence A. Norman  
Lawrence A. Norman

by: Kelli Jo Norman  
Kelli Jo Norman

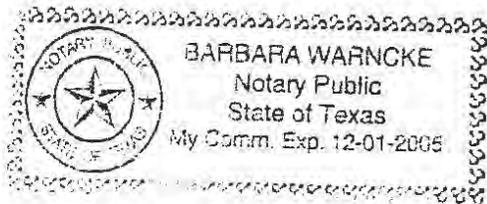
Attachment: *Exhibit A* - Well No. 9 Legal Property Description and Diagram.

STATE OF TEXAS §  
COUNTY OF Guadalupe §

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 13<sup>th</sup> day of Nov., 2004, personally appeared, **Howard Williamson III**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

*Barbara A. Warncke*  
Notary Public in and for the State of Texas



STATE OF TEXAS §  
COUNTY OF Guadalupe §

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 13<sup>th</sup> day of Nov., 2004, personally appeared, **Janice S. Williamson**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

*Barbara A. Warncke*  
Notary Public in and for the State of Texas



STATE OF TEXAS

COUNTY OF Brewer

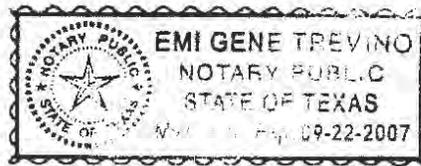
10/15/07

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15<sup>th</sup> day of November, personally appeared, **Lawrence A. Norman**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Emi G Trevino

Notary Public in and for the State of Texas



STATE OF TEXAS

COUNTY OF Brewer

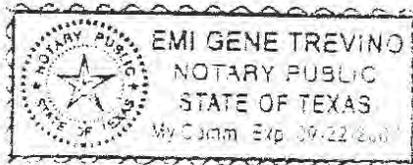
10/15/07

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on the 15<sup>th</sup> day of November, personally appeared, **Kelli Jo Norman**, known to me to be the person whose name is subscribed to the foregoing Ingress and Egress Easement and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Emi G Trevino

Notary Public in and for the State of Texas



WELL NO. 9  
1.00 ACRE

BEING 1.00 ACRE OF LAND MORE OR LESS OUT OF THE JOSE DE LA BAUME SURVEY, ABSTRACT NO. 34, GONZALES COUNTY, TEXAS AND OUT OF A TRACT OF LAND KNOWN AS FIRST TRACT RECORDED IN VOLUME 260, PAGE 173, DEED RECORDS, GONZALES COUNTY, TEXAS. SAID 1.00 ACRE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at a ½" iron pin set with a "BMWD" cap, for the southeast corner of this tract. Said southeast corner being N 87° 11' 35" W, 5122.47 feet from a fence corner at the southeast corner of First Tract.

THENCE S 88° 50' 46" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the southwest corner of this tract.

THENCE N 01° 09' 14" W, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northwest corner of this tract.

THENCE N 88° 50' 46" E, 208.71 feet to a ½" iron pin set with a "BMWD" cap, for the northeast corner of this tract.

THENCE S 01° 09' 14" E, 208.81 feet to the POINT OF BEGINNING.

The bearings recited herein are based on a G. P. S. observation Texas South Central Zone.

Surveyed by me on the ground this 3<sup>rd</sup> day of September, 2004 A. D.

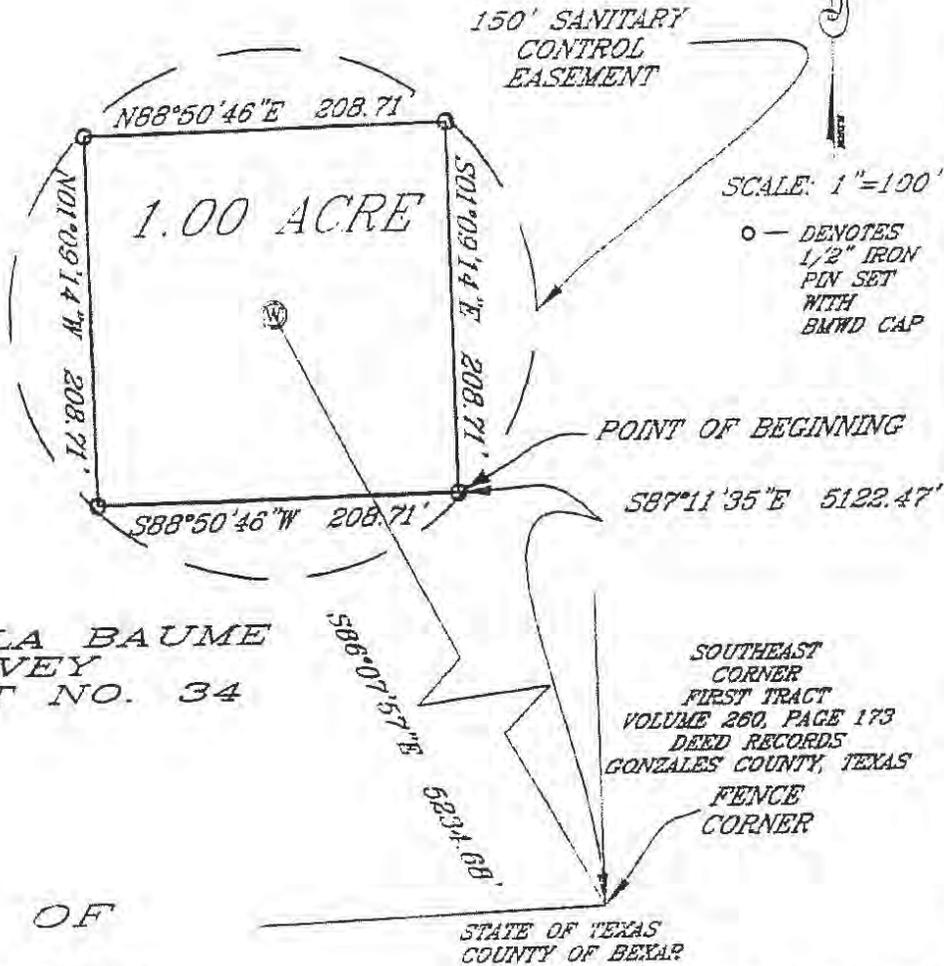


David L. Potter  
Registered Professional Land Surveyor



EXHIBIT  
 OF  
 WELL NO. 9  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 34, GONZALES COUNTY, TEXAS

FIRST TRACT  
 VOLUME 260, PAGE 173  
 DEED RECORDS  
 GONZALES COUNTY, TEXAS



JOSE DE LA BAUME  
 SURVEY  
 ABSTRACT NO. 34

SURVEY OF  
 1.00 ACRE  
 JOSE DE LA BAUME SURVEY  
 ABSTRACT NO. 34  
 GONZALES COUNTY, TEXAS

REFERENCE: FIRST TRACT  
 VOLUME 260, PAGE 173  
 DEED RECORDS  
 GONZALES COUNTY, TEXAS

I HEREBY CERTIFY THAT THE ABOVE PLAT IS TRUE AND CORRECT ACCORDING TO AN ACTUAL SURVEY MADE BY THE SURVEYOR UNDER MY SUPERVISION.

THIS 3RD DAY OF SEPTEMBER 2009 A.D.  
 DAVID L. POTTER  
 1754  
 DAVID L. POTTER - REGISTERED PROFESSIONAL LAND SURVEYOR

BASED OF BEARING - G.P.S SURVEY - TEXAS SOUTH CENTRAL ZONE



ADMINISTRATIVE OFFICE, 2047 W. MARLAND AVE  
 P.O. BOX 1677  
 SAN ANTONIO, TEXAS 78211-0677  
 PHONE NO. (214) 361-6500  
 FAX NO. (214) 322-5152

BEXAR METROPOLITAN WATER DISTRICT

OFFICE CENTER, 3055 E. WALTON AVE  
 SAN ANTONIO, TEXAS 78222-1000  
 PHONE NO. (214) 384-3400  
 FAX NO. (214) 384-6531

EXECUTED IN 5 (FIVE)  
DUPLICATE ORIGINALS  
\_\_\_\_\_ OF 5

# AGREEMENT

BETWEEN

BEXAR METROPOLITAN WATER DISTRICT

AND

HOWARD WILLIAMSON III,  
JANICE S. WILLIAMSON,  
LAWRENCE A. NORMAN, AND  
KELLI JO NORMAN

*Executed Copy*

FILE COPY

SCANNED

**AGREEMENT**  
**BETWEEN**  
**BEXAR METROPOLITAN WATER DISTRICT**  
**AND**  
**HOWARD WILLIAMSON III,**  
**JANICE S. WILLIAMSON,**  
**LAWRENCE A. NORMAN, AND**  
**KELLI JO NORMAN**

This Agreement is entered into as of the date reflected on the signature page, by and between **BEXAR METROPOLITAN WATER DISTRICT ("Bexar Met")**, and **MR. AND MRS. HOWARD WILLIAMSON III (JANICE S. WILLIAMSON) AND MR. AND MRS. LAWRENCE A. NORMAN (KELLI JO NORMAN)**(the "**Williamsons and Normans**," or alternatively, the "**Landowners**"), their heirs, successors, and assigns, (collectively, the "**Parties**") for the purposes and mutual benefits to be derived by the Parties as described herein.

**I.**  
**RECITALS**

**WHEREAS**, Bexar Met is a governmental agency of the State of Texas, a water conservation district and a body politic and corporate, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas, and Texas Revised Civil Statutes Articles 8280-126, as amended, and the applicable general laws of the State of Texas. Bexar Met is engaged primarily in the service of the acquisition, development, treatment and delivery of water to its customers to accomplish its legislative purposes. Bexar Met enters into this Agreement to further the public purposes for which the district was created, and to coordinate with Canyon Regional Water Authority to promote regional efforts at water resource management, in furtherance of S.B. 1, 75th Leg., ch. 1010.

**WHEREAS**, both Parties to this Agreement understand that the relationship between Bexar Met and the Williamsons and Normans shall not be deemed a partnership or a joint venture, but rather couples contractual obligations with shared land interests concerning ownership of well sites and transfer of property interest in groundwater. The Parties recognize that the current existing laws of the State of Texas support the free alienability of, and conveyances of, property interests in groundwater and in the well sites herein and the contractual provisions herein, and that no subsequent laws can abridge these conveyances and agreements.

**WHEREAS**, the Williamsons and Normans recognize Bexar Met's expertise in water development, treatment, and supply, and recognizes the advantage of entering into this Agreement

with Bexar Met to support the Williamsons' and Normans' interests in maximizing its investment in its land holdings, and to further benefit from Bexar Met's installation of electric lines and supply of water.

**NOW THEREFORE**, in consideration of the mutual promises, obligations, and benefits to be derived by the Parties pursuant to this Agreement, and Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by the Parties, each Party evidences agreement as follows:

## **II. AGREEMENTS**

### **1. Grant.**

- a. **Surface and Subsurface Estate Lease.** The Landowners, in consideration of Ten Dollars in hand paid or the royalties herein provided, and of the agreements of Bexar Met hereinafter contained, hereby grant, lease, and let unto Bexar Met that surface and subsurface estate for the sole and only purpose of exploring, investigating, conducting geologic, hydrogeologic, and geophysical surveys and tests, drilling, operating for, and producing groundwater, storing groundwater, transporting groundwater, laying waterlines and electric lines, installing metering devices, building storage tanks, power stations, telephone lines, roads, and structures thereon which are necessary and useful in Bexar Met's operations to produce, save, care for, measure, store, treat, and transport said groundwater from the lands leased hereunder only, to interconnect with Bexar Met's system, and to obtain access for ingress and egress, and to conduct those activities described herein over this land situated in Gonzales County and Guadalupe County, State of Texas, and more particularly described herein at Exhibit A ("Legal Description of Property")(the "Property").

Landowners agree to grant recordable easements from time to time as needed and as provided for in this Agreement, and shall not unreasonably withhold approval and granting of any easements required herein.

Bexar Met shall bury all waterlines below ordinary plow depth on actively cultivated lands, and no well shall be drilled within 100 (one hundred) feet of any residence or barn existing on land at this date, and likewise Landowners covenant and agree that no residence or barn may be built within 100 (one hundred) feet of a well, road, or other Bexar Met facility then existing. Bexar Met hereby covenants and agrees to repair any damage Bexar Met causes to Landowners' property, within a reasonable time from the time the damage is done, to restore Landowners' property as nearly as possible to its original condition.

In the event Bexar Met conducts an Aquifer Storage and Retrieval project ("ASR Project") involving the Property which is the subject of this Agreement, the Parties

agree that this ASR Project will be subject to separate negotiation as to payment for production royalties or any consideration therefor over lands owned by Landowners.

For the purpose of determining the amount of any royalty or other payment hereunder tied to total acreage, said lands shall be deemed to contain 4511.24 ( \_\_\_\_\_ thousand) acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

If the Landowners own an interest less than the entire fee estate above-stated, then royalties, rentals, and other monies herein provided for shall be paid to Landowners only in the proportion which Landowners' interest bears to the entire fee estate. The Landowners recognize that Bexar Met is tax exempt. Landowners are responsible for their own taxes, with one exception, as set forth in Para. 1(b).

- b. If the Landowners' property has received "qualified use" status pursuant to §2032A of the Internal Revenue Code prior to executing this Agreement, then the Landowners shall be eligible for the exception stated in this Paragraph. In the event the Internal Revenue Service determines that the activities authorized by this Agreement are not a qualified use of the property pursuant to the §2032A(b)(2) of the Internal Revenue Code and recapture taxes are subsequently levied pursuant to §2032A(c), then Bexar Met agrees to pay recapture taxes assessed against each Well Site. If recapture taxes are assessed against the entire property described under Para. 1(a), the Parties agree that Bexar Met will be held liable only for payment of a fraction of recapture taxes calculated by dividing the total Well Site and/or Sanitary Easement acreage by total leased acreage leased pursuant to this Agreement, and described at Para. 1(a).
- c. Sanitary Easement. The Landowners hereby agree to grant unto Bexar Met, for the consideration herein recited, a recordable sanitary easement from time to time, which shall include each one-acre well site, the primary purpose which is to provide Bexar Met with certain areas to construct water pumps, connect water lines, and install other related infrastructure. The Landowners and their heirs, successors, or assigns shall not conduct any activities which conflict with Bexar Met's use of this easement. Both Parties agree that the purpose of this easement is to protect the quality of Bexar Met's water as it is pumped from the ground and transported away from the property, and that the Landowners are prohibited from installing or constructing any feedlot or poultry facility, septic, sewage-related, or other infrastructure which would impair the quality of the groundwater from its natural state or condition as treated on the Landowners' lands.
- d. Well-Site Transfers. The Landowners, for the same consideration recited herein above and additional consideration set forth in this Subparagraph, hereby agree to grant and convey unto Bexar Met an undivided joint fee simple determinable

interest in a one acre tract surrounding each well-site, including all groundwater rights, but excluding any and all mineral estate, for 5 (five) years and a 2 (two) year option period, if applicable, and as long thereafter as groundwater is produced from said lands, and the royalties or shut-in payments are paid as provided, or a saving clause is triggered. The Parties hereby covenant and agree to jointly select Well Sites, subsequent to execution of this Agreement but within 21 (twenty-one) years from the date of execution of this Agreement, to satisfy Article I, Section 26, of the Texas Constitution. Both Parties agree that neither will unreasonably withhold agreement as to Well Site location or quantity of Well Sites. The Landowners agree that Bexar Met is hereby authorized to develop and maximize, to Bexar Met's benefit, the maximum quantity of wells which can be drilled and remain on the Property as authorized by Rule 12 of the Gonzales County Underground Water Conservation District effective at the time of execution of this Agreement ("District Rule 12"), and a well-spacing plan as long as the plan is consistent with District Rule 12, and is consistent with the agreement between the Parties under this Subparagraph to allow for the Landowners' existing uses of the Property, and Landowners' existing wells. Further, to effectuate the provisions of this Subparagraph, from time to time, Bexar Met shall pay for surveying and hydrogeologic studies, recording of the deed, and expenses of regulatory approvals. The Parties recognize that the additional independent and valuable consideration set forth in this Subparagraph further supports the agreements in this Subparagraph.

e. Groundwater. The Landowners, for the consideration herein provided, and of the agreements of Bexar Met hereinafter contained, hereby grant unto Bexar Met all groundwater, from any and all formations, that may be produced from said lands described in Para. 1(a), such production restricted only by applicable statute, regulation, and common law, for 5 (five) years and a 2 (two) year option period, if applicable, and as long thereafter as groundwater is produced from said lands, and the royalties or shut-in payments are paid as provided, or a saving clause is triggered. The Landowners agree that title to the groundwater is vested exclusively in Bexar Met as long as water is produced and the royalties or shut-in payments are made, or a saving clause is triggered, and that all historical usage and permits accrue and are assigned exclusively to Bexar Met except as provided under Subparas. 1(e)(i) and 1(e)(ii). Production means and is defined throughout this Agreement as any actual pumpage and withdrawal of groundwater from any one well on the Property. The Landowners agree and covenant not to contest Bexar Met's exclusive ownership of this groundwater. The Landowners agree not to compete with Bexar Met's water development and supply activities, and agree not to install or construct any wells which draw from the same water formation as Bexar Met, with the following exceptions:

- i. The Landowners may drill a well to construct a lake, pond, or livestock tank; and
- ii. The Landowners may drill a well for domestic, livestock, or irrigation

purposes for use on the Property only, and not commercial or industrial purposes.

If the Landowners develop water under exceptions 1(e)(i) or 1(e)(ii), the Landowners agree not to sell or deliver this water to a third party. The Landowners shall ensure that their use does not impair the water quality of the respective formation. The Landowners are prohibited from using the water under either exception if one purpose of the use is to affirmatively cause injury to Bexar Met. The Landowners covenant and agree not to assert a cause of action in adverse possession or a like cause based on groundwater withdrawals hereunder.

2. Term. Subject to the other provisions hereof, this Agreement shall be for a term of five years from this date and a two year option period, if applicable, and as long thereafter as groundwater is produced from said lands and the royalties are paid, or shut-in payments are paid as provided, or a saving clause is triggered. The Parties recognize and agree that this Agreement conveys a fee simple determinable in groundwater.

3. 5-Year Option Fee.

a. Option Fee.

i. Conditional Payment. In lieu of any other payments Bexar Met hereby covenants to pay annually \$5.00 (five dollars) per acre for the first year of this Agreement (the "Option Fee") on condition that Subpara. 3(b) is not triggered. Thereafter, for the second, third, fourth, and fifth year of this Agreement, Bexar Met hereby covenants to pay annually an Option Fee in the amount of \$3.00 (three dollars) per acre in lieu of any other payments, on condition that Subpara. 3(b) is not triggered.

ii. One-Time Payment. If the drilling / production permit(s) is/are secured during the first, second, or third 12-month periods following execution of this Agreement, the Option Fee for that specific year that the permit(s) is/are issued will be increased according to the following schedule:

a. First 12-Month Period of Agreement: \$2.00 per acre

b. Second 12-Month Period of Agreement: \$1.50 per acre

c. Third 12-Month Period of Agreement: \$1.00 per acre

This portion of the Option Fee is not subject to a condition or credit pursuant to Para. 3(b) herein.

iii. Bexar Met agrees to increase the annual Option Fee according to the following schedule, depending upon whether the drilling/production

permit(s) is/are secured during the first, second or third 12-month period following execution of this Agreement:

- a. First 12-Month Period of Agreement: \$2.00 incremental increase per acre for years 2 - 5
- b. Second 12-Month Period of Agreement: \$2.00 incremental increase per acre for years 3 - 5
- c. Third 12-Month Period of Agreement: \$2.00 incremental increase per acre for years 4 - 5

This portion of the Option Fee is not subject to a condition or credit pursuant to Para. 3(b) herein.

- b. Condition. Upon receipt of a permit to withdraw, produce, and transport groundwater by the Landowners and/or Bexar Met, and Bexar Met's production of water, the Option Fee under Para. 3(a)(i) will discontinue effective that first date of Production. The Landowners will allow a credit in favor of Bexar Met toward Royalty Payment in the amount of the prorated Option Fee for the remainder of the 12-month period in which production is made, and the Option Fee is therefore rendered unnecessary.
- 4. Duty to Develop. Once production commences under this Agreement, Bexar Met shall be under a duty to continue to develop production from each existing well, as economically feasible, and on the condition that a market continues to exist for the groundwater, and legal restrictions are not imposed. The Landowners agree and covenant that Bexar Met's duty to develop is met if Bexar Met pumps at 1/3 (one-third) capacity of the average daily withdrawal of water from existing wells on the Property, excluding wells designated as back-up wells. The Parties agree that the average daily withdrawal shall be calculated by taking the average of daily withdrawals during the immediately preceding 365 (three hundred sixty-five) day period.
  - 5. Development Costs. Bexar Met hereby assumes responsibility for its own development and producing operations and permitting costs. Upon request, Bexar Met agrees to provide the Landowners copies of geologic, hydrogeologic, and geophysical studies conducted on the Property.
  - 6. Regulatory Approvals. With respect to regulatory approvals required to effectuate the purposes of this Agreement, whenever this Agreement requires approval, or consent to be hereafter given by either Party, each agrees that such approval or consent shall not be unreasonably withheld or delayed.

7. Royalty. Bexar Met agrees to make payment to the Landowners in an amount of \$35.00 (thirty-five dollars) per year for each permitted acre foot of groundwater produced (the "Royalty"), such Royalty as may be adjusted from time to time pursuant to Para. 8 below. Both the Landowners and Bexar Met acknowledge that this Royalty payment shall not be deducted for any development, transmission, or production costs, or any other costs incurred by Bexar Met to produce, store, and market the groundwater. The Parties both understand that production may be restricted by applicable statute or regulation. The Landowners shall have the right to inspect or designate an agent to inspect production records and measuring devices. This right of inspection may be exercised periodically, upon reasonable notice to Bexar Met, or wherever said records may be kept.
  
8. Royalty Adjustment. The Royalty shall be increased by the annual percentage increase in the Annual Consumer Price Index for Urban Wage Earners as calculated and published by the U.S. Department of Labor as of the annual anniversary of this Agreement (the "Annual CPI Multiplier"). If the Annual CPI Multiplier is relatively excessive in any one year such that it has risen disproportionately to Bexar Met's costs and/or revenues, and does not accurately reflect Bexar Met's industry costs, then Bexar Met shall document such relevant statistics that are not represented within the Annual CPI Multiplier increases/decreases, and may factor these costs into the proposed adjustment. The Landowners shall have a reasonable time, not to exceed 30 (thirty) calendar days, to review Bexar Met's proposed Royalty adjustment, request and secure documentation related to cost evaluation, and initiate negotiations with respect to Bexar Met's proposed Royalty adjustment. At five year intervals, commencing on the first fifth anniversary date of execution of this Agreement, the Landowners shall have the right to forego the Annual CPI Multiplier adjustment and, alternatively, adjust the Royalty to an amount representing the "Market Standard," which the Parties agree will be established by calculating the weighted average rate of the treated wholesale water sold by Bexar Metropolitan Water District, Canyon Regional Water Authority, and the Guadalupe-Blanco River Authority within Bexar County and surrounding counties during the immediately preceding 12 (twelve) months of the anniversary (the "Weighted Average Rate"). The Parties agree and covenant that the adjustment of the Royalty pursuant to the Market Standard under this Agreement shall never result in a Royalty which exceeds 7% (seven percent) of the Weighted Average Rate. The Parties shall be under a duty to agree on an increase and, if a mutual agreement on increased/decreased cost is not possible within 30 (thirty) days of receipt of any additional data requested by the Landowners from Bexar Met, then each Party shall immediately select and appoint a representative which shall agree to a third party to aid in resolving the difference in costs that may be in dispute. The respective Party representatives shall have a duty to agree on a third party person and the three persons shall, by majority recommendation, make a finding as to any increase/decrease in Royalty that is then deemed appropriate. Such final results shall be final and binding on Bexar Met and the Landowners. The Parties agree that a Texas District Court may enforce by mandamus the terms of this section as set forth herein with respect to compelling the affirmative duties of the Parties, including the appointment of the third party.

9. Payment Terms. The payments contemplated within this Agreement shall begin on the execution date of this Agreement, as applicable, and then immediately upon commencement of production, as applicable. Bexar Met shall pay the Landowners, not later than the 15th working day of the annual anniversary date of this Agreement's execution date, or the commencement date of production, whichever date is applicable to the respective payment. Bexar Met shall make each annual payment to 50% to American National Bank Acct # 06007864 (Williamson) and 50% to Charles Schwab Acct # SO 4870-6990 (Norman) (the "Depository Bank(s)"), as may be changed from time to time by written agreement of the Parties. If Bexar Met fails to make payment when due, the Landowners shall provide notice to Bexar Met in writing that Bexar Met has 30 (thirty) days to remedy the breach of payment terms. In the event Bexar Met fails to make payment by the 30-day deadline set forth in the notice under this paragraph, the Landowners may then immediately terminate this Agreement.
10. Entire Agreement. The provisions set forth in this Agreement shall constitute the entire agreement and understanding between the Parties, and Bexar Met shall not be bound to comply with any covenants, express, implied, or otherwise, not expressly set forth in this Agreement, or provided for in writing and executed by both Parties.
11. Title. The Landowners hereby agree to defend title to the property the subject of this Agreement and agree that Bexar Met, at its option, may discharge any tax, mortgage, lien, or any other cloud upon said land. In the event Bexar Met does so, it shall be subrogated to such lien with right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same.
12. Production Delay/Extension. If no groundwater production has commenced by the expiration of the 5-Year Option Period, then Bexar Met may pay an Extension Fee (the "Production Delay Fee") which represents consideration for maintaining this Agreement until permits are secured and production commences. Upon commencement of production, both Parties agree that Para. 2 of this Agreement ("Term") shall take effect, allowing the Agreement to continue as long as production continues.
- a. Production Delay Fee. The fee shall amount to 10% (ten percent) of the Royalty payment, and the Parties agree that this fee will be calculated at the rate of two-acre feet per acre of realty per year, prorated for only the period during which no production is available.
- b. Right to Terminate. If no groundwater production has commenced by the 60th (sixtieth) month of this Agreement, the Landowners agree to extend the Agreement at Bexar Met's sole discretion for an additional 24-Month Period, as long as Bexar Met makes payment for the Production Delay Fee. Upon expiration of this additional 24-Month Period without groundwater production, the Landowners, at their sole discretion, may choose not to extend the Agreement.

13. Shut-In Fee.
- a. Applicable Period. This provision for Shut-In Fee payment applies (i) after the initial 5-year term, even if production commenced for the first time during the initial 5-year term; and (ii) after the 2-year extension period if production did not commence during the initial 5-year term, but did commence during the 2-year extension period. The Parties recognize and agree that this Agreement is effective during the initial 5-year term and, if applicable, the 2-year extension period, regardless of production, as long as the payments are made as provided, and that Shut-In Fees are unnecessary during these periods.
  - b. Shut-In Fee Payment. If, after production has commenced, Bexar Met ceases to produce groundwater during the applicable periods as set forth in Para. 13(a), for any reason, including but not limited to restrictions imposed by law or lowering of the water table, and this cessation of production occurs after the initial 5-year term, or 2-year extension pursuant to Para. 12 herein, Bexar Met has the sole option to make payments of 10% (ten percent) of the Royalty payment for a period up to 18 (eighteen) months, and the Parties agree that this fee will be calculated at the rate of two-acre feet per acre of realty per year, prorated for only the period during which no production is available, to maintain the effectiveness of this Agreement. Alternatively, Bexar Met may make payments at 100% (one-hundred percent) of the Royalty payment for an unlimited period, and the Parties agree that this fee will be calculated at the rate of two-acre feet per acre of realty per year, prorated for only the period during which no production is available, to maintain the effectiveness of this Agreement.
14. Saving Clause. If production ceases for any reason after the 5-year term and 2-year extension, this Agreement shall not terminate if Bexar Met commences operations for drilling or reworking within 90 (ninety) days after the cessation of such production, and the Agreement shall remain in force and effect for so long thereafter as Bexar Met shall conduct drilling or reworking operations with no cessation of more than 90 (ninety) consecutive days until production results, and if production results, for so long thereafter as groundwater is produced, or shut-in payments are made as provided herein.
15. Termination. Bexar Met shall have the right to remove all surface and subsurface equipment, and shall remove all surface equipment, at anytime during or within 1 (one) year after the termination of this Agreement, and the surface shall be restored as nearly as possible to its original condition. Any well drilled by Bexar Met on said land requiring plugging shall be plugged in accordance with the applicable rules and regulations.
16. Assignment. The rights of either Party hereunder may be assigned in whole or in part and the provisions hereof shall extend to all successors and assigns. No assignment by the Landowners shall be binding on Bexar Met until Bexar Met receives, at its principal place of business, certified copies of instruments constituting the chain of title from the original Landowners. This Agreement shall be binding upon and inure to the benefit of the Parties

to this Agreement and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns. An assignment of this Agreement by Bexar Met, in whole or in part, shall, to the extent of such assignment, relieve and discharge Bexar Met of all obligations hereunder.

17. Indemnity. To the extent authorized by law, each Party shall indemnify against, and hold the other Party harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including reasonable attorneys' fees, arising out of, connected with, or resulting from the use herein provided, including without limitation the exploring, drilling, taking, delivery, possession, use, operation, or return of the water, or related to activities conducted on the Property, easements, or Well Sites, provided such claim is not caused in whole or in part by the other party's negligence. This indemnity is made by the party acting, pursuant to the terms of this Agreement, and shall be for the benefit of the non-acting party.

18. Insurance Required of Third Parties.

a. Prior to any construction which benefits the purposes of this Agreement, the builder, its contractor(s) and subcontractor(s) shall deliver to the Landowners evidence of Auto and General Liability Coverage. The insurance referenced under this Subparagraph shall be obtained at the sole cost of builder, its contractor(s), and subcontractor(s), and shall name the Landowners and Bexar Met as additional insureds, and protect the Landowners and Bexar Met against any and all liability for injury to or death of a person or persons, and for damage to or destruction of property occasioned by or arising out of or in connection with builder's construction, whether execution of the construction arises by the builder, its contractor(s), or subcontractor(s), or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Additionally, notice that said insurance carriers are licensed to sell insurance in the State of Texas and have designated Texas agent(s) to receive notices required pursuant to the policies shall be delivered to the Landowners.

b. The limits of Auto and General Liability coverage insurance policy or policies described under this section, and required of the builder, its contractor(s) and subcontractor(s), shall be in an amount not less than \$500,000.00 per individual and \$1,000,000.00 per occurrence, and an amount of not less than \$1,000,000.00 in respect to property damaged or destroyed in any one occurrence. Said Auto and General Liability coverage insurance policy or policies and certificates of insurance shall contain a cancellation clause which will allow cancellation by Builder, its contractor(s), and subcontractor(s), only after 30 (thirty) days prior written notice to the Landowners and Bexar Met.

19. Liability and Reimbursement. Each Party shall have the right to collect from the other all reasonable costs and expenses, including reasonable attorneys' fees, incurred by a successful Party in exercising or enforcing any of its rights or remedies hereunder or in

enforcing any of the terms, conditions, or provisions of this Agreement in a court of law.

20. Modification. The provisions of this Agreement may be modified or altered only by written agreement of all of the Parties.
21. Force Majeure. If performance by either Party hereunder is prevented by reason of any act of God, strike, governmental restriction or regulation, or interference, fire, tornado, or other casualty, or any other force majeure beyond the control of Bexar Met and/or the Landowners, the other Party agrees to grant the non-performing Party a reasonable time to take action to overcome the force majeure and resume performance of the duties hereunder.
22. Invalidation. If any provision herein is held by a court of competent jurisdiction to be invalid, unenforceable, or illegal in any respect, this invalidity, unenforceability, or illegality shall not operate to terminate the entire Agreement, and the other provisions shall remain effective, and the court shall declare the remaining provisions intact.
23. Remedies. Unless a particular remedy procedure is set forth subsequently for any default under the Agreement or its subsequent memoranda, the Parties hereto shall have available to them all remedies at law or in equity.
24. No Additional Waiver Implied. No waiver(s) of any breach or default(s) by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.
25. Addresses and Notice. Service of all notices under this agreement shall be sufficient if given personally or by certified mail to the Party involved at its respective address set forth below, or at such address as such Party may provide in writing from time to time. Any such notice mailed to such address shall be effective when deposited in the United States mail, certified, duly addressed, and with postage prepaid.

**IF TO THE LANDOWNERS to:**

Howard Williamson III  
P.O. Box 81  
Leesville, Texas 78122  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IF TO BEXAR MET, to:**

Bexar Metropolitan Water District  
Attention: General Manager/CEO  
P.O. Box 3577  
San Antonio, Texas 78211-0577

26. Captions. All titles of the sections of this Agreement have been inserted for convenience of reference only and are not considered a part of this Agreement and in no way shall they affect the interpretation of any provisions of this Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be duly executed, upon lawful approval and authority, in multiple counterparts, each of which shall constitute an original, signed this 1 day of MARCH, 1999.

**LIST OF EXHIBITS:**

**EXHIBIT A - Legal Description of Property**

by: Howard W. Williamson III  
Howard Williamson III

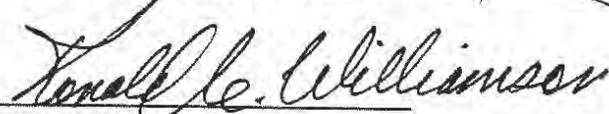
by: Janice S. Williamson  
Janice S. Williamson

by: Lawrence A. Norman  
Lawrence A. Norman

by: Kelli Jo Norman  
Kelli Jo Norman

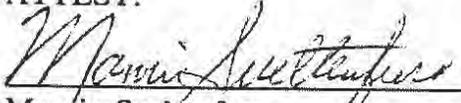
Bexar Metropolitan Water District

by:



Ronald C. Williamson  
President, Board of Directors

ATTEST:



Marvin Sueltenfuss  
Secretary, Board of Directors

DATED: \_\_\_\_\_

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Gonzales

Before me, the undersigned authorities in and for said County and State, on this 1 day of March, 1999, personally appeared Howard Williamson III, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 1 day of March, 1999.



Liz Keyser  
Notary Public

My Commission Expires: 8-12-2000

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Gonzales

Before me, the undersigned authorities in and for said County and State, on this 1 day of March, 1999, personally appeared Janice S. Williamson, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 1 day of March, 1999.



Liz Keyser  
Notary Public

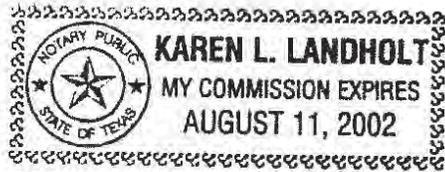
My Commission Expires: 8-12-2000

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Bexar

Before me, the undersigned authorities in and for said County and State, on this 2<sup>nd</sup> day of March, 1999, personally appeared Lawrence A. Norman, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 2<sup>nd</sup> day of March, 1999.



Karen L Landholt  
Notary Public

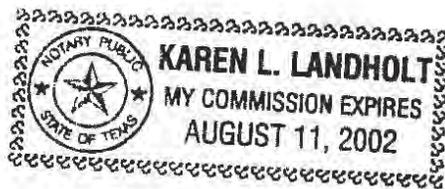
My Commission Expires: 8/11/02

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Bexar

Before me, the undersigned authorities in and for said County and State, on this 2<sup>nd</sup> day of March, 1999, personally appeared Kelli Jo Norman, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 2<sup>nd</sup> day of March, 1999.



Karen L Landholt  
Notary Public

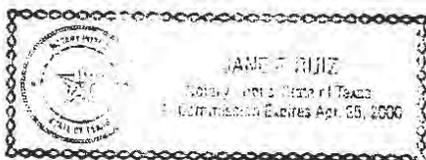
My Commission Expires: 8/11/02

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Bexar

Before me, the undersigned authorities in and for said County and State, on this 12<sup>th</sup> day of March, 1999, personally appeared Ronald C. Williamson, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 12<sup>th</sup> day of March, 1999.



Jane P. Ruiz  
Notary Public

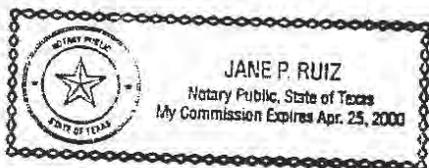
My Commission Expires: 4-25-00

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Bexar

Before me, the undersigned authorities in and for said County and State, on this 12<sup>th</sup> day of March, 1999, personally appeared Marvin Sueltenfuss, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 12<sup>th</sup> day of March, 1999.



Jane P. Ruiz  
Notary Public

My Commission Expires: 4-25-00

**EXHIBIT A**

**Legal Description of Property**

Description of property in Guadalupe and Gonzales Counties, Texas,  
appearing in the names of Howard Williamson, III, and Kelli Jo Norman.

4511.24 acres, more or less

3872.48 acres, more or less; and

314.11 acres, more or less, described in Deed of Correction dated  
September 1, 1995, executed by Howard Williamson, III, and  
wife, Janice Williamson, to Kelli Jo Norman, recorded in volume  
757, page 120, Official Records of Gonzales County, Texas;

240 acres, more or less, described in Warranty Deed dated January 20,  
1975, executed by Howard Williamson, III, and Kelli Jo  
Williamson, recorded in volume 407, page 547, Official Records  
of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated December 5,  
1987, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 609, page 26, Official Records  
of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated January 16,  
1988, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 611, page 160, Official  
Records of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated January 28,  
1989, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 627, page 840, Official  
Records of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated February 10,  
1990, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 643, page 742, Official  
Records of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated January 18,  
1991, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 673, page 903, Official  
Records of Gonzales County, Texas.

4826.59 acres, more or less

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Less 315.35 acres, more or less, described in Warranty Deed dated August 10,  
1995, executed by Howard Williamson, III, et. al, to John M.  
Golden, recorded in volume 1159, page 0419, Official Records  
of Guadalupe County, Texas

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4511.24 acres, more or less

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**2004 REVISED**  
**AGREEMENT**  
**BETWEEN**  
**BEXAR METROPOLITAN WATER DISTRICT**  
**AND**  
**HOWARD WILLIAMSON III,**  
**JANICE S. WILLIAMSON,**  
**LAWRENCE A. NORMAN, AND**  
**KELLI JO NORMAN**

**2004 REVISED AGREEMENT**  
**BETWEEN**  
**BEXAR METROPOLITAN WATER DISTRICT**  
**AND**  
**HOWARD WILLIAMSON III,**  
**JANICE S. WILLIAMSON,**  
**LAWRENCE A. NORMAN, AND**  
**KELLI JO NORMAN**

This *Revised Agreement* is entered into as of the date reflected on the signature page (the Effective Date), by and between **BEXAR METROPOLITAN WATER DISTRICT** (“**Bexar Met**”) its successors, and assigns, and **MR. AND MRS. HOWARD WILLIAMSON III (JANICE S. WILLIAMSON) AND MR. AND MRS. LAWRENCE A. NORMAN (KELLI JO NORMAN)**(the “**Williamsons and Normans,**” or **alternatively and collectively, the “Landowners**”), their heirs, successors, and assigns, (collectively, the “**Parties**”) for the purposes and mutual benefits to be derived by the Parties as described herein. This Revised Agreement supercedes and replaces all prior written documents and negates any oral agreements, whatsoever.

**I.**  
**RECITALS**

**WHEREAS**, Bexar Met is a governmental agency of the State of Texas, a water conservation district and a body politic and corporate, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas, and Texas Revised Civil Statutes Articles 8280-126, as amended, and the applicable general laws of the State of Texas. Bexar Met is engaged primarily in the service of the acquisition, development, treatment and delivery of water to its customers to accomplish its legislative purposes. BexarMet enters into this Revised Agreement to further the public purposes for which the district was created, and to coordinate with Canyon Regional Water Authority to promote regional efforts at water resource management, in furtherance of S.B. 1, 75th Leg., ch. 1010, [SB 2, 76<sup>th</sup> Leg. and SB 1477, requiring statutory reductions in Edwards pumping].

**WHEREAS**, all Parties to this Agreement understand that the relationship between Bexar Met and the Landowners shall not be deemed a partnership or a joint venture, but rather an arrangement which couples contractual obligations with shared land interests concerning ownership of well sites and transfer of property interest in groundwater. Landowners recognize that BexarMet’s retail customers are situated outside of Guadalupe and Gonzales Counties, Texas, and that all groundwater produced from said property may be exported to BexarMet’s retail service area(s). The Parties recognize that the current existing laws of the State of Texas support the free alienability of, and conveyances of, property interests in groundwater and in the well sites herein and the contractual provisions herein, and that no subsequent laws can abridge these conveyances and agreements.

**WHEREAS**, the Landowners recognize Bexar Met's expertise in water development, treatment, and supply, and recognize the advantage of entering into this Revised Agreement with BexarMet to support their interests in maximizing their investment in their land holdings, and to further benefit from Bexar Met's improvements to the property.

**NOW THEREFORE**, in consideration of the mutual promises, obligations, and benefits to be derived by the Parties pursuant to this Revised Agreement, and Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged by the Parties, each Party agrees as follows:

**II.**  
**THIS AGREEMENT CONTROLS**

The parties acknowledge, agree and stipulate that there have been numerous discussions, negotiations, correspondence and writings by and between the parties, their respective agents, and attorneys, including correspondence and applications submitted to groundwater conservation districts. For the purpose of finality, this Revised 2004 Agreement includes and contains all terms, conditions, agreements and covenants between the parties, and necessarily excludes, negates, obviates and supercedes any oral agreements, writings, parol evidence, discussions or provisions made by any person with respect to any subject matter of this contract.

**III.**  
**AGREEMENTS**

1. **Grant.**

- a. **Surface and Subsurface Estate Lease.** The Landowners, in consideration of Ten Dollars in hand paid and/or the royalties herein provided, and of the agreements of Bexar Met hereinafter contained, hereby grant, convey, lease, and let unto Bexar Met that entire surface and subsurface estate for the sole and only purpose of exploring, investigating, conducting geologic, hydrogeologic, and geophysical surveys and tests, drilling, operating for, and producing groundwater, storing groundwater, transporting groundwater, laying waterlines and electric lines, installing metering devices, building storage tanks, power stations, telephone lines, roads, and structures thereon which are necessary and useful in Bexar Met's operations to produce, save, care for, measure, store, treat, and transport said groundwater from the lands leased hereunder only, to interconnect with Bexar Met's system, and to obtain access for ingress and egress, and to conduct those activities described herein over this land situated in Gonzales County and Guadalupe County, State of Texas, and more particularly described herein at *Exhibit A* ("Legal Description of Property")(the "Property"), but subject to the terms and provisions below. The Parties expressly recognize and agree that this Revised Agreement conveys a fee simple determinable in groundwater subject to the provisions of this Revised Agreement.

Landowners agree to grant recordable conveyance instruments and easements from time to time as requested by BexarMet for use in its operations, and provided for in this Revised Agreement. Landowners further agree that they

shall not unreasonably withhold prompt approval, execution and/or granting of same.

Bexar Met shall bury all waterlines below ordinary plow depth on actively cultivated lands, and no well shall be drilled within 100 (one hundred) feet of any residence or barn existing on land at the time of initial drilling of a given well. Landowners covenant and agree that no residence, barn or other improvement will be built within 100 (one hundred) feet of any well, road, or other Bexar Met facility then existing on the property. Bexar Met hereby covenants and agrees to reasonably repair any damage directly caused by BexarMet to Landowners' property and/or to restore Landowners' property as nearly as possible to its original condition, within a reasonable time after notice of damage.

In the event Bexar Met conducts an Aquifer Storage and Retrieval project ("ASR Project") involving the Property which is the subject of this Revised Agreement, the Parties agree that said ASR Project will be subject to separate negotiation as to payment for production royalties or any consideration therefor over lands owned by Landowners.

For the purpose of determining the amount of any royalty or other payment hereunder tied to total acreage, said lands (the "subject property") shall be deemed to contain 4511.24 ( four thousand five hundred eleven and 24/100) acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

If the Landowners own an interest less than the entire fee estate above-stated, then royalties, rentals, and other monies herein provided for shall be paid to Landowners only in the proportion which Landowners' ownership interest bears to the entire fee estate. The Landowners recognize that Bexar Met is exempt from taxes. Landowners, therefore, assume all responsibility for taxes, with one exception, as set forth in Para. 1(b), which relates to the Internal Revenue Service ("I.R.S.") lien, which lien shall be extinguished on or about November 14, 2004, in accordance with the "Option Fee" payment by BexarMet in accordance with Section II(3)(b) of this Revised Agreement.

- b. If the Landowners' property has received "qualified use" status pursuant to § 2032A of the Internal Revenue Code prior to executing this Revised Agreement, then the Landowners shall be eligible for the exception stated in this Paragraph. In the event the Internal Revenue Service determines that the activities authorized by this Revised Agreement are not a qualified use of the property pursuant to the § 2032A(b)(2) of the Internal Revenue Code and recapture taxes are subsequently levied pursuant to § 2032A(c), then Bexar Met agrees to pay recapture taxes assessed against each Well Site. If recapture taxes are assessed against the entire property described under Para. 1(a), the Parties agree that Bexar Met will be held liable only for payment of a fraction of recapture taxes calculated by dividing the total Well Site and/or Sanitary Easement acreage by total leased acreage leased pursuant to this Revised Agreement, and described at Para. 1(a), with the remainder of all such taxes to be paid by the Landowners, or advanced by BexarMet and subject to

reimbursement through off-set/credit as described in Paragraph 9 of this Revised Agreement (contemporaneously with execution of this Revised Agreement).

- c. Easements. Prior to closing on this Revised Agreement, Bexar Met will determine and designate, in writing, those portions of the Property which will be used by Bexar Met for operations upon the property. Landowners hereby agree to grant unto Bexar Met, for the consideration herein recited, all necessary easements upon the areas so designated by Bexar Met to be constructed, the primary purpose which is to provide Bexar Met with certain areas to construct water pumps, connect water lines, and install other related infrastructure during all Option Periods, and thereafter for so long as groundwater is produced from the Property and the royalties or shut-in payments are paid as provided, or a saving clause is triggered. In the event that Bexar Met determines, from time to time, that additional areas of the Property are necessary for well sites and easements for their operations, Bexar Met may designate additional areas as well sites and easements and the Landowners shall promptly execute recordable easement instruments with the terms and conditions provided under this Revised Agreement. The Landowners and their heirs, successors, or assigns shall not conduct any activities which conflict with Bexar Met's operations, or its use of well site(s) and easement(s) upon the property. Both Parties agree that the purpose of the easements conveyed hereunder is to protect the quality of Bexar Met's water as it is pumped from the ground and transported away from the property. For this reason, Landowners acknowledge and agree that they are prohibited from installing or constructing any feedlot or poultry facility, septic, sewage-related, or other infrastructure which would impair the quality of the groundwater from its natural state or condition within 1000 feet of any BexarMet well site.

On the date of closing, Landowners will by and through recordable instruments grant unto Bexar Met easements upon the property for 75 foot wide strips to run between and connect all Well Sites and all areas designated in writing by BexarMet (prior to closing). In accordance with Subparagraph (d), below, BexarMet will designate additional areas of operation, to include points on the boundaries of the Property which are to be connected to Bexar Met's water collection facilities and transmission lines off of the Property for the purposes of this Revised Agreement. Landowners will then promptly execute additional recordable easement documents providing BexarMet with access to such areas. All easements granted under this Revised Agreement shall remain in force and effect during all Option Period(s), and thereafter for so long as groundwater is produced from the Property and the royalties or shut-in payments are paid as provided, or a saving clause is triggered.

- d. Well-Site Transfers. Prior to closing on this Revised Agreement, Bexar Met will determine and designate, in writing, the areas of the Property which will be used by Bexar Met for Well Site(s). The Landowners, for the same consideration recited herein, hereby agree to grant and convey unto Bexar Met an undivided joint fee simple determinable interest in each one acre well site so designated by Bexar Met, including all groundwater rights in and to and associated with each well-site, but excluding any and all mineral estate, for so

long as groundwater is produced from said lands and the royalties or shut-in payments are paid as provided, or a saving clause is triggered. In the event Bexar Met reasonably determines, from time to time, additional Well-Sites are necessary for the purposes of this Revised Agreement, Bexar Met may designate additional areas as Well Sites and/or areas of operation, and the Landowners shall promptly execute a recordable well site conveyance instrument(s) with the terms and conditions provided under this Revised Agreement. The Parties hereby covenant and agree to jointly select each additional Well Site, subsequent to execution of this Revised Agreement but within 21 (twenty-one) years from the date of execution of this Revised Agreement, to satisfy Article I, Section 26, of the Texas Constitution. Both Parties agree that neither will unreasonably withhold agreement as to Well Site location or quantity of Well Sites. The Landowners agree that Bexar Met is hereby authorized to develop and maximize, to Bexar Met's benefit, the quantity of wells and groundwater services which can be drilled and remain on the Property, limited only by applicable well and spacing regulations of the Gonzales County Underground Water Conservation District ("GCUWCD") and/or Guadalupe County Groundwater Conservation District ("GCGCD") effective at the time of execution of this Revised Agreement. The parties further agree that BexarMet shall have sole discretion in the design, format and layout of any well-fields and access road easements and utilities easements necessary to provide service on the property, so long as such well-field design is consistent with applicable GCUWCD and GCGCD regulations, and the other provisions of this Revised Agreement including but not limited to allowing for the Landowners' existing uses of the Property and existing wells and any future use(s) that does not interfere with Bexar Met's operations under this Revised Agreement and the drilling and extracting of groundwater as provided below. Further, to effectuate the provisions of this Subparagraph, from time to time, Bexar Met shall pay for surveying and hydrogeologic studies, recording of the easements, and expenses of regulatory approvals. The Parties recognize that the additional independent and valuable consideration set forth in this Subparagraph further supports the agreements in this Subparagraph.

- e. Groundwater. The Landowners, for the consideration herein provided, and of the agreements of Bexar Met hereinafter contained, hereby grant unto Bexar Met exclusive use of, and right and title to, all groundwater, from any and all formations, that may be produced from said lands described in Para. 1(a), such production restricted only by applicable statute, regulation, and common law, during all Option Periods, and thereafter for so long as groundwater is produced from said lands, and the royalties or shut-in payments are paid as provided, or a saving clause is triggered but expressly excluding from such groundwater any portion thereof which is a part of the groundwater and rights reserved to the Landowners as provided below. The Landowners agree that title to the groundwater is vested exclusively in Bexar Met during all Option Periods, and thereafter, for as long as groundwater is produced and the royalties are paid, or a saving clause is triggered, and that all historical usage and permits accrue and are assigned exclusively to Bexar Met except as the Landowners may require for their reserved groundwater and groundwater rights as provided below.

- f. "Production" Defined: "Production" (and "groundwater is produced" or "water is produced") is defined throughout this Revised Agreement as actual withdrawal of groundwater by BexarMet (from any number of wells situated on any portion of the Property irrespective of county) which equals or exceeds fifty-percent (50%) of the total quantity (in acre-feet) of groundwater which BexarMet is authorized (by final groundwater withdrawal permit issued by all applicable regulatory bodies) to produce from the property on December 31st of the preceding year.
- g. Exclusive Ownership of Groundwater to BexarMet/Exceptions: The Landowners agree and covenant not to contest Bexar Met's exclusive ownership of groundwater described in subparagraph (f), above, and/or any permits associated therewith, except for exempt groundwater and allotment rights reserved to the Landowners as provided in the subsections below. Landowners further agree not to compete with Bexar Met's water development and supply activities, and agree not to install or construct any wells which draw from the same water formation as Bexar Met, with the following exceptions and reservations to Landowners:
- i. Landowners' Exempt Wells: Landowners may drill well(s) and withdraw groundwater therefrom to fill lakes, ponds, or livestock tanks on the Property, provided that such wells are considered "exempt" under state law, the Rules of the applicable regulatory agency at the time drilling commences, and so long as the withdrawal by the Landowners does not in any manner reduce Bexar Met's right to withdraw groundwater from the property. Landowners agree to obtain BexarMet's prior written approval concerning the location, size and characteristics of any well to be constructed pursuant to this Section. Bexar shall not unreasonably withhold such approval.
- ii. Annual Allotment of Groundwater to Landowners: In addition to groundwater withdrawals by exempt wells which may now or in the future be authorized under state law and/or local regulation, Landowners shall be entitled to a maximum allotment of 100 acre-feet per calendar year of raw, untreated groundwater from BexarMet through its wells situated on the subject property. Landowners' annual allotment of groundwater *shall be used exclusively on the property* for recreational, irrigation, domestic, any and all livestock and poultry operations, residential or other beneficial purposes. Said annual allotment shall *not* be cumulative, and for each calendar year that Landowners do not exercise their right to said allotment, (in accordance with the notice provisions contained in this Section) by December 1st, it shall be deemed waived.

This Annual Allotment entitlement is exclusive to the land and landowners here involved or their successors or assigns, it is provided as added consideration for initial and continued project participation, as a unique, exclusive and singular benefit, not to be replicated.

A. Annual Allotment Not Affected by Subdivision, Conveyance or Development: Landowners' annual allotment shall *not* be affected, nor the maximum allotted amount increased, by subdivisions of the property and/or conveyances by Landowners of all or part of said allotment to third parties (including but not limited to tenants and/or assignees). Landowners further agree to limit and restrict construction of residences upon the property to a maximum of forty-five (45) during the term of this Revised Agreement.

B. Landowners' Notice of Intent to Exercise Annual Allotment: Landowners may exercise their annual allotment, or any portion thereof, by providing BexarMet with written notice of the intent to exercise said allotment no later than six (6) months prior to the date of requested delivery of the allotted groundwater. The Landowners' written notice hereunder shall further state the volume of water requested (up to the maximum allotment) for delivery, the date of requested delivery, the point or place of requested delivery, and the purpose(s) for which the groundwater will be used. In addition, said notice shall contain a detailed description of all facilities to be utilized in Landowners' receipt, transmission and storage of the allotted groundwater.

C. Costs of Allotment and Prior Approval of Facilities: Landowners shall bear any and all costs associated with constructing facilities for receipt, transmission and storage of the allotted groundwater, and with obtaining any applicable regulatory approvals of said facilities. Moreover, Landowners shall, at the time of furnishing written notice of the intent to exercise their allotment, submit plans for all such facilities to BexarMet's engineering department for non-exclusive review and approval.

Upon approval by BexarMet of Landowners facilities for receipt, transmission and storage of the allotted groundwater, and of Landowners' designated place of delivery, BexarMet shall issue written notice to Landowner of its intent to deliver the allotted groundwater requested by Landowners. BexarMet shall not unreasonably withhold approval under this section. However, the point of delivery shall be determined by BexarMet.

D. No Royalties for Allotted Groundwater Delivered: Notwithstanding any other provision of this Revised Agreement, Landowners shall *not* be entitled to any royalty payments or other payments in lieu of production for allotted groundwater delivered by BexarMet during any calendar year.

- iii. Non-Competition/Non-Transfer/Non-Interference: Landowners agree not to sell, transport or deliver any groundwater (whether produced by them or received from BexarMet through the annual allotment) off of the property, or to authorize the use of any such groundwater off of the property. Moreover, Landowners shall ensure that their operation and use of any well(s), whether exempt or otherwise, does not impair the water quality of the respective formation. The Landowners are prohibited from using the groundwater allotted, excepted or exempted in this Section if any purpose of the use is to affirmatively cause injury or harm to Bexar Met.
- iv. Waiver of Claim: Landowners covenant and agree not to assert a cause of action in adverse possession, inverse condemnation, taking, nuisance, trespass or a like claim based on groundwater withdrawals hereunder, and contractually waive all such rights of action by their execution of this Revised Agreement.

- 2. Term. The term of this Revised Agreement shall be for all applicable Option Periods and Optional Extension Periods, and thereafter for so long as groundwater is produced from the Property, royalties are paid, shut-in payments are paid, or a savings clause is triggered. Provided however, that in the event that no groundwater is produced from the property within five (5) years and from the Effective Date of this Revised Agreement, said Agreement shall automatically terminate by its own terms.

At the termination of the fee simple determinable interest in the groundwater, Well Sites, and/or easements, as the case may be, BexarMet will file of record in the Guadalupe or Gonzales County Real Property Records a memorandum confirming the end of that term and will convey by instrument acceptable to Landowners any and all right in and to historic usage and permits, easements, and Well Sites, and/or groundwater.

- 3. Two-Year Option Period / Option Fee / Termination. The parties recognize that as of the date of entry (Effective Date) of this Revised Agreement, no groundwater has been produced from the subject property, and resultantly, no royalties have come due or been paid under the parties' previous (now superceded) Agreement. Further, the parties acknowledge that BexarMet has paid sums to the United States Internal Revenue Service on behalf of Landowners, and that all such payments constitute good and valuable consideration to Landowners, which fully satisfies and extinguishes any and all obligations on the part of BexarMet to pay any Option Fee(s) which may have accrued through the date of entry of this Revised Agreement.

The parties desire to continue to pursue groundwater production from the property in accordance with the provisions of this Revised Agreement, and therefore agree to a Two-Year Option Period as follows:

- a. Term: The Two-Year Option Period shall commence on the date of entry of this Agreement, and expire at 11:59 p.m. 729 days therefrom, unless extended in accordance with this Subsection (c), below;

- b. Option Fee: As full consideration for said Two Year Option Period, BexarMet agrees to tender payment (on behalf of Landowners) to the United States Internal Revenue Service, *not later than November 14, 2004*, in an amount not to exceed twenty-one thousand dollars (\$21,000.00). Said payment shall be made to the IRS in full or partial satisfaction of Landowners' liability to the IRS for inheritance and/or estate taxes related to the Estate of Georgia B. Wells by and through which Landowners obtained title to the Property.
- c. BexarMet's Optional Extension at Expiration of Two-Year Option Period: At the expiration of the Two Year Option Period (determined in accordance with Subsection (a), above), BexarMet may, at its sole discretion, extend this Revised Agreement for up to three (3) consecutive one-year terms. Said optional extension(s) may be exercised by BexarMet irrespective of whether production has commenced during the Two Year Option Period. Should BexarMet exercise its option to extend this Revised Agreement, it shall so advise Landowners in writing prior to expiration of the Two Year Option Period.

In the event of optional extension by BexarMet in accordance with this Subsection, BexarMet shall annually pay to Landowners an "Optional Extension Fee." The Optional Extension Fee shall be calculated by multiplying fifty-percent (50%) of the total quantity (in acre-feet) of groundwater which BexarMet is authorized to produce from the property on December 31 of the preceding year by the applicable (adjusted) Royalty multiplier (calculated in accordance with Paragraph 6, below).

This calculation is illustrated as follows:

**Optional Extension Fee =**

**50% of permitted groundwater x Adjusted Royalty Multiplier**

- d. Termination If No Extension: If, at 11:59 p.m. on the date of expiration of the Two Year Option Period (determined in accordance with Subsection (a), above) production has not commenced, and BexarMet has not furnished Landowners with written notice of intent to exercise the "Optional Extension" provided for in Subsection (c), above, this Revised Agreement shall terminate.
4. Development Costs. Bexar Met hereby assumes responsibility for its own development and producing operations and permitting costs for water from any formation under the subject property. The Parties acknowledge and agree that BexarMet has already incurred and paid significant expense associated with development, including but not limited to expenses for installation of electric power to the well-sites, purchase of easements and other rights of access, and litigation costs. Upon request, Bexar Met agrees to provide the Landowners copies of geologic, hydrogeologic, and geophysical studies conducted on the Property. Bexar Met agrees to pay for any and all fees and cost associated with permits for the production of groundwater and to protect any and all rights transferred to it with respect to Landowner's historical rights.

5. Regulatory Approvals for Groundwater Development, Production and Export. Whenever compliance with this Revised Agreement requires the approval of regulatory agencies, including local groundwater conservation districts, each party agrees to actively participate in and cooperate with attempts to secure such regulatory approval. In addition, each Party agrees that approval or consent necessary for purposes of regulatory authorization or compliance shall not be unreasonably withheld or delayed.
6. Royalty Payments. In consideration for landowners' conveyance made herein, and the groundwater to be produced from said property, Bexar Met agrees to make **semi-annual** payments to the Landowners representing royalties for groundwater produced from the property. Semi-annual royalty payments shall be made on the basis of total groundwater production for the preceding six month period (calculated from January 1 to June 31 and July 1 to December 31 of each year).
7. Initial Royalty and Adjusted Royalty Multiplier: The Parties expressly agree that for calendar year 2004, the Royalty payments, if any, shall be equal to \$71.40 (seventy-one and 40/100 dollars) for each permitted acre foot of groundwater actually produced from the property during 2004. The Parties further agree that, beginning in January 2005 and continuing annually in January of each successive year, the Landowners' Royalty will be re-calculated, such that the annual royalty payment will use an **adjusted royalty multiplier** (per acre-foot of groundwater produced) which shall be equal to 83.3 % (eight-three and three-tenths percent) of the annual price per acre-foot of untreated surface water charged by the Guadalupe-Blanco River Authority ("GBRA") to its In-District wholesale customers. Further, the adjusted royalty multiplier used to determine the annual royalty payment under this Revised Agreement shall be at least equal to the rate (per acre-foot of water) paid by Bexar Met to other Landowners situated within Gonzales or Guadalupe Counties, from whom BexarMet obtains comparable groundwater.

The Landowners shall have the right to inspect or designate an agent to inspect BexarMet's production records and measuring devices to confirm production. This right of inspection may be exercised periodically, upon reasonable advance notice to Bexar Met.

8. No Royalty Offset or Credit for Development Costs: Both the Landowners and Bexar Met acknowledge that the Royalty payment contemplated by this section shall not be deducted, reduced or off-set for any development, transmission, or production costs, or any other costs incurred by Bexar Met to produce, store, and market the groundwater, save and except BexarMet's right to reimbursement of monies paid on behalf of the landowners to the Internal Revenue Service (or other taxing entity) in excess of monies paid pursuant to the provisions of Section 3(b), above.
9. Payment Terms. Bexar Met shall make semi-annual Royalty payments (on January 15, and July 15 of each year) as follows: 50% to American National Bank Account #06007864 on behalf of the Williamson family, and 50% to Charles Schwab Account No. SO 4870-6990 on behalf of the Norman family. These designated "Depository Banks" may be changed from time to time by written agreement of the Parties.

If Bexar Met fails to make payment when due, the Landowners shall provide written

notice to BexarMet of such past due payment. In the event Bexar Met fails to remedy such default by making payment within 30 days of receipt of the Landowners' written notice issued in accordance with this paragraph, Landowners may immediately terminate this Revised Agreement.

10. Entire Agreement. The provisions set forth in this Revised Agreement shall constitute the entire agreement and understanding between the Parties, and Bexar Met shall not be bound to comply with any covenants, express, implied, or otherwise, not expressly set forth in this Revised Agreement. Further, the parties agree that this 2004 Revised Agreement supercedes, supplants and replaces the parties' 1999 Agreement (in its entirety), and any and all written or oral representations made by any party and/or agent or attorney of such party.
11. Good Title. The Landowners covenant that they maintain good, clear and transferrable title to the property and agree to defend title to the property the subject of this Revised Agreement. Moreover, the parties to agree to attend a closing, at which time BexarMet shall, at its sole expense, purchase a policy of title insurance to identify any defects of title which may exist. BexarMet agrees that exceptions to title shall not void this Revised Agreement, provided that such defects do not materially affect the purposes for which this Revised Agreement is entered by the parties. BexarMet will identify and object to material defects in title, if any, within five (5) days of receipt of the title abstract or title commitment. Landowner may, but is not obligated to, cure BexarMet's objections within ten (10) days after Landowner receives the objections from BexarMet. If Landowner fails to cure the objections by the time required, BexarMet may terminate this contract by providing written notice to Landowner within five (5) days after the time by which Landowner must cure the objections.

Notwithstanding any other provision of this Agreement, the parties mutually acknowledge and agree that Landowners' liability to the United States Internal Revenue Service ("IRS") for inheritance taxes arising from the estate of Georgia Wells constitutes a material defect in title. As consideration and inducement to BexarMet for entering this Agreement, Landowners affirmatively warrant and covenant that they will immediately seek, and obtain (within a reasonable time), a partial release of lien from the IRS for each well site.

In the event all or part of the Landowner's title should fail, then Landowner shall have no liability for such failure other than refunding that portion of royalty payments attributable to the interest as to which title failed.

12. Environmental Representations, Covenants and Warranties. Landowners hereby warrant, covenant and represent to BexarMet that, to the best of Landowners' knowledge, there are no hazardous materials, other than hazardous materials commonly used on a ranch in connection with grazing, livestock, and farming operations, in, on or under the property, nor has any release of hazardous materials occurred in, on or under the property prior to closing. Landowners, to the best of their actual knowledge, have not received notice of any actions or proceedings relating to hazardous materials in, on or under the property.

13. Off-set/Credit for Taxes and Other Payments by BexarMet The Landowners further agree that BexarMet, at its option, may in the future discharge any tax, mortgage, lien, or any other cloud upon said land, including unrecorded and/or statutory liens maintained by the Internal Revenue Service and/or other governmental entities; provided however, Bexar Met acknowledges that one or more elections under section 2032A of the Internal Revenue Code may be made by the Landowners' estate and that the Property (with the exception of BexarMet facilities, easements, groundwater rights, or well-sites) may become subject to liens in favor of the federal and state government as a result of such elections which Bexar Met agrees not to discharge unless such liens are to be foreclosed. Landowners, however, shall in no way encumber any BexarMet property, facilities, easements, rights in groundwater or rights of access to the property. Further, at the time that Landowners (or their estates or heirs, assigns or appointees) make an election under section 2032A of the Internal Revenue Code, such election shall specifically exclude such BexarMet property, facilities, easements, rights in groundwater or rights of access to the property from the property subjected to or encumbered by governmental liens.

To the extent that BexarMet pays or extinguishes any tax, mortgage or lien upon the property (whether recorded, unrecorded, statutory or otherwise), the Parties agree that BexarMet shall deduct the total amount(s) paid in excess of \$21,000.00 (if any) from the following semi-annual Royalty payment set-forth in Paragraph 7, above. Further, the Parties agree that BexarMet will, in all respects, be subrogated to such lien with right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same.

14. Other Covenants, Representations and Warranties. *Landowners hereby COVENANT, AGREE, REPRESENT AND WARRANT that Landowner's total liability to United States Treasury for taxes related to, concerning or arising from ownership of the property and/or the estate of Georgia Wells is equal to no more than \$42,000, with approximately \$21,000.00 being due and payable in November 2004 and the remainder due and payable in November 2005. The November 2004 tax liability shall be paid with proceeds of the option fee received from BexarMet on or before November 14, 2004, in accordance with Paragraph III(3)(b) of this Agreement. Landowners shall pay the November 2005 tax payment.*
15. Optional Extension Terminated Upon Commencement of Production. The parties acknowledge that BexarMet has made certain payments and agreements to pay, which represent consideration for Landowners' agreement to maintain this Revised Agreement until permits are secured and production commences. Upon commencement of production as defined in Paragraph II, (1)(f) above, both Parties agree that any "Optional Extension Period" exercised by BexarMet in accordance with Paragraph III (3) (c), above, is terminated, and Paragraphs 2, 6, 7 and the other applicable provisions of this Revised Agreement shall take effect, allowing the Agreement to continue as long as production continues and royalties are paid, or other payments in lieu of production are made in accordance with this Revised Agreement provided however, that except during the Option periods provided for herein, Landowners shall never be paid less per calendar year than the amount calculated by multiplying fifty-percent (50%) of the total quantity (in acre-feet) of groundwater which BexarMet is authorized to produce from the property on December 31 of the preceding year by the applicable Adjusted Royalty Multiplier (calculated in

accordance with Paragraph 6, below) in effect for such current calendar year. Bexar Met will use reasonable efforts to maximize the volume of groundwater produced, consistent with regulatory, technical and hydrological limitations.

16. Saving Clause. Once commenced, if groundwater production ceases for any reason, this Revised Agreement shall not terminate if Bexar Met commences operations for drilling or reworking within 90 (ninety) days after the cessation of such production. This Revised Agreement shall remain in force and effect for so long thereafter as Bexar Met shall conduct drilling or reworking operations with no cessation of more than 90 (ninety) consecutive days until production results, and if production results, for so long thereafter as groundwater is produced, or shut-in payments are made as provided herein.
17. Termination. Bexar Met shall have the right to remove all surface and subsurface equipment, and shall remove all surface equipment, at anytime during or within 1 (one) year after the termination of this Revised Agreement, and the surface shall be restored as nearly as possible to its original condition. Any well drilled by Bexar Met on said land requiring plugging shall be plugged in accordance with the applicable rules and regulations.
18. Assignment. The rights of either Party hereunder may be assigned in whole or in part to any person or entity, and the provisions hereof shall extend to all successors and assigns. No assignment by the Landowners shall be binding on Bexar Met until BexarMet receives, at its principal place of business, certified copies of instruments constituting the chain of title from the original Landowners. This Revised Agreement shall be binding upon and inure to the benefit of the Parties to this Revised Agreement and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns. An assignment of this Revised Agreement by Bexar Met, in whole or in part, shall, to the extent of such assignment, relieve and discharge Bexar Met of all obligations hereunder.
19. Indemnity. To the extent authorized by law, each Party shall indemnify against, and hold the other Party harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including reasonable attorneys' fees, arising out of, connected with, or resulting from the use herein provided, including without limitation the exploring, drilling, taking, delivery, possession, use, operation, or return of the water, or related to activities conducted on the Property, easements, or Well Sites, provided such claim is not caused in whole or in part by the other party's negligence. This indemnity is made by the party acting, pursuant to the terms of this Revised Agreement, and shall be for the benefit of the non-acting party.
20. Insurance Required of Third Parties.
  - a. Prior to any construction which benefits the purposes of this Revised Agreement, the builder, its contractor(s) and subcontractor(s) shall deliver to the Landowners evidence of Auto and General Liability Coverage. The insurance referenced under this Subparagraph shall be obtained at the sole cost of builder, its contractor(s), and subcontractor(s), and shall name the Landowners and Bexar Met as additional insureds, and protect the Landowners and Bexar Met against any and all liability for injury to or death of a person or

persons, and for damage to or destruction of property occasioned by or arising out of or in connection with builder's construction, whether execution of the construction arises by the builder, its contractor(s), or subcontractor(s), or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Additionally, notice that said insurance carriers are licensed to sell insurance in the State of Texas and have designated Texas agent(s) to receive notices required pursuant to the policies shall be delivered to the Landowners.

- b. The limits of Auto and General Liability coverage insurance policy or policies described under this section, and required of the builder, its contractor(s) and subcontractor(s), shall be in an amount not less than \$500,000.00 per individual and \$1,000,000.00 per occurrence, and an amount of not less than \$1,000,000.00 in respect to property damaged or destroyed in any one occurrence. Said Auto and General Liability coverage insurance policy or policies and certificates of insurance shall contain a cancellation clause which will allow cancellation by Builder, its contractor(s), and subcontractor(s), only after 30 (thirty) days prior written notice to the Landowners and Bexar Met.

21. Liability and Reimbursement. Each Party shall have the right to collect from the other all reasonable costs and expenses, including reasonable attorneys' fees, incurred by a successful Party in exercising or enforcing any of its rights or remedies hereunder or in enforcing any of the terms, conditions, or provisions of this Revised Agreement in a court of law.
22. Modification and Litigation. The provisions of this Revised Agreement may be modified or altered only by written agreement of all of the Parties. On or about the time of execution of this Revised Agreement, Cause No. SA-03-CV-1119-OG, *Williamson v. GCGCD* is pending in U.S. District Court for the Western District of Texas, which may be resolved amicably by Compromise and Settlement Agreement or by other action of the Court or parties. Landowners and BexarMet each agree to cooperate with the other in such settlement or litigation efforts and each agrees to refrain from unreasonably withholding approval or consent. The parties recognize that settlement or other disposition of said lawsuit shall be controlling over the terms of this Revised Agreement with regard to securing some or all of the necessary permits and/or regulatory approvals contemplated by this Revised Agreement. Moreover, the parties acknowledge, and agree that the outcome and disposition of said lawsuit will directly bear upon the production of groundwater authorized and/or required under the terms of this Revised Agreement.
23. Force Majeure. If performance by either Party hereunder is prevented by reason of any act of God, strike, governmental restriction or regulation (including prohibition of production or export by a local groundwater conservation district), or interference, fire, tornado, drought, or other casualty, or any other force majeure beyond the control of BexarMet and/or the Landowners, the other Party agrees to grant the non-performing Party a reasonable time to take action to overcome the force majeure and resume performance of the duties hereunder. All Parties understand and acknowledge that production and export of groundwater may be restricted or prohibited by applicable statute or regulatory activity, including but not limited to the imposition of withdrawal and transport limits by local groundwater conservation districts.

24. Invalidation. If any provision herein is held by a court of competent jurisdiction to be invalid, unenforceable, or illegal in any respect, this invalidity, unenforceability, or illegality shall not operate to terminate the entire Revised Agreement, and the other provisions shall remain effective, and the court shall declare the remaining provisions intact.
25. Remedies. Unless a particular remedy procedure is set forth subsequently for any default under the Revised Agreement or its subsequent memoranda, the Parties hereto shall have available to them all remedies at law or in equity.
26. No Additional Waiver Implied. No waiver(s) of any breach or default(s) by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.
27. Addresses and Notice. Service of all notices under this agreement shall be sufficient if given personally or by certified mail to the Party involved at its respective address set forth below, or at such address as such Party may provide in writing from time to time. Any such notice mailed to such address shall be effective when deposited in the United States mail, certified, duly addressed, and with postage prepaid.

**IF TO THE LANDOWNERS to:**

Howard Williamson III  
P.O. Box 81  
Leesville, Texas 78122

**IF TO BEXAR MET, to:**

Bexar Metropolitan Water District  
Attention: General Manager/CEO  
P.O. Box 3577  
San Antonio, Texas 78211-0577

28. Captions. All titles of the sections of this Revised Agreement have been inserted for convenience of reference only and are not considered a part of this Revised Agreement and in no way shall they affect the interpretation of any provisions of this Revised Agreement.
29. Adverse Effects Mitigation. If Bexar Met's production of groundwater from the Property has the effect of lowering the water table relating to any of Landowner's well(s) to a level which causes the Landowners to be unable to continue to withdraw groundwater in the same manner which the Landowners have historically produced from such well, Bexar Met agrees to take steps to mitigate its impact on such wells during the term of this Revised Agreement, at Bexar Met's election and expense, by (i) reworking, lowering of pumps or re-drilling for the well, (ii) providing additional groundwater to such wells, or (iii) in such other manner mutually acceptable to Bexar Met and the Landowners. However, Landowners agree to obtain BexarMet's prior approval concerning the location, size and characteristics of any well to be

constructed after the Effective Date of this Revised Agreement, so as to mitigate the potential for non-performing or under-performing wells.

30. Surface Covenants. Bexar Met shall not hunt, fish or engage in any other recreational activities on the Property. With the exception of duly licensed and authorized security personnel, Bexar Met shall not bring onto the Real Property any guns or firearms. Bexar Met agrees to keep all gates located on the Property and outside the Well Sites closed and locked at all times during the term of this Agreement, except during periods of ingress and egress and as may be necessary in connection with construction by Bexar Met. During construction, Bexar Met and the Landowners agree to cooperate with each other so that the Landowner cattle operations may continue. The Landowners shall provide Bexar Met with a key or combination to each locked gate or allow Bexar Met to place a separate combination or keyed lock for each locked gate on the Property required for access to its Wells. Moreover, the parties expressly agree that, notwithstanding any other provision in this Agreement, Landowners shall be entitled to lease the surface of the subject property to third parties for the purpose of cattle grazing or other livestock or poultry operations. All parties agree that any such surface lessees shall be required to abide by the terms of this Agreement, and refrain from entering any well site or sanitary easement designated by BexarMet. Further, such lessees shall derive no benefits from this Agreement.
31. No Third Party Beneficiaries. This 2004 Revised Agreement shall create no Third Party benefits of any kind whatsoever.
32. Confidential and Lease Memorandum. This 2004 Revised Agreement provides for terms, conditions and consideration flowing for the mutual benefit of the party signatories and one-another. Each agrees that a Lease Memorandum will be prepared for recordation in the applicable county deed records and that the document, itself, shall only be disclosed as required by law and by Landowner's to their accountants, attorneys, financial advisors, bankers, successors and assigns and as may be necessary for the operation of the Property. The parties shall execute the Lease Memorandum concurrently with execution of this Agreement.
33. Title Company Instruction. The parties further agree to instruct the title company, appraisal district and any other entity, to which disclosure may be required by law that it is intended that this document be treated as proprietary, confidential and that any disclosure be conditioned on such limitation to protect the interest of the parties in and to the development opportunities represented herein. Such limitation on disclosure shall be pursued to protect the public interest in maintenance of reasonable water value (Lessor) and reasonable rates (Lessee) all to protect BexarMet's ultimate water user-customers for unreasonable escalation of rates.

#### IV. PROCEDURAL PROVISIONS REGARDING CLOSING

The parties agree to close into this Revised 2004 Agreement on or before October 15, 2004, or as soon thereafter as practicable subject to the satisfaction of all conditions to closing and other terms thereof. The parties further agree to employ the following procedural provisions regarding closing:

1. Title Policy. No later than October 1, 2004, BexarMet shall obtain at BexarMet's sole expense, a Title Commitment covering the designated well sites.
2. Survey.  
No later than September 15, 2004, BexarMet shall obtain and supply to Landowners and the Title Company a current survey of all designated well sites situated upon the subject property, together with a metes and bounds description, prepared by a registered public surveyor acceptable to BexarMet and Title Company. The survey shall meet the specifications set forth by BexarMet.
3. Items to be produced at closing:
  - A. At the closing, Landowners shall deliver to BexarMet the following:
    1. Duly executed and acknowledged recordable easements for easement area designated by BexarMet; and,
    2. Duly executed and acknowledged recordable deeds for each well site designated by BexarMet.
  - B. At closing, BexarMet will deliver to Landowners the following:
    1. A check made payable to the United States Treasury in the amount requested by Landowners to satisfy the Internal Revenue Service Lien on the Property (but in no event more than \$21,000.00);
    2. Evidence of BexarMet's authority and capacity for the closing of the Transaction; and,
    3. All other necessary documents reasonably required by the Title Company to close the transaction.

IN WITNESS WHEREOF, the Parties hereto have caused this Revised Agreement to be duly executed, upon lawful approval and authority, in multiple counterparts, each of which shall constitute an original, signed this 29 day of September, 2004.

**LIST OF EXHIBITS:**

**EXHIBIT A - Legal Description of Property**

LANDOWNERS

by: Howard Williamson III  
Howard Williamson III

by: Janice S. Williamson  
Janice S. Williamson

by: Lawrence A. Norman  
Lawrence A. Norman

by: Kelli Jo Norman  
Kelli Jo Norman

Bexar Metropolitan Water District

By: John A. Longoria  
John A. Longoria  
President, Board of Directors

ATTEST:

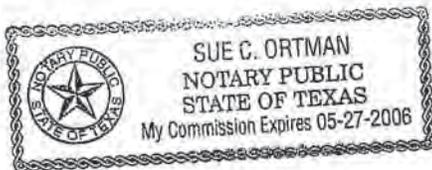
Jim Lopez  
Secretary, Board of Directors  
DATED: 9/29/04

**ACKNOWLEDGMENT**

STATE OF TEXAS  
COUNTY OF Gonzales

Before me, the undersigned authorities in and for said County and State, on this 2nd day of September, 2004, personally appeared Howard Williamson III, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 2nd day of September, 2004.



Sue C. Ortmann  
Notary Public, State of Texas

My Commission Expires: \_\_\_\_\_

**ACKNOWLEDGMENT**

STATE OF TEXAS  
COUNTY OF Gonzales

Before me, the undersigned authorities in and for said County and State, on this 2nd day of September, 2004, personally appeared Janice S. Williamson, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 2nd day of September, 2004.



Sue C. Ortmann  
Notary Public, State of Texas

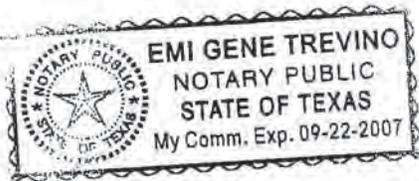
My Commission Expires: \_\_\_\_\_

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Dezar

Before me, the undersigned authorities in and for said County and State, on this 29<sup>th</sup> day of September, 2004, personally appeared Lawrence A. Norman, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 29<sup>th</sup> day of September 2004.



Emi G Trevino  
Notary Public, State of Texas

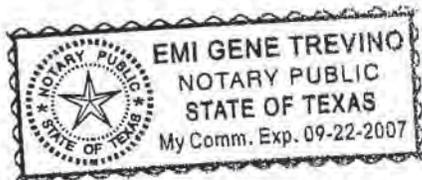
My Commission Expires: 9-22-07

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Dezar

Before me, the undersigned authorities in and for said County and State, on this 29 day of September, 2004, personally appeared Kelli Jo Norman, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 29 day of September, 2004.



Emi G Trevino  
Notary Public, State of Texas

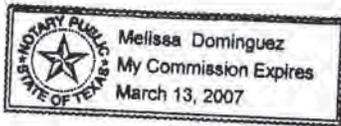
My Commission Expires: 9-22-07

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Brewer

27th Before me, the undersigned authorities in and for said County and State, on this 27th day of September, 2004, personally appeared John A. Longoria, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 27th day of September, 2004.



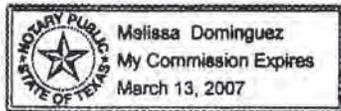
Melina Dominguez  
Notary Public, State of Texas  
My Commission Expires: 03/13/07

ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF Brewer

27th Before me, the undersigned authorities in and for said County and State, on this 27th day of September, 2004, personally appeared Jim Lopez, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein expressed, and in the respective capacity therein stated.

Given under my hand and seal of office, this 27th day of September, 2004.



Melina Dominguez  
Notary Public, State of Texas  
My Commission Expires: 03/13/07

**EXHIBIT A**  
**Legal Description of Property**

Description of property in Guadalupe and Gonzales Counties, Texas,  
appearing in the names of Howard Williamson, III, and Kelli Jo Norman.

4511.24 acres, more or less

3872.48 acres, more or less; and

314.11 acres, more or less, described in Deed of Correction dated  
September 1, 1995, executed by Howard Williamson, III, and  
wife, Janice Williamson, to Kelli Jo Norman, recorded in volume  
757, page 120, Official Records of Gonzales County, Texas;

240 acres, more or less, described in Warranty Deed dated January 20,  
1975, executed by Howard Williamson, III, and Kelli Jo  
Williamson, recorded in volume 407, page 547, Official Records  
of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated December 5,  
1987, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 609, page 26, Official Records  
of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated January 16,  
1988, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 611, page 160, Official  
Records of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated January 28,  
1989, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 627, page 840, Official  
Records of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated February 10,  
1990, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 643, page 742, Official  
Records of Gonzales County, Texas;

80 acres, more or less, described in Deed of Gift dated January 18,  
1991, executed by Georgia B. Wells, to Howard Williamson, III,  
and wife, Janice Williamson, and Kelli Jo Norman and husband,  
Larry Norman, recorded in volume 673, page 903, Official  
Records of Gonzales County, Texas.

4826.59 acres, more or less

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Less 315.35 acres, more or less, described in Warranty Deed dated August 10,  
1995, executed by Howard Williamson, III, et. al, to John M.  
Golden, recorded in volume 1159, page 0419, Official Records  
of Guadalupe County, Texas

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4511.24 acres, more or less

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**ATTACHMENT**

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**Gonzales County Underground Water Conservation District**  
**Minutes of the Board of Directors**  
**November 11, 2014**  
**Board Meeting**

The regular meeting of the Board of Directors of the Gonzales County Underground Water Conservation District (the District) was called to order. Present for the meeting were directors: Bruce Tieken, Steve Ehrig, Barry Miller, and Kermit Thiele. Also present for the meeting were GCUWCD General Manager Greg Sengelmann, administrative assistant, Laura Martin, and mitigation office assistant, Brittany Kalisek. Other Attendees included: (See Attached List)

**Public Comment:**

Public comments were made by landowner, Mr. Pat Rosato. Public comments were made by landowner, Mr. Wayne LePori. Public comments were made by Mr. Ted Boriack. Public comments were made by Ms. Sally Ploeger. Public comments were made by landowner, Mr. Lynn Cochran. A recording of the board meeting and comments received has been filed at the District office.

The minutes from the October 14, 2014 Board Meeting were reviewed. Mr. Steve Ehrig made a motion to approve the minutes, and Mr. Barry Miller seconded the motion. The motion passed unanimously.

Ms. Laura Martin gave the financial report. CD rates in financial report were reviewed from local banks. Mr. Miller made a motion to approve the financial statement and to allow the maturing CD #7402 to roll over at Sage Capital Bank. Mr. Bruce Tieken seconded the motion. The motion passed unanimously.

The Board reviewed the District's outstanding bills. The bills were as follows: \$114.37 to AT&T Mobility for basic mobile telephone, \$205.76 to GVTC for telephone and internet service, \$578.50 to the US Post Office for office rent, \$35.00 to Rockin'S Marketing & Design for website maintenance, \$180.00 to Workspace Infrastructure & Mobility LLC for computer services, \$176.03 to Ricoh for copier rental, \$288.75 to LJD Consulting & Bookkeeping, \$120.00 to TAGD for Quarterly Meeting, \$20.97 to Reese's Print Shop for office supplies, \$400.00 to ESRI for Desktop Primary Maintenance, \$2,500.00 to ESRI for 3D Desktop Single Use License, and \$49.00 to U.S. Postal Service for Postage. Mr. Kermit Thiele made a motion to pay the District's bills. Mr. Miller seconded the motion. The motion passed unanimously.

The Board reviewed the Western Mitigation Fund outstanding bills. The bills for the Western Fund were as follows: \$226.60 to the U.S. Post Office for office rent, \$6,189.53 to B&S Water Well Service for mitigation services, \$6,588.33 to B&S Water Well Service for mitigation services, \$7,299.58 to B&S Water Well Service for mitigation services, \$4,947.64 to B&S Water Well Service for mitigation services, \$912.45 to B&S Water Well Service for mitigation services, \$5,000.00 to B&S Water Well Service for mitigation services, \$4,344.53 to Deharde's Water Well Service for mitigation services, and \$9,814.60 to B&S Water Well Service for mitigation services. Mr. Miller made a motion to pay the Western and Eastern Mitigation Fund bills, and Mr. Thiele seconded the motion. The motion passed unanimously.

The Directors discussed amendments of the 2014-2015 Fiscal Year for the District. The Directors and Mr. Sengelmann discussed the reductions in the Tax Rate for 2014-2015 as compared to the original budgeted amount. Mr. Miller made a motion to approve the transfer of funds from savings to balance the 2014-2015 budget. Mr. Ehrig seconded the motion. The motion passed unanimously.

Next, the Board discussed and considered a resolution for approval of the 2014 tax roll for Caldwell County. Mr. Sengelmann gave a brief explanation of the tax appraisal rolls for Caldwell County. Mr. Ehrig made a motion to approve Resolution 2014-11-12a. Mr. Miller seconded the motion. The motion passed unanimously.

The Board discussed and considered a resolution for approval of the 2014 tax roll for Gonzales County. The directors discussed the information given previously by Mr. Sengelmann for the tax appraisal rolls for Gonzales County. Mr. Miller made a motion to approve Resolution 2014-11-12b. Mr. Ehrig seconded the motion. The motion passed unanimously.

The Board discussed and took action on the proposed AgriLife GIS Program Update. We received a proposal from Texas A&M AgriLife to assist us with our well database system and GIS system. Mr. Sengelmann explained the contract and the

possibility of web hosting the information from the database and answered questions from the board. Mr. Miller made a motion to approve the Texas A&M AgriLife GIS Program Update. Mr. Tiekens seconded the motion. The motion passed unanimously.

The Directors discussed a request for extension of renewal of CRWA wells #1, #9, #11, and #12. Mr. Greg Sengelmann read the particulars pertaining to the wells. CRWA requested in the renewal letter to extend the permits on wells until rules have been updated. Mr. Miller made a motion to table renewal of permit applications until rules for the district have been reviewed and possibly altered. Mr. Ehrig seconded the motion. The motion to table the item passed unanimously.

The Directors discussed and took action on a request for renewal of an irrigation well Drilling & Production Permit filed by Mr. Darryl Becker. Mr. Sengelmann reviewed the particulars of the well renewal request of the irrigation well. The well was completed in the Queen City Aquifer and meets the fence line and spacing regulations. Mr. Ehrig made a motion to approve the permitting of the well. Mr. Tiekens seconded the motion. The motion passed unanimously.

The Board then discussed the agenda item concerning the proposed JTC Energy Group Salt Water Disposal Well (SWDW) permit application with the Texas Railroad Commission. Mr. Greg Sengelmann stated that the proposed JTC Energy Group injection wells would be located approximately 4 miles north of Cheapside. The proposed injection intervals were in the Wilcox Formation listed at 5,420 to 7,450 feet. The second proposed injection interval was in the Edwards Formation listed at 11,640 to 11,950 feet. JTC Energy will install a cement bond log, concrete structures for spill containment around the tanks and piping, and they'll record this in the deed records and grant us a specific performance to ensure they adhere to the rules. JTC Energy agreed to our standard terms of agreement for disposal wells and would like us to drop our injection well protest. After a brief discussion, Mr. Thiele made a motion to drop the protest with JTC Energy disposal well permit. Mr. Tiekens seconded the motion to drop the protest. The motion passed with Mr. Thiele, Mr. Tiekens and Mr. Ehrig in agreement. Mr. Miller abstained from voting.

A discussion regarding the district's Plugging, Abandonment, & Cost Sharing Program occurred, resulting in the creation of the Plugging, Abandonment, & Cost Sharing Program Committee. The committee for the Plugging, Abandonment, & Cost Sharing Program was created with Mr. Miller, Mr. Patteson, Mr. Sengelmann, and Mr. Link Benson.

#### **Manager's Report:**

Mr. Sengelmann gave his monthly manager's report. On September 30<sup>th</sup>, he registered two new wells in the Wilcox Aquifer. On October 8<sup>th</sup> he traveled to Austin to attend the Texas Alliance of Groundwater Districts (TAGD) executive committee meeting. The executive committee voted to support the Texas Water Conservation Association (TWCA) permitting the renewal bill and voted to abstain from voting on the TWCA ASR bill. On October 10<sup>th</sup>, Mr. Sengelmann traveled to Seguin to meet with representatives of the Guadalupe Blanco River Authority to be briefed on their plans to study aquifer & stream interactions in the mid-basin area. On October 16<sup>th</sup>, he traveled to Pleasanton to attend the Groundwater Management Area (GMA) 13 meeting. They elected new officers for GMA13 as follows: Greg Sengelmann-Chairman, Lonnie Stewart-Vice Chairman, Russel Labus-Secretary/Treasurer. GMA13 has received requests to run additional modeling with pumpage inputs from SAWS and CRWA for their proposed Water Management Strategies in the Regional Plan. After the discussion, it was decided to have our consultant perform one additional model run that includes all Water Management Strategies within GMA13 in the Regional Plan. GMA13 has received commitments from SAWS, CRWA, HCPUA, TWA, and SSLGC to contribute to the costs of running the model. On October 24<sup>th</sup>, he registered a new artesian well in the Carrizo Aquifer with diminished flow. This well is being assessed by Mr. Benson for mitigation. On October 29<sup>th</sup> and 30<sup>th</sup>, Mr. Sengelmann attended the Texas Alliance of Groundwater Districts meeting in Kingsville. The main topics of discussion included action on brackish water, ASR legislative proposals, and updating the TAGD legislative policy. The current TWCA ASR and brackish water bills are being worked on by TAGD. On October 31<sup>st</sup>, he met with representatives of the Guadalupe Blanco River Authority to discuss the Texas Water Alliance permit applications and rules of the District. SSLGC's October production was about 1,261 ac-ft which is about 78% of the monthly allowable production. CRWA's October production was about 110 ac-ft which is about 33% of the monthly allowable production. SAWS October production was about 484 ac-ft which is about 50% of the monthly allowable production. AQUA's September production was about 38 ac-ft which is about 9% of the monthly allowable production. The Palmer Drought Index, as of November 4<sup>th</sup>, 2014, indicates that we are in severe to moderate drought conditions.

The Board discussed and took action on the agenda item for paying the General Manager's expenses for the month. Mr. Miller made a motion to approve the expenses, and Mr. Thiele seconded the motion. The motion passed unanimously.

**Mitigation Fund Manager's Report:**

Ms. Brittany Kalisek gave the monthly mitigation manager's report for Mr. Benson. On October 1<sup>st</sup>, he traveled to Austin to purchase filing cabinets. On October 2<sup>nd</sup> and 3<sup>rd</sup>, he traveled to Smiley to meet GVEC at the Knandel well for electricity installation and the Pateson Carrizo well to see that the electricity had been installed. On October 5<sup>th</sup>, Mr. Benson traveled to Cost to meet with Ms. Liz Kizer to pick up the electric bill on the Knandel well. On October 6<sup>th</sup> & 7<sup>th</sup>, he traveled to Smiley to the Sample well to meet the landowner with a well that quit flowing. Mr. Benson also met with B&S Water Well to discuss well mitigation. On October 8<sup>th</sup>, he traveled to Smiley two times and met with Morris the land owner to look at several wells where the water had almost stopped flowing, and also met B&S to discuss work to be done on the house well. On October 9<sup>th</sup>, he traveled to Smiley to the Sample well and met the land owner to discuss decreasing well flow, and with B&S to discuss mitigation work. On October 10<sup>th</sup>, Mr. Benson traveled to Waelder to meet B&S at the Dudman well to discuss mitigation work. On October 11<sup>th</sup>, he traveled to Seguin to meet with DeHarde's to discuss mitigation work. On October 13<sup>th</sup>, he traveled to Smiley to review the Morris well site. On October 14<sup>th</sup>, Mr. Benson traveled to Kenedy and met with Mr. Roywell to discuss test pumping on the Stahl well. On October 15<sup>th</sup>- October 17<sup>th</sup>, he traveled to Smiley to review the Stahl well site, meet Mr. Roywell to setup the test pump, check the water levels, and check on the well two consecutive days at a time, and to meet Mr. Roywell to pull the test pump. On October 18<sup>th</sup>, he traveled to Smiley to meet B&S on the electricity line for the Morris well. On October 20<sup>th</sup>, he traveled to Waelder to meet B&S to set the pump on Dudman's well. On October 26<sup>th</sup>, Mr. Benson traveled to Nixon and met B&S to work on the Billings well. On October 27<sup>th</sup>, he traveled to Gonzales three times to the Needham well and met the land owner, because the water flow had almost stopped on his well. Also, he revisited the well to check the well site later that day, and to meet B&S to discuss work to be done to the well. On October 27<sup>th</sup>, he traveled to Harwood to meet B&S on the Marek well and then to the Needham well. On October 28<sup>th</sup>, he traveled to Smiley to meet B&S to observe the pump being set into the Knandel well. On October 28<sup>th</sup>, he traveled to Smiley to the Morris well to meet with B&S, because they had called and said that the electric had been root plowed up, so Mr. Benson went to inspect. Landowner was contacted to be informed of the event. On October 29<sup>th</sup>, he traveled to Smiley to meet with B&S at the Sample well to observe the pump being set. The pump would not go past 120 feet. On October 30<sup>th</sup>, he traveled to Kenedy to Roywell to discuss mitigation work to be done. On October 30<sup>th</sup>, he traveled to Smiley to meet B&S at the Morris well to observe the pump being set. On October 31<sup>st</sup>, he traveled to Nixon to meet with B&S to discuss mitigation work to be done.

The Board discussed and took action on paying the Mitigation Manager's expenses for the month. Mr. Ehrig made a motion to pay the Mitigation Manager's expenses, and Mr. Miller seconded the motion. The motion passed unanimously.

**Adjourn:**

A motion was made by Mr. Miller to adjourn the meeting, and Mr. Thiele seconded the motion. The motion passed unanimously.

**Approved By:**

---

December 9, 2014

GS:lm

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## **ENVIRONMENTAL STUDIES STATUS**

Environmental studies have been conducted for all of the existing Wells Ranch Phase 1 projects and other concerned Canyon Regional Water Authority facilities. Several of the Wells Ranch Phase 2 projects are expansions of the existing Phase 1 facilities and other existing which include the following:

- ❖ Wells Ranch Tract Wilcox Wells
- ❖ Wells Ranch Water Treatment Plant Expansion
- ❖ Leissner Booster Pump Station
- ❖ Wagner Booster Station Expansion
- ❖ Loop 1604 Booster Station Expansion

The previous environmental studies are being compiled and reviewed by River City Engineering (RCE) with the assistance of SWCA Environmental Consultants (SWCA) for the following objectives:

1. To determine if updating is required.
2. Summarize the findings.
3. Identify data gaps, if applicable.
4. Provide recommendation on any additional review or studies that may be needed to meet SWIFT funding requirements.

In addition, environmental studies have been conducted on two (2) of the proposed Phase 2 projects. This includes the following projects:

- ❖ Santa Clara Road Transmission Main
- ❖ Crystal Clear Transmission Main

These studies are also being reviewed with the same objectives listed above.

Finally, environmental studies are being initiated for the following proposed Phase 2 projects:

- ❖ Brown Family Trust Wells
- ❖ Brown Family Trust Well Field Piping and Roadways
- ❖ Brown Family Trust Raw Water Transmission Main
- ❖ 1 MG Elevated Storage Tank

As our review and studies are completed RCE and SWCA will be submitting documentation to Texas Water Development Board with the objective of obtaining a Categorical Exclusion or other determination for this project and/or for its individual elements.

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PRIVATE PLACEMENT MEMORANDUM DATED \_\_\_\_\_, 2015

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Obligations (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

**\$55,000,000**

**CANYON REGIONAL WATER AUTHORITY  
TAX EXEMPT CONTRACT REVENUE BONDS  
(WELLS RANCH PHASE II), SERIES 2015**

**(TEXAS WATER DEVELOPMENT BOARD SWIFT PROJECT FINANCING) (the “Obligations”)**

**Dated:** \_\_\_\_\_, 2015

**Due:** August 1st

**Interest Date:** Interest on the Obligations will be payable on February 1 and August 1 each year, commencing August 1, 2016 (each an “Interest Payment Date”). The Obligations will bear interest at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

**Record Date:** The close of business on the fifteenth day of the month immediately preceding the Interest Payment Date.

**Redemption:** The Obligations are subject to redemption prior to maturity as provided herein. See “THE OBLIGATIONS - Redemption Provisions” herein.

**Authorized Denominations:** The Obligations are being issued as fully registered bonds in denominations of **\$5,000**, or any integral multiple thereof.

**Paying Agent/Registrar/Registrar:** The paying agent (“Paying Agent/Registrar/Registrar”) for the Obligations is BOKF, NA dba Bank of Texas, Austin, Texas.

**Book-Entry-Only System** Upon initial issuance, the ownership of the Obligations will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) to which principal, redemption premium, if any, and interest payments on the Obligations will be made. The purchasers of the Obligations will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Obligations will be payable at the designated office of the Paying Agent/Registrar in Austin, Texas as the same become due and payable.

**Issuer:** Canyon Regional Water Authority (the “Authority” or the “Issuer”).

**Official Action:** Bond Resolution dated \_\_\_\_\_, 2015.

**Purpose:** See “APPENDIX B - OFFICIAL ACTION.”

**Security for the Obligations:** See “APPENDIX B - OFFICIAL ACTION” and the NEW WATER SUPPLY CONTRACT.

**Ratings:** See “OTHER INFORMATION - Ratings”

**Delivery Date:** \_\_\_\_\_, 2015.

---

**See “APPENDIX A - MATURITY SCHEDULE” for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers**

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**CANYON REGIONAL WATER AUTHORITY**

**AUTHORITY OFFICIALS, STAFF AND CONSULTANTS**

**Board of Trustees**

Mr. Steve Liparoto – Chairman	Mr. Robert Gregory, Member
Mr. Albert Strzelczyk - Vice Chairman	Ms. Ann Smith, Member
Mr. Randy Schwenn – Treasurer	Mr. Doug Spillmann, Member
Mr. Mike Taylor – Secretary	Mr. Bill Seiler, Member
Mr. Jack Carson, Member	Mr. Phillip David Wuest, Member
Mr. Dennis Dryer, Member	Mr. Craig Russell, Member
Mr. James Robinson, Member	Ms. Elizabeth Wells, Member
Mr. Allen Dunn, Member	Mr. James Pederson, Member
Mr. Scott Smith, Member	Ms. Deborah James, Member
Ms. Joy Jungers, Member	Mr. John Lindgren, Member
Ms. Jennifer Moczygemba, Member	

**Certain Appointed Officials**

Mr. David Davenport	General Manager
Mr. Adam Telfer	Operations Manager
Ms. Joan Wilkinson	Finance Manager
Ms. Ritzie Watkins	Administrative Assistant

**Consultants and Advisors**

Norton Rose Fulbright US LLP, San Antonio, Texas - Bond Counsel

SAMCO Capital Markets, Inc., San Antonio, Texas - Financial Advisor

BOKF, NA dba Bank of Texas, Austin, Texas - Paying Agent/Registrar

Law Offices of Louis T. Rosenberg, P.C., San Antonio, Texas – General Counsel

Armstrong, Vaughn & Associates, P.C., Universal City, Texas – Auditor

River City Engineering, Austin, Texas – Environmental Engineer

LNV, Inc., San Antonio, Texas – Civil Engineer

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**Private Placement Memorandum  
relating to**

**\$55,000,000**

**CANYON REGIONAL WATER AUTHORITY  
TAX EXEMPT CONTRACT REVENUE BONDS  
(WELLS RANCH PHASE II), SERIES 2015  
(TEXAS WATER DEVELOPMENT BOARD SWIFT PROJECT FINANCING) (the “Obligations”)**

**INTRODUCTION**

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Obligations” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – “FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Obligations. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Obligations. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Obligations. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

**THE OBLIGATIONS**

**General Description**

The Obligations are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Obligations are being issued as fully registered bonds in denominations of **\$5,000**, or any integral multiple thereof. The Obligations will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

Interest on the Obligations is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Obligations will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

**Purpose**

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

**Authority for Issuance**

The Obligations are issued pursuant to the provisions of (i) the Constitution and general laws of the State of Texas, including particularly the Special Act (hereafter defined), Chapters 49 and 65, Texas Water Code, as amended, and (ii) a resolution authorizing the Bonds (the “Resolution”) adopted by the Board of Trustees (the “Board”) of Canyon Regional Water Authority (the “Authority” or the “Issuer”) on \_\_\_\_\_, 2015.

**Security for the Obligations**

See “APPENDIX B - OFFICIAL ACTION” and the NEW WATER SUPPLY CONTRACT.

## **Redemption Provisions**

On August 1, 2025, or on any date thereafter, the Obligations maturing on and after August 1, 2026 may be redeemed prior to their scheduled maturities, upon the written direction of the Issuer, in inverse order of maturity, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Obligations, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

## **Notice of Redemption; Selection of Obligations to Be Redeemed**

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of the Bonds, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC.

## **Book-Entry-Only System**

*The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.*

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations and deposited with DTC. See APPENDIX B - “FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: “AAA.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

## **TAX MATTERS**

### **Opinion**

Bond Counsel will deliver its opinion on the date of delivery of the Obligations substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF BOND COUNSEL.”

## OTHER INFORMATION

### Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Obligations have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

### Ratings

**No application has been made to any ratings agency or municipal bond insurance company for qualification of the Obligations for ratings or municipal bond insurance, respectively.**

## LITIGATION

### General

On the date of delivery of the Obligations to the Texas Water Development Board, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Obligations or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Obligations.

### The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Obligations, the security for, or the validity of, the Obligations or the financial condition of the Issuer.

## CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

### Compliance with Prior Undertakings

During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with SEC Rule 15c2-12.

## MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Obligations.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create,

under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

#### **ADDITIONAL INFORMATION**

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Obligations and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

**APPENDIX A**  
**MATURITY SCHEDULE**

**[MATURITY SCHEDULE to include Principal Amounts, Maturities, Interest Rates,  
Prices or Yields, and Initial CUSIP Numbers]**

**APPENDIX B**

**FORM OF OFFICIAL ACTION**

**[ATTACH COPY OF OFFICIAL ACTION]**

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

# **ATTACHMENT**

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## Canyon Regional Water Authority, Wells Branch Phase 2

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Project # 51005

### Water Conservation

- Please provide the Water Conservation Annual report for 2014, which was due May 1, 2015

### Environmental review comments:

- Projects: Wells Ranch Water Treatment Plant Expansion (2), Leissner Booster Pump Station Expansion (4), Wagner Booster Station Expansion (9) and Loop 1604 Booster Station Expansion (10), as described in application and referred in the preliminary engineering reports (drawings), appear to qualify for a Categorical Exclusion(CE)/Determination of No Effect (DNE). Please provide additional information (prepare and submit the attached CE/DNE request form) to determine if projects qualify for CE/DNE or if a full review will be required.
  - As part of the CE/DNE request submittal, please make sure to provide the following:
    - Provide separate maps of each specific project at a scale to identify all project components, preferably with topographic and/or aerial photo background. Alternatively, you can provide kml or kmz files for site information on Google Earth. Needed to assess eligibility for CE.
    - For each project, if available, include bulleted list of all project components, and note if work is replacement or new (e.g., if new linework is functional replacement of existing linework), please note that in your description. Please note that new linework (not replacement lines) will not qualify for a categorical exclusion. In addition, if new construction is on undeveloped sites, it will not qualify for CE/DNE.
- Projects: Wells Ranch Tract Wilcox Wells (1), 1 MG Elevated Storage Tank (3), Brown Family Trust Tract Well Installations (5), Brown Family Trust Tract Well Field Piping and Roadway (6), Brown Family Trust Tract Raw Water Transmission Main (7), Santa Clara Road Transmission Main (8) and Crystal Clear Transmission Main (11) as described in the information provided do not qualify for a categorical exclusion and will require a full environmental review.
- The application states the loan will be used only for Design and Construction. Environmental review is required to be completed as part of the “Planning” phase. The Budget includes \$148,185 for ‘Environmental’. If the Authority intends to finance the planning costs through the SWIFT program, the project will be presented as requesting Planning, Design, and Construction phase funding. Please confirm. Also, if available, please provide information on the proposed environmental scope of services.

- Proposed project schedule indicates all environmental documents will be submitted to TWDB by Oct 2015. Please indicate if the Authority intends to request environmental determinations for projects that qualify for categorical exclusions separately from projects that require a full environmental review.

**Engineering review comments:**

- Budget:
  - The budget does not include amounts for Testing or Inspection. Please clarify if these services will be needed or if they will be paid for from other funds. If so, please show the costs in the “Other Funds” column of the budget.
  - The contingency line item is shown as \$353,931. This seems low for \$45,508,460 worth of construction. Please confirm this amount and provide an explanation.
  - Geologist is listed as a line item under “Other” Special Services. Please explain the role of the geologist.
  - The budget does not include amounts for planning, financial advisor, bond counsel, or issuance costs. Is the Authority funding these items with other/local funds? If so, please update the budget to show those costs under the “Other Funds” column.
  - The budget includes \$600,000 for Fiscal/Legal. Please provide information on what is included under this item.

# MEMO



**Date:** June 11, 2015

**To:** Chris Schultz, Ph.D. – Texas Water Development Board

**From:** Patrick Lackey, P.E. – River City Engineering  
David Weikel, P.E. – River City Engineering

**RE:** Canyon Regional Water Authority (CRWA) – TWDB Project 51005

The following are responses to environmental and engineering review comments received from Clay Schultz (TWDB) email dated June 9, 2015.

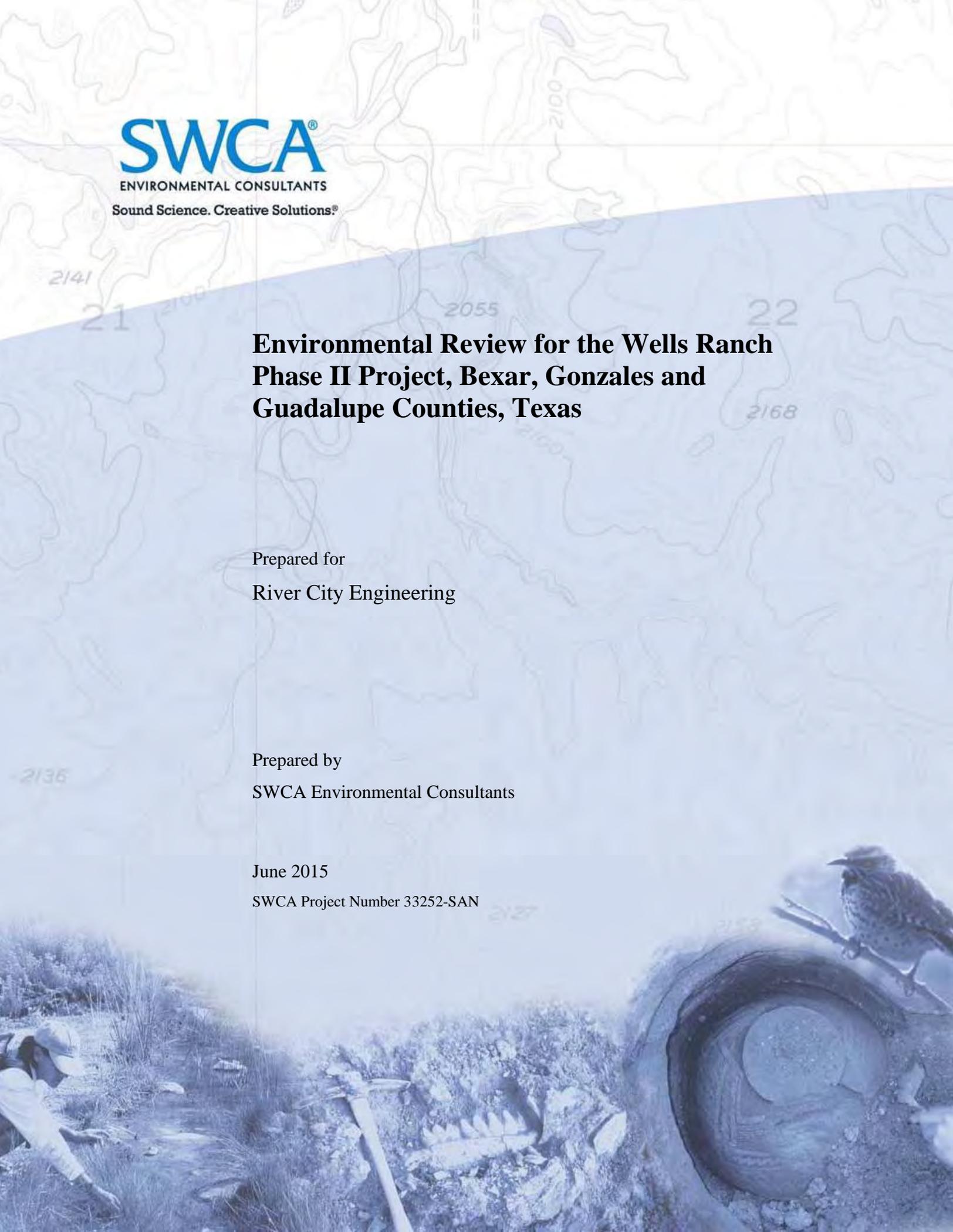
## **Response to Environmental Review Comments:**

- River City Engineering and SWCA Environmental Consultants are preparing the CE/DNE request submittal for the applicable projects. This submittal and all necessary information requested will be provided as noted in the review comment. The submittal will be made as soon as possible, but after June 15, 2015.
- River City Engineering and SWCA Environmental Consultants are compiling and/or conducting studies for the project that will require a full environmental review. Submittals for each of the projects will be made during the “Planning” phase as soon as possible and before October 2015.
- The loan will be used only for the Design and Construction of the project as shown in the application. The \$148,185 for the Environmental line item on the budget form has been shifted from the TWDB Fund Series 1 column to the Other Funds column of the Project Budget form (TWDB 1201). A revised Project Budget form is attached. Part of the \$148,185 is intended to conduct natural and cultural studies for the Brown Family Trust Tract Well Installations, (5), Brown Family Trust Tract Raw Well Field Piping and Roadway (6), and Brown Family Trust Tract Raw Water Transmission Main (7) projects. Environmental studies have been conducted for the other projects and will be provided to the TWDB during the application review process. River City Engineering will provide a scope of work to the TWDB for any environmental work that will be necessary for the concerned projects when it is available.
- River City Engineering and SWCA Environmental Consultant, on behalf of CRWA, intend to request environmental determinations for projects that qualify for

categorical exclusions separately from projects that require a full environmental review.

### **Response to Engineering review comments:**

- Budget:
  - Funds for Testing (\$70,000) and Inspection (\$500,000) are necessary. A revised Project Budget form is attached.
  - A 12% contingency was included in the estimates of probable construction cost for each of the projects and was included in the Construction line item of the Project Budget. The contingency amount has been separated from the Construction line item and included in the Contingency line item on the Project Budget form. Please see attached revised Project Budget form.
  - The services of a geologist or hydro-geologist are necessary for the design and construction of the seven (7) proposed ground water wells that are elements of this project. We have revised the Project Budget form to reflect Hydro-geologist / Geologist.
  - Funds for planning (environmental) are not being requested in this application (See response to Environmental review comments). Planning will be funded with other funds. This is in the "Other Funds" column of the attached revised Project Budget form. Funds for financial advisor, bond counsel, and issuance costs were all previously lumped together on the Fiscal/Legal line item of the Project Budget form. Each of these line items are now shown on the attached revised Project Budget form.
  - The \$600,000 for the Fiscal/Legal line item question has been addressed as stated above.
  - Additionally, the initial Project Budget form included \$500,000 in the Land/Easements line item. Funding for this line item is not necessary and has been removed as shown on the attached revised Project Budget form. The revised Project Budget form remains at a Total Cost of \$55,000,000.



**SWCA**<sup>®</sup>

ENVIRONMENTAL CONSULTANTS

Sound Science. Creative Solutions.<sup>®</sup>

## **Environmental Review for the Wells Ranch Phase II Project, Bexar, Gonzales and Guadalupe Counties, Texas**

Prepared for  
River City Engineering

Prepared by  
SWCA Environmental Consultants

June 2015  
SWCA Project Number 33252-SAN



**ENVIRONMENTAL REVIEW FOR THE WELLS RANCH PHASE II PROJECT,  
BEXAR, GONZALES AND GUADALUPE COUNTIES, TEXAS**

Prepared for

**River City Engineering**  
1011 W. County Line Road  
New Braunfels, Texas 78130

Prepared by

**SWCA ENVIRONMENTAL CONSULTANTS**  
6200 UTSA Blvd., #102  
San Antonio, TX 78249  
[www.swca.com](http://www.swca.com)

SWCA Project Number 33252-SAN

June 16, 2015

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## 1.0 INTRODUCTION

SWCA Environmental Consultants (SWCA) was contracted by River City Engineering to perform an environmental review of the Canyon Regional Water Authority (CRWA) Wells Ranch Phase II project that has been identified on the Texas Water Development Board (TWDB) State Water Implementation Fund for Texas (SWIFT) funding application. This review had the following objectives:

1. Identify and review previous environmental documentation to determine if updating is required;
2. Summarize the findings of previous environmental studies;
3. Identify data gaps, if applicable; and
4. Provide recommendations on any additional reviews or studies that may be needed to meet SWIFT funding requirements.

## 2.0 COMPLETED AND PROPOSED CRWA PROJECTS

This environmental review includes projects that have been built and proposed projects. Many of the proposed project elements consist of minor upgrades or improvements to existing facilities. Table 1 provides a list and brief summary of the projects that were included in SWCA’s review. Project locations are illustrated on Figure 1 (Appendix A).

**Table 1.** CRWA Projects.

Proposed Projects	Description	Notes
Project 1 - Wilcox Wells	Proposed Wilcox wells within existing well field with existing Carrizo wells	
Project 2 - Wells Ranch Water Treatment Plant (WTP) Improvements	Improvements to existing WTP	
Project 3 - Hickory Forrest Tank	Proposed storage tank on cleared site	
Project 4 - Leissner Booster Station Improvements	Improvements to existing booster station	
Project 5 - Carrizo Aquifer Wells	Proposed well field	
Project 6 - Well Collection Pipes	Proposed well collection pipelines	
Project 7 - Raw Transmission Main	Proposed raw water transmission main pipeline	
Project 8 - Santa Clara	Proposed water transmission	

Proposed Projects	Description	Notes
Transmission Main	main pipeline	
Project 9 - Wagner Booster Station Improvements	Improvements to existing booster station	Projects are within the original facilities footprint and are covered under existing project Phase IIA, below.
Project 10 - Loop 1604 Booster Station Improvements	Improvements to existing booster station	
Project 11 - Crystal Clear Transmission Main	Proposed transmission main pipeline	
Project 12 - Proposed Wells	Proposed well field	Projects 12 and 13 are not included in current SWIFT application.
Project 13 - Proposed Piping to NE and SE Wells	Proposed well piping	
Completed Projects	Description	Notes
CRWA Mid-Cities Phase IIA	Transmission pipeline	2003 DLS Associates environmental studies. TWDB funded/approved, constructed in 2002. Includes Wagner Booster Station.
CRWA Wells Ranch Phase I – Treated	Transmission pipeline	2008 CP&Y and Horizon environmental studies.
CRWA Mid-Cities Phase IIB	Transmission pipeline	Includes Loop 1604 Booster Station and Tank Site and FM 1518 Elevated Tank Site.
CRWA Wells Ranch Phase I – CP&Y	Transmission pipeline	2008 CP&Y and Horizon environmental studies. Includes Leissner Booster Station.
CRWA Wells Ranch Phase I – RAW	Raw water transmission pipeline from Carrizo well field to Wells Ranch WTP	2008 CP&Y and Horizon environmental studies. Includes wells and WTP.
CRWA Wells Ranch Phase II Water Transmission Line - RCE	Transmission pipeline	2012 SWCA environmental studies.

### 3.0 ENVIRONMENTAL REVIEW

#### 3.1 Methods

SWCA reviewed previous environmental studies performed for and related to the Wells Ranch Phase II project, including reports provided by River City Engineering as well as reports prepared by SWCA. In addition, SWCA performed a preliminary cultural resources review for the proposed Carrizo Aquifer wells fields in Gonzales and Guadalupe Counties.

## 3.2 Results

Table 2 identifies the proposed projects, environmental reviews that have been conducted, and any agency coordination that has either been completed and/or initiated. In addition, Table 2 identifies additional environmental reviews that would be required to insure that there are no significant impacts to either the human and/or natural environments.

The majority of the proposed improvements identified within the SWIFT applications appear to fall within the category of minor upgrades and/or minor expansions to the system's capacity and operations. In general, the major transmission pipeline projects have had previous environmental studies covering federally listed threatened and endangered species, jurisdictional waters, and cultural resources. The existing reports did not identify any significant environmental constraints. All cultural resources studies that have been completed received concurrence from the Texas Historical Commission (THC).

Based on SWCA's preliminary environmental review for Projects 5, 6, and 7 - proposed Carrizo Aquifer well fields in Gonzales and Guadalupe Counties, cultural resources surveys have not been conducted for most of the area, with the exception the previous survey in the vicinity of the CRWA Phase II – raw pipeline. For compliance with the Texas Antiquities Code, cultural resources field surveys are recommended for these areas. This project area also contains mapped intermittent streams; therefore, field studies for jurisdictional waters and threatened and endangered species would be recommended for these project areas.

Based on SWCA's preliminary environmental review for Projects 12 and 13, proposed Carrizo wells and piping, natural and cultural resources field surveys will likely be required to provide sufficient information to meet agency coordination requirements for proposed project impacts east of the existing well field.

**Table 2.** Results of Environmental Review and Data Gap Analysis.

Projects	Location County	Applicable Environmental Reports	Results/Recommendations	Agency Consultation	Gaps/Updates Required/Notes	CE Eligibility
<b>Proposed Projects</b>						
1. Wilcox Wells	Guadalupe	Area covered in reports for CRWA Wells Ranch Phase I CP&Y studies.	Project would add additional Wilcox wells in the existing well field in areas that have previous disturbance.	Conducted for Carrizo wells	Background review and agency coordination to add Wilcox wells.	Yes – conditioned on cultural background review
2. Wells Ranch WTP Improvements	Guadalupe	Site covered in Wells Ranch Phase I CP&Y studies.	Project improvements are to the existing WTP facility.	Conducted for Phase II	N/A	Yes
3. Hickory Forest Tank	Guadalupe	Site adjacent to CRWA Wells Ranch Phase II water transmission line (SWCA studies).	Project would add and additional tank along the existing pipeline.	Conducted for Phase II	N/A	Yes – conditioned on cultural background review
4. Leissner Booster Station Improvements	Guadalupe	Site covered in Wells Ranch Phase II CP&Y studies.	Project improvements are to the existing facility.	Conducted for Phase II	N/A	Yes
5. Carrizo Aquifer Wells	Guadalupe	No	N/A	No	Natural and cultural resources surveys and agency coordination.	No
6. Well Collection Pipes	Gonzales	No	N/A	No		No
7. Raw Transmission Main	Guadalupe, Gonzales	No	N/A	No		No
8. Santa Clara Transmission Main	Guadalupe	Cultural Resources Constraints Analysis of Four Preliminary Alternatives for the CRWA Wells Ranch Santa Clara to Wagner Transmission line Project, Guadalupe County, Texas (SWCA, July 2013)	Moderate to high potential for archaeological and historic resources. Intensive archaeological survey recommended.	Antiquities Permit	N/A	No
		Cultural Resource	No significant sites	THC	N/A	

Projects	Location County	Applicable Environmental Reports	Results/Recommendations	Agency Consultation	Gaps/Updates Required/Notes	CE Eligibility
		Investigations of Phase III of the Canyon Regional Water Authority Wells Ranch Santa Clara to Wagner Transmission Line Project, Guadalupe County, Texas (SWCA October 2014)	encountered.	concurrence issued 10/17/14		
		Natural Resources Constraints Analysis of the Santa Clara to Wagner Transmission Pipeline Project, Guadalupe County, Texas (SWCA July 2013)	Recommended site surveys to confirm habitat for whooping crane, mussels. Three likely JW stream crossings.	No	N/A	
		Assessment of the Potential for Occurrence of Federally Listed Threatened and Endangered Species for the Santa Clara to Wagner Transmission Pipeline Project, Guadalupe County, Texas (SWCA, October 2014)	No suitable threatened/endangered species habitat.	No	Does not include state listed species. TPWD coordination.	
		Jurisdictional Waters Evaluation for the Santa Clara to Wagner Transmission Pipeline Project, Guadalupe County, Texas (SWCA October 2014)	One jurisdictional stream crossing, 7.6 ft. OHWM. No PCN required.	No	N/A	

<b>Projects</b>	<b>Location County</b>	<b>Applicable Environmental Reports</b>	<b>Results/Recommendations</b>	<b>Agency Consultation</b>	<b>Gaps/Updates Required/Notes</b>	<b>CE Eligibility</b>
9. Wagner Booster Station Improvements	Guadalupe	CRWA Mid-Cities Phase IIA studies.	Site covered in CRWA Mid-Cities Phase Phase IIA. Have prior TWDB approval.	TWDB	N/A	Yes
10. Loop 1604 Booster Station Improvements	Guadalupe	CRWA Mid-Cities Phase IIA studies.	Site covered in CRWA Mid-Cities Phase Phase IIA. Have prior TWDB approval.	TWDB	N/A	Yes
11. Crystal Clear Transmission Main	Guadalupe	Cultural Resources Constraints Analysis of the CRWA Wells Ranch Crystal Clear Project, Guadalupe County, Texas (SWCA July 2013)	High potential for the occurrence of archaeological and historic resources. Intensive archaeological survey recommended.	Antiquities Permit	N/A	No
		Cultural Resource Investigations of the Canyon Regional Water Authority Wells Ranch Crystal Clear Transmission Line Project, Guadalupe County, Texas (SWCA January 2015)	One isolated find, no significant sites.	THC concurrence issued 12/18/14	N/A	
		Natural Resources Constraints Analysis of the Crystal Clear Transmission Pipeline Project, Guadalupe County, Texas (SWCA July 2013)	Recommended site surveys to confirm habitat for whooping crane, mussels. Two likely JW stream crossings.	No	N/A	
		Assessment of the Potential for Occurrence of Federally Listed Threatened and Endangered Species for the Crystal Clear Transmission Pipeline, Guadalupe	No suitable threatened/endangered species habitat.	No	Does not include state listed species. TPWD coordination.	

Projects	Location County	Applicable Environmental Reports	Results/Recommendations	Agency Consultation	Gaps/Updates Required/Notes	CE Eligibility
		County, Texas (SWCA January 2015)				
		Jurisdictional Waters Evaluation for the Crystal Clear Transmission Pipeline Project, Guadalupe County, Texas (SWCA December 2014)	No stream channels with OHWM in project area.	No	N/A	
12. Proposed Wells	Gonzales	No	N/A	No	Natural and cultural resources background review, surveys, and agency coordination.	No
13. Proposed Piping to NE and SE Wells	Guadalupe, Gonzales	No	N/A	No		No
<b>Completed Projects</b>						
Wells Ranch Phase I – includes Treated, Raw and CP&Y (listed below)	Bexar, Guadalupe, Gonzales	Wells Ranch Environmental Report (Chiang, Patel & Yerby January 2008)	16 jurisdictional stream crossings, no PCN required. No suitable habitat for threatened or endangered species.	None reported.	N/A	N/A
		Intensive Cultural Resources Survey of the Wells Ranch Carrizo Groundwater Project, Bexar, Gonzales, and Guadalupe Counties, Texas (Horizon January 2008)	1 new site documented, not significant.	THC concurrence issued 3/3/08.	N/A	
CRWA Phase IIA (Completed 2002)	Guadalupe	Phase IIA reports.	TWDB approval.	TWDB	N/A	N/A
CRWA Wells Ranch Phase II Treated	Guadalupe	CP&Y and Horizon studies	No significant resources.	THC concurrence issued 3/3/08.	N/A	N/A

<b>Projects</b>	<b>Location County</b>	<b>Applicable Environmental Reports</b>	<b>Results/Recommendations</b>	<b>Agency Consultation</b>	<b>Gaps/Updates Required/Notes</b>	<b>CE Eligibility</b>
(Completed 2009)						
CRWA Mid-Cities Phase IIB	Guadalupe	Environmental Information Document, Mid-Cities Surface Water Project Lake Dunlap Plant Expansion Phase II-B Transmission Main, Bexar and Guadalupe Counties, Texas (DLS Associates May 2003)	Propose boring under all stream crossings; clearing outside of bird nesting season.	TWDB	N/A	N/A
CRWA Wells Ranch Phase I – CP&Y (Completed 2009)	Bexar, Guadalupe	Intensive Cultural Resources Survey of the Wells Ranch Carrizo Groundwater Project, Bexar, Gonzales, and Guadalupe Counties, Texas (Horizon January 2008)	1 new site documented, not significant.	THC concurrence issued 3/3/08.	N/A	N/A
CRWA Wells Ranch Phase I – Raw (Completed 2009)	Guadalupe	Intensive Cultural Resources Survey of the Wells Ranch Carrizo Groundwater Project, Bexar, Gonzales, and Guadalupe Counties, Texas (Horizon January 2008)	1 new site documented, not significant.	THC concurrence issued 3/3/08.	N/A	N/A
CRWA Wells Ranch Phase II Water Transmission Line RCE (Completed 2013)	Guadalupe	Intensive Cultural Resources Survey of the Wells Ranch Phase 2 Transmission Main Project, Guadalupe County, Texas (SWCA April 2012)	Historic cemetery 135 ft from south edge – to be avoided. No other significant sites.	THC concurrence issued 6/11/12.	N/A	N/A
		Assessment of the Potential for Occurrence	No suitable threatened/endangered species habitat.	No	N/A	

Projects	Location County	Applicable Environmental Reports	Results/Recommendations	Agency Consultation	Gaps/Updates Required/Notes	CE Eligibility
		of Federally Listed Threatened and Endangered Species for the CRWA Wells Ranch Phase 2 Transmission Line Project, Guadalupe County, Texas (SWCA May 2012)				
		Jurisdictional Waters Evaluation for Canyon Regional Water Authority Wells Ranch Phase II Transmission Line Project, Guadalupe County, Texas (SWCA April 2012)	6 jurisdictional stream crossings, no PCN required.	No	N/A	

## 4.0 CONCLUSIONS AND RECOMMENDATIONS

SWCA conducted an environmental review of the Wells Ranch Phase II project to determine environmental documentation requirements based on 31 Texas Administrative Code §363, Subchapter A, Natural Resources and Conservation TWDB Financial Assistance Programs General Provisions General Applications Procedures; and 31 Texas Administrative Code §375, Subchapter E, Natural Resources and Conservation TWDB Clean Water State Revolving fund Environmental Reviews and Determinations Federal Projects. The applicant is proposing to use funding from the SWIFT to maintain current operations and services for its customers. The applicant has identified thirteen improvement projects identified as Well Ranch Phase II to be completed using the SWIFT funds. The sole purposes of these funds are for water conservation and/or reuse projects. These conservations projects include the minimization of water loss through pipe replacements as an example.

The majority of the proposed improvements identified within the SWIFT application appear to fall within the category of minor upgrades and/or minor expansions to the system's capacity and operations. Based on SWCA's preliminary review of the proposed Carrizo Aquifer wells fields in Gonzales and Guadalupe Counties, detailed natural and cultural resources field surveys are recommended for portions of these projects as identified in Table 2. In addition, some of the previous project reports did not include information on state-listed threatened and endangered species. To meet TWDB agency coordination requirements, additional documentation on the state listed species will need to be included for Texas Parks and Wildlife Department coordination.

We anticipate that the proposed improvements to existing facilities would be considered under a Categorical Exclusion review. Minimal environmental documentation, such as background reviews, may be required for agency coordination. Upon TWDB determination of eligibility for a Categorical Exclusion, additional environmental documentation would be completed and coordination letters would be sent to the required resource agencies for their review and concurrence. Coordination with the following agencies is typically required for all TWDB-funded projects:

- Texas Parks and Wildlife Department
- Texas Historical Commission
- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service (if required based on effects determination)

In addition, coordination with the local Floodplain Administrator is required if any projects require the construction of insurable facilities within the floodplain.

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**APPENDIX A**

**FIGURE**

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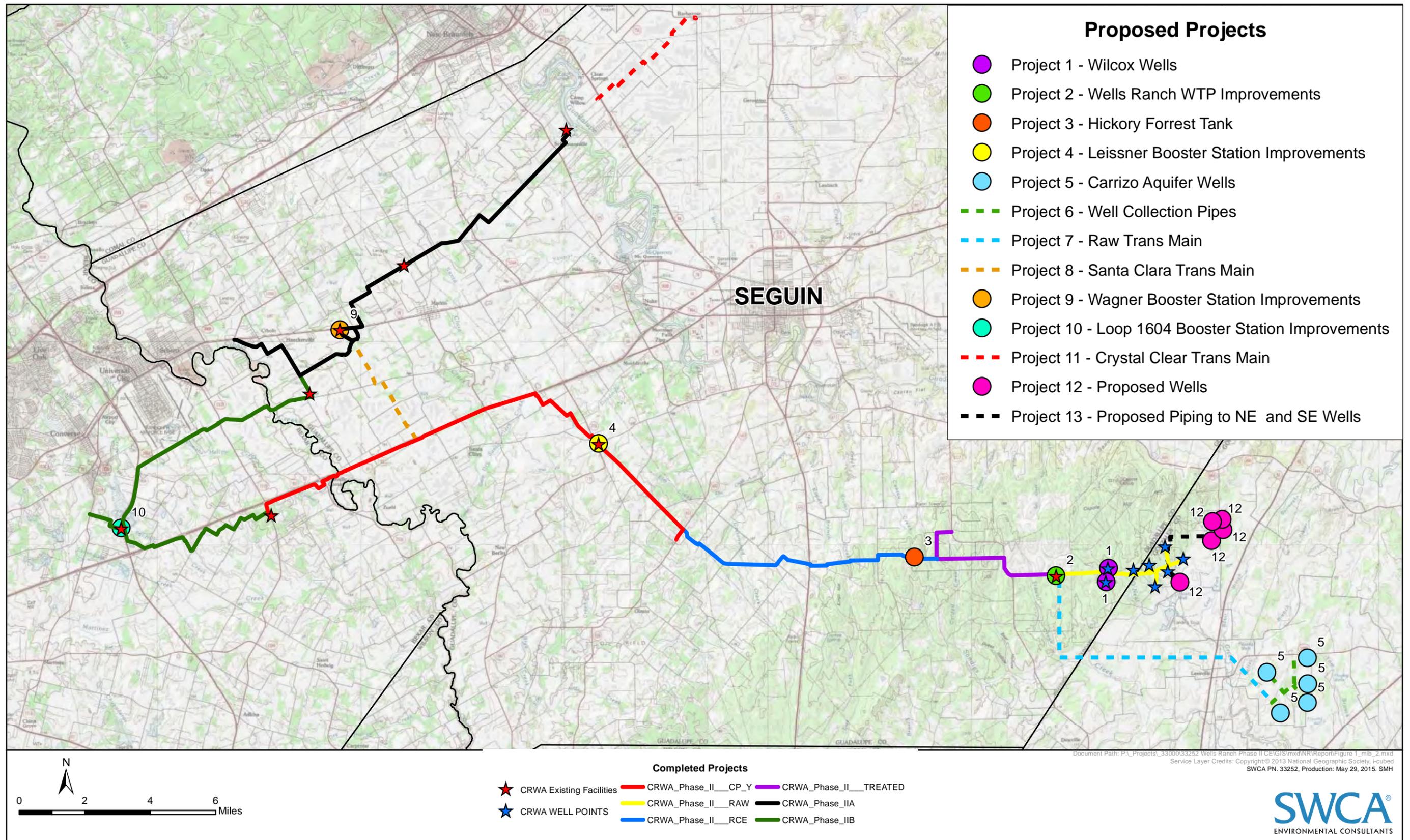


Figure 1. Project location map of proposed and completed projects for the Canyon Regional Water Authority Wells Ranch Phase II project, Bexar, Guadalupe, and Gonzales, Counties, Texas.