

PUBLIC NOTICE

**AGENDA
SPECIAL MEETING**

LOCKHART CITY COUNCIL

TUESDAY, JANUARY 23, 2018

**CLARK LIBRARY ANNEX-COUNCIL CHAMBERS
217 SOUTH MAIN STREET, 3rd FLOOR
LOCKHART, TEXAS**

6:30 P.M.

- 1. CALL TO ORDER**
Mayor Lew White
- 2. INVOCATION AND PLEDGE OF ALLEGIANCE TO THE UNITED STATES AND TEXAS FLAGS**
- 3. DISCUSSION/ACTION ITEMS**
 - A. Discussion and/or action after presentation regarding drainage, vehicular traffic, and pedestrian safety improvements on East San Antonio Street between South Main and South Commerce Streets.
 - B. Discussion and/or action regarding proposed agreement with Guadalupe-Blanco River Authority (GBRA) for a long-term treated water supply.
- 4. ADJOURNMENT**

If, during the course of the meeting, any discussion of any item on the agenda should be held in executive or closed session, the City Council will convene in such executive or closed session, in accordance with the provisions of the Government Code, Title 5, Subchapter D to consider one or more matters pursuant to the following:

Section 551.071. Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; (2) and/or a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State of Texas clearly conflicts with this chapter.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.073. To deliberate a negotiated contract for a prospective gift or donation to the state or the governmental body if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.076. To deliberate the deployment, or specific occasions for implementation, of security personnel or devices.

Section 551.086. To deliberate vote or take final action on any competitive matters relating to public power utilities.

Section 551.087. To deliberate or discussion regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

Section 551.088. To deliberate a test item or information related to a test item if the governmental body believes that the test item may be included in a test the governmental body administers to individuals who seek to obtain or renew a license or certificate that is necessary to engage in an activity.

After discussion of any matters in executive session, any final action or vote taken will be in public by the City Council.

City Council shall have the right at anytime to seek legal advice in Executive Session from its Attorney on any agenda item, whether posted for Executive Session or not.

I certify that the above notice of meeting was posted on the bulletin board in the Municipal Building, 308 West San Antonio Street, Lockhart, Texas, on the 19th day of January 2018 at 4:25 PM. I further certify that the following News Media was properly notified of this meeting as stated above: Lockhart Post-Register



Connie Constancio, TRMC
City Secretary



Work Session Item # _____

Reg. Mtg. Item # _____

**CITY OF LOCKHART
COUNCIL AGENDA ITEM**

CITY SECRETARY'S USE ONLY <input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory		Reviewed by Finance	<input type="checkbox"/> Yes	<input type="checkbox"/> Not Applicable
		Reviewed by Legal	<input type="checkbox"/> Yes	<input type="checkbox"/> Not Applicable
Council Meeting Dates: January 23, 2018				
Department: City Manager			Initials	Date
Department Head: Vance Rodgers		Asst. City Manager		
Dept. Signature: <i>Vance Rodgers</i>		City Manager		<i>VR</i> 1-18-2018
Agenda Item Coordinator/Contact (include phone #): Vance Rodgers				
ACTION REQUESTED: <input type="checkbox"/> ORDINANCE <input type="checkbox"/> RESOLUTION <input type="checkbox"/> CHANGE ORDER <input type="checkbox"/> AGREEMENT <input type="checkbox"/> APPROVAL OF BID <input type="checkbox"/> AWARD OF CONTRACT <input type="checkbox"/> CONSENSUS <input checked="" type="checkbox"/> OTHER				
CAPTION				
Discussion and/or action after presentation regarding proposed drainage, vehicular traffic, and pedestrian safety improvements on East San Antonio Street between S. Main and S. Commerce Streets				
FINANCIAL SUMMARY				
<input type="checkbox"/> N/A <input type="checkbox"/> GRANT FUNDS <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP <input type="checkbox"/> BUDGETED <input type="checkbox"/> NON-BUDGETED				
FISCAL YEAR:	PRIOR YEAR (CIP ONLY)	CURRENT YEAR	FUTURE YEARS	TOTALS
Budget				\$0.00
Budget Amendment Amount				\$0.00
Encumbered/Expended Amount				\$0.00
This Item				\$0.00
BALANCE	\$0.00	\$0.00	\$0.00	\$0.00
FUND(S):				
SUMMARY OF ITEM				
This proposed project as identified in the Sustainable Places Project improves drainage, vehicular traffic, and pedestrian safety on East San Antonio Street between S. Main and S. Commerce Streets. The project provides a wide plaza area with amenities on the north side of the San Antonio Street while maintaining 14 of the 18 existing parking spaces and provides keeping 8-9 parking spaces on the south side in the same block.				
STAFF RECOMMENDATION				
Council Decision				
List of Supporting Documents: List of businesses notified about meeting, map showing concept of plaza, parking areas, and travel lanes.		Other Departments, Boards, Commissions or Agencies:		

PUT 14 PARKING SPACES ON N SIDE AND 9 ON S SIDE WHERE GREEN AREA IS



100 Block S Commerce, 100 Block S Main, 100 Block E Market, 100 Block E San Antonio

HAND DELIVERED: 1-19-2018 EXCEPT NOTED

Residential/ Comercial	Street	Address #	Account Name	Attention:	Mailing Adress	Mailing City	Mailing State	Mailing Zip Code
C	S COMMERCE	100	WORLD FINANCE		100 S COMMERCE ST	LOCKHART	TX	78644
C	S COMMERCE	102	RYAN, JEROME A		502 W SAN ANTONIO ST	LOCKHART	TX	78644
C	S COMMERCE	104	CO. WIDE ABST & TITLE		104 S COMMERCE ST	LOCKHART	TX	78644
C	S COMMERCE	108	CLARK, MICHELLE		1288 STAR MEADOW	KYLE	TX	78640
C	S COMMERCE	110	IMPROMPTU INVESTMENTS LLC		540 W SAN ANTONIO ST	LOCKHART	TX	78644
C	S COMMERCE	114	MAS MACETAS		114 S COMMERCE ST	LOCKHART	TX	78644
C	S COMMERCE	116	PEREZ, RUBEN G		722 W SAN ANTONIO ST	LOCKHART	TX	78644
C	S COMMERCE	118	CHRISTIAN, JANET	MAILED	304 S JONES BLVD, #2919	LAS VEGAS	NV	89107-2623, C078
C	S COMMERCE	118-B	CHRISTIAN, JANET		304 S JONES BLVD, #2919	LAS VEGAS	NV	89107-2623, C078
C	E MARKET	100	MENDOZA, DAVID LEE		1712 E RIVERSIDE DR #14	AUSTIN	TX	78741-1320, C033
C	E MARKET	100	SQUARE BEND GROUP LLC		1712 E RIVERSIDE DR # 14	AUSTIN	TX	78741-1320, C033
R	E MARKET -UP/RES A	102-A	AVILA, PETER		102 E MARKET ST APT A	LOCKHART	TX	78644
C	E MARKET - DOWN	102 DOWN	VANGUNTEN, SUTTON		102 E MARKET ST	LOCKHART	TX	78644
C	E MARKET	104	DUCLoux, PHILIP		PO BOX 3	BASTROP	TX	78602-0003, B001
C	E MARKET	104 DOWN	ALVEY, BRIAN		104 E MARKET ST OFC DWN	LOCKHART	TX	78644
R	E MARKET	104 UP	STONE, MELISSA	OR WILL COURTNEY	104 E MARKET ST APT A	LOCKHART	TX	78644
C	E MARKET	106	BURGE, TAYLOR OR AUSTI		106 E MARKET ST	LOCKHART	TX	78644
C	E MARKET	108	CALD. CO. FARM BUREAU		PO BOX 688	LOCKHART	TX	78644
C	E MARKET	110-A	HARRISON PROPERTIES, INC.		110 E MARKET ST	LOCKHART	TX	78644
R	E MARKET	110-B	HARRISON PROPERTIES, INC.		110 E MARKET ST	LOCKHART	TX	78644
C	E MARKET	112	HARRISON PROPERTIES, INC.		110 E MARKET ST	LOCKHART	TX	78644
C	E MARKET	114	RAMON'S BARBER SHOP		114 E MARKET ST	LOCKHART	TX	78644
C	E MARKET	116	MENDEZ, ROBERT		200 E MARKET ST	LOCKHART	TX	78644
C	E MARKET	120	TORRES, MICHAEL		207 E MARKET ST APT B	LOCKHART	TX	78644
C	S MAIN	101	THE LOCKHART SHOPPES ON MAIN		10734 S US HIGHWAY 183	LOCKHART	TX	78644
C	S MAIN	103	SPELLERBERG ASSOCIATES LLC		6312 WOODHUE DR	AUSTIN	TX	78745-3734, C026
C	S MAIN	105	FIRST LOC. NATIONAL BANK		PO BOX 600	LOCKHART	TX	78644
C	S MAIN	107	FIRST LOC. NATIONAL BANK		PO BOX 600	LOCKHART	TX	78644
C	S MAIN	110	CALDWELL CO. JUDGE		PO BOX 98	LOCKHART	TX	78644
C	S MAIN	111	FIRST LOC. NATIONAL BANK		PO BOX 600	LOCKHART	TX	78644
C	S MAIN	113	WESTY'S PHARMACY		113 S MAIN	LOCKHART	TX	78644
C	S MAIN	115	RUCKER OHLENDORF INSURANCE		115 S MAIN	LOCKHART	TX	78644
C	S MAIN	117	HARMON, MICHELLE		117 S MAIN	LOCKHART	TX	78644
C	S MAIN	119	FIELDER, ALAN		119 S MAIN	LOCKHART	TX	78644
C	E SAN ANTONIO	101	VALDES, PEDRO	EMAILED TO CONLEY COVERT	816 W MAIN ST	UVALDE	TX	78801
C	E SAN ANTONIO	101-2ND	VALDES, PEDRO		816 W MAIN ST	UVALDE	TX	78801
C	E SAN ANTONIO	101-3RD	VALDES, PEDRO		816 W MAIN ST	UVALDE	TX	78801
C	E SAN ANTONIO	101-BASE	VALDES, PEDRO		816 W MAIN ST	UVALDE	TX	78801
C	E SAN ANTONIO	101-HSE	VALDES, PEDRO		816 W MAIN ST	UVALDE	TX	78801
C	E SAN ANTONIO	103	YELLOW HOUSE PROPERTIES		401 S MAIN ST	LOCKHART	TX	78644
R	E SAN ANTONIO	103 1/2	YELLOW HOUSE PROPERTIES		401 S MAIN ST	LOCKHART	TX	78644
C	E SAN ANTONIO	105	HERPEL, LARRY J.		PO BOX 478	LOCKHART	TX	78644
C	E SAN ANTONIO	107	ROLL FAST PRODUCTIONS		107 E SAN ANTONIO ST	LOCKHART	TX	78644
R	E SAN ANTONIO	107-A	YOUNG, DONALD OR POLLY		4712 SAN SIMEON DR	AUSTIN	TX	78749-3764, C075
C	E SAN ANTONIO	109-A	GENN, WILLIAM		109 E SAN ANTONIO ST APT A	LOCKHART	TX	78644
C	E SAN ANTONIO	109-B	GENN, WILLIAM		109 E SAN ANTONIO ST APT A	LOCKHART	TX	78644
C	E SAN ANTONIO	111	WORTH FINANCE		11671 JOLLYVILLE RD STE 204	AUSTIN	TX	78759-4141, C036
C	E SAN ANTONIO	113	PRINTING SOLUTION		113 E SAN ANTONIO ST			
R	E SAN ANTONIO	113-A	DANIEL, SALLY		113 E SAN ANTONIO ST APT A	LOCKHART	TX	78644
C	E SAN ANTONIO	115	PAIGE, LISA	LISA & CO.	115 E SAN ANTONIO ST	LOCKHART	TX	78644
C	E SAN ANTONIO	115/117	HAUG, BEVERLY		1320 CLEARFORK ST	LOCKHART	TX	78644
C	E SAN ANTONIO	117	PAIGE, LISA		115 E SAN ANTONIO ST	LOCKHART	TX	78644
C	E SAN ANTONIO	119	BRAISE BISTRO LLC		119 E SAN ANTONIO ST	LOCKHART	TX	78644



Work Session Item # _____

Reg. Mtg. Item # _____

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Encumbered/Expended Amount				\$0.00
This Item				\$0.00
BALANCE	\$0.00	\$0.00	\$0.00	\$0.00
FUND(S):				
SUMMARY OF ITEM				
Provided with this agenda item is the "draft proposed agreement" with GBRA for a long-term treated water supply. The City Manager's and City Attorney's concerns in the original document have been addressed in the new draft document. Operations and Maintenance costs are not identified in detail but will be provided. GBRA representatives will be present to address any concerns or questions that Council may have.				
STAFF RECOMMENDATION				
City Manager seeks input from the Council in order to prepare a final agreement to be presented to the Council on February 6, 2018, for approval consideration				
List of Supporting Documents:		Other Departments, Boards, Commissions or Agencies:		
Draft GBRA long term water agreement				

**GONZALES CARRIZO WATER SUPPLY PROJECT
TREATED WATER SUPPLY AGREEMENT
BY AND BETWEEN
THE GUADALUPE-BLANCO RIVER AUTHORITY AND
CITY OF LOCKHART**

DRAFT

This Gonzales Carrizo Water Supply Project Treated Water Supply Agreement (“Agreement”) is made and entered into by and between the Guadalupe-Blanco River Authority (“GBRA”), a Texas conservation and reclamation district organized under Article 16, Section 59 of the Texas Constitution, and City of Lockhart (“Customer”), a municipal corporation, (collectively, the “Parties”). The Effective Date of this Agreement is _____.

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RECITALS

GBRA has leased the right to produce groundwater from 42,000 acres of land in Gonzales and Caldwell counties, Texas.

GBRA is authorized by the Gonzales County Underground Water Conservation District, pursuant to Production and Transportation Permit No. 01-13-01 to produce and transport out of the District up to 15,000 acre-feet of leased groundwater from the land leased by GBRA, subject to the restrictions and limitations in Production and Transportation Permit No. 01-13-01.

GBRA is financing the acquisition of groundwater leases and the construction of facilities to pump, treat, and transport the groundwater from the well fields in Gonzales and Caldwell counties to the Customer.

GBRA intends to contract with Alliance Regional Water Authority to jointly construct, operate, and co-own groundwater treatment and transportation facilities to treat and transport the groundwater for GBRA and Alliance, and GBRA anticipates such joint construction and co-ownership will reduce the cost of the Project (as defined in Article 1) and of Alliance’s groundwater project.

GBRA anticipates completing the construction of the Project in 2023.

The Customer has determined that it needs an additional source of water to meet its retail water demands in the future.

The Customer has determined that obtaining water from the Project is in the best interest of the Customer.

GBRA and the Customer anticipate there will be other customers who will obtain water from the Project and because of the unique circumstances of each customer, the agreements regarding the Project and the supply of water may not be identical.

The Customer acknowledges that District Fees and Groundwater Lease Payments will begin in January 2019, before the construction of the Project is completed and delivery of water from the Project has commenced, and, at that time, the Customer may be required pursuant to Section 4.4(a) to begin paying the Gonzales Carrizo Water Charge, which will be based only on those costs being incurred by GBRA.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, GBRA and the Customer agree as follows:

ARTICLE I **DEFINITIONS**

“Alliance Regional Water Authority” or “Alliance” means the regional water authority created and operating under Texas Special District Local Laws Code Chapter 11010.

“Annual Commitment” means 3,000 acre-feet of treated water per year which GBRA agrees to produce for the Customer and the Customer agrees to purchase pursuant to this Agreement.

“Authorized Area of Use” means the Customer’s retail water service area as it may exist from time to time.

“Bonds” means all bonds and other obligations issued, executed, and outstanding from time to time to finance or refinance the cost to acquire groundwater leases, and the cost to plan, design, construct, acquire, repair, improve, and upgrade the Gonzales Carrizo Water Supply Project, including without limitation of the generality of the foregoing, any costs necessary or desirable to maintain or increase capacity of the Project to 15,000 acre-feet per year and comply with applicable laws, rules, and regulations.

“District” means the Gonzales County Underground Water Conservation District.

“District Fees” means the fees charged by the District, as amended by the District from time to time, to pump and transport groundwater, including but not limited to permit fees, export fees, monitoring agreement fees, and export fee surcharges related to a mitigation agreement with the District.

“Effective Date” means the date identified in the preamble paragraph of this Agreement, being the same date that the later of GBRA or the Customer signs and enters into this Agreement.

“Fiscal Year” means September 1 to August 31 or such other 12-month period as determined by GBRA.

“Gonzales Carrizo Water Supply Project” or “Project” means the project described in Section 2.1 of this Agreement.

“Groundwater Lease Payments” means the payments for the right to produce 15,000 acre-feet of groundwater from land leased by GBRA in Gonzales and Caldwell counties, 3,000 acre-feet of which are for the Customer; such lease payments shall be subject an annual CIP increase as reflected in the contract with land owners. (VR)

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“Operation, Maintenance, and Administrative Expenses” means the reasonable, necessary, and actual costs incurred by GBRA for the operation, maintenance, and administration of the Project, including without limitation:

- (a) wages and salaries, employee benefits, chemicals, the purchase and carrying of stores, materials, and supplies, power, supervisions, engineering, testing, auditing, franchises, waste disposal charges and assessments, claims, insurance, contract operators and all other items and expenses of a like or different nature reasonably required for the efficient maintenance and operation of the Project and the performance of this Agreement;
- (b) repairs and replacements of damaged, worn-out or obsolete parts or facilities of the Project, and any relocations of pipelines, or replacements of wells;
- (c) improvements and betterments to keep the Project in operation to render adequate service to the Customer and other customers of the Project and to comply with the requirements of any rule, regulations, or permit issued by any regulatory body having jurisdiction; and
- (d) the reasonable and necessary costs of GBRA’s administration of the Project, which shall be based upon a formula, to be set by the Board of Directors of GBRA in the annual budget of GBRA, that fairly apportions GBRA’s administration costs.

“Permit” means Gonzales County Underground Water Conservation District’s Production and Transportation Permit No. 01-13-01, as it may be amended from time to time.

“Point of Delivery” means the point or points at which GBRA will deliver to the Customer the Annual Commitment, as agreed by the Customer which will be (VR)generally described in Exhibit A attached hereto and incorporated herein for all purposes.

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ARTICLE II

GONZALES CARRIZO WATER SUPPLY PROJECT

2.1 Description of the Gonzales Carrizo Water Supply Project. The Gonzales Carrizo Water Supply Project primarily consists of groundwater leases for the Carrizo Aquifer water in Gonzales and Caldwell counties, facilities to pump, treat, and convey groundwater in and from Gonzales and Caldwell counties, including but not limited to water treatment plant(s) and associated facilities, and facilities to convey treated water through and to Gonzales, Guadalupe,

Caldwell, Hays, and Comal counties. The Project may also include storage and blending facilities, and other facilities necessary or desirable for the supply of treated water to GBRA customers. The Project also includes all lands and interests in lands necessary and desirable for the construction, operation, and maintenance of the Project facilities.

2.2 GBRA Responsibilities and Ownership.

(a) GBRA shall own the Project, including all of the facilities and interest in the land comprising of the Project, and shall be responsible for the operation, maintenance, design, permitting, financing, construction, expansions, extensions, and other modifications to the Project to provide a long-term water supply on behalf of the Customer and other Project participants. GBRA may co-own the Project with other water suppliers.

(b) GBRA will seek financing through the Texas Water Development Board and issue Bonds to finance the Project. Thereafter, GBRA may issue Bonds in the future, at the times and in the amounts determined by GBRA, to refinance the Project and to repair, extend and improve the Project as deemed necessary by GBRA, provided, however, in no event shall GBRA issue Bonds to refinance the Project which would extend the final maturity of any outstanding Bonds (and which would result in the extension of the Termination Date of this Agreement pursuant to Section 6.1(c) hereof) unless it receives the prior written consent of the Customer, which shall not be unreasonably withheld, and all other customers that would be similarly affected.

2.3 Contingency.

(a) Notwithstanding any other requirements in this Agreement, this Agreement is contingent on GBRA obtaining financing for the acquisition and construction of the Project.

(b) If, by July 1, 2018, GBRA and Alliance have not executed a contract for the joint construction, operation, and co-ownership of facilities to treat and transport GBRA's and Alliance's groundwater, the Parties may renegotiate the Customer's participation in the Project.

2.4 Customer Operational Meetings and Bond Consultation.

(a) At least once each quarter of the year, GBRA shall hold a meeting with the Customer and all other customers of the Project to provide information to and obtain information from the Customer regarding the operation and maintenance of the Project, the rates and charges for the Project, water supply matters, District matters, and other matters related to the Project. The Customer, by written notice to GBRA, may waive the meeting for any quarter of the year.

(b) Before issuing any Bonds for the Project, GBRA shall consult with the Customer regarding the need to issue Bonds, and the structure and terms of the Bonds. GBRA shall consider any issues or concerns raised by the Customer; however, subject to the

requirements of Section 2.2(b) and 4.1, GBRA shall have the sole authority to issue Bonds, and to determine the structure, terms, and timing of the Bonds.

(c) Before the Notice of Rate Change provided by Section 4.5, but no earlier than sixty (60) days before such notice, GBRA will provide the Customer with a draft budget for the next fiscal year. The Customer may provide comments on that draft budget, which GBRA will consider in the development of the final budget.

2.5 Future Water Supply Projects. GBRA will notify the Customer of any GBRA project to develop additional phases of the Mid-Basin Water Supply Project so that the Customer has a reasonable opportunity to participate and purchase water from such project.

ARTICLE III WATER QUANTITY AND DELIVERY

3.1 Quantity. GBRA shall sell to the Customer and the Customer shall purchase the Annual Commitment per year. Payments for the Annual Commitment shall be made pursuant to Section 5.1 of this Agreement and shall include the charges described in Article IV. GBRA will deliver up to the Annual Commitment, less de minimis losses associated with the transmission and treatment of the water, to the Customer's Point of Delivery. Notwithstanding the foregoing, GBRA's obligation to deliver up to the Annual Commitment to the Customer is subject to any restrictions and limitations in the Permit, and in any financing requirements associated with the Project. On or before July 1 of each year, the Customer shall notify GBRA in writing the amount of the Annual Commitment the Customer estimates it will need during the next Fiscal Year. The purpose of the notification is to allow GBRA to prepare its operational budget for the next Fiscal Year and effectively plan for the next Fiscal Year's water supply demands, however, the estimate is not intended to obligate the Customer to take the estimated amount or to limit the Customer to the estimated amount, nor is the Customer's failure to communicate the estimate by the deadline a breach of this Agreement. The Customer agrees to communicate with GBRA on a regular basis to inform GBRA of the Customer's water supply requirements from the Project.

3.2 Quality. GBRA shall deliver to the Point of Delivery water of a quality that meets or exceeds the drinking water standards of the Texas Commission on Environmental Quality, or its successor agency, or any other applicable regulatory agency for potable water and using a disinfection method that makes the water suitable for blending with the Customer's other water supplies.

3.3 Source of Water. The water GBRA treats for delivery to the Customer under this Agreement may be from any source or combination of sources that may be available to GBRA, including, without limitation, groundwater, surface water from Canyon Reservoir under GBRA's Certificate of Adjudication 18-2074, run-of-river flows of the Guadalupe River or its tributaries under existing, amended or new water rights, and water obtained from sources other than surface waters of the Guadalupe River Basin.

3.4 Purpose of Use. Treated water delivered to the Customer under this Agreement may only be used for municipal and industrial use. No water delivered to the Customer under

this Agreement may be used outside the boundaries of the Authorized Area of Use without prior written consent by GBRA, such consent shall not be unreasonably withheld. No water delivered to the Customer under this Agreement may be used to irrigate any golf course, unless it is first beneficially used for drinking water purposes.

3.5 Rate of Delivery. GBRA agrees to make the water available to the Customer under this Agreement in the amounts required by the Customer up to a rate of delivery of water which shall not exceed 1,860 gallons per minute at any instant in time. The Customer acknowledges that delivery of water at such a rate constantly throughout a calendar year would result in delivery of the Annual Commitment less de minimis losses. *expected to be 1% or less (FR)*-during that year.

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3.6 Measuring Equipment.

(a) Water Meter. GBRA shall furnish and install a meter or other equipment and devices at the Point of Delivery to measure quantity of water delivered under this Agreement (the "Water Meter"). The Water Meter shall remain the property of GBRA. GBRA shall operate and maintain the Water Meter in good operating condition. GBRA shall provide the Customer with written notice at least ten (10) days in advance of any replacement of the existing Water Meter. The written notice will include a description of the new Water Meter that will be installed.

(b) Meter Reading. The reading, calibration and adjustment of the meters described in this Section 3.6 shall be done only by the employees or agents of GBRA. The results of each reading of the Water Meter shall be recorded in a journal or other record book maintained in GBRA's office and representatives of the Customer may inspect the same at any time during reasonable business hours.

(c) Meter Calibration. GBRA will calibrate the Water Meter at least annually. GBRA shall give the Customer reasonable notice of the date and time when any such calibration shall occur, and at the request of the Customer, conduct the calibration in the presence of the Customer. In addition to the annual calibration, the Customer shall have the right to request that GBRA calibrate the Water Meter not more than once in each year, in the presence of a representative of the Customer. If, upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of five percent (5%), the registration thereof shall be corrected, and accounts adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If, for any reason, the Water Meter is out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered through the period Water Meter is out of service or out of repair shall be estimated and agreed upon by the Parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if same have been installed and are accurately registering. Otherwise, the amount of water delivered during such period may be estimated (a) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (b)

by estimating the quantity of water delivered by deliveries during the preceding period under similar conditions when the Water Meter was registering accurately.

3.7 Title to and Responsibility for Water. Title to and responsibility for all water made available by GBRA under this Agreement shall be in GBRA to the Point of Delivery, at which point title shall pass to the Customer. The Customer and GBRA hereby agree to 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, storage, delivery, processing and handling of such water while title to and responsibility for the water remains in the other Party.

3.8 Reuse and Resale. The Customer agrees that, at all times during the term of this Agreement, it shall not engage in, or seek regulatory approval to engage in, indirect reuse of water delivered to the Customer under this Agreement, unless the Customer and GBRA expressly agree to allow indirect reuse and prescribe the terms thereof in writing. As used in this subsection, "indirect reuse" as used herein means the use for one or more beneficial purposes of the water remaining after initial use at the time or after that water is discharged into a watercourse, lake, or other body of state-owned water. The Customer shall not resell water delivered to the Customer under this Agreement on a wholesale basis to any third party without GBRA's prior written consent, which shall not be unreasonably withheld. Notwithstanding the foregoing, the Customer shall not execute any wholesale water supply contract that will jeopardize the tax exempt status of the Bonds issued for this Project. Nothing in this Agreement shall impair the Customer's ability to directly reuse water delivered to the Customer under the terms of this Agreement.

3.9 Connection by GBRA; Responsibilities of Customer.

(a) Connection of the Customer's water system to the Project at the Point of Delivery shall be made by GBRA at the completion of the construction of the Project. Connection shall be made in accordance with the plans, specifications, and requirements prepared and adopted by GBRA and shall be accomplished by GBRA setting the Water Meter and physically tying it to the Customer's water system at the Point of Delivery. GBRA will own, operate, and maintain the connecting facilities at the Point of Delivery.

(b) The Customer shall construct, maintain, and operate at its own cost and expense, all facilities and equipment necessary to receive and take the treated water delivered under this Agreement. Any facilities and equipment connecting to the Project must be constructed with an air gap connection meeting GBRA's standard specifications.

3.10 Allocation of Water During Shortage. During conditions beyond GBRA's control when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of the Project, pro rata, according to the amount each may otherwise be entitled under their respective contracts with GBRA, 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.

ARTICLE IV
RATES AND CHARGES

4.1 Gonzales Carrizo Debt Service Charge

(a) The Gonzales Carrizo Debt Service Charge is the amount to be charged to the Customer during each Fiscal Year equal to the portion of the total principal and interest requirements on all outstanding Bonds due during such Fiscal Year, plus a coverage factor not to exceed 10% of such portion, that is allocated to the Customer by GBRA in accordance with this Section and to be paid pursuant to the provisions of all applicable bond resolutions. Such allocation shall be based on the percentage equal to the Customer's Annual Commitment divided by the annual commitment of all customers that enter into an agreement with GBRA to receive water from the Project (the "Customer's Pro Rata Portion") and taking into account preferences the Customer elects to exercise with respect to the structure of the debt service for each series of Bonds which differ from the structure of any other customer that enters into a similar agreement with GBRA to receive water from the Project, if any. The Gonzales Carrizo Debt Service Charge charged to the Customer, together with the similar charge that is charged to all other customers that receive water from the Project (but excluding the not to exceed 10% coverage amount charged to all customers), shall be sufficient to cover the annual debt service requirements on the Bonds during each Fiscal Year. Following the delivery of a series of Bonds, GBRA shall provide the Customer with a schedule showing the Gonzales Carrizo Debt Service Charge for all outstanding Bonds to be paid by the Customer that will be applicable for each Fiscal Year following the delivery of such series of Bonds. GBRA expects that such schedule will not change unless additional Bonds are issued or additional funds are required to fund deposits into a reserve account related to the Bonds (as described in Section 4.1(b) below), but GBRA reserves the right to modify such schedule to correct any ambiguities or mistakes or account for any other changes deemed necessary and appropriate.

(b) In the event it becomes necessary for GBRA to make deposits into an operating or debt service reserve fund established pursuant to a resolution authorizing a series of Bonds which will not be funded with proceeds of a series of Bonds, GBRA shall promptly notify the Customer of such event, and the Gonzales Carrizo Debt Service Charge charged to the Customer shall thereafter be adjusted for each applicable Fiscal Year by an amount equal to the Customer's Pro Rata Portion of the additional amount required to be deposited into such operating or debt service reserve fund.

4.2 Gonzales Carrizo Water Rate and Charge

(a) The Gonzales Carrizo Water Rate is the rate per acre-foot of treated water determined by the Board of Directors of GBRA to then be in effect for the commitment of capacity in the Project. Subject to Section 4.5, the GBRA Board of Directors may at any time and from time to time change the Gonzales Carrizo Water Rate. The Gonzales Carrizo Water Rate shall be sufficient to cover Groundwater Lease Payments, the District Fees, and the fixed Operation, Maintenance, and Administrative Expenses of the Project, as those payments, fees, and expenses are incurred.

(b) The Gonzales Carrizo Water Charge is equal to the Gonzales Carrizo Water Rate multiplied by the Annual Commitment.

4.3 Gonzales Carrizo Delivery Rate and Charge.

(a) The Gonzales Carrizo Delivery Rate is the rate per 1000 gallons of water determined by the GBRA Board of Directors to then be in effect for the delivery of water through the Project. Subject to Section 4.5, the GBRA Board of Directors at any time and from time to time may change the Gonzales Carrizo Delivery Rate. The Gonzales Carrizo Delivery Rate shall be sufficient to cover variable Operation, Maintenance, and Administrative Expenses related to the delivery of water through the Project that are not otherwise included in the Gonzales Carrizo Water Rate or the Gonzales Carrizo Debt Service Charge.

(b) The Gonzales Carrizo Delivery Charge per month shall be calculated by multiplying the amount of Project water, expressed in thousands of gallons, delivered in the month to the Customer at the Point of Delivery as measured by the Water Meter by the then-current Gonzales Carrizo Delivery Rate.

4.4 Commencement of Payments.

(a) The assessment of the Gonzales Carrizo Water Charge shall commence the month that GBRA begins paying any Groundwater Lease Payments, District Fees, or any Operation, Maintenance, and Administrative Expenses of the Project, whichever is earlier, on the Project from funds other than Bond proceeds.

(b) The assessment of the Gonzales Carrizo Delivery Charge shall commence the month that GBRA begins to supply water to the Customer through the Project.

4.5 Notice of Rate Change. If GBRA desires to adjust the Gonzales Carrizo Debt Service Charge, the Gonzales Carrizo Water Rate, or the Gonzales Carrizo Delivery Charge, it shall, at least sixty (60) days before the first day on which such adjustment is to become effective, give written notice to the Customer; however, the failure to provide such notice shall not invalidate the adjusted charge or rate.

ARTICLE V PAYMENT OF CHARGES

5.1 Billing and Payment. GBRA will render bills to the Customer once each month for the payments required by this Agreement. GBRA will bill the Customer and the Customer shall pay GBRA one-twelfth of the Gonzales Carrizo Debt Service Charge and the Gonzales Carrizo Water Charge each month during the year. GBRA will bill the Customer and the Customer shall pay the Gonzales Carrizo Delivery Charge each month during the year. Any prepayments shall be shown on the bill as a credit. GBRA shall, until further notice, render such bills on or before the 10th day of each month and such bills shall be due and payable at GBRA's office indicated below by the 20th day of each month or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to the Customer, whichever is later. GBRA may, however, by sixty (60) days written notice, change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable ten (10) days after such date or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to the Customer, whichever is later. The

Customer shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to GBRA at its office in Seguin, Texas, or at such other place as GBRA may from time to time designate by sixty (60) days written notice.

5.2 Source of Payments. The Parties agree and the Customer represents and covenants that all moneys required to be paid by the Customer under this Agreement shall constitute reasonable and necessary operating expenses of the Customer's water utility system ("Customer's System"), as authorized by the Constitution and the laws of the State of Texas. All payments required to be made by the Customer to GBRA under this Agreement shall be payable from income of the Customer's System. GBRA shall never have the right to demand payment by the Customer of any obligations assumed by or imposed upon it under or by virtue of this Agreement from funds raised or to be raised by taxation and the Customer's obligation under this Agreement shall never be construed to be a debt of the Customer of such kind as to require it under the Constitution and the laws of the State of Texas to levy and collect a tax to discharge such obligation.

5.3 Payments Unconditional. The Customer recognizes that any debt instruments relating to the Project, including the Bonds, will be payable from and secured by pledges of the sums of money to be received by GBRA from the Customer under this Agreement and from other customers under similar contracts. In order to make such debt instruments marketable at the lowest available interest rate, it is to the mutual advantage of GBRA and the Customer that the Customer's obligation to make the payments required hereunder be, and the same is hereby, made unconditional. So long as any part of such debt instruments are outstanding and unpaid, all sums payable hereunder to GBRA shall be paid by the Customer without set-off, counterclaim, abatement, suspension or diminution. So long as any part of such debt instruments are outstanding and unpaid, the Customer shall have no right to terminate this Agreement or be entitled to the abatement of any payment or any reduction thereof, and the obligations hereunder of the Customer shall not be otherwise affected for any reason (including but not limited to the inability of GBRA to deliver water under this Agreement), it being the intention of the Parties that, so long as any portion of such debt instruments are outstanding and unpaid, all sums required to be paid by the Customer to GBRA shall continue to be payable in all events and the obligations of the Customer hereunder shall continue unaffected, unless the requirement to pay the same is reduced or terminated pursuant to an express provision of this Agreement. It is specifically provided, however, that this Section shall not prevent the Customer from exercising any rights related to breach of this Agreement by GBRA.

5.4 Covenant to Maintain Sufficient Income. The Customer agrees to fix and maintain rates and collect charges for the facilities and services provided by Customer's System as will be adequate to permit the Customer to make prompt payment of all expenses of operating and maintaining the Customer's System, including payments under this Agreement, and to make prompt payment of the interest on and principal of any debt instruments of the Customer payable, in whole or in part, from the revenues of the Customer's System. The Customer further agrees to comply with all of the provisions of the ordinances, resolutions, orders or indentures authorizing its debt instruments which are payable, in whole or in part, from the revenues of the Customer's System.

5.5 Continuing Disclosure Agreement. If GBRA is required by 17 C.F.R. § 240.15c2-12 (“Municipal Securities Disclosure Rule”), as that rule may be amended from time-to-time by the Securities and Exchange Commission, to enter into a “Continuing Disclosure Agreement” with the Customer to fulfill GBRA’s obligations under the Municipal Securities Disclosure Rule, the Customer and GBRA agree to execute a Continuing Disclosure Agreement. The form of such Continuing Disclosure Agreement shall be approved by GBRA’s bond counsel in order to comply with the then-current requirements of the Municipal Securities Disclosure Rule. Similarly, if the Municipal Securities Disclosure Rule does not technically apply to the initial purchaser of a series of Bonds but such initial purchaser otherwise requires GBRA to provide continuing disclosure from the Customer, the Customer and GBRA agree to execute an agreement detailing the continuing disclosure information to be provided by the Customer. The form of such agreement shall be approved by GBRA’s bond counsel in order to comply with the requirements of such initial purchaser.

5.6 Delinquency of Payment. All amounts due and owing to GBRA by the Customer shall be billed and paid monthly, and if not paid when due, bear interest at the maximum post-judgment interest rate as set out in Section 304.002, Texas Finance Code, or any successor statute from the date when due until paid, provided that such rate shall never be usurious or exceed the maximum rate as otherwise permitted by law. If any amount due and owing by the Customer is placed with an attorney for collection by GBRA and GBRA prevails, then the Customer shall pay to GBRA, in addition to all other payments provided for by this Agreement, including interest, GBRA’s reasonable collection expenses, including court costs and attorney’s fees. The Customer further agrees that GBRA may, at its option, discontinue delivering treated water until all amounts due and unpaid are paid in full with interest as herein specified. Any such discontinuation shall not, however, relieve the Customer of its unconditional obligation to make the payments required hereunder, as provided by Section 5.3 of this Agreement. The Customer agrees that GBRA may, at its option, terminate this Agreement for the Customer’s failure to pay due and unpaid amounts, and, notwithstanding anything to the contrary in Section 5.3, if GBRA terminates this agreement for default in payments, the unconditional obligation to make the future payments shall terminate except that the Customer shall continue to be obligated to make payments for amounts due and unpaid at the time of termination, which shall survive the termination of the Agreement. Notwithstanding anything in this Agreement to the contrary, the Parties agree that the Customer’s default under this Section 5.6 shall not result in termination of this Agreement until thirty (30) days after the date that the Customer receives written notice from GBRA specifying the default and the requirements to cure the same.

ARTICLE VI
TERM AND TERMINATION

6.1 Term.

(a) This Agreement shall be in force and effect until the latter of 11:59 p.m. Central time on December 31, 2058, or as it may be extended pursuant to subsection (b) and (c) below (“Termination Date”).

(b) Unless written notice to terminate this Agreement is provided by either Party to the other Party at least three (3) years before the Termination Date, this Agreement shall automatically renew for an additional ten (10) year period. Unless notice is provided as described in this subsection (b), this Agreement will automatically renew for perpetual successive renewal periods of ten (10) years.

(c) Notwithstanding subsections (a) and (b) of this Section, if all the Bonds (including principal and interest) will not be fully paid by the Termination Date then the Termination Date shall be extended to December 31 of the year in which the Bonds are to be paid. Any extension by GBRA pursuant to this subsection shall be effective as of the date that GBRA gives the Customer written notice of the extension.

6.2 Rights after Termination. Except as specifically provided otherwise in this Agreement, all of the rights and obligations of the Parties under this Agreement shall terminate upon termination of this Agreement, except that such termination shall not affect any rights or liabilities accrued prior to such termination.

ARTICLE VII **OTHER PROVISIONS**

7.1 Water Conservation and Drought Contingency Plans. The Customer agrees to provide to the maximum extent practicable for the conservation of water, and agrees to design, construct, operate and maintain its facilities in a manner that will prevent waste of water. The Customer shall develop and implement a water conservation plan or water conservation measures and a drought contingency plan using the elements of Chapter 288 of the TCEQ's rules that are applicable to the Customer and its uses, and that are consistent with GBRA's water conservation and drought contingency plans for wholesale customers in accordance with the provisions of Section 3.10. Such plans, at a minimum, shall comply with all minimum standards that may be required or recommended by the Texas Water Development Board (TWDB) and the TCEQ. If the Customer intends to resell the water to another wholesale customer, the Customer shall require the successive customer in the resale to implement water conservation and drought contingency plans in accordance with the applicable provision of Chapter 288 of the TCEQ's rules and the applicable provisions of GBRA's water conservation and drought contingency plans.

7.2 Regulatory Requirements. This Agreement is subject to all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having jurisdiction. This Agreement is specifically subject to all applicable sections of the Texas Water Code and the rules of the TCEQ, or any successor agency subject to Section 7.10 below regarding severability and provided that changes in the law shall not be applied retroactively to amend this Agreement unless retroactivity is required by law.

7.3 Interest in Gonzales Carrizo Water Supply Project. The Customer is not entitled to any equity interest in GBRA's Project for any reason including, without limitation, the payments made to GBRA under this Agreement.

7.4 Remedies. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default by either Party, but all such other remedies existing at law or in equity shall be cumulative including, without limitation, specific performance may be availed of by either Party. The prevailing Party shall be entitled to any reasonable attorney's fees, court costs or other expenses incurred in bringing or defending any suit alleging such default or claim.

7.5 Actual Damages. No Party shall be liable or have any responsibility to the other for any indirect, special, consequential, punitive or delay-related or performance-related damages including, without limitation, lost earnings or profits. Such limitation on liability shall apply to any claim or action, whether it is based on whole or in part on agreement, negligence, strict liability, tort, statute or other theory of liability.

7.6 Assignability. No Party may assign its rights or obligations under this Agreement without first obtaining the written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Further, the Customer may not assign its rights or obligations under this Agreement if such assignment is prohibited by the Project's Bonds or would alter the tax-exempt status of those Bonds.

7.7 Entire Agreement. This Agreement constitutes the entire agreement between the Parties, and supersedes any prior understanding or oral or written agreements between the Parties respecting the subject matter of this Agreement.

7.8 No Third Party Beneficiaries. This Agreement does not create any third party benefits to any person or entity other than the signatories hereto and their authorized successors in interest, and is solely for the consideration herein expressed.

7.9 Due Authorization and Binding Obligation. This Agreement has been duly authorized, executed and delivered by all necessary action of the Parties. This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the Parties hereto.

7.10 Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, administrative rule, regulation or finding, rule of public policy, or for any other reason, this Agreement shall remain in effect and be construed as if the invalid, inoperative, or unenforceable provision had never been in the Agreement, and such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

7.11 Waiver and Amendment. Failure to enforce or the waiver of any provision of this Agreement or any breach or nonperformance by either Party shall not be deemed a waiver by the other Party of the right in the future to demand strict compliance and performance of any

provision of this Agreement. No officer or agent of GBRA is authorized to waive or modify any provision of this Agreement. No modifications to or recession of this Agreement may be made except by a written document signed by all Parties' authorized representatives.

7.12 Force Majeure. If for any reason of force majeure, either Party is rendered unable, wholly or in part, to carry out its obligations under this Agreement, then that Party shall give notice of the reasons in writing to the other Party within a reasonable time after the occurrence of the force majeure event. The obligation of the Party giving the notice, so far as it is affected by the force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, but only so long as the Party giving notice uses its best efforts to mitigate the impact and remedy the condition which constitutes the force majeure. The term "force majeure" as used in this Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, order or actions of any kind of government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lighting, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accident to dams, machinery, pipelines, canals, or other structures, partial or entire failure of water supply including pollution (accidental or intentional), and any other cause not reasonably within the control of GBRA or the Customer.

7.13 Captions. The sections and captions contained herein are for convenience and reference only and are not intended to define, extend or limit any provision of this Agreement.

7.14 Necessary Documents and Actions. Each Party agrees to execute and deliver all such other and further instruments and undertake such actions as are or may become necessary or convenient to effectuate the purposes and intent of this Agreement. In particular, and without limiting the broader meaning of the preceding sentence, the Customer agrees to timely provide GBRA with all records, financial and operating information of the Customer reasonably requested by GBRA in connection with the issuance of Bonds to be provided to rating agencies, municipal bond insurance companies, potential purchasers of the Bonds (including the Texas Water Development Board), or other third parties.

7.15 Applicable Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas. The obligations contained within this Agreement are performable in Hays County, Caldwell County, Comal County or Guadalupe County, Texas. Any action in law or equity brought to enforce or interpret any provision of this Agreement shall be brought in a court of competent jurisdiction with venue in Hays County, Caldwell County, Comal County or Guadalupe County, Texas.

7.16 Negotiation by Counsel. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

7.17 Counterparts and Electronic Transmissions. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and

all of which shall constitute the same instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. A telecopied or emailed electronically transmitted facsimile of an executed counterpart of this Agreement shall be sufficient to evidence the binding agreement of each Party to the terms hereof. However, each Party agrees to promptly deliver to the other Party an original, duly executed counterpart of this Agreement.

7.18 Legal Construction. Whenever context requires, the singular will include the plural and the neuter will include the masculine or feminine gender, and vice versa.

7.19 Notices. Any notice or payment required or permitted hereunder shall be in writing and shall be deemed to be delivered on the date received if delivered by hand to the address shown hereinafter for the Customer or GBRA, as appropriate, or such notice shall, if deposited in the mail, be deemed to be delivered, whether actually received or not, on the first business day after having been deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the Customer or GBRA, as appropriate, at the address shown hereinafter. For purposes of notice, the addresses of and the designated representative for receipt of notice for each of the parties shall be as follows:

For GBRA:

Guadalupe-Blanco River Authority
Attention: General Manager/CEO
933 E. Court Street
Seguin, Texas 78155

For the Customer:

City of Lockhart
Attention: *City* General Manager
308 W. San Antonio St.
P.O. Box 239
Lockhart, Texas 78644

Formatted: Font Italic

The Parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days' written notice to the other Party.

7.20 Business Days. In the event that any date or any period provided for in this Agreement shall end on a Saturday, Sunday or legal holiday, the applicable period shall be extended to the first business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the State of Texas.

GUADALUPE-BLANCO RIVER AUTHORITY

By: _____
Kevin Patteson, General Manager

Date: _____

ATTEST:

STATE OF TEXAS §
 §
COUNTY OF GUADALUPE §

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Kevin Patteson, General Manager and CEO of the GUADALUPE-BLANCO RIVER AUTHORITY, known to me to be the persons whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the GUADALUPE-BLANCO RIVER AUTHORITY, a conservation district and political subdivision, and that he executed the same as the act of such entity for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of _____, 20____.

Notary Public
The State of Texas

Notary Seal
&
I.D. No. _____

CITY OF LOCKHART

By: _____
Lew White, Mayor

Date: _____

STATE OF TEXAS §
 §
COUNTY OF CALDWELL §

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Lew White, Mayor of CITY OF LOCKHART, known to me to be the persons whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF LOCKHART, a municipal corporation, and that he executed the same as the act of such entity for the purposes and consideration therein expressed, and in the capacity therein stated..

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of _____, 20_____.

Notary Public
The State of Texas

Notary Seal
&
I.D. No. _____

EXHIBIT A
POINT OF DELIVERY

Vance Rodgers

From: Alvin Schuerg <aschuerg@gbra.org>
Sent: Friday, January 19, 2018 11:41 AM
To: Vance Rodgers
Cc: Darrell Nichols; Tom Bohl; ERogers@bickerstaff.com; Kevin Patteson; Jonathan Stinson
Subject: RE: Draft with changes
Attachments: Gonzales Carrizo Treated Water Supply Contract Lockhart redlined 1-18-2018.docx;
Gonzales Carrizo Treated Water Supply Contract Lockhart CLEAN 1-18-2018.docx

Vance, attached is a "Red Line" as well as a "Clean" copy of the latest draft water supply agreement. In addition to some of the comments that you, Darrell and I have exchanged over the last two weeks, I have included a couple more comments below. Most of these relate to some of the changes in the latest draft that were made in response to the City's questions/comments.

1. Page 3, Groundwater Lease Payments definition - This change was in response to several comments from the City about the need to lease 42,000 surface acres of land to produce 15,000 acre-feet of water. GBRA is assuming that within these questions, the City has a concern that the Project is unnecessarily incurring added costs for the extra acreage. Therefore, GBRA made the change you see as a way of conveying that the Groundwater Lease Payments are not based upon the amount of surface acres leased, instead those payments are based entirely upon the Groundwater District Permit (15,000 AFY) and annual water production pursuant to that Permit. While the number of acres leased does not bear on Lease Payments, GBRA is however quick to add that having the larger footprint should make it easier to expand the project in the future, IF the Customers desire an expansion and the Groundwater District increases their current cap on pumping permits from the Carrizo Aquifer.
2. Page 4, Section 2.2(b) - This change was made to clarify that GBRA cannot refinance Bonds with later maturity dates than the original Project bonds without Customer approval. This change was prompted by a concern that if 30 - 40 years into the future, if a Customer desired to let their water supply agreement expire, GBRA should not be able to automatically extend that contract by refinancing debt with long payoff terms unless the Customer consent to such extension.
3. Page 4 - 5, Section 2.4 - This section was added in response to a question from the City about the lack of equity in the Project. GBRA added this new section to demonstrate that despite equity in the Project, GBRA envisions a close working relationship with the City. This new Section has three main components (1) an operational group of GBRA and City representatives will meet quarterly related to Project operations, costs, charges, and Groundwater District matters, (2) GBRA shall consult with the City prior to issuing any debt, and (3) GBRA will provide draft budgets to the City for review and input approximately 60 days prior to any anticipated rate changes.
4. Page 5, Section 2.5 - This section was added in response to a question from the City about the ability to secure additional water from the Project in the future, particularly since GBRA was already leasing a large footprint of acreage. In this change, GBRA tried to clarify what our intent is on every project and operation of GBRA. In this case, if additional water is needed by the City or if the Groundwater District increases their pumping limits, GBRA might be in a position to expand the Groundwater Project and the City would certainly have an opportunity to avail itself of this added capacity.
5. Page 6, Section 3.6(a) - Change requested by the City. Said change should verify all costs, up to and including the meter, are Project costs that will be financed with Project bonds.
6. Page 7, Section 3.8 - This change (last sentence) was added to make it clear that any direct reuse of water that may have emanated from the Project is totally within the discretion of the City. The other change within this Section was made to convey that GBRA does anticipate that the City might want to resale some Project water to third parties. While GBRA does not intend to be an obstacle to those opportunities, GBRA needs to have at least some input in that process to avoid the sale of water to third parties and the associated contract creating problems with the IRS on the project bonds.
7. Page 12, Section 6.1 - This change was in response to the City asking about Project equity. While Project equity is held by GBRA, this change was to convey that the Parties intend for the Project to supply water to the City for a very long time through the "perpetual" renewal of the Agreement.

-----Original Message-----

From: Vance Rodgers [mailto:vrodgers@lockhart-tx.org]

Sent: Friday, January 19, 2018 11:27 AM

To: Alvin Schuerg

Subject: Draft with changes

Any idea when it will be coming?

Thanks

Vance