

**EXHIBIT**  
**"A"**

**AMENDED AND RESTATED MASTER CONTRACT  
FOR THE  
FINANCING, CONSTRUCTION AND OPERATION  
OF THE  
BRUSHY CREEK REGIONAL UTILITY AUTHORITY  
WATER TREATMENT  
AND DISTRIBUTION SYSTEM**

**Among**

**BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC,**

**CITY OF CEDAR PARK**

**CITY OF LEANDER**

**AND**

**CITY OF ROUND ROCK**

**Dated: April 23, 2025**

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## **EXHIBITS**

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**AMENDED AND RESTATED MASTER CONTRACT  
FOR THE FINANCING, CONSTRUCTION AND OPERATION  
OF THE BCRUA REGIONAL WATER TREATMENT  
AND DISTRIBUTION SYSTEM**

THIS AMENDED AND RESTATED MASTER CONTRACT FOR THE FINANCING, CONSTRUCTION AND OPERATION OF THE BCRUA REGIONAL WATER TREATMENT AND DISTRIBUTION SYSTEM (the “Contract”) is dated and entered into as of the 23rd day of April, 2025, by and among the Brushy Creek Regional Utility Authority, Inc. (“BCRUA”), a non-profit corporation of the State of Texas (the “State”), created and existing under the laws of the State, including Subchapter D of Chapter 431 as amended, Texas Transportation Code, and the City of Cedar Park, Texas (“Cedar Park”), the City of Leander, Texas (“Leander”), and the City of Round Rock, Texas (“Round Rock”) all home-rule municipalities and political subdivisions of the State (individually, the “City”; collectively, the “Cities”). The BCRUA and the Cities are collectively referred to herein as the “Parties.”

**RECITALS**

WHEREAS, Subchapter D of Chapter 431 of the Texas Transportation Code, as amended (the “Act”) authorizes municipalities to create one or more local government corporations to accomplish any governmental purpose of the Cities including to plan, finance, construct, own, operate, and/or maintain facilities necessary for the conservation, storage, transportation, treatment, and/or distribution of raw and treated water, including a plant site, right-of-way, and property, equipment, and/or right of any kind useful in connection with the conservation, storage, transportation, treatment, and/or distribution of raw and treated water that will ultimately provide a potable water supply to meet future water demands of the Cities based on current population projections and estimates (said facilities herein referred to as the “System”); and

WHEREAS, the City Councils of Cedar Park, Leander, and Round Rock, respectively (collectively, the “Governing Bodies”), have authorized and approved the creation of the BCRUA as their constituted authority and instrumentality to accomplish the specific public purpose to plan, finance, construct, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of raw and treated water, including plant sites, rights-of-way, and property, equipment, or rights of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of raw and treated water, pursuant to the provisions of the Act and other applicable law, including Section 791.026 Texas Government Code, as amended; and

WHEREAS, the Cities and the BCRUA recognize that the construction of the System will occur in phases that will occur over time and will depend on future growth and environmental conditions that are uncertain today; and

WHEREAS, the Cities and the BCRUA have previously entered into the MASTER CONTRACT FOR THE FINANCING, CONSTRUCTION AND OPERATION OF THE BCRUA REGIONAL WATER TREATMENT AND DISTRIBUTION PROJECT (the 2008 Master Contract”), which was dated and entered into as of the 24<sup>th</sup> day of September, 2008, and

WHEREAS, the BCRUA and the Cities now agree that it is efficient and appropriate to amend and restate the 2008 Master Contract by approving this Contract to incorporate the previous amendments, as well as other amendments contained herein, including making conforming revisions to reflect the fact that BCRUA has not “acquired” and does not have “ownership rights” to the System; and

WHEREAS, the Cities and the BCRUA, exercising their respective mutual authorities, wish to enter into this Contract in order to most efficiently and quickly obtain the capability to deliver treated water to the Cities; and

WHEREAS, the Cities, respectively, have contracted with LCRA, directly or indirectly, to purchase raw water from Lake Travis in sufficient quantities to meet each City’s anticipated treatment capacity for the System and each City shall make available sufficient raw water to the BCRUA for its treatment capacity in the System; and

WHEREAS, after treatment, the BCRUA will deliver the treated water to the Cities, respectively, for use within their respective corporate limits or applicable service areas; and

WHEREAS, the governing bodies of the Cities and the Board of Directors of the BCRUA have determined that the provisions of this Contract and all of the actions contemplated herein are in compliance with the Texas State Water Plan and the Regional Water Plan adopted pursuant to Chapter 16, Subchapter C, Planning, of the Texas Water Code; and

WHEREAS, the Cities, respectively, have adopted water conservation plans approved by the Texas Commission on Environmental Quality (“TCEQ”) prior to execution of this Contract; and

WHEREAS, in accordance with Section 12.6 of the 2008 Master Contract, no change, amendment or modification of the 2008 Master Contract effectuated through this Contract adversely affects the prompt payment when due of all money required to be paid by each City under the terms of the 2008 Master Contract, as amended, and no such change, amendment or modification causes a violation of any provisions of any Bond Resolution in effect as of the date hereof; and

WHEREAS, the BCRUA, to the best of its ability, shall in general do or cause to be done all such things as may be required or necessary for the proper acquisition, construction, and operation of the System; NOW, THEREFORE,

In consideration of the mutual covenants and agreements herein contained, the sufficiency of which are hereby conclusively acknowledged, and subject to the terms and conditions hereinafter set forth, the Cities and the BCRUA mutually undertake, promise, and agree as follows:

## **ARTICLE I**

### **DEFINITIONS AND INTERPRETATIONS**

Section 1.1    Definitions. In addition to the terms defined above, the following terms shall have the meanings assigned to them below wherever they are used in this Contract, unless the context clearly requires otherwise:

(a)    “Additional Bonds” means one or more series of additional Bonds which are issued by the BCRUA to finance construction of the System pursuant to Section 3.10 hereof or for any other lawful purpose.

(b)    “Annual Budget” means the budget prepared by BCRUA each Fiscal Year and as described in the BCRUA Bylaws including all Annual Payments such as Operation and Maintenance Expenses, Reserve Fund and Debt Service, or Bond payments.

(c)    “Annual Payments” means the amount of money constituting the Operation and Maintenance Expenses, Capital Improvements, Reserve Fund and to the extent the BCRUA issues a series of Bonds on behalf of a City, the Bond Payment to be paid to the BCRUA by each City, on a several and not a joint basis as described in Section 4.1 and Section 4.5 hereof from the revenues of each City’s System as an operating and maintenance expense of each City’s System at the times and in the amounts required by Sections 4.5 and 9.4 of this Contract.

(d)    “Authorized Representative” means any person at the time delegated authority to act on behalf of the Cities or the BCRUA, as the case may be, and designated as such in a written certificate, containing a specimen signature of such person, which, for the Cities shall be the City Manager, of each City or such other officers or employees of the Cities authorized to act on behalf of the Cities during the respective City Manager’s absence or incapacity, and for the BCRUA shall be the General Manager of the BCRUA or such other officer or employee of the BCRUA authorized to act on behalf of the BCRUA during the General Manager’s absence or incapacity, unless a party notifies the other party in writing of a change in its Authorized Representative.

(e)    “BCRUA” means the Brushy Creek Regional Utility Authority, Inc. and its lawful successors and assigns.

(f)    “Bond Payment(s)” means the amount of money to be paid to the BCRUA by a City, for the debt service or to fund or replenish any debt service reserve fund or other special or contingency fund or the payment of Trustee or other fees related to one or more series of Bonds issued for that City, which Bonds are payable from the gross revenues of the City’s System as an operating and maintenance expense of the City’s System at the times and in the amounts required to pay debt service on a series of Bonds issued for that City, at such time as further provided in Section 4.5 of this Contract. A City is responsible for paying debt service on only the series of Bonds issued for that City, after taking into account any capitalized interest funded from the proceeds of any series of Bonds issued for that City. A City is not responsible for paying debt service on any series of Bonds issued for another City.

(g)    “Bond Resolution” means any resolution and/or trust indenture of the BCRUA, authorizing the issuance of and securing a series of Bonds and all amendments and supplements thereto authorized by such resolution to establish certain terms of the Bonds authorized by such resolution. Since separate series of Bonds will be issued for each City requesting financing, any



such reference in this Contract means the Bond Resolutions related to the City for which such series of Bonds are being issued.

(h) “Bonds” means all bonds, notes, or other obligations hereafter issued by the BCRUA, for each City requesting financing, the proceeds of which shall be used to pay such City’s share of System Costs, (including any Additional Bonds ) or to refund any Bonds or to refund any such refunding Bonds.

(i) “Bylaws” means the Bylaws originally adopted by the BCRUA Board of Directors and the Cities on the 17th day of February, 2010; as amended on the 21<sup>st</sup> day of July, 2010; as amended on the 23rd day of April, 2025; and as amended from time to time in the future.

(j) “Capital Expenses” means all direct costs for the design, permitting, construction and/or acquisition of Capital Improvements, including the costs of acquiring any necessary easements, rights of way, or fee simple title to real property.

(k) “Capital Improvements” means physical improvements to or assets of the System with an expected useful life of a minimum of three years and of the type generally categorized as a capital improvement and/or a capital expense in individual budgets of the Cities, including but not limited to repairs and/or replacement of damaged, worn out or obsolete portions of the System and any new additions to or improvements made to the System, including Expansions, Emergency Repairs, and other improvements necessary for the System to meet or maintain regulatory requirements and/or improve operations of the System for the benefit of the Cities.

(l) “Capital Improvements Budget” means the annual amount budgeted as provided in Article IX for all Capital Improvements during any Fiscal Year.

(m) “Cities” means, collectively, the City of Cedar Park, Texas, the City of Leander, Texas, and the City of Round Rock, Texas. “City” means, respectively, the City of Cedar Park, Texas, the City of Leander, Texas, or the City of Round Rock, Texas.

(n) “City System” means and includes a respective City’s existing combined waterworks and wastewater disposal system, together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, and/or reclaimed water systems which are integrated with the waterworks or wastewater disposal system, and all replacements thereof, provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term City System shall not include any waterworks or wastewater facilities which are declared by a City not to be a part of its City System of such City and which are hereafter acquired or constructed by a respective City with the proceeds from the issuance of “Special Project Bonds”, which are hereby defined as being special revenue obligations of such City, which are not secured by or payable from the net revenues of a respective City System, but which are secured by and are payable solely from special contract revenues, or payments received by a City or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute gross revenues of a respective City System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such “Special Project Bonds.”

(o) “Claim”, as used in Section 12.13 of this Contract, means claims, demands, and expenses, including reasonable attorney’s fees.

(p) “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.

(q) “Construction Fund” means the fund created with that name pursuant to a Bond Resolution.

(r) “Consulting Engineer(s)” means an engineering firm that is selected and approved by the BCRUA.

(s) “Credit Agreement” means any bond insurance policy or other credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code, which the BCRUA may execute relating to a series of Bonds.

(t) “Delivery Point” means the place, whether one or more, to which the BCRUA will deliver raw and/or treated water to each City pursuant to this Contract.

(u) “Emergency Repairs” means those unanticipated System repairs and improvements that are not included in the Annual Budget or the Capital Improvements Budget, but must be initiated immediately to repair and/or avoid failure in any System component that could threaten public health and safety or the environment, as determined by the General Manager following consultation with the Operating Committee and the Consulting Engineer.

(v) “Engineering Reports” means preliminary and final engineering reports and other types of engineering reports, design memoranda, etc., applicable to the design and construction of the System or System components, in possession, on record, or having legal right to by the BCRUA.

(w) "Expansion" means expansion, extension, improvement or enlargement of any System Component(s) by one or more of the Parties which results in an increase in the capacity reservation for any System Component(s).

(x) “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(y) “Fiscal Year” means the fiscal year, which begins on October 1 of each year and ends on September 30 of the following year.

(z) “Force Majeure” means such term as it is defined in Section 12.3 of this Contract.

(aa) “General Manager” means the individual hired by the BCRUA Board of Directors to manage the affairs of the BCRUA.

(bb) “Insurance Policy” means the insurance policy, if any, issued by the Insurer guaranteeing the scheduled payment of principal of and interest on a particular series of Bonds when due.

(cc) “Insurer” means the company, if any, insuring a particular series of the Bonds, or any successor thereto or assignee thereof.

(dd) “Land Interests” means the fee simple interests and/or the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the System.

(ee) “MSRB” means the Municipal Securities Rulemaking Board and any successor to its duties.

(ff) “Operation and Maintenance Expenses” means all direct costs and expenses, fixed and variable, incurred by the BCRUA for its operation and maintenance of the System, including (for greater certainty but without limiting the generality of the foregoing) the costs of utilities, supervision, treatment, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the System, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the System. 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.

(gg) “Operations Committee” means the committee created in Article IV of the Bylaws.

(hh) “Permitted Liens” means;

(i) 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 BCRUA, a copy of which shall be forwarded to each City, do not materially impair the use of the System for the purposes for which it is designed;

(ii) 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 and maintenance of the System which, in the opinion of counsel to the BCRUA, a copy of which shall be forwarded to each City, do not materially impair the use of the System for the purposes for which it is designed; and

(iii) 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.

(ii) “Plans and Specifications” means the plans and specifications prepared for the System by the BCRUA Consulting Engineer(s) and kept on file at the BCRUA treatment plant, as the same may be revised from time to time in accordance with this Contract.

(jj) “Prudent Utility Practice” means any of the practices, methods, and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods, and acts engaged in or approved by a significant portion of the public utility industry prior thereto, known at the time the decision was made, that would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and

expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act at the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. In the case of any facility included in a City System which is owned in common with one or more other entities, the term “Prudent Utility Practice”, as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

(kk) “Rule” means SEC Rule 15c2-12, as amended from time to time.

(ll) “Sale and Offering Documents” means any official notice of sale, official bid form, preliminary official statement, official statement, or other offering document for the Bonds.

(mm) “SEC” means the United States Securities and Exchange Commission and any successor to its duties.

(nn) “State” means the State of Texas.

(oo) “System” means collectively the Raw Water Delivery System, the Treatment System, and the Treated Water Distribution System, as shown in Exhibit A, and defined, as follows:

(i) “Raw Water Delivery System,” means:

- (a) the deep-water intake and pumping system in Lake Travis,
- (b) the tunnel to deliver raw water from the intake system to the raw water pumping station,
- (c) the raw water pumping station,
- (d) the line(s) to deliver 26.9 mgd of raw water to the Cedar Park Water Treatment Plant,
- (e) the line(s) to deliver 12.0 mgd of raw water to the Leander Sandy Creek Water Treatment Plant, and
- (f) the line(s) to deliver 105.8 mgd of raw water to the Brushy Creek Water Treatment Plant; and

(ii) “Treatment System,” means:

- (a) the BCRUA Water Treatment Plant, including the administration building,
- (b) the on-site water storage tank(s), and
- (c) the related facilities; and

(iii) “Treated Water Distribution System,” means:

- (a) the distribution lines, valves, meters, and related facilities to deliver treated water to the respective City Systems for the Cities.

(pp) “System Component” means a specified facility comprising part of the System.

(qq) “System Costs” means and includes, without limitation, the following costs incurred for the System by or on behalf of the BCRUA or the Cities:

- (i) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies;
- (ii) the cost of acquisition, construction, repair, replacement, improvement or decommissioning of the System, and any structure, item of equipment, or other item, used for, or in connection with, the System;
- (iii) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to completing the System;
- (iv) the cost of engineering, legal, architectural or other related services;
- (v) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the System;
- (vi) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the System in operation;
- (vii) finance charges and interest before, during, and after construction as permitted by the laws of the State;
- (viii) costs incurred in connection with financing the System, including, without limitation:
  - (1) financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements;
  - (2) the cost of printing, engraving, and reproduction services; and
  - (3) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees;
- (ix) all costs, fees and expenses of litigation of all kinds;
- (x) the cost of property casualty and public liability insurance;
- (xi) the fees and costs of the underwriters as the anticipated purchasers of the Bonds;
- (xii) reimbursement of the costs previously incurred by and agreeable to the other Cities with respect to the System; and
- (xiii) other costs generally recognized as a part of System construction costs.

(rr) "TCEQ" means the Texas Commission on Environmental Quality or its successors or assigns.

(ss) "Trustee" means any trustee named under a trust indenture or the paying agent/registrar named in a paying agent/registrar agreement entered into by the BCRUA relating to the payment of a series of Bonds and authorized by a Bond Resolution.

(tt) "Utility Bond" means the bonds, notes and other obligations of a City outstanding from time to time secured by a lien on and pledge of the net revenues of that City's System or any part thereof, regardless of lien priority.

(uu) "TWDB" means the Texas Water Development Board or any successor entity thereto.

(vv) "TWDB Program" means the applicable TWDB programs.

(ww) "Water Rights" means each City's respective right to raw water under each City's contract with LCRA and/or BRA. Each City's right(s) to raw water are and shall remain the City's sole property. The BCRUA holds no raw water rights and will not acquire any raw water rights by virtue of this Contract.

Section 1.2 Interpretation. The table of contents and caption headings of this Contract are for reference purposes only and shall not affect its interpretation in any respect. Unless the context otherwise requires, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa. Defined terms include the plural and singular versions of the words. This Contract and all the terms and provisions shall be liberally construed to effectuate the purpose set forth herein and to sustain the validity of this Contract.

## **ARTICLE II**

### **PURPOSE AND DESCRIPTION OF THE SYSTEM**

Section 2.1 Raw Water Contracts. Each City, individually, has contracted with LCRA and/or Brazos River Authority ("BRA") to purchase raw water from Lake Travis in sufficient quantities to meet the long-term projected demands for treated water for each City. Each City has conducted its own investigation and, based solely thereon, has determined that it has contracted for and acquired sufficient quantities of raw water to meet its own needs.

Section 2.2 Regional Water Treatment and Distribution. In order to utilize the raw water from Lake Travis, in 2005, each City began independently studying and planning for its own water intake, treatment, and distribution system. In early 2006, the three Cities entered into discussions regarding the possibility of a joint regional intake, treatment, and distribution system. Shortly thereafter, the Cities determined that a joint regional intake, treatment, and distribution system would be the most efficient and cost-effective option for each of them and their respective rate-payers.

Section 2.3 Local Government Corporation. After determining that a joint regional intake, treatment, and distribution system was the best solution available to the Cities water needs, in 2007 the Cities continued their discussions to determine the best method of jointly acquiring, designing, financing, constructing, and operating such system. After researching the various options for a regional system, the Cities determined that the best method would be to create a Local Government Corporation pursuant to Subchapter D of Chapter 431, Texas Transportation Code. In July 2007, the three Cities jointly created a Local Government Corporation which was named the Brushy Creek Regional Utility Authority, Inc. The express purpose for the creation of the BCRUA was to provide an efficient vehicle for the financing, design, construction, maintenance, and operation of a regional water transmission, treatment, and distribution system.

Section 2.4 Purpose of this Contract. The purpose of this Contract is to set forth the terms and conditions under which the Cities, by and through the BCRUA, will finance, design, construct, maintain and operate the System. This Contract also sets forth in general terms the manner in which the Cities will share the costs of constructing, operating, and maintaining the

System. Finally, this Contract also set forth the manner in which the BCRUA will assist the Cities in the constructing, operating, and maintaining the System. For the sake of clarity, the BCRUA will have no ownership interest in the System.

Section 2.5 System Ownership. The System shall be owned by the Cities in proportion to their Capacities in the System and System Components.

Section 2.6 Title to Raw Water. Title to and interest in each City's raw water supply shall remain with each City, respectively, at all times. The BCRUA shall not acquire any right or title to the Cities' respective raw water interests by virtue of this Contract and shall not otherwise assert any ownership interest in any City's raw water rights. However, the Cities hereby authorize and assign to the BCRUA the authority to take the raw water from Lake Travis and to exercise servicing authority over, and in all respects, to use the raw water for the sole purpose of treating said water in order to deliver potable water to the Cities. The BCRUA will be responsible for the operation of the System and the treatment of raw water, but shall not claim title to any of the raw water contracted for by the Cities, respectively, which passes through and is treated by the System. Each City is solely responsible to make sufficient raw water available to the BCRUA for its treatment capacity in the System, and the BCRUA shall treat such raw water at its treatment plant.

Section 2.7 Quality. The treated water to be delivered by the BCRUA and received by the Cities shall be potable water, meeting all applicable federal and state regulatory requirements. The BCRUA will draw all or a portion, as the case may be, of each City's raw water from Lake Travis into the System for treatment and distribution in order to serve each City's need for treated water, and the BCRUA will treat such raw water using the System and equipment described in applicable Engineering Reports.

Section 2.8 Operation. The BCRUA covenants to operate the System in accordance with Prudent Utility Practices and in accordance with applicable federal and state regulatory requirements and standards.

Section 2.9 Conservation Plans. Each City has adopted a water conservation plan in accordance with the rules and regulations of the TCEQ. Each City agrees to provide the BCRUA with a certified copy of its adopted plan. Each City covenants to the other Cities and to the BCRUA to fully comply with their respective conservation plans and to comply with all applicable rules and regulations of the TCEQ.

### **ARTICLE III**

#### **ACQUISITION AND CONSTRUCTION OF THE SYSTEM**

Section 3.1 General. Subject to the remaining terms and provisions of this Contract, the BCRUA agrees to issue one or more series of the Bonds, as requested by any City, to construct the System as generally described in the Engineering Reports. It is expressly understood and agreed that any obligations on the part of the BCRUA to finance, construct, and complete the System and any future expansions of the System and to provide the water treatment capacity to the Cities shall be (i) conditioned upon the BCRUA's ability to obtain all necessary permits, Land Interests, material, labor, and equipment, and upon the ability of the BCRUA to finance the System Costs through the actual sale of the Bonds or receipt of funds from the Cities, including any Additional Bonds needed to complete the System, and (ii) subject to all present and future

valid laws, orders, rules, and regulations of the United States of America, the State, and any regulatory body having jurisdiction. The BCRUA shall construct the System with all reasonable dispatch, at the direction of the Cities, delays incident to events of Force Majeure only excepted; but if for any reason there should be delays in or the entire failure of such acquisition, construction, and improvement, there shall be no diminution in or postponement of the Annual Payments to be made by the Cities hereunder and no resulting liability on the part of the BCRUA.

Section 3.2 Location of System; Acquisition of Land Interests. The System will be constructed and located on, across, within and through the Land Interests. The title to the Land Interests shall be held by the BCRUA, or one or more of the Cities, as deemed appropriate by the Cities. The BCRUA shall be responsible for ensuring that proper filings of each such portion of the Land Interests are made in the deed records of the appropriate counties to ensure that all interested parties have proper notice of the BCRUA's interests in the Land Interests. As each deed, easement, or other evidence of an interest in real property comprising a portion of the Land Interests is acquired by the BCRUA, a copy of such instrument, together with evidence of its filing in the deed records of the counties in which such portion lies, shall, upon the written request of the Cities, be given to the Cities. The BCRUA shall acquire a title insurance policy or a title opinion showing good and indefeasible title with respect to each Land Interest acquired. A copy of each such title insurance policy or title opinion shall be retained in the BCRUA's official records.

Section 3.3 Award of Construction Contracts. Upon obtaining the approval by the General Manager and the Operating Committee, the BCRUA will promptly advertise for sealed bids or comply with the requirements for an alternative delivery method for the System to the extent and as required by law. The BCRUA may break the System into several contracts or phases as it determines is best for the timely acquisition and construction of the System. The BCRUA shall not be obligated to award a construction contract unless the proceeds from the Bonds or other funding are available to pay the contract(s). The approval of construction contracts shall be in compliance with the requirements of the Bylaws.

Section 3.4 Liens. Neither the Cities nor the BCRUA will create or permit or suffer to exist any lien, encumbrance, or charge upon the System or any interest therein at any time, except Permitted Liens.

Section 3.5 Revisions of Plans. BCRUA may revise the Plans and Specifications with the unanimous approval of the Operating Committee, and in accordance with the applicable construction contract documents if the project is under construction. .

Section 3.6 Approvals. Unless otherwise required by law, each consent, approval, or other official action required of the Cities or the BCRUA by any provision of this Contract shall be deemed in compliance with this Contract when written evidence of such action, signed by the respective Authorized Representative, is delivered to the party who is to receive evidence of such action. The Cities will cooperate with the BCRUA in the design, financing, acquisition, and construction of the System and, following the adoption of the Bond Resolution by the BCRUA's Board of Directors, the Cities will not take any action or fail to take any action (including, without limitation, any exercise or denial of their consent or approval of any action proposed to be taken by the BCRUA or any of their agents hereunder), if taking or failing to take such action, respectively, would unreasonably delay or obstruct the completion of the System by the BCRUA.



Section 3.7 Raw Water Supply. Each City has conducted its own investigation and, based solely thereon, has determined that it has contracted for and acquired sufficient quantities of raw water to meet its needs. Title to and interest in each City's raw water supply shall remain with each City, respectively, at all times. The BCRUA shall not acquire any right or title to the Cities' respective raw water interests by virtue of this Contract and shall not otherwise assert any ownership interest in any City's raw water rights. However, the Cities hereby authorize and assign to the BCRUA the authority to take the raw water from Lake Travis and to exercise servicing authority over and in all respects to use such raw water for the sole purpose of treating such raw water in order to deliver potable water to the Cities. The BCRUA will be responsible for the operation of the System and the treatment of raw water, but shall not claim title to any of the raw water contracted for by the Cities, respectively, which passes through and is treated by the System. Each City is solely responsible to make available to the BCRUA sufficient raw water for its treatment capacity in the System, and the BCRUA shall treat such raw water at its treatment plant.

Section 3.8 Access to Cities Rights-of-Way. If any facility, pipeline, or appurtenance owned by the BCRUA is installed in any street, alley, or public way within the boundaries of a City, as same is now constituted or as may hereafter be extended, such City hereby grants to the BCRUA, upon complying with such City's franchise ordinances or other provisions, the right, privilege, and franchise of using such street, alley or public way for the purposes of maintaining, operating, laying, repairing, or removing such facility, pipeline, or appurtenance.

Section 3.9 Easements. Each City hereby agrees to grant to the BCRUA such easements as may be reasonably necessary for the purposes of placing, constructing, operating, repairing, maintaining, rebuilding, replacing, relocating, and removing water treatment facilities upon, over, across and through the City's property and giving to the BCRUA, and its successors and assigns, all of the rights and benefits necessary or appropriate for the full enjoyment and use of the easement, including but without limiting the same, to the free right of ingress and egress to and from the City's property.

Section 3.10 Delivery Point(s). The BCRUA and/or the Cities will acquire and/or provide the Land Interests required to deliver treated water to the Delivery Point(s) for each City at the location depicted in the Engineering Reports and Exhibit B. Each City shall have the sole responsibility, at its own cost and expense, for providing additional pipelines and other facilities required for transporting its share of the treated water from the System to a new or additional Delivery Point, but an additional or alternative Delivery Point will be allowed only with the consent of the Cities, which consent will not be unreasonably withheld. The BCRUA will own, operate, maintain and repair all equipment at the Delivery Points including valves, meters, SCADA equipment, chlorine analyzers and equipment enclosures.

Section 3.11 Other Contracts. The BCRUA shall not enter into contracts with other persons for the supply of raw or treated water without the prior written consent of all the Cities, which consent is subject to the unfettered discretion of the Cities and may be withheld for any or no reason.

Section 3.12 Quality. The treated water to be delivered by the BCRUA and received by the Cities shall be potable water meeting all applicable federal and state requirements for drinking water. The BCRUA will draw all or a portion, as the case may be, of each City's raw water from Lake Travis into the System for treatment and distribution in order to serve each City's need for

treated water, and the BCRUA will treat such raw water using the System and equipment described in the Engineering Reports.

Section 3.13 Expansions. Each City shall have the right to commence an Expansion under the provisions of this Contract as set forth in in this Section.

(a) Requests for Expansion. At any time, any City, one or more, may request, in writing, to the General Manager and Operations Committee, that an Expansion be made. All Expansions will require an amendment to the applicable Exhibits in this Contract to reflect the revised capacity allocations resulting from such Expansion.

(b) Expansion Planning, Engineering and Construction Management. Planning, engineering and construction management of all Expansions shall be performed by the Consulting Engineer unless an alternate engineering firm is unanimously approved by the Board. Should any City(s) request an Expansion, the other Cities shall within sixty (60) days after receiving a preliminary engineering report of the proposed Expansion, prepared by the Consulting Engineer, determine whether they are willing to participate in the Expansion. By the end of the sixty (60) day review period, the City(ies) participating in an Expansion shall notify the Operations Committee of such participation. Any City may move forward with an Expansion even if no other Cities participate in such Expansion, subject to compliance with this Agreement. The City(ies) participating in an Expansion must use reasonable efforts to ensure that the Expansion does not result in any negative impacts to the non-participating City(ies) and will coordinate with the Operations Committee regarding planning, design, and construction of the Expansion. The Operations Committee shall have the opportunity to timely review and comment on the preliminary design, final plans, and specifications, and other construction related matters as appropriate regarding the Expansion. The City(ies) requesting an Expansion are financially responsible for the design, construction, and inspection of the Expansion in accordance with this Contract and agree to provide periodic updates of the Expansion to the Operations Committee and the Board.

(c) Contract Amendment for Expansions. All Expansions will require an amendment to the applicable Exhibits in this Contract to reflect the capacity and cost allocations for the Expansion.. Costs of the Expansion will be allocated among the Cities based on the prorata shares of the capacity reservations of each City participating in the Expansion. . Upon completion of construction, the Expansion will be part of the System, and the Capacity of the Expansion will be allocated to and for each participating City based on the provisions of this Agreement.

(d) Non-participating City(ies). The non-participating City(ies) will fully cooperate with the participating City(ies) in efforts to obtain necessary governmental and regulatory approvals and permits for the Expansion and will use their best efforts to provide assistance in this regard, which shall be paid for solely by the requesting City(ies).

(e) Other Capital Improvements and Emergency Repairs. Costs and expenses associated with Capital Improvements, other than Expansions, shall be planned for and funded through the Annual Budget and Capital Improvements Budget , in the process set out in Article IX herein or as otherwise agreed to by the Cities. Emergency Repairs shall be identified and reported to the General Manager, Operations Committee and Consulting Engineer , and they shall determine the method and party responsible for completing such repair and the source of funding for the repair.. The costs and expenses for Emergency Repairs will be allocated amongst the Parties using the System capacity provisions in Article VI and Exhibits C, D and E, for the affected

System component. Approvals by the Board and or the Cities for Emergency Repair activities and costs will be obtained as necessary to assure compliance with applicable provisions of the Bylaws and this Agreement.

## **ARTICLE IV**

### **FINANCING OF THE SYSTEM**

#### **Section 4.1 Issuance of Bonds.**

(a) The BCRUA's acquisition, construction, and completion of the System will be financed by

- (i) receipt of funds from the Cities, respectively,
- (ii) the BCRUA through the issuance of one or more series or issues of Bonds by the BCRUA for a City, which Bonds are payable solely from and secured, in part, by an assignment of the Bond Payments made under this Contract by the City for which such series of Bonds are issued, or
- (iii) any combination of funds from the Cities, respectively, and the issuance of Bonds for the Cities, respectively. It is expressly understood and agreed by the BCRUA and the Cities that the BCRUA shall issue Bonds as separate series for the applicable City.

Each City shall be solely responsible for Bond Payments on its series of Bonds. No City shall have any liability or responsibility for any Bond Payment on a series of Bonds issued for another City. In consideration of the covenants and agreements set forth in this Contract, and to enable the BCRUA to issue the Bonds to carry out the intents and purposes hereof, this Contract is executed to assure the issuance of the Bonds at the request of a City and to provide for and ensure the due and punctual payment by such City to the BCRUA, or to the Trustee relating to the series of Bonds issued for such City, of amounts not less than the Bond Payments. Each City hereby agrees to make, or cause to be made, its respective Bond Payments, as and when due, for the benefit of the owners of the Bonds, as provided in the Bonds and the Bond Resolution. The cost allocations for the System Cost are shown Exhibit C, Exhibit D, Exhibit E and Exhibit F.

(b) The proceeds from the sale of the Bonds, together with any funds received from a City will be used for the payment of the System Costs. Upon request of a City, the Bonds will be issued by the BCRUA for such City's share of the amount anticipated to be required to acquire the Land Interests and construct the System, including payment of all System Costs advanced by such City and incurred by the BCRUA prior to the date of issuance of the Bonds, and to fund, to the extent deemed advisable by the BCRUA, a debt service reserve fund, if applicable, and interest on the Bonds during construction and for up to one year after completion of construction. However, each City specifically reserves the right to pay cash to the BCRUA rather than have the BCRUA issue Bonds on its behalf.

(c) Each Bond Resolution of the BCRUA shall specify the maximum principal amount of the Bonds for each City's series of Bonds to be issued thereunder. The Bonds shall mature not more than forty (40) years from the date of such Bonds and shall bear interest at not to exceed the maximum legal rate then permitted by law, and the Bond Resolution may create and provide for

the maintenance of a revenue fund, a debt service fund, a reserve fund, a construction fund, and any other funds deemed prudent by the BCRUA, all in the manner and amounts as provided in such Bond Resolution.

(d) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the BCRUA's Board of Directors for a City, a substantially final copy of the proposed Bond Resolution for such City and the Sale and Offering Documents, if any, for such City shall be presented to the governing body of such City for review and approval.

(e) Upon approval by the City's governing body of

(i) a substantially final copy of the Bond Resolution for the City hereafter adopted by the BCRUA for the applicable City, including any Credit Agreements,

(ii) any amendments to any Bond Resolution for the City, and

(iii) the Sale and Offering Documents for the City and the delivery to the BCRUA of a certification signed by the Authorized Representative of the City 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 BCRUA's Board of Directors or Authorized Representative, as the case may be, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the City for its Bonds 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 registered owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(f) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the City shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the City so long as the Bonds and interest thereon are outstanding and unpaid, and may be enforced by the remedies of mandamus and specific performance in addition to any other legal or equitable remedies which may be available, as provided in Section 12.10 of this Contract and the Bond Resolution. Particularly, the obligation of the City to make, promptly when due, all Annual Payments specified in this Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the City, the BCRUA may enter into Credit Agreements for the purpose of achieving the lowest financing costs for the System.

Section 4.2 Proceeds of Bonds. Subject to the terms and provisions of this Contract, the proceeds of the Bonds shall be used by the BCRUA for the purpose of financing and funding the BCRUA's acquisition of the Land Interests and construction of the System as provided in Section 4.1. Upon request by a City, the BCRUA shall use its best efforts to issue its Bonds, in one or more separate series for each City requesting financing, in amounts which will be sufficient, together with any funds contributed by a City, to accomplish such purpose. The proceeds of the Bonds shall be deposited in the Construction Fund established pursuant to the terms of each Bond Resolution. A trust indenture may be entered into between the BCRUA and a corporate trustee for the purpose of securing the payment of the Bonds. The trust indenture or each Bond Resolution, as appropriate, will establish procedures for the payment of System Costs out of one or more construction funds, or subaccount within the Construction Fund. It is anticipated that the Bonds

will be issued pursuant to each Bond Resolution and that a paying agent/registrars agreement will be executed between the BCRUA and the Trustee concerning the payment procedures with respect to the Bonds.

Any funds contributed by a City for its share of System Costs shall be deposited into a separate subaccount of the Construction Fund of the BCRUA:

- (a) prior to the BCRUA pricing any series of Bonds for a City; or
- (b) simultaneous with the delivery of the proceeds of any series of Bonds so long as sufficient evidence is provided to the BCRUA and Cities prior to pricing of Bonds that their funds will be available at the closing of the Bonds.

Section 4.3 Refunding of Bonds. The BCRUA reserves the right to issue refunding bonds in accordance with the laws of the State and will provide notice to each applicable City, respectively, of the redetermined Bond Payment in accordance with Section 9.3 of this Contract.

Section 4.4 Redemption of Bonds. The BCRUA, in its sole discretion or upon the written request of a City (and provided that the affected series of Bonds for such City are subject to redemption or prepayment prior to maturity at the option of the BCRUA, and provided that such request is received in sufficient time prior to the date upon which such redemption or prepayment is proposed), forthwith shall take or cause to be taken all action that may be necessary under the applicable redemption provisions of the series of Bonds to redeem the Bonds or any part thereof, to the full extent of funds that are either made available for such purpose by the applicable City or already on deposit under the Bond Resolution and available for such purpose. The redemption of any outstanding Bonds prior to maturity at any time shall not relieve the applicable City of its absolute and unconditional obligation to pay each remaining Annual Payment with respect to any outstanding Bonds, as specified in the Bond Resolution.

Section 4.5 Debt Service on Bonds and Other Bond Funding Requirements. It is acknowledged and agreed that payments to be made under this Contract will be the primary source available to the BCRUA to provide the money necessary for the BCRUA to meet its obligations with respect to any series of Bonds and any Credit Agreements. Each City therefore agrees and accepts sole responsibility to pay the Bond Payments related to the series of Bonds issued for the respective City, as outlined in subsections (a) through (c) below, in full when due as provided in this Contract. However, no City shall have any liability or responsibility for any Bond Payments on a series of Bonds issued for another City. Bond Payments shall be due by the close of business on the business day prior to each date on which any of the following payments or deposits shall be due and shall be in an amount equal to all such payments and deposits due on such date:

- (a) debt service on its related series of Bonds for each respective City for which such series of Bonds were issued and related payments and deposits, as follows:

- (i) principal of, redemption premium, if any, and interest on, its related series of Bonds for each respective City, less interest to be paid out of Bond proceeds or from other sources if permitted by any Bond Resolution, and the redemption price of any Bonds to be redeemed prior to maturity when and as provided in any Bond Resolution plus the fees, expenses, and, to the extent permitted by law, indemnities of the Trustee, if any, for the Bonds, and those of the paying agent/registrars for paying the principal of and interest on the Bonds and for authenticating, registering, and transferring Bonds on the registration books;

- (ii) deposits required to be made to any special, contingency, or reserve fund by the provisions of any Bond Resolution; and
  - (iii) any deposit in addition thereto required to restore any deficiency in any of such funds by the provisions of any Bond Resolution,
- (b) amounts payable by the BCRUA under a Credit Agreement; and
- (c) the fees, expenses, and indemnities (to the extent permitted by law) of the Trustee, remarketing agent, rate setting agent, authentication agent, arbitrage rebate compliance firm, and tender agent, if any, for the Bonds.

Section 4.6 Billing. The BCRUA will take all reasonable steps to ensure that the Cities are billed and make payments to BCRUA sufficient to meet the debt service requirements on outstanding Bonds, and each City shall maintain rates and charges for its City System sufficient to pay the City's obligations secured by and made payable from the revenues derived from the operation of its City System. To the extent Annual Payments are due (excluding Bond Payments), the BCRUA will render a bill to each City not more than once each month, for the payments required by this Contract. The BCRUA shall, until further notice, render such bills within the first month of each Fiscal Year quarter and payment shall be due to the BCRUA on or before the 30th day from the date of the bill. To the extent permitted by law; interest shall accrue on past due bills at the rate of ten per cent (10%) per annum until paid in full. Notwithstanding the foregoing, Bond Payments shall be paid in accordance with Section 4.5 of this Contract. The BCRUA may, however, from time to time by sixty (60) days' written notice change the date by which it shall render bills. Each City 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 the BCRUA at its office in Williamson County, Texas, or at such other place as the BCRUA may from time to time designate by sixty (60) days written notice.

Section 4.7 Delinquency in Payment. If any City fails to pay in full any bills when due and payable, the BCRUA shall give written notice of such delinquency to the City and if all bills due and unpaid, including interest thereon, are not paid in full within forty-five (45) days after delivery of such notice, then the City agrees that the BCRUA shall be authorized, at its sole option, to institute suit for collection thereof and to collect any amounts due and unpaid, together with interest thereon and reasonable attorneys' fees, and the City further agrees that the BCRUA shall, at its sole option, discontinue providing treated water to the City until all amounts due and unpaid are paid in full with interest as herein specified. Any such discontinuation of service shall not, however, relieve the City of its unconditional obligations to make the payments required by this Contract. It is also hereby expressly acknowledged and agreed that any non-defaulting City shall have no obligation to make any payments for the benefit of the defaulting City.

Section 4.8 BCRUA's Rights Assigned to Trustee. The Cities are advised and recognize that as security for the payment of a series of Bonds, the BCRUA may, subsequent to the issuance of the initial series of Bonds, assign to the Trustee, pursuant to one or more trust indentures (or paying agent/registrars agreements) to be authorized by a Bond Resolution, the BCRUA's rights under this Contract, including the right to receive the Annual Payments hereunder (but not the right to receive payments, if any, under Section 12.13 hereof). Each City assents to such assignment and will make the Annual Payments directly to the Trustee without defense or set-off by reason of any dispute between one or both of the Cities and the BCRUA or the Trustee. All rights against a City arising under this Contract or each Bond Resolution and assigned to the

Trustee may be enforced by the Trustee, or the owners of the Bonds, to the extent provided in each Bond Resolution, and the Trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against a City, 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 BCRUA or any other City a party thereto.

Section 4.9 Tax-Exempt Bonds. The Parties hereto understand and agree that the BCRUA will use reasonable efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for any series of Bonds to be issued for the System. In connection therewith, each City understands that the BCRUA intends to 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, each City agrees and covenants that if any series of 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 any 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. Each City and the BCRUA further agree and covenant that in the event any series of 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 all Parties, in order to resolve the conflict of opinion.

Section 4.10 Payment to Rebate Fund. In the event that tax-exempt Bonds are issued as provided in Section 4.9, the BCRUA hereby covenants and agrees to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in each Bond Resolution to comply with the provisions of section 148(f)(2) of the Code. In any event, if the amount of cash held in each rebate fund shall be insufficient to permit the BCRUA or the Trustee to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, each City forthwith shall pay the amount of such insufficiency for the series of Bonds issued for that City on such date to the Trustee in immediately available funds for such purpose. The obligations of each City under this Section 4.10 are direct obligations of the City, acting under the authorization of, and on behalf of, the BCRUA and the BCRUA shall have no further obligation or duty with respect to the rebate fund.

Section 4.11 City's Obligations. In the event any proceeds from issuance of a series of Bonds are not used for the System for any reason, any Bond proceeds and earnings thereon for such series not used for completion of the System shall be utilized to satisfy amounts due and owing on such Bonds as described in the related Bond Resolution, and herein, so as to reduce the Bond Payments which would otherwise be due hereunder, or be applied for the benefit of each City as provided in the related Bond Resolution. Each City has covenanted absolutely and

unconditionally, in accordance with all other terms of this Contract, to make the Annual Payments, as provided herein, in consideration for such application of the money as well as the other covenants and obligations of the BCRUA and others set forth or contemplated herein.

Section 4.12 Interest on Money. All legally available money respecting a series of Bonds shall be invested in the manner set forth in each Bond Resolution. Any interest earnings on the Bond proceeds may be used to pay principal of and interest on the related Bonds or for the payment of any System Costs or other costs related to the System approved by the Cities, subject to Section 4.9.

Section 4.13 Sale and Offering Documents. At the request of the BCRUA, each City for which a series of Bonds is being issued shall provide to the BCRUA current and historical information concerning such City's System, the financial conditions results, and prospects of the City, and such other information concerning such City as the BCRUA shall deem advisable for inclusion in the Sale and Offering Documents, if any, for the Bonds to be issued for such City, and shall certify to the BCRUA and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the City deems such Sale and Offering Documents to be complete and final for purposes of the Rule. Each City represents and warrants that all statements concerning it (including, without limitation, its financial condition, results, and prospects, and any demographic and economic information concerning the area served by the System) that are contained in any Sale and Offering Document approved by the City pursuant to Section 4.1 hereof 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 4.14 Right to Prepay. Each City shall have the right at any time to prepay all or any portion of its Annual Payments. Subject to the provisions of Section 4.9, such prepaid Annual Payments, including any interest accruing, shall be used and invested by BCRUA as directed by the City which made such prepayment

- (a) as a credit against future Annual Payment obligations of such City,
- (b) to redeem Bonds issued for such City pursuant to the provisions of Section 4.4, or
- (c) to provide for the defeasance of the Bonds pursuant to the provisions of the applicable Bond Resolution.

Any such prepayment will not cause a termination of this Contract until all other amounts owed or to be incurred by the BCRUA or any other person under the provisions of the applicable Bond Resolution have been paid in full or waived by such person.

## **ARTICLE V**

### **OPERATION OF THE SYSTEM**

Section 5.1 Operation. The BCRUA shall operate the System in accordance with accepted good business and engineering practices, Prudent Utility Practices, and in accordance with requirements of federal and state law, including without limitation the Texas Water Code, as amended, and as said laws may be amended in the future, and any rules and regulations issued and to be issued by appropriate agencies in the administration of said laws. The Operations Committee,



as established in the Bylaws, shall assist the BCRUA by providing advice and recommendations on the operations of the System, as provided in said Bylaws.

Section 5.2    Payments for Operations and Maintenance Expenses. Each City shall pay to the BCRUA its Annual Payments, including Operations and Maintenance Expenses related to the operation of the System, as provided in Article IX. . However, controlling the costs paid by the Cities to the BCRUA for Operation and Maintenance Expenses shall be of primary importance to BCRUA. The BCRUA shall use diligent efforts so that Operation and Maintenance Expenses incurred by the BCRUA and ultimately paid by the Cities are reasonable and justified.

Section 5.3    Operations Committee. Article IV of the Bylaws provides for the establishment of an Operations Committee composed of two representatives from each City. As stated in the Bylaws, the Operations Committee shall represent the individual and collective interests of the Cities and shall consult with and advise the Board and the General Manager with regard to the matters set forth in the Bylaws.

## **ARTICLE VI**

### **CAPACITIES OF THE CITIES IN THE SYSTEM**

Section 6.1    Capacities in System Components. Each City, respectively, shall have the exclusive right to its capacity in each System component as described in Exhibits C, D, and E. No capacity may be allocated to or used by anyone other than the City which has the exclusive rights to said capacity, unless the affected City specifically agrees in writing to the allocation or use. Under no circumstances shall a City exceed the Capacity of that City in a System Component. If a City exceeds the Capacity of that City in a System Component, then the City and/or the BCRUA must immediately take actions to reduce its take of water in accordance with this Agreement. Notwithstanding the capacity rights shown in Exhibits C, D, and E, the reserved capacities of the System Components constructed with Phase 1A of the System which were constructed to the ultimate capacity of 105.8 MGD as shown in Exhibit F shall also be reserved for each City.

Section 6.2    Capacities in the Raw Water System. Each City, respectively, shall have the exclusive right to take, and the BCRUA shall have the obligation to deliver raw water at the Raw Water Delivery points in the amounts shown in Exhibit C. Cost allocations of Phase 2 for each City are also shown in Exhibit C.

Section 6.3    Capacities in the Treatment System. Each City, respectively, shall have the exclusive right to take, and the BCRUA shall have the obligation to deliver, treated water at the Delivery Points in the amounts shown in Exhibit D. Capacity, design, and engineering cost allocations for the Phase 2A construction are shown in a separate table in Exhibit D.

Section 6.4    Capacities in the Treated Water Distribution System. Each City, respectively, shall have the exclusive right to the capacity in the various Treated Water Distribution segments shown in Exhibit E.

Section 6.5    Transfer of Capacity. Any City may transfer any portion of its capacity in one or more System components to another City, in exchange for such consideration as such Cities shall deem appropriate. The Cities making such transfer shall provide written notice to the BCRUA

and the other City, signed by the Cities making the transfer, specifying the amount of transferred capacity and the affected System component(s), and providing that the Cities otherwise ratify and confirm their pre-existing obligations under this Contract. No such transfer shall be effective until and unless such notice is provided. A transfer of capacity shall not change any Bond Payment, other payment, or other obligations of the Cities pursuant to this Contract.

Section 6.6 Documentation of Transferred Capacity. In the event that capacity is transferred, the BCRUA and the Cities shall cause a written amendment to be made to the appropriate Exhibit(s) describing such transfer and setting forth the revised capacity of each City in the System or component(s) thereof.

## **ARTICLE VII DELIVERY POINT(S)**

Section 7.1 Treated Water Delivery Point(s). Each City shall receive its treated water at Delivery Point(s) designated for each City as shown in Exhibit B and as described in applicable Plans and Specifications and Engineering Reports on file at the BCRUA treatment plant, or as mutually agreed upon by all Cities. The approved Delivery Points as of the date of this Agreement are as shown in Exhibit B.

Section 7.2 Raw Water Delivery Point(s). Upon completion of the Phase 2 Raw Water Delivery Project, Cedar Park and Leander shall receive their raw water from the BCRUA at Delivery Point(s) designated for each City shown in Exhibit B and as described in the Engineering Reports, or as mutually agreed upon by the Cities.

Section 7.3 Rate and Quantity at Delivery Point(s). The rate and quantity of raw and treated water delivered to each City at its Delivery Point(s) shall be metered. Each City shall cooperate in good faith to design the Delivery Point(s) to be at appropriate sizes and in appropriate locations to deliver the City's capacity allowed in this Agreement. No City shall take delivery of treated or raw water from the System from any one, or all of their Delivery Points combined, at rates that exceed that City's total allocated capacities allowed in this Agreement.

## **ARTICLE VIII METERING AND MEASUREMENT**

Section 8.1 Unit of Measurement. The unit of measurement for water delivered hereunder shall be 1,000 gallons of water, U. S. Standard Liquid Measure.

Section 8.2 Measuring Equipment at the Intake Point. In compliance with the regulations and requirements of the LCRA, the BCRUA shall furnish, install, operate and maintain for the intake point on Lake Travis the necessary meters, including electronic or other equipment and devices of standard type for measuring properly the quantity of water taken from Lake Travis. Each City also agrees, with the consent of the BCRUA, to enter into an interlocal agreement to provide for, among other matters, the appropriate amount of water taken from Lake Travis to be allocated to each City based upon certain formulas and taking into account the quantity of treated water actually delivered to each City.

Section 8.3 Measuring Equipment at Delivery Points. The BCRUA shall furnish, install, operate and maintain at the Cities' expense for each Delivery Point the necessary meters, including electronic or other equipment and devices of standard type for measuring properly the quantity of treated water delivered under this Contract. Such meter or meters and other equipment so installed shall remain the property of the BCRUA. Each City shall have access to such metering equipment at all reasonable times, but the reading, calibration, and adjustment thereof shall be done only by the employees or agents of the BCRUA. For the purpose of this Contract the original record or reading of the meter or meters shall be electronically recorded and/or entered into a journal or other record book of BCRUA and maintained in its office in which the records of the employees or agents of the BCRUA who take readings are or may be transcribed. Upon written request of a City, the BCRUA will give the City a copy of such records, journal or record book, or permit the City to have access to the same in the office of the BCRUA during reasonable business hours.

Section 8.4 Controlling Rate of Flow. All Delivery Point meters shall include the ability for the BCRUA to control the rate of flow of treated and raw water through each City's meter(s). The controlled rate of flow through the meters shall be expressed in gallons per minute (GPM). The purpose of controlling the rate of flow is to limit each City's take of treated and raw water so that it does not exceed its allocated maximum daily and maximum instantaneous capacity or delivery rate, in any System, as provided for in this Agreement. If a City has more than one Delivery Point meter, then that City shall give notice to the BCRUA regarding how it wants its capacity allocated among its multiple meters. The total controlled flow of all the multiple meters shall not exceed that City's total allocated capacity. Said City may modify its allocation among its meters by giving the BCRUA reasonable notice of its desire to do so. No City shall be permitted to exceed its allocated capacity of treated and raw water expressed in GPM without notification of the General Manager and written consent from the other Cities..

Section 8.5 Calibration of Meters. The BCRUA shall test and calibrate its meters periodically, but not less often than every three (3) years. Testing and calibration shall be done in the presence of an Operations Committee representative of each City, unless the Operations Committee representative of the city for which a meter is being tested and calibrated consents in writing to allow the BCRUA to provide a written report of the results of the testing and calibration of the meter by a certified meter testing company.

The BCRUA and the Operations Committee representative of each City shall have the option of jointly observing any necessary adjustments which are made to the meters by a certified meter testing company. If any check meter(s) hereinafter provided for have been installed, the same shall also be checked, tested, calibrated, etc. by each City in the presence of a representative of the BCRUA and an Operations Committee representative of the other Cities, who shall jointly observe any necessary adjustment, unless the BCRUA consents in writing to allow the applicable City to provide the BCRUA with a written report of the test results from a certified meter testing company. The BCRUA shall give the Cities reasonable notice of the time when any such calibration is to be made. In the event that an Operations Committee representative of a City is not present at the time set, the BCRUA may proceed with calibration and adjustment in the absence of any such representative.

If any party at any time observes a variation between the delivery meter or meters and the check meter or meters, if any such check meter or meters shall be installed, such party will promptly notify the other Parties, and the Parties hereto shall then cooperate to procure an immediate

calibration test and joint observation of any adjustment, and said meter or meters shall then be adjusted to accuracy. Each party shall give the other Parties not less than forty-eight (48) hours' notice of the time of all tests of meters so that the other Parties may have a representative present.

If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of two percent (2%), registration thereof shall be corrected 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 (½) 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 any meters are out of service or out of repair so that the amount of treated water delivered cannot be ascertained or computed from the reading thereof, the treated water delivered during the period such meters are 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 purposes, the best data available shall be deemed to be the registration of any check meter or meters if the same have been installed and are accurately registering. Otherwise the amount of treated water delivered during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) by estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

Section 8.6 Check Meters. Each City may, at its sole option and its own expense, install and operate a check meter to verify the operation of each meter installed by the BCRUA, but the measurement of treated water for the purpose of this Contract shall be determined solely by the BCRUA's meters, except in the cases hereinabove specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of the BCRUA, but the reading, calibration and adjustment thereof shall be made only by the City that installed the check meter, except during any period when a check meter may be used under the provisions hereof for measuring the amount of treated water delivered, in which case the reading, calibration and adjustment thereof shall be made by BCRUA with like effect as if such check meter or meters had been furnished or installed by BCRUA.

Section 8.7 Backflow Prevention. The BCRUA shall furnish, install, operate and maintain at the Cities' expense for each Delivery Point the necessary backflow prevention devices approved by the Operations Committee.

## **ARTICLE IX**

### **ANNUAL BUDGET, ANNUAL PAYMENTS, AND CITY COVENANTS**

Section 9.1 Annual Budget. No later than one hundred fifty (150) days prior to each Fiscal Year, each City shall submit to the Operations Committee estimates of the quantity of Raw Water and Treated Water flows each City estimates to take from the BCRUA for the upcoming fiscal year. Such estimated flows shall be used to prepare the Annual Budget and billing of the Annual Payments. Not less than ninety (90) days before commencement of each Fiscal Year, the General Manager shall furnish to the Operations Committee and BCRUA Board of Directors a detailed estimate of the Annual Payments to be incurred in the next ensuing Fiscal Year which it deems properly includable in the Annual Budget. Not less than sixty (60) days prior to each Fiscal Year, the Cities shall approve the Annual Budget for that Fiscal Year. The Cities shall use diligent

efforts so that Operation and Maintenance Expenses and Capital Expenses incurred by, and ultimately paid by, the Cities are reasonable and justified.

Section 9.2 Operations and Maintenance Expenses. The Operations and Maintenance Expenses shall consist of the following three (3) categories of expenses: 1) Non-Operating Expenses, 2) Fixed Operating Expenses and 3) Variable Operating Expenses.

(a) Non-Operating Expenses are those expenses, or portion thereof, which have a percentage allocation shown in column 1 of Exhibit G. Non-Operating Expenses for raw and treated water shall be allocated to and included in each City's Annual Payment based upon the Ultimate capacity percentages shown in Figures C and D, respectively. . Each City will be responsible for its share of Non-Operating Expenses whether it takes delivery of treated water or not.

(b) Fixed Operating Expenses are those expenses, or portion thereof, which have a percentage allocation shown in column 2 of Exhibit G. Fixed Operating Expenses for both raw and treated water shall be allocated to and included in each City's Annual Payment, based on the actual amount of raw and treated water that is delivered to such City, as applicable, as a percentage of the total amount of raw and treated water delivered to all cities, subject to the provisions of Section 9.4 (b). A City shall be responsible for this category of expense only if that City takes delivery of treated water.

(c) Variable Operating Expenses are those expenses which have a percentage allocation shown in column 3 of Exhibit G. Variable Operating Expenses shall be allocated to and included in each City's Annual Payment, based on the actual amount of raw and treated water that is delivered to such City, as applicable, as a percentage of the total amount of raw and treated water delivered to all Cities, subject to the provisions of Section 9.4 (b). A City shall be responsible for Variable Operating Expenses only if that City takes delivery of treated water.

As shown on Exhibit F, some expenses are included in more than one category. In those cases, the expenses shall be allocated between the two categories in accordance with the percentages shown in Exhibit F. Notwithstanding anything herein to the contrary, expenses for the General Manager shall be allocated among the Cities in accordance with their respective capacity reservations in the ultimate Treatment System, which are currently 47.26% to Leander, 38.56% to Round Rock and 14.18% to Cedar Park.

Section 9.3 Reserve Fund. The Annual Budget shall contain a reserve operating account, to be funded by the Cities, in which it shall maintain, at a minimum, funds equivalent to three months' worth of estimated Operations and Maintenance Expenses. Billing for and payment of each City's share of the reserve account funding shall be in accordance with the procedures established for billing and payment of Annual Payments. All funds maintained in the reserve account described herein, including any earned interest, shall be dedicated to and inure to the benefit of the BCRUA System.

Section 9.4 Annual Payments by the Cities.

(a) Annual Payments, excluding Bond Payments. The periodic billing for payment of all Annual Payments in the Annual Budget (excluding Bond Payments and Cities cash funded payments) for each City shall be calculated using the annual flow projections provided by each City prorated for the duration of the billing period, as a percentage of the total flow estimated for

that year. Each City shall pay to the BCRUA its Annual Payments in the Annual Budget related to the operation of the System as prescribed in this Article and Section 4.6 (Billing) of this Agreement. However, controlling the costs paid by the Cities to the BCRUA for Operation and Maintenance Expenses shall be of primary importance to BCRUA. The BCRUA shall use diligent efforts so that Operation and Maintenance Expenses incurred by the BCRUA and ultimately paid by the Cities are reasonable and justified.

(b) Annual Budget Reconciliation (True-Up). On October 1<sup>st</sup> each year, the BCRUA Plant Superintendent will send the BCRUA Accountant a fiscal year-end report of the actual treated water delivered to each city from the BCRUA water plant. The BCRUA Accountant will re-calculate the flow allocation based on actual water delivered to each city and reallocate the fiscal year's variable expenses and applicable fixed expenses for cities receiving water. The BCRUA Accountant will prepare a true-up spreadsheet whereby the adjustments to each city's expense distribution is derived. This MGD true-up will be settled internally with corresponding adjustments to fund cash. Budget overpayments, will be refunded and any underpayment will be billed.

(c) Each City hereby agrees that it will make payment of its Bond Payment to the extent BCRUA issues a series of Bonds for such City and its proportionate share of the Operation and Maintenance Expenses to the BCRUA, or to the Trustee on behalf of the BCRUA, as provided in each Bond Resolution in accordance with the procedures established in Section 4.6 hereof. If a City at any time disputes the amount to be paid by it to the BCRUA, such City shall nevertheless promptly make such payment or payments, but if it is subsequently determined by agreement or court decision that such disputed payments made by the such City should have been less, or more, the BCRUA shall promptly revise the charges for such City in such manner that a City will recover its overpayment or the BCRUA will recover the amount due it. The BCRUA shall pursue all legal remedies, including the remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to it, against any City to enforce and protect the rights of the BCRUA and the owners of the Bonds, and the City shall not be relieved of the liability to the BCRUA for the payment of all amounts which are due by them hereunder. However, no City shall have any liability or responsibility for any Annual Payment attributable to another City.

(d) Except to the extent otherwise provided by a Bond Resolution, all amounts due under this Contract shall be paid and are due in Williamson County, Texas, which is the County in which the principal administrative offices of the BCRUA are located.

(e) The BCRUA shall redetermine the estimate and schedule of Annual Payments due in any Fiscal Year at any time during such Fiscal Year, as and to the extent deemed necessary or advisable by the BCRUA to accurately forecast the amount and date of Annual Payments to be made by each City, if (i) the BCRUA issues Bonds to complete the System or to refund any Bonds or enters into, amends, or terminates a Credit Agreement, (ii) actual interest rates on any variable interest rate Bonds differ from those projected by the BCRUA, or (iii) any other event occurs which results in an increase or decrease in the Annual Payments required to be made by any City in such Fiscal Year.

(f) If, during any Fiscal Year, the Annual Payment is redetermined in any manner as provided or required in this Section, the BCRUA will promptly furnish the Cities with an updated schedule of payments reflecting such redetermination.

(g) Notwithstanding anything herein to the contrary, no failure of the BCRUA to estimate, and no mistake by the BCRUA in any estimate of, the amount of or schedule for Annual Payments due from the Cities in any Fiscal Year shall relieve any City from (or defer) its absolute and unconditional obligation to make all Annual Payments in full when due.

Section 9.5 Source of Payment.

(a) Each City represents and covenants that all payments to be made by it under this Contract shall constitute reasonable and necessary “operating expenses,” as defined in Chapter 1502, as amended, Texas Government Code, of its City System, but only to the extent of the Annual Payment, and the Cities shall not be obligated to make the payments under this Contract from any source other than the gross revenues of its City System. Each City further represents that its Governing Body has determined that the services to be provided by the System are absolutely necessary and essential to provide the treated water to such City.

(b) Each City agrees throughout the term of this Contract to fix and collect such rates and charges for services to be supplied by its City System as will produce gross revenues at all times during the term of this Contract in an amount at least equal to (i) all of the expenses of operation and maintenance of its City System, including specifically its Annual Payments under this Contract and (ii) all other amounts as required by law and the provisions of the ordinances or resolutions authorizing its Utility Bonds or other obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the its City System, including the amounts required to pay all principal of and interest on such City’s Utility Bonds and other obligations.

(c) No ad valorem tax revenues of any City shall be pledged to the payment of any amounts to be paid by the City to the BCRUA under this Contract, nor shall the BCRUA have the right to demand payment of any amounts to be paid by the City under this Contract be paid from funds raised or to be raised from ad valorem taxation from the City and the obligations under this Contract shall never be construed to be a debt or pecuniary obligation of the City of such kind as to require the City to levy and collect an ad valorem tax to discharge its obligations.

Section 9.6 Annual Budgeting by the Cities. Each City shall make provision in each of its annual budgets and shall appropriate an amount sufficient, at a minimum, for the payment of all amounts required to be paid by the City under this Contract.

Section 9.7 Revenue Sources Pledged. Each City hereby pledges the gross revenues of its City System to the payment of its obligations under this Contract and recognizes that the BCRUA will, and authorizes the BCRUA to, pledge the Bond Payments owing to it by each City under this Contract to the payment of the applicable series of Bonds and Credit Agreements issued for that particular City. The BCRUA agrees to make the payments for such series of Bonds and Credit Agreements when and as required by each Bond Resolution, each Credit Agreement, and this Contract, from and to the extent of proceeds of a series of Bonds not expended for the System and Bond Payments made by each City.

Section 9.8 General Covenants by Cities. Each City further represents, covenants and agrees that in accordance with and to the extent permitted by law, it will comply with the covenants listed below.

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in each ordinance or resolution authorizing the issuance of the series of Bonds issued for it by the BCRUA; and it will, at the time and in the

manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the fund and accounts created by said ordinances, but only from and to the extent of the sources of funds described in such ordinances.

(b) Legal Authority. It is a duly created and existing home rule city of the State and is duly authorized under the laws of the State to enter into this Contract. By execution hereof, it represents that all actions on its part for the execution and delivery of this Contract have been duly and effectively taken; and that this Contract is a valid and enforceable special obligation of the City in accordance with its terms.

(c) Acquisition and Construction; Operation and Maintenance. (i) It shall use its best efforts in accordance with Prudent Utility Practice to acquire and construct, or cause to be acquired and constructed, any capital improvements to its City System, which shall mean and include any capital extensions, improvements, and betterments, in accordance with the plans and specifications therefor, as modified from time to time with due diligence and in a sound and economical manner; and (ii) it shall at all times use its best efforts to operate or cause to be operated its City System properly and in an efficient manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacements, and renewals so that at all times the operation of its City System may be properly and advantageously conducted.

(d) Title. It has or will obtain lawful title, whether such title is in fee or lesser interest, to the lands, buildings, structures, and facilities constituting its City System; it will defend the title to all the aforesaid lands, buildings, structures, and facilities, and every part thereof, for the benefit of the BCRUA and the owners of each series of Bonds, against the claims and demands of all persons whomsoever; and it is lawfully qualified to pledge the gross revenues of its City System to the payment of the payments required by this Contract in the manner prescribed herein, and has lawfully exercised such rights.

(e) Liens. It 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 its City System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the lien granted hereunder shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Cities.

(f) Books, Records, and Accounts. It shall keep proper books, records, and accounts separate and apart from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to its City System and each series of Bonds, and it shall cause said books and accounts to be audited annually as of the close of each Fiscal Year. At the request



of the BCRUA, the Cities shall allow the BCRUA to audit such books, records, and accounts at any reasonable time and from time to time.

(g) Insurance.

(i) Except as otherwise permitted in clause (ii) below, it shall cause to be insured such parts of its City System as would usually be insured by governmental entities operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by governmental entities operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. At any time, while any contractor engaged in construction work shall be fully responsible therefor, the Cities shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the BCRUA at all reasonable times.

(ii) In lieu of obtaining policies for insurance as provided above, the Cities may self-insure against risks, accidents, claims, or casualties described in clause (i) above.

(iii) The annual audit hereinafter required shall contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and listing the areas of insurance for which the City is self-insuring, all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(h) Audits. After the close of each Fiscal Year while this Contract is in effect, an audit will be made by each City of the books and accounts relating to its City System and the revenues of its City System. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the Cities, a copy of such audit for the preceding Fiscal Year shall be mailed to the BCRUA. Such annual audit reports shall be open to the inspection of the BCRUA, its agents and representatives, the Trustee, and the owners of the Bonds at all reasonable times at the BCRUA's office.

(i) Governmental Agencies. It will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to a respective City System, and which have been obtained from any governmental entity, and the Cities have 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 a respective City System.

(j) No Competition. To the extent it legally may, each City hereby covenants solely with the owners of its series of Bonds issued by the BCRUA, if any, that such City 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 a City System, to the extent such competing facility would impair the City System's ability to pay under this Contract, and, to the extent that it legally may, each City will prohibit any such competing facilities.

(k) Rights of Inspection. The BCRUA, the Trustee, and the owners of 10% or more in principal amount of the Bonds of any series shall have the right at all reasonable times to inspect each City System and all records, accounts, and data of the respective City relating thereto, and upon request, each City shall furnish to the BCRUA, the Trustee, and such owners of Bonds such financial statements, reports, and other information relating to a respective City and a respective City System as any such person may from time to time reasonably request.

(l) Sale, Lease, or Disposal of Property by the Cities. No part of a City System shall be sold, leased, mortgaged, demolished, removed, or otherwise disposed of, except as follows:

(i) To the extent permitted by law, a City may sell or exchange at any time and from time to time any property or facilities constituting a part of its City System only if (a) it shall determine such property or facilities are not useful in the operation of its City System, (b) the proceeds of such sale are \$250,000 or less, or it shall have received a certificate executed by the City Manager stating, in his/her opinion, that the fair market value of the property or facilities exchanged is \$250,000 or less, (c) if such proceeds or fair market value exceeds \$250,000 it shall have received a certificate executed by the City Manager stating his/her opinion that the sale or exchange of such property or facilities will not impair the ability of the Cities to comply during the current or any future year with the provisions of Section 9.4(b) of this Contract, or (d) the sale or exchange will not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of its City System shall forthwith, at the option of the City be used as provided in the ordinances of the City authorizing its Utility Bonds.

(ii) To the extent permitted by law, a City may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of its City System, provided that any such lease, contract, license, arrangement, easement or right (a) does not impede the operation by such City of its City System and (b) does not in any manner impair or adversely affect the rights or security of the BCRUA under this Contract; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement, or other right is in excess of \$500,000, the affected City shall have received a certificate executed by the City Manager that the action of the such City with

respect thereto does not result in a breach of the conditions under this subsection (ii). Any payments received by the affected City under or in connection with any such lease, contract, license, arrangement, easement or right in respect of one or more City System or any part thereof shall constitute gross revenues of the respective City System or Systems.

## **ARTICLE X**

### **CONTINUING DISCLOSURE**

Section 10.1 Annual Reports. Following the issuance of Bonds of any series by the BCRUA for the benefit of the appropriate City, the offer or sale of which is not exempt from the Rule and, until the City is no longer obligated, contingently or otherwise, to make Bond Payments in respect of the Bonds of such series issued for such City, each City undertakes to and shall provide annually to the MCRB, within six months after the end of each Fiscal Year, (i) financial information and operating data of the general type included in the Sale and Offering Documents for the Bonds of such series, as specified in its approval of such Sale and Offering Documents pursuant to Section 4.1 hereof and (ii) audited general purpose financial statements of the City, if then available. Any financial statements so to be provided shall be (i) prepared in accordance with generally accepted accounting principles for governmental agencies or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not complete within 12 months after any Fiscal Year, then the City shall file unaudited financial statements within such 12 month period, and shall file audited financial statements for the applicable Fiscal Year, when and if the audit report on such statements become available.

If a City changes its Fiscal Year, the City will notify the Trustee, and file notice with the MSRB of the change and of the date of the new Fiscal Year end prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

#### Section 10.2 Event Notices.

(a) The following events with respect to any series of Bonds which each City must agree to file notice with EMMA in a timely manner and not more than 10 business days after the occurrence of the event.

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IFS Form 5701-TEB, or other material events affecting the tax-exempt status of the Bonds;

(vii) Modifications to rights of holders of the Bonds, if material;

(viii) Bond calls if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds; if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership, or similar event of the City;

(xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into 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;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City 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 City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the City 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 City, and (b) the City intends the words used in the immediately preceding paragraphs (xv) and (xvi) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

(b) Each City shall file notice with the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

(c) Each City shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated in (a) above, notify the BCRUA of such event and provide all

information in the format required to satisfy the requirements of the Rule. Further, each City shall provide, in a timely manner, notice of any failure to provide audited financial statements, financial information, and operating data in accordance with Section 10.1 hereof to each NRMSIR and each SID.

Section 10.3 Limitations, Disclaimers, and Amendments.

(a) Each City shall be obligated to observe and perform the covenants specified in this Contract in respect to its Bonds of any series for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds of such series within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with the Bond Resolution that causes Bonds of such series no longer to be outstanding.

(b) The provisions of this Article are for the sole benefit of (and may be enforced by) the owners and beneficial owners of the Bonds of such City, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. Each City undertakes to provide only the financial information, operating data, financial statements, and notices which they have expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the its financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. Each City makes no representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(c) UNDER NO CIRCUMSTANCES SHALL A CITY BE LIABLE TO THE OWNER 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 A CITY WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, 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.

(d) No default by a City in observing or performing its obligations under this Article shall comprise a breach of or default under this Contract for purposes of any other provision of this Contract.

(e) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the BCRUA or each City under federal and state securities laws.

(f) The provisions of this Article may be amended by the BCRUA and the Cities 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 BCRUA or the appropriate Cities, but only if

(i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds of the applicable series in the primary offering of the Bonds of such series in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and

(ii) either

(1) the owners 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 of each such series affected consent to such amendment or

(2) an entity that is unaffiliated with the BCRUA or the appropriate Cities (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the owners and beneficial owners of the Bonds of such series and is permitted by the terms of the Article.

If the BCRUA and the Cities so amend the provisions of this Article in connection with the financial or operating data which the Cities are required to disclose under Section 10.1 hereof, the appropriate Cities shall provide a notice of such amendment to be filed in accordance with Section 10.2(b) hereof, together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be so provided. The BCRUA and the appropriate Cities may also amend or repeal the provisions of this Article if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of each series of Bonds.

## **ARTICLE XI**

### **COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS**

Section 11.1 Compliance with Federal, State and Local Laws. 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 government authority having or asserting jurisdiction. The Contract is specifically subject to the rules of the TCEQ, and the BCRUA shall have the right to terminate this Contract upon a City's non-compliance with the rules promulgated by the TCEQ, but such termination shall only affect the non-complying City; provided however, such termination shall not affect the non-complying City's obligation to pay Bond Payments in accordance with this Contract.

Section 11.2 Recordkeeping and Reporting. The BCRUA shall maintain records on site in accordance with applicable State laws.

- (a) Records to be maintained by the BCRUA include:
  - (i) copies of notifications made to the TCEQ concerning water systems;
  - (ii) as applicable, copies of contracts made with each water user;
  - (iii) records of volume of treated water delivered to each water user per delivery; and
  - (iv) water quality analyses.

(b) BCRUA shall report to the TCEQ as required by law. All costs of compliance with the rules of the TCEQ shall be paid by the BCRUA, but such costs shall be considered an Operation and Maintenance Expense.

## **ARTICLE XII**

### **GENERAL PROVISIONS**

Section 12.1 Participation by the Parties. The BCRUA and each City represents to the others that it is empowered by law to participate in the acquisition, construction, and financing of the System, and to execute this Contract and other agreements and documents as are or may hereafter be required to accomplish the same; and that its participation in the System and execution of this Contract have been duly authorized by action of its governing body at a meeting conducted in accordance with the Texas Open Meetings Act, as amended, Chapter 551, Texas Government Code. The BCRUA and each City agree to furnish to each other such documentation or evidence of its authority to so participate and execute the contracts and other agreements as the other party may reasonably request, and to take and perform such other and further actions and execute such other agreements and documents as may be reasonably required to carry out the provisions of this Contract.

#### Section 12.2 Insurance.

(a) The BCRUA agrees to carry public liability insurance on the System for purposes and in amounts which ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the BCRUA shall not be required to carry liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the BCRUA's legal counsel, be potentially liable considering relevant governmental immunities of the Cities and the BCRUA. The BCRUA shall also carry property casualty insurance in the amount of the replacement value of all improvements and personal property connected with the System (less a deductible comparable to the deductible on the Cities' property insurance for Cities property generally).

All premiums for such insurance shall constitute an expense of the System but may be paid out of the proceeds of the Bonds to the extent that such proceeds are available. In the event the BCRUA is required to pay a deductible with respect to a claim under any such policy, the amount of such deductible shall constitute an expense and shall be paid by the Cities.

(b) The BCRUA shall require the contractor or contractors employed for construction of the System to carry insurance coverage throughout the construction period in at least the following amounts:

- (i) Workers' Compensation: State law limits;
- (ii) General Liability (including contractual liability) and Automobile Liability: One million dollars (\$1,000,000.00) per person and per occurrence for bodily injury and One million dollars (\$1,000,000.00) for property damage;
- (iii) Builder's Risk: full replacement value of improvements; and
- (iv) Performance and Payment Bond: full value of contract;

The Cities shall be furnished with a certified copy of such effective policy of insurance prior to commencement of construction. Such insurance policies shall name the BCRUA and the Cities as additional insureds, and the BCRUA shall be provided with a certificate of insurance showing the required coverage and providing that the policies may not be canceled, changed, or not renewed until the BCRUA has been given thirty (30) days prior written notice of such event.

(c) The insurance required by this section may be modified by written agreement of the Cities and the BCRUA, in accordance with good business practice. Any questions about the scope of coverage required hereunder shall be resolved by written agreement between the Cities and the BCRUA. The Parties can agree to substitute an owner-controlled insurance program for any of the above specified insurance requirements.

Section 12.3 Force Majeure. If by reason of Force Majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of each City to make the payments required under Sections 4.5 and 9.4 of this Contract, which payments will continue irrespective of a Force Majeure event, then if such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party 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 any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term “Force Majeure” as employed herein shall mean acts of God, war, strikes, fires, explosions or other causes that are beyond the reasonable control of the party claiming such inability and that by exercise of due foresight such party could not reasonably have been expected to avoid and which by exercise of all reasonable due diligence such party is unable to overcome.

Section 12.4 Unconditional Obligation to Make Payment. Recognizing the fact that the Cities urgently require the facilities and services of the System, and that such facilities and services are essential and necessary for actual use and for standby purposes, and recognizing the fact that the Bond Payments to be received from each City will be the primary source of funds available to the BCRUA and the Trustee to pay the Bonds and other System Costs, and recognizing the fact that purchasers of Bonds will rely on the obligation of the Cities to make Annual Payments with respect to their series of Bonds in accordance with the provisions of this Contract, each City hereby waives all rights of set-off, recoupment, counterclaim, suspension, deferment, reduction, and amendment, with respect to making its Annual Payments against the BCRUA, the Trustee, and any other direct or indirect recipients of Annual Payments, and each City agrees that it shall make its appropriate Annual Payment even if no Bonds are issued for its benefit by the BCRUA and if any Bonds are issued, each City shall be unconditionally obligated to pay its Annual Payments as provided and determined by this Contract, regardless of whether or not the BCRUA actually acquires the Land Interests and, constructs, or completes the System, or the portions thereof designated for its use, or breaches any obligation on its part hereunder, and whether or not each City actually uses the System, or the portions thereof designated for its use, whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this Contract, any other contract or agreement between any of the Parties hereto. This covenant by each City shall be for the benefit of and enforceable by the owners of the Bonds and/or by the BCRUA.

By entering into this Contract and performing its obligations under any Section of this Contract, each City does not release any persons from or waive any claims against such persons that the City may have resulting from actions by such persons contrary to that person’s legal obligations.



Section 12.5 Term of Contract. This Contract shall be effective from and after its date, and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of each Bond Resolution and thereafter continue in force and effect during the entire useful life of the System. When the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of the Bond Resolution and all amounts owed to the BCRUA, the Trustee, or any other person hereunder have been paid, all money held by the Trustee or the BCRUA pursuant to the terms of the Bond Resolution shall be paid to the BCRUA. Upon the termination of this Contract, the BCRUA will charge each City a per gallonage charge (or other published rate) for treated water delivered to the Cities in accordance with the BCRUA's then existing rate schedule.

Section 12.6 Amendment and Modification. This Contract shall not be amended except in writing of all Parties hereto. 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 each City under the terms of this Contract and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

Section 12.7 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 the other parties 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 shall, until changed as hereinafter provided, be as follows:

If to the BCRUA:

President, Board of Directors

Brushy Creek Regional Utility Authority, Inc.

221 E. Main St.

Round Rock, Texas 78664

If to Cedar Park:

City Manager

450 Cypress Creek Rd.

Cedar Park, Texas 78613

If to Leander:

City Manager

P.O. Box 319

Leander, Texas 78646-0319

If to Round Rock:

City Manager

221 E. Main St.

Round Rock, Texas 78664

The BCRUA and the Cities 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.

Section 12.8 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 and the Cities and the BCRUA represent that, to the best of their knowledge, no provisions of any applicable federal or State law, including the City Charters of the Cities, nor any permit, ordinance, rule, order, or regulation of either party will limit or restrict the ability of either party to carry out their respective obligations under or contemplated by this Contract.

Section 12.9 Severability. The Parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such actions, 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 12.10 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 that failure in the performance of the Cities' obligations hereunder could not be adequately compensated in money damages alone, each City agrees in the event of any default on its part that the BCRUA and the owners of the Bonds as third-party beneficiaries shall have available to them the remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to them. As long as an Insurer is not in default on the related Insurance

Policy for a series of Bonds, the Insurer of a series of Bonds shall be deemed to be the Owner of such Bonds insured by it for purposes of enforcing the provisions of this Contract, so long as no event of default exists. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the BCRUA to receive the Annual Payments and the provision of Section 4.9 hereof, 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 the 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 circumstances.

Section 12.11 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 Williamson County, Texas, which is the County in which the principal administrative offices of the BCRUA are located. It is specifically agreed among the Parties to this Contract that Williamson 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 Williamson County, Texas.

Section 12.12 Statutory Authority. In entering into this Contract and performing all duties and obligations hereunder, the Cities and the BCRUA exercise their authority under and in accordance with the State Constitution and laws including, but not limited to, the Act, Chapter 402, as amended, Texas Local Government Code; Chapter 1502, as amended, Texas Government Code, each City's respective Home Rule Charter; Chapter 1371, as amended, Texas Government Code and all other laws which may authorize this Contract, all of which provisions and laws, cited or not cited herein, shall cumulatively provide the authority for this Contract.

Section 12.13 Indemnification. For so long as the bonds are outstanding and unpaid, and also with respect to any claim that may arise out of the offer and sale of the bonds of any series or the alleged misstatement or omission of a material fact in or from any sale and offering document relating to any of the cities used in connection therewith, to the extent permitted by law, each city agrees to indemnify, to the extent permitted by law, and save and hold harmless the BCRUA, and the other cities, and their respective officers, directors, agents, financial advisors, attorneys, and employees, and the underwriters of any such offering and their respective directors, officers, employees, and agents, and all persons who control the same within the meaning of the federal securities laws, from and against all claims that may arise as a result of any undertaking, act, or omission, whether negligent or not, which is done or omitted to be done by the cities or any of their officers, councilmen, agents, attorneys, and employees, relating to the system or providing information for inclusion in the sale and offering documents. If any such claim is brought against any such indemnified person, the cities shall pay all costs incurred by such person in defending and (subject to applicable rules of attorney conduct) may control the defense of such claim.

Section 12.14 Contract for Benefit of the Cities. This Contract is made for the exclusive benefit of the Cities (except with respect to Section 9.8(j) which is solely for the benefit of the owners of the Bonds issued by the BCRUA for a particular City), the BCRUA, the Trustee, the owners of the Bonds, the parties to any Credit Agreements, the underwriters of any offering of and remarketing agent and tender agent, if any, for any Bonds, and their respective successors and assigns herein permitted, and not for any third party or parties other than the BCRUA (including

its officers, directors, employees, agents, and attorneys), the Trustee, the owners of the Bonds, the Cities, and the parties to any Credit Agreements, the underwriters of any offering of and remarketing agent and tender agent, if any, for any Bonds, the other persons indemnified by Section 12.13 hereof, and their respective successors and assigns herein permitted, any rights or remedies under or by reason of this Contract.

Section 12.15 Succession and Assignment. This Contract is binding on and inures to the benefit of the Parties hereto and their respective successors, representatives, and assigns. This Contract may not be assigned by any party hereto without (i) complying with any provisions relating to the right of the Parties to assign this Contract contained in the Bond Resolution and (ii) prior written notice to and approval by the other Parties, which consent may be withheld without cause. The provisions of this Section do not affect the assignment of the BCRUA's rights under this Contract to a Trustee pursuant to Section 4.8.

Section 12.16 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 Contract for all purposes and are adopted as a part of the judgment and findings of the BCRUA and the Cities.

Section 12.17 Independent Contractor. As among the Parties, the BCRUA shall be solely responsible for the operation of the System to produce and treat raw water and to deliver treated water to the Cities pursuant to this Contract (except to the extent the BCRUA and the Cities enter into agreements for the Cities to operate parts of the System); and the BCRUA shall be an independent contractor in the operation of the System.

Section 12.18 Financing Statement. Each City agrees at the request of the BCRUA to execute a financing statement in a form satisfactory to the BCRUA and meeting the requirements of the Texas Business and Commerce Code to perfect any security interest created hereby. The Cities further agree to execute such continuation statements or other documents as may be necessary to maintain any such security interest.

Section 12.19 Entire Agreement. This Contract constitutes the entire agreement among the Parties with respect to the matters described herein.

Section 12.20 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 12.21 Counterparts. This Contract may be executed in counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

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.

**BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.**

By:   
Na'Cole Thompson, President

Attest:

By:   
Rene Flores, Secretary

**CITY OF CEDAR PARK, TEXAS**

By: \_\_\_\_\_  
Jim Penniman-Morin, Mayor

Attest:

By: \_\_\_\_\_  
LeAnn Quinn, City Secretary

**CITY OF LEANDER, TEXAS**

By: \_\_\_\_\_  
Christine DeLisle, Mayor

Attest:

By: \_\_\_\_\_  
Dara Crabtree, City Secretary

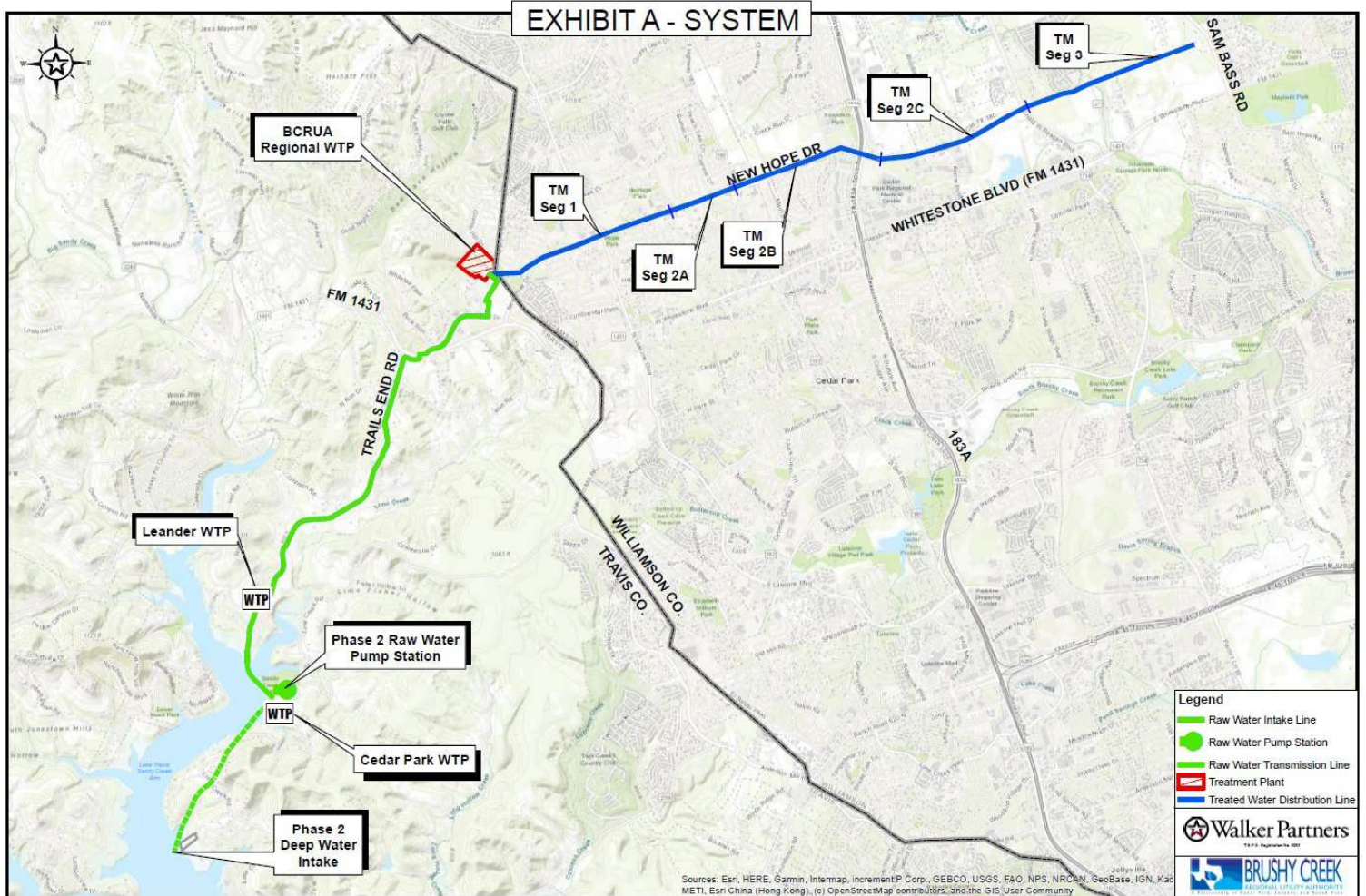
**CITY OF ROUND ROCK, TEXAS**

By: \_\_\_\_\_  
Craig Morgan, Mayor

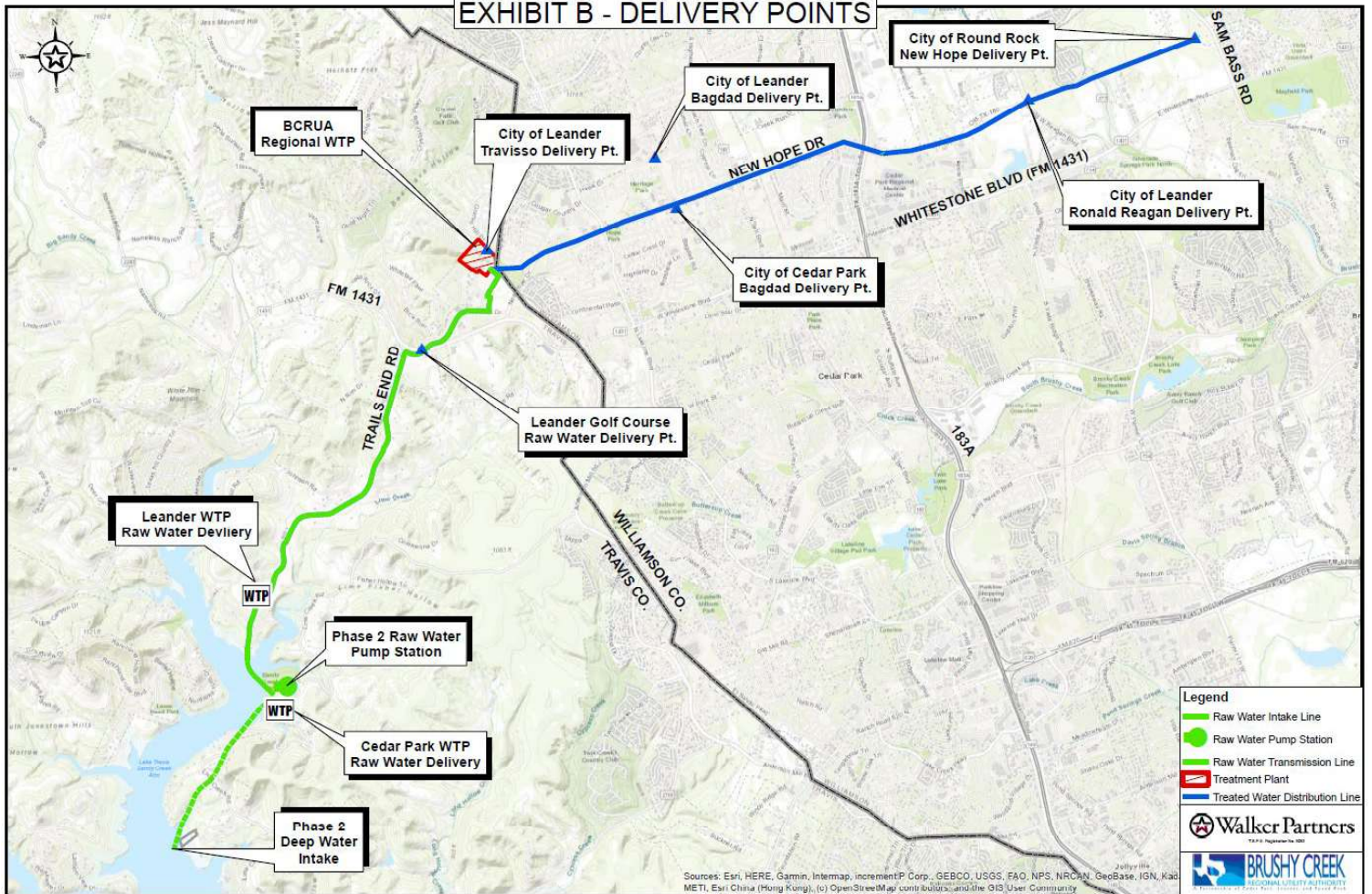
Attest:

By: \_\_\_\_\_  
Ann Franklin, City Clerk





# EXHIBIT B - DELIVERY POINTS





## Exhibit C

Raw Water Delivery System Max Daily Capacities & Delivery Rates <sup>1,2,3</sup>									
System Phase	Total Raw Water System Capacity and Delivery Rates (MGD)	Cedar Park (MGD)			Leander (MGD)			Round Rock	
		Cedar Park WTP (MGD)	BCRUA WTP (MGD)	Total (MGD)	Leander WTP (MGD)	BCRUA WTP (MGD)	Total (MGD)	BCRUA WTP (MGD)	Total (MGD)
Phase 1C	32.50	0.00	8.67	8.67	0.00	15.16	15.16	8.67	8.67
Phase 1D	41.90	0.00	11.17	11.17	0.00	19.56	19.56	11.17	11.17
Phase 2	103.10	26.90	11.17	38.07	12.00	31.26	43.26	21.77	21.77
Ultimate	144.70	26.90	15.00	41.90	12.00	50.00	62.00	40.80	40.80

**Note 1 –** Max delivery rates for each City to the BCRUA plant prior to completion of Phase 2 shall be as shown in this Exhibit C unless the raw water capacity delivered prior to completion of Phase 2, through the Phase 1A, Contract 2 Raw Water Pipeline is less than 41.9 MGD as determined by the Consulting Engineer through engineering studies and construction repairs.

**Note 2 –** Max delivery rates shown for Total Raw System and Leander and Round Rock deliveries to the BCRUA WTP in Phase 2 assume a larger pump is added to the Phase 2 construction contract, which is currently sized for a Total delivery of 87 MGD instead of 103.1. Capacities shown for Leander and Round Rock deliveries to the BCRUA WTP match the capacity of the Phase 2A treatment plant expansion for these 2 cities.

**Note 3 –** Max delivery rates for each City involved in Expansions to the BCRUA WTP beyond completion of Phase 2 and before the Ultimate phase is completed will require an amendment to this Exhibit per this Agreement.

Phase 2 Ultimate Capacity & Cost		
	Capacity (MGD)	Percent %
Cedar Park	41.9	28.96
Leander	62.0	42.85
Round Rock	40.8	28.19
Total	144.7	100.00

## Exhibit D

Treatment System Max Daily Capacities & Instantaneous Delivery Rates <sup>1</sup>												
City	Phase 1C			Phase 1D			Phase 2A			Ultimate		
	Max Daily Capacity (MGD)	Max Instant Delivery Rate (GPM)	Percent %	Max Daily Capacity (MGD)	Max Instant Delivery Rate (GPM)	Percent %	Max Daily Capacity (MGD)	Max Instant Delivery Rate (GPM)	Percent %	Max Daily Capacity (MGD)	Max Instant Delivery Rate (GPM)	Percent %
Cedar Park	8.67	6,021	26.67	11.17	7,757	26.67	11.17	7,757	17.40	15	10,417	14.18
Leander	15.16	10,528	46.67	19.56	13,583	46.67	31.26	21,708	48.69	50	34,722	47.26
Round Rock	8.67	6,021	26.67	11.17	7,757	26.67	21.77	15,118	33.91	40.8	28,333	38.56
Total	32.50	22,570	100.00	41.90	29,097	100.00	64.20	44,583	100.00	105.80	73,472	100.00

Notes: 1) Max daily capacity and max instantaneous delivery rates in the treatment system are cumulative after completion of each Phase.

Phase 2A Capacity & Cost Allocation		
	Capacity (MGD)	Percent %
Cedar Park	0.0	0.00
Leander	11.7	52.40
Round Rock	10.6	47.60
Total	22.3	100.00

**Exhibit E**

Treated Water Distribution System Capacity Allocation				
Transmission Line Segment	Constructed System Capacity (MGD)	Cedar Park	Leander	Round Rock
		Percent (%)	Percent (%)	Percent (%)
Segment 1	105.80	14.18	47.26	38.56
Segment 2A	105.80	14.18	47.26	38.56
Segment 2B	78.80	0.00	48.22	51.78
Segment 2C	78.80	0.00	48.22	51.78
Segment 3	40.80	0.00	0.00	100.00

**Exhibit F**  
**BCRUA Regional Water Project**  
**Capacity and Cost Allocation, Phase 1A**  
**Amended: October 20, 2010**

DESCRIPTION	CONSTRUCTED CAPACITY (MGD)	ESTIMATED COST	CEDAR PARK RESERVED CAPACITY (%)	CEDAR PARK COST	LEANDER RESERVED CAPACITY (%)	LEANDER COST	ROUND ROCK RESERVED CAPACITY (%)	ROUND ROCK COST
<b>BCRUA PROJECT (Operational April 1, 2012)</b>								
<b>FLOATING INTAKE BARGE</b>								
Preliminary Engineering	30.9	\$ 287,709	14.18	\$	40,797	\$ 135,971	38.56	\$ 110,941
Final Engineering (Final Bidding)	30.9	\$ 458,610	14.18	\$	65,031	\$ 216,739	38.56	\$ 176,840
Construction	30.9	\$ 3,807,500	28.8	\$	1,096,580	\$ 45,31	25.89	\$ 985,762
Construction - Contingency	30.9	\$ 837,480	28.8	\$	241,194	\$ 379,462	25.89	\$ 216,824
Total Construction (Includes Construction and Contingency)	30.9	\$ 4,644,980	28.8	\$	1,337,754	\$ 2,104,841	25.89	\$ 1,202,585
Construction Phase Services	30.9	\$ 128,414	28.8	\$	36,983	\$ 58,184	25.89	\$ 33,246
<b>FLOATING INTAKE BARGE SUB-TOTAL</b>		<b>\$ 5,519,713</b>		<b>\$</b>	<b>1,400,565</b>	<b>\$ 2,515,535</b>	<b>\$</b>	<b>1,532,612</b>
Cost Allocation Percentages					<b>25.82%</b>	<b>45.57%</b>		<b>27.60%</b>
<b>RAWWATER LINE - FROM BARGE, UP TRAIL &amp; END ROAD TO REGIONAL WATER TREATMENT PLANT</b>								
Preliminary Engineering	105.8	\$ 570,089	14.18	\$	80,839	\$ 269,424	38.56	\$ 219,826
Final Engineering (Final Bidding)	105.8	\$ 2,784,018	14.18	\$	394,773	\$ 1,315,728	38.56	\$ 1,073,517
Environmental, Permit, and Habitat Mitigation	105.8	\$ 413,000	14.18	\$	58,563	\$ 195,164	38.56	\$ 159,253
Construction - Contract 1	105.8	\$ 19,371,138	14.18	\$	2,746,827	\$ 9,154,800	38.56	\$ 7,489,511
Construction - Contract 2	105.8	\$ 5,511,774	28.67	\$	1,489,990	\$ 46,67	26.67	\$ 1,489,990
Contingency	105.8	\$ 3,649,300	14.18	\$	517,471	\$ 1,724,659	38.56	\$ 1,407,170
Total Construction (Includes Construction and Contingency)	105.8	\$ 28,532,212	14.18	\$	4,734,288	\$ 13,451,804	38.56	\$ 10,346,671
Essementies	105.8	\$ 1,481,798	14.18	\$	210,119	\$ 700,298	38.56	\$ 571,381
Construction Phase Services	105.8	\$ 802,846	14.18	\$	113,844	\$ 379,425	38.56	\$ 309,577
<b>RAWWATER LINE SUB-TOTAL</b>		<b>\$ 34,583,961</b>		<b>\$</b>	<b>5,592,426</b>	<b>\$ 16,311,861</b>	<b>\$</b>	<b>12,630,225</b>
Cost Allocation Percentages					<b>16.17%</b>	<b>47.17%</b>		<b>36.67%</b>
<b>REGIONAL WATER TREATMENT PLANT</b>								
WTP Land Acquisition	105.8	\$ 3,324,022	14.18	\$	471,346	\$ 1,570,933	38.56	\$ 1,281,743
Preliminary Engineering	105.8	\$ 703,112	14.18	\$	96,701	\$ 332,291	38.56	\$ 271,120
Final Engineering	17	\$ 3,457,493	14.18	\$	490,273	\$ 1,634,011	38.56	\$ 1,333,209
Supplemental Engineering	17	\$ 581,395	14.18	\$	82,442	\$ 274,767	38.56	\$ 224,186
Construction Phase Services	17	\$ 1,185,500	14.18	\$	216,398	\$ 557,878	38.56	\$ 459,225
<b>1.0 Raw Water Conveyance</b>								
1.01 72" 64' Raw Water Line, Isolation Valves, and Chemical Injection Vaults	105.8	\$ 1,081,511	14.18	\$	153,415	\$ 511,311	38.56	\$ 417,185
<b>2.0 Treatment Structure</b>								
2.01 54" Raw Water, Raw Water Pipe Gallery	43	\$ 215,597	26.67	\$	57,573	\$ 100,752	26.67	\$ 57,573
2.02 30" Raw Water Venturi Meter and Rate of Flow Control Valve, and Hydraulic Rapid Mix IC	22	\$ 222,566	26.67	\$	59,298	\$ 103,771	26.67	\$ 59,298
2.03 Floculators 1A-1C thru 4A-4C (12 total) and Flocculated Water Channel	22	\$ 1,309,128	26.67	\$	349,101	\$ 810,926	26.67	\$ 349,101
Basin Inlet Channels, Sedimentation Basins 1 and 2 with Sludge Channel with Valves and Gates	22	\$ 3,029,635	26.67	\$	807,956	\$ 1,413,923	26.67	\$ 807,956
2.04 Collection Equipment and Basin Outlet Channel, Settled Water	22	\$ 593,515	26.67	\$	158,271	\$ 276,973	26.67	\$ 158,271
2.05 Sludge Vault 1C and 17 Sludge Pipe	43	\$ 833,870	26.67	\$	222,312	\$ 389,046	26.67	\$ 222,312
2.06 Filter Inlet Channel	12.8	\$ 2,045,765	26.67	\$	545,537	\$ 954,890	26.67	\$ 545,537
Filters 1-4 (underdrains, media, troughs, effluent venturi meters, rate of flow control valves, piping and miscellaneous valves) and Filters 5-8 (structure, wall spoils and blind flanges only)	4.2	\$ 233,686	26.67	\$	62,324	\$ 109,061	26.67	\$ 62,324
Filter 5 (underdrains, media, troughs, effluent venturi meters, rate of flow control valves, piping and miscellaneous valves)	105.8	\$ 216,706	14.18	\$	30,729	\$ 102,415	38.56	\$ 83,562
2.09 24" Backwash Water Venturi Meter and Rate of Flow Control Valve, and 30" Backwash Water Piping	105.8	\$ 276,542	14.18	\$	39,214	\$ 130,894	38.56	\$ 106,635
2.1 36" Waste Backwash Water Piping and Valving	105.8	\$ 110,779	14.18	\$	15,708	\$ 52,354	38.56	\$ 42,716
2.11 24" Square Bowers								



**Exhibit F**  
**BCRUA Regional Water Project**  
**Capacity and Cost Allocation, Phase 1A**  
**Amended: October 20, 2010**

DESCRIPTION	CONSTRUCTED CAPACITY (MGD)	ESTIMATED COST	CEDAR PARK RESERVED CAPACITY (%)	CEDAR PARK COST	LEANDER RESERVED CAPACITY (%)	LEANDER COST	ROUND ROCK RESERVED CAPACITY (%)	ROUND ROCK COST
2.14 Administration Level, Mezzanine (Electrical Room, and Storage), and Maintenance Room	105.8	\$ 6,324,882	14.18	\$ 896,870	47.26	\$ 2,989,144	38.56	\$ 2,438,878
<b>3.0 Chemical Feed Facility</b>								
3.01 Chemical Feed Area	105.8	\$ 77,626	14.18	\$ 11,007	47.26	\$ 36,886	38.56	\$ 29,933
3.02 2 Alum Metering Pumps, 2 Alum Storage Tanks, Valves and Piping	22	\$ 168,988	26.67	\$ 45,066	46.67	\$ 78,866	26.67	\$ 45,066
3.03 2 Fluoride Metering Pumps, 1 Fluoride Storage Tank, Valve and Piping	43	\$ 97,032	26.67	\$ 25,875	46.67	\$ 45,282	26.67	\$ 25,875
3.04 2 Polymer Metering Pumps, 1 Dism. Scale, Valves and Piping	22	\$ 88,946	26.67	\$ 23,719	46.67	\$ 41,508	26.67	\$ 23,719
3.05 Bulk Chemical Secondary Containment Structure	105.8	\$ 130,185	14.18	\$ 18,460	47.26	\$ 61,525	38.56	\$ 50,138
<b>4.0 Disinfection Facility</b>								
4.01 Disinfection Facility Building	105.8	\$ 1,470,849	14.18	\$ 208,566	47.26	\$ 695,123	38.56	\$ 567,159
4.02 3 Sodium Hypochlorite Metering Pumps, 2 Sodium Hypochlorite Storage Tanks, Control Valve and Piping	22	\$ 304,035	26.67	\$ 81,076	46.67	\$ 141,893	26.67	\$ 81,076
4.03 Bulk Sodium Hypochlorite Chemical Secondary Containment Structure	105.8	\$ 61,454	14.18	\$ 8,714	47.26	\$ 29,043	38.56	\$ 23,697
4.04 2 LAG Metering Pumps, 2 LAG Storage Tanks, Control Valves and Piping	22	\$ 158,486	26.67	\$ 42,263	46.67	\$ 73,960	26.67	\$ 42,263
4.05 Bulk LAG Chemical Secondary Containment Structure	105.8	\$ 61,454	14.18	\$ 8,714	47.26	\$ 29,043	38.56	\$ 23,697
4.06 2 Potassium Permanganate Metering Pumps, 1 Feed Unit	43	\$ 138,888	26.67	\$ 37,304	46.67	\$ 65,281	26.67	\$ 37,304
<b>5.0 Disinfection Basin</b>								
5.01 Disinfection Basin, Wear Plate, Sample Pump, Isolation Valves and Piping	43	\$ 692,973	26.67	\$ 184,793	46.67	\$ 323,387	26.67	\$ 184,793
<b>6.0 Ground-Elevated Storage Tanks</b>								
6.01 2 MG Elev. Storage Tank (cap based on WTP overall)			14.18		47.26		38.56	
6.02 78" Inlet/Outlet Piping and Valves	43	\$ 186,787	26.67	\$ 49,810	46.67	\$ 87,167	26.67	\$ 49,810
6.03 4 MG Precast Storage Tanks with Baffle Walls	43	\$ 2,508,286	26.67	\$ 688,876	46.67	\$ 1,170,534	26.67	\$ 688,876
<b>7.0 Booster Pump Station</b>								
7.01 78" Discharge and Suction Piping and Isolation Valves	105.8	\$ 2,475,133	14.18	\$ 350,974	47.26	\$ 1,169,748	38.56	\$ 954,411
7.02 3 Booster Pumps & Motors, Cams, Discharge Piping, Control and Isolation Valves, and 3 Cams with Coves	43	\$ 1,613,971	26.67	\$ 430,392	46.67	\$ 753,187	26.67	\$ 430,392
7.03 2 Part Water Pumps & Motors, Cams, Discharge Piping, and Valves	43	\$ 186,787	26.67	\$ 49,810	46.67	\$ 87,167	26.67	\$ 49,810
7.04 2 Backwash Water Pumps & Motors, Cams, Discharge Piping, and Valves	105.8	\$ 831,244	14.18	\$ 117,870	47.26	\$ 392,846	38.56	\$ 320,528
<b>8.0 Sludge Dewatering Facility</b>								
8.01 Sludge Dewatering Facility Building	67	\$ 1,215,330	14.18	\$ 172,334	47.26	\$ 574,365	38.56	\$ 468,631
8.02 1 Belt Filter Press, 2 Belt Press Feed Pumps, 2 Polymer Feed Systems, 2 Screw Conveyors, Valves and Piping	67	\$ 780,302	14.18	\$ 110,647	47.26	\$ 368,771	38.56	\$ 300,884
<b>9.0 Sludge Thickening and Handling Facilities</b>								
9.01 1 Sludge Thickener with Collector, Piping, Valves	31	\$ 443,583	26.67	\$ 119,889	46.67	\$ 209,805	26.67	\$ 119,889
9.02 Sludge Pump Station Wet Well	105.8	\$ 214,280	14.18	\$ 30,385	47.26	\$ 101,263	38.56	\$ 82,626
9.03 2 Sludge Pumps, with Valves and Piping	43	\$ 73,583	26.67	\$ 19,622	46.67	\$ 34,339	26.67	\$ 13,622
<b>10.0 Wastewater Recovery &amp; Reuse</b>								
10.01 2 Wastewater Settling/Clarification Basins with Sludge Collectors	105.8	\$ 2,225,275	14.18	\$ 315,544	47.26	\$ 1,051,665	38.56	\$ 888,068
10.02 Recycle Pump Station Wet Well	105.8	\$ 178,701	14.18	\$ 25,340	47.26	\$ 84,454	38.56	\$ 69,907
10.03 3 Recycle Pumps, with Valves and Discharge Piping	43	\$ 121,230	26.67	\$ 32,344	46.67	\$ 56,602	26.67	\$ 32,344
<b>11.0 Electrical Building</b>								
11.01 Electrical Building	105.8	\$ 542,573	14.18	\$ 76,937	47.26	\$ 256,420	38.56	\$ 209,216
11.02 5KV Motor Control Center & 480V Motor Control Center with Switch Board, Transformer and Circuit Breaker	43	\$ 414,813	26.67	\$ 110,617	46.67	\$ 193,580	26.67	\$ 110,617
<b>12.0 Yard Piping</b>								
12.01 36" 60' Filtered Water Piping with Valves and Chemical Injection Valves	105.8	\$ 1,024,500	14.18	\$ 145,274	47.26	\$ 494,179	38.56	\$ 395,047
12.02 72" Finished Water Piping with Valves, Finished Water Meter Vault with 48" Vent and Valves	105.8	\$ 1,921,240	14.18	\$ 272,432	47.26	\$ 907,978	38.56	\$ 740,830
12.03 36" Waste Backwash Piping with Valves, and Chemical Injection Vault	105.8	\$ 625,888	14.18	\$ 88,747	47.26	\$ 295,781	38.56	\$ 241,331
12.04 30" Backwash Water Piping with Valves	105.8	\$ 253,093	14.18	\$ 35,889	47.26	\$ 119,612	38.56	\$ 97,593
12.05 36" Waste Washwater Piping with Valves	105.8	\$ 308,078	14.18	\$ 43,686	47.26	\$ 145,598	38.56	\$ 118,736
12.06 20" Wastewater Recycle Piping with Valves, and Recycle Meter Vault with 16" Vent and Valves	105.8	\$ 306,460	14.18	\$ 43,456	47.26	\$ 144,833	38.56	\$ 118,171
12.07 12" Sludge Line, Drain Line and Possible Water Line with Valves	105.8	\$ 884,612	14.18	\$ 125,438	47.26	\$ 418,067	38.56	\$ 341,106

**Exhibit F**  
**BCRUA Regional Water Project**  
**Capacity and Cost Allocation, Phase 1A**  
**Amended: October 20, 2010**

DESCRIPTION	CONSTRUCTED CAPACITY (MGD)	ESTIMATED COST	CEDAR PARK RESERVED CAPACITY (%)	CEDAR PARK COST	LEANDER RESERVED CAPACITY (%)	LEANDER COST	ROUND ROCK RESERVED CAPACITY (%)	ROUND ROCK COST
12.04 30" Backwash Water Piping with Valves	105.8	\$ 263,093	14.18	\$	47.26	\$ 119,812	38.56	\$ 97,593
12.05 36" Waste Wastewater Piping with Valves	105.8	\$ 308,078	14.18	\$	47.26	\$ 145,598	38.56	\$ 118,795
20" Wastewater Recycle Piping with Valves, and Recycle Meter	105.8	\$ 306,460	14.18	\$	47.26	\$ 144,833	38.56	\$ 118,171
12.06 Vault with 18" Venturi and Valves	105.8	\$ 884,812	14.18	\$	47.26	\$ 418,067	38.56	\$ 341,108
12.07 12" Sudge Line, Drain Line and Potable Water Line with Valves	105.8	\$ 190,830	14.18	\$	47.26	\$ 90,186	38.56	\$ 73,584
12.08 8" Fire Water Line, Double Check Valves	105.8	\$ 740,680	14.18	\$	47.26	\$ 350,045	38.56	\$ 285,606
12.09 Additional Piping and Appurtenances	105.8	\$						
<b>13.0 Wastewater Lift Station</b>								
13.01 Wastewater Lift Station Wet Well, 480VAC Utility Service	105.8	\$ 151,209	14.18	\$	47.26	\$ 71,461	38.56	\$ 58,308
13.02 2 Submersible Motors, Force Main, Piping, Valves and Relocation	43	\$ 484,353	26.67	\$	46.67	\$ 226,031	26.67	\$ 129,161
<b>14.0 O&amp;M / S&amp;B</b>								
14.01 Rock Berm, Silt Fence, Tree Protection, Seeding and Topsoil	105.8	\$ 48,516	14.18	\$	47.26	\$ 22,929	38.56	\$ 18,708
14.02 Water Quality Pond	105.8	\$ 444,732	14.18	\$	47.26	\$ 210,180	38.56	\$ 171,488
14.03 Roads - 2' IMC with 10 Bases, Concrete Pavement	105.8	\$ 1,779,735	14.18	\$	47.26	\$ 841,103	38.56	\$ 686,266
14.04 8' Coated Chain Link Fence, 6' Concrete Fence and Gates	105.8	\$ 482,521	14.18	\$	47.26	\$ 218,587	38.56	\$ 178,348
14.05 Landscaping and Irrigation with Lines and Sprinklers	105.8	\$ 388,938	14.18	\$	47.26	\$ 183,812	38.56	\$ 149,974
14.06 Yard Electrical	105.8	\$ 3,589,982	14.18	\$	47.26	\$ 1,687,173	38.56	\$ 1,376,585
Total Construction Cost		\$ 47,929,935		\$	22,555,074	\$ 18,426,574		\$ 16,545,026
Cost Allocation Percentages-Construction Only								
Construction		\$ 47,929,935		\$	22,555,074	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$	2,289,233	\$ 1,879,242		\$ 1,600,772
O & M Manual		\$ 523,975		\$	246,574	\$ 199,072		\$ 170,072
<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
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Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
O & M Manual		\$ 523,975		\$ 246,574	\$ 199,072	\$ 170,072		\$ 149,974
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Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
O & M Manual		\$ 523,975		\$ 246,574	\$ 199,072	\$ 170,072		\$ 149,974
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Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
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<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
O & M Manual		\$ 523,975		\$ 246,574	\$ 199,072	\$ 170,072		\$ 149,974
<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
O & M Manual		\$ 523,975		\$ 246,574	\$ 199,072	\$ 170,072		\$ 149,974
<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
O & M Manual		\$ 523,975		\$ 246,574	\$ 199,072	\$ 170,072		\$ 149,974
<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
O & M Manual		\$ 523,975		\$ 246,574	\$ 199,072	\$ 170,072		\$ 149,974
<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
O & M Manual		\$ 523,975		\$ 246,574	\$ 199,072	\$ 170,072		\$ 149,974
<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
O & M Manual		\$ 523,975		\$ 246,574	\$ 199,072	\$ 170,072		\$ 149,974
<b>REGIONAL WPD SUBTOTAL</b>		<b>\$ 62,570,093</b>		<b>\$ 11,184,735</b>	<b>\$ 23,460,761</b>	<b>\$ 18,426,574</b>		<b>\$ 16,545,026</b>
Cost Allocation Percentages								
Construction		\$ 62,570,093		\$ 11,184,735	\$ 23,460,761	\$ 18,426,574		\$ 16,545,026
Contingency		\$ 4,884,861		\$ 2,289,233	\$ 1,879,242	\$ 1,600,772		\$ 1,376,585
O & M Manual		\$ 523,975		\$ 246,574	\$ 1			



**Exhibit F**  
**BCRUA Regional Water Project**  
**Capacity and Cost Allocation, Phase 1A**  
**Amended: October 20, 2010**

DESCRIPTION	CONSTRUCTED CAPACITY (MGD)	ESTIMATED COST	CEDAR PARK RESERVED CAPACITY (%)	CEDAR PARK COST	LEANDER RESERVED CAPACITY (%)	LEANDER COST	ROUND ROCK RESERVED CAPACITY (%)	ROUND ROCK COST
<b>Cost Allocation Percentages</b>								
				0.00%	48.22%			51.78%
<b>SEGMENT 2C</b>								
Preliminary Engineering	78.8	\$ 191,919	14.18	\$	47.26	\$ 90,701	38.56	\$ 74,004
Final Engineering	78.8	\$ 627,561	0	\$	-	\$ 302,610	51.78	\$ 324,951
Exemptions (Based on 25% of Fee Simple Value for 50' Perm. Emt.)	78.8	\$ 330,000	0	\$	48.22	\$ 159,128	51.78	\$ 170,874
<b>Construct on Estimate</b>								
Contingency	78.8	\$ 6,800,000	0	\$	48.22	\$ 3,278,960	51.78	\$ 3,521,040
Allowance for Materials and Labor Fluctuations	78.8	\$ 477,507	0	\$	48.22	\$ 230,254	51.78	\$ 247,253
Total Construction (Includes Const., Contingency, & Allowance)	78.8	\$ 955,015	0	\$	48.22	\$ 460,508	51.78	\$ 494,507
Construction Phase Services	78.8	\$ 8,232,522	0	\$	48.22	\$ 3,969,722	51.78	\$ 4,262,800
<b>SEGMENT 2C SUB-TOTAL</b>								
<b>Cost Allocation Percentages</b>								
				0.26%	48.20%			51.52%
<b>CONSTRUCTION MANAGEMENT SERVICES AND INSPECTION</b>								
Includes estimated construction cost for Flooding Barge, Raw Water Line, WTP, and Transmission Main 1 and 2C								
<b>CONSTRUCTION MGMT IN SPECT. SUB-TOTAL</b>								
<b>Cost Allocation Percentages</b>								
				15.59%	47.16%			37.25%
<b>ANGLARY SERVICES</b>								
Environmental Consultant - Berry/Allison		\$ 471,155	14.18	\$	47.26	\$ 222,660	38.56	\$ 181,877
Real Estate Acquisition Consultant - LAN		\$ 470,570	14.18	\$	47.26	\$ 222,391	38.56	\$ 181,452
Condemnation Counsel - Kent Sick		\$ 150,000	14.18	\$	47.26	\$ 70,890	38.56	\$ 57,840
Public Relations - Stasis Faulknerburg		\$ 200,000	14.18	\$	47.26	\$ 94,520	38.56	\$ 77,120
Public Relations Firm - Group Solutions RWJ		\$ 320,000	14.18	\$	47.26	\$ 151,232	38.56	\$ 123,392
<b>Anglary Services Sub-Total</b>								
		\$ 1,611,725		\$	761,701			\$ 621,481
<b>OPERATIONAL AND MAINTENANCE EXPENSES</b>								
General Manager Salary and Supplies (5 years)		\$ 425,917	14.18	\$	47.26	\$ 201,288	38.56	\$ 164,234
Preliminary Engineering Report Services		\$ 152,300	15.75	\$	41.39	\$ 63,037	42.86	\$ 65,276
Surveying - The Wallace Group - New Hope Line		\$ 17,551	15.99	\$	40.51	\$ 7,110	43.50	\$ 7,635
Administration Fees - Preliminary/Final Design		\$ 84,000	14.18	\$	47.26	\$ 39,698	38.56	\$ 32,390
O&M Sub-Total		\$ 679,768		\$	311,134			\$ 269,324
<b>ANGLARY SVC'S/O&amp;M EXPENSES SUB-TOTAL</b>								
<b>Cost Allocation Percentages</b>								
				14.30%	46.82%			38.88%
<b>UPDATED BCRUA PHASE 1A PROJECT TOTAL COST</b>								
<b>Cost Allocation Percentages</b>								
				14.59%	47.21%			37.83%
<b>ORIGINAL BCRUA PHASE 1A PROJECT TOTAL COST</b>								
<b>TWOB Adjustment for Phase 2 Costs</b>								
		\$ 171,535,451		\$	81,031,380			\$ 65,687,430
		(525,000)		\$	(248,115)			(202,440)
<b>ADJUSTED ORIGINAL BCRUA PHASE 1A PROJECT COST</b>								
<b>Construction Cost Savings from Phase 1A</b>								
		\$ 171,071,451		\$	80,783,265			\$ 65,484,990
		\$ 30,289,958		\$	14,325,947			\$ 12,233,735
<b>Note: Upon completion of the Phase 1A, the BCRUA is obligated to deliver up to the following quantities of treated water to each City at the Points of Delivery:</b>								
		Capacity (MGD)	% of Capacity					
Cedar Park	4.53	28.67						
Leander	7.94	48.67						
Round Rock	4.53	28.67						
<b>Total</b>	<b>17.00</b>	<b>100</b>						

## EXHIBIT G

## OPERATIONS AND MAINTENANCE EXPENSE ALLOCATION

Item	Non-Operating Expenses Column 1	Fixed Operating Expenses Column 2	Variable Operating Expenses Column 3
Insurance	100%		
Gen Manager & Board Admin Services	100%		
Capital Outlay	100%		
Office Equipment	100%		
Treatment System Buildings & Facility Maintenance	100%		
Raw Water System Buildings & Facility Maintenance	100%		
Plant Utility Services	100%		
TCEQ Administration Fee	100%		
Safety Equipment	100%		
Treated/Raw Transmission Lines & Delivery Points Maintenance & Repairs	100%		
Audit/Investment/Banking Fees	100%		
Legal Services	100%		
Computers/Radios Maintenance & Equipment	33%	67%	
SCADA Maintenance	33%	67%	
Communications/Phone services	33%	67%	
Intake Barge Repairs & Maintenance	33%	67%	
Accounting/Finance/Personnel Services	33%	67%	
Plant Superintendent & Chief Operator		100%	
Admin Assistant - Operations		100%	
Small Tools and Equipment		100%	
General/Office Supplies		100%	
Miscellaneous Expenses		100%	
Plant Operators		100%	
Maintenance Technician		100%	
Vehicles Repairs and Maintenance		100%	
Contract Services		100%	
Laboratory Supplies		100%	
Fuel and Oil		100%	
Janitorial		100%	
Treatment Plant Equipment Repairs, Maintenance & Supplies		100%	
Raw Water System Equipment Repairs, Maintenance & Supplies (excluding buildings and related facilities)		100%	
Training, Meetings and Travel		100%	
License and Memberships		100%	
Uniforms		100%	
Power-Pumping Treatment Plant			100%
Power-Pumping Raw Water			100%
Treatment Plant Chemicals			100%
Raw Water Treatment Chemicals			100%
Sludge Disposal			100%