
AMENDED AND RESTATED
REGIONAL (HAYS/CALDWELL COUNTIES AREA)
WATER SUPPLY AND TREATMENT CONTRACT

_____, 2020

by and among
CANYON REGIONAL WATER AUTHORITY
and
COUNTY LINE WATER SUPPLY SPECIAL UTILITY DISTRICT,
CRYSTAL CLEAR WATER SUPPLY SPECIAL UTILITY DISTRICT,
MARTINDALE WATER SUPPLY CORPORATION,
MAXWELL WATER SUPPLY SPECIAL UTILITY DISTRICT, and
CITY OF SAN MARCOS, TEXAS

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**AMENDED AND RESTATED REGIONAL (HAYS/CALDWELL COUNTIES AREA)
WATER SUPPLY AND TREATMENT CONTRACT**

THIS AMENDED AND RESTATED REGIONAL (HAYS/CALDWELL COUNTIES AREA) WATER SUPPLY AND TREATMENT CONTRACT (this “Amended and Restated Contract”) dated as of the ____ day of _____, 2020 (the “Contract Date”), amending and restating that certain Regional (Hays/Caldwell Counties Area) Taxable Water Supply Contract dated August 1, 1998, as amended (the “Original Contract”), is by and among the CANYON REGIONAL WATER AUTHORITY, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas, and the hereinafter defined Authority Act (the “Authority”), and:

- COUNTY LINE SPECIAL UTILITY DISTRICT, a special utility district organized pursuant to Texas Water Code, Chapters 49 and 65 (“County Line SUD”);
- CRYSTAL CLEAR SPECIAL UTILITY DISTRICT, a special utility district organized pursuant to Chapter 7206 of the Texas Special Districts Local Laws Code (“Crystal Clear SUD”);
- MAXWELL SPECIAL UTILITY DISTRICT, a special utility district organized pursuant to Chapter 7222 of the Texas Special Districts Local Laws Code (“Maxwell SUD”);
- MARTINDALE WATER SUPPLY CORPORATION, a Texas water supply corporation, organized originally pursuant to Texas Revised Civil Statutes Annotated Article 1434a, as amended (“Martindale WSC,” and, together with County Line SUD, Crystal Clear SUD and Maxwell SUD, the “Original Participating Members,” which, together with any Additional Participating Members as hereinafter defined, are collectively or individually referred to herein as “Participating Members”); and
- CITY OF SAN MARCOS, TEXAS, a Texas home-rule municipality (the “City,” and, together with the Participating Members, the “Contracting Parties”).

P R E A M B L E :

WHEREAS, pursuant to applicable law, and particularly Article XVI, Section 59 of the Texas Constitution and the laws of the State of Texas (the “State”), particularly Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (“the Authority Act”) and Chapter 791 of the Texas Government Code, as amended (the “Interlocal Cooperation Act”), the Authority is empowered to purchase, own, hold, lease, and otherwise acquire sources of a potable water supply; to build, operate, and maintain facilities for the treatment and transportation of water; to sell potable water to local governments, water supply corporations, and other persons in the State of Texas; and to protect, preserve, and restore the purity and sanitary condition to water in the Authority; and

WHEREAS, the Authority Act also authorizes the Authority, acting through its Board of Trustees (the “Board”) to issue revenue bonds to finance such projects, payable solely from the

revenues derived from payments to be made to the Authority by the participating members and other customers for the purpose of defraying the cost of financing, acquiring, and constructing the projects; and

WHEREAS, pursuant to the provisions of the Interlocal Cooperation Act and the other laws of the State, the Authority and the Original Participating Members have previously entered into the Original Contract, as amended, as a taxable take-or-pay contract pursuant to which the Authority agreed to plan, design, acquire, construct, finance, and refinance treatment facilities, water supply pipelines, booster pumps, other appurtenances, and necessary easements and other interests in land, including water rights acquisitions (the “Original Project”) and pursuant to such terms the Original Participating Members would agree to make payments to or on behalf of the Authority in amounts sufficient to meet all of the Authority’s obligations relating to bonds issued to finance the Original Project and to operate and maintain the Original Project; and

WHEREAS, the Board has previously approved and issued, upon the request of the Original Participating Members, the following series of revenue bonds pursuant to the Original Contract to finance (or refinance) the costs of the Original Project: (i) “Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 1999” (the “Series 1999 Bonds”); (ii) “Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2001” (the “Series 2001 Bonds”); (iii) “Original Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2003” (the “Series 2003 Bonds”); (iv) “Taxable Contract Revenue Refunding Bonds (Hays/Caldwell Counties Area Project), Series 2005” (the “Series 2005 Bonds”); and (v) “Taxable Contract Revenue Bonds (Hays/Caldwell Counties Area Project), Series 2017” (the “Series 2017 Bonds”); and

WHEREAS, the Board has previously approved and issued, upon the request of County Line SUD, Crystal Clear SUD, and Maxwell SUD, its “Taxable Contract Revenue Bonds (San Marcos River Rights Project), Series 2008” (the “Series 2008 Bonds” or “Special Project Bonds”) in an initial amount of \$3,200,000 (of which \$2,400,000 is currently outstanding) pursuant to the Original Contract for the purposes of financing the acquisition of certain San Marcos River water rights for the three Participating Members listed above;

WHEREAS, the Series 2003 Bonds, Series 2005 Bonds, and Series 2017 Bonds are currently outstanding in the aggregate principal amount of \$8,400,000 (the “Outstanding Bonds”); and

WHEREAS, the City and Participating Members have requested that the Authority expand the Original Project from a capacity of 2,908 acre feet to an increased capacity of 4,468 acre feet (the “2020 Project”, and together with the Original Project, the “Project”) which will allow the Contracting Parties the ability to purchase treated water from the Authority; and

WHEREAS, the City will make a cash contribution to the Authority in the amount of \$7,918,624, which amount represents a City contribution to the Original Project (\$2,772,049) and a City Contribution to the 2020 Project (\$5,146,575) (which includes a City contribution to “pay down” the cost of the 2020 Project (\$511,593) so that the Series 2021 Bonds (as defined herein) can be issued on a tax-exempt basis); and

WHEREAS, the anticipated expansion of the Original Project, being the 2020 Project, will cost approximately \$17,500,000 and will necessitate that the Authority issue approximately \$12,355,000 in tax-exempt, new money contract revenue bonds (the “Series 2021 Bonds”); and

WHEREAS, the City is requesting to purchase a right to use the hereinafter defined System, including the 2020 Project, to purchase treated water from the Authority; and

WHEREAS, to memorialize the terms pursuant to which the 2020 Project is financed by the Authority through participation in the 2020 Project by the Participating Members and the purchase of rights to the 2020 Project by the City after taking into effect the City’s purchase of capacity rights in the System, the Parties hereto now desire to enter into this Amended and Restated Contract; and

WHEREAS, the Authority agrees that the Contracting Parties shall continue to hold and possess their respective Certificates of Convenience and Necessity issued by the Commission, shall continue to own and operate their respective water pumping, storage, distribution, facilities, and any respective water treatment facilities currently owned by each of the Contracting Parties; and

WHEREAS, this Amended and Restated Contract shall constitute an interlocal cooperative agreement as authorized pursuant to the Interlocal Cooperation Act; and

WHEREAS, the adoption of this Amended and Restated Contract is hereby found and determined to be in the best interest of the Authority, its customers, the Participating Members, the City and their respective residents and customers;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Authority and each of the Contracting Parties agree and contract as follows:

ARTICLE I

Definitions

Section 1.01. Definitions.

The following terms and expressions as used in this Amended and Restated Contract, unless the context clearly shows otherwise, shall have the following meanings:

“2020 Project” means the costs to finance, refinance, acquire, and construct treatment facilities, water supply pipelines, booster pumps, other appurtenances, and necessary easements and other interests in land, including water rights acquisitions, including all Project Costs, to expand the Original Project from a capacity of 2,908 acre feet to an increased capacity of 4,468 acre-feet as further described in Exhibit A attached hereto.

“Additional Participating Member(s)” means any entity or entities hereafter agreeing pursuant to Section 6.01 of this Amended and Restated Contract to be bound by the terms of this Amended and Restated Contract, as it may be amended from time to time.

“Adjusted Annual Payment” means the Annual Payment as adjusted by the Board during or after an Annual Payment Period, as provided by this Amended and Restated Contract.

“Amended and Restated Contract” means this Amended and Restated Regional (Hays/Caldwell Counties Area) Water Supply and Treatment Contract, as initially executed and as it may be amended from time to time.

“Annual City Payment” means the amount of money to be paid to the Authority by the City, during each Annual Payment Period, for the City Operation and Maintenance Expenses.

“Annual Payment” means the amount of money to be paid to the Authority by each Participating Member during each Annual Payment Period as its share of the Annual Requirement.

“Annual Payment Period” means the Authority’s fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve consecutive month period fixed by the Authority; the first Annual Payment Period under this Amended and Restated Contract is anticipated to be the period of October 1, 2020, through September 30, 2021.

“Annual Requirement” means, during an Annual Payment Period, the total amount required from the Participating Members to pay all Participating Members Operation and Maintenance Expenses of the Authority and the Project and all costs and payments due and payable for the amortization of the Bonds.

“Authority” means the Canyon Regional Water Authority, a regional water authority created under and essential to accomplish the purposes of Article XVI, Section 59 of the Constitution of the State of Texas created in accordance with the Authority Act. Except as otherwise noted herein, actions required or permitted to be taken by the Authority under this Amended and Restated Contract may be taken by the General Manager on behalf of the Authority.

“Authority Act” means Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended.

“Board” means the governing body of the Authority.

“Bond Resolution” means any resolution or other financing documents of the Authority which authorizes any Bonds.

“Bonds” means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to the Authority under the Original Contract or this Amended and Restated Contract and the interest thereon, previously issued or hereafter issued by the Authority to finance or refinance the costs to acquire, construct, and equip the Project, and/or all bonds, notes, or other obligations issued subsequently to finance or refinance the costs to improve and extend the Project, and any bonds, notes or other obligations issued to refund any Bonds.

“City” means the City of San Marcos, Texas.

“City Operation and Maintenance Expenses” means that portion of the Operations and Maintenance Expenses allocated to the City pursuant to Section 5.02 herein.

“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.

“Commission” means the Texas Commission on Environmental Quality or any successor entity thereto.

“Contracting Parties” means the Participating Members and the City.

“Credit Agreement” means any credit agreement, as defined in and authorized by the provisions of Chapter 1371, Texas Government Code, as amended, which the Authority enters into relating to its obligations with respect to the Bonds.

“EMMA” means the MSRB’s Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

“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.

“Force Majeure” means such term as it is defined in Section 9.01 of this Amended and Restated Contract.

“GBRA Contract” means that certain water purchase contract entered into by and between the Authority and the Guadalupe Blanco River Authority dated as of June 16, 1999, as may be amended from time to time.

“General Manager” means the general manager of the Authority’s operations, including any party or entity that the Authority enters into a management contract to provide these services.

“Land Interests” means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Project.

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

“Operation and Maintenance Expenses” means, during an Annual Payment Period, all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under the GBRA Contract and/or any contract with any federal, state, or local agency for the construction, operation, and/or water storage rights or other interests in water in Canyon Lake or other source of raw water, any

contribution or payment in lieu of taxes or any fee or charge by any government authority (including Contracting Parties) relating to the Authority's transmission or sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project, including an amount to fund a special reserve for the Operation and Maintenance Expenses or for additional capital improvements to the Project; the total amount to be accumulated for such operating and additional capital improvements reserve shall not exceed 25% of the annual Operation and Maintenance Expenses (estimated to be approximately three (3) months' expenses). 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 Amended and Restated Contract. "Operation and Maintenance Expenses" include the "Participating Members Operation and Maintenance Expenses" and the "City Operation and Maintenance Expenses."

"Original Contract" means that Regional (Hays/Caldwell Counties Area) Taxable Water Supply Contract entered into by the Authority and the Original Participating Members dated August 1, 1998, as amended by an Amendment dated May 12, 2003, an Amendment No. 2 dated November 1, 2003, and as further amended an Amendment date No. 3 dated February 28, 2008.

"Original Participating Members" means County Line SUD, Crystal Clear SUD, Martindale WSC, and Maxwell SUD.

"Overhead Expenses" means the Authority's reasonable and necessary costs and expenses incurred and directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to:

- (a) per diem and reimbursable expenses incurred by the Board for special meetings of the Board related to the Project,
- (b) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority;
- (c) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the General Manager of the Authority, times an overhead factor of two (2), which factor shall be subject to adjustment by the Authority from time to time in response to actual or reasonably projected overhead expenses of the Authority;
- (d) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction;
- (e) the cost of property casualty and public liability insurance; including any insurance deductible charged to or required to be paid by the Authority;

(f) all costs incurred in litigation involving or relating to the Project; and

(g) any and all other reasonable and necessary costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not and whether or not included in the definition or as a part of Project Costs.

“Original Project” means the costs to finance, refinance, acquire, and construct treatment facilities, water supply pipelines, booster pumps, other appurtenances, and necessary easements and other interests in land, including water rights acquisitions pursuant to the Original Contract to serve the Original Participating Members.

“Outstanding Bonds” means the Series 2003 Bonds, Series 2005 Bonds, and Series 2017 Bonds that are currently outstanding in the aggregate principal amount of \$10,800,000.

“Participating Member(s)” means certain of the Original Participating Members and all Additional Participating Members from time to time subject to this Amended and Restated Contract.

“Participating Members Operation and Maintenance Expenses” means that portion of the Operations and Maintenance Expenses allocated to the Participating Members pursuant to Section 5.01 herein.

“Parties” means the Participating Members, the Authority, the City, and all Additional Participating Members from time to time subject to this Amended and Restated Contract.

“Permitted Liens” means:

(a) Minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(b) Easements for roads (as used in this Amended and Restated 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 Amended and Restated Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Authority, do not materially impair the use of the Project for the purposes for which it is designed.

(c) Rights of the United States or any state or political subdivision, thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

“Point(s) of Delivery” means the point or points designated in Exhibit B to this Amended and Restated Contract or by subsequent agreement where water will be delivered by the Authority to the Contracting Parties from the Project.

“Project” means the Original Project and the 2020 Project.

“Project Costs” means and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority:

(a) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies;

(b) the cost of acquisition, construction, repair, replacement, or improvement of any structure, item of equipment, or other item, used for, or in connection with, the Project;

(c) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project;

(d) the cost of engineering, legal, architectural or other related services;

(e) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project;

(f) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation;

(g) finance charges and interest before, during, and after construction;

(h) costs incurred in connection with financing the Project, including, without limitation:

(1) financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements;

(2) the costs of a Credit Agreement;

(3) the cost of printing, engraving, and reproduction services; and

(4) the cost of a trustee’s or paying agent’s initial or acceptance fee and subsequent fees.

(i) all costs, fees and expenses of litigation of all kinds;

(j) the cost of property casualty and public liability insurance;

(k) the Authority’s Overhead Expenses; and

(l) other costs generally recognized as a part of project construction costs.

“Refunding Bonds” means any bonds issued to refund the Outstanding Bonds.

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

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

“Series 2021 Bonds” means the Bonds that the Authority intends to issue to finance the construction of the 2020 Project.

“Sale and Offering Documents” means any official notice of sale, official bid form, preliminary official statement, official statement, application to the Texas Water Development Board, or other offering document for the Bonds.

“Special Project Bonds” means the Authority’s “Taxable Contract Revenue Bonds (San Marcos River Rights Project), Series 2008”.

“State” means the State of Texas.

“System” means all properties, facilities and plants (including the projects relating to the Lake Dunlap treatment facilities) currently owned, operated, and maintained by the Authority for the supply, treatment, and transmission of treated potable water, together with all future extensions, improvements, replacements and additions thereto, whether situated within or without the limits of the Authority; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the Authority with the proceeds from the issuance of Bonds, as special revenue obligations of the Authority which are not payable from revenues of the System but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the System bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

Section 1.02. Construction.

Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Amended and Restated Contract and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity of this Amended and Restated Contract.

ARTICLE II

Representations and Warranties

Section 2.01. Representations and Warranties of Authority.

The Authority hereby represents to the Parties that:

A. The Authority is a political subdivision under the laws of the State and is duly qualified and authorized to carry out the governmental functions as contemplated by this Amended and Restated Contract; the Authority has full power and authority to sell or otherwise convey treated water to the Contracting Parties in accordance with the terms of this Amended and Restated Contract.

B. The Authority has the power, authority, and legal right to enter into and perform under this Amended and Restated Contract and the execution, delivery, and performance hereof have been duly authorized.

C. The Authority is authorized to own and finance the Project pursuant to the Authority Act, including the issuance of the Series 2021 Bonds.

D. This Amended and Restated Contract has been duly authorized, executed, and delivered and constitutes a legal, valid, and binding special obligation of the Authority enforceable in accordance with its terms.

Section 2.02. Representations and Warranties of Participating Members.

Each of the Participating Members hereby represents and warrants to the Parties that:

A. It is a political subdivision or water supply corporation under the laws of the State and has full power and authority to purchase treated water from the Authority in accordance with the terms of this Amended and Restated Contract, and the execution, delivery, and performance hereof have been duly authorized.

B. The execution and delivery of this Amended and Restated Contract by such Participating Member and the performance of the provisions hereof by such Participating Member do not and will not conflict with or constitute on the part of such Participating Member a breach or a default of any provision of any other contract or agreement of such Participating Member.

C. This Amended and Restated Contract has been duly authorized, executed, and delivered and constitutes a legal, valid, and binding obligation of the Participating Member enforceable in accordance with its terms.

Section 2.03. Representations of City.

City hereby represents to the Parties that:

A. The City is a political subdivision and a home-rule municipality under the laws of the State and is duly qualified and authorized to carry out the governmental functions as contemplated by this Amended and Restated Contract.

B. The City has the power, authority, and legal right to enter into and perform under this Amended and Restated Contract and the execution, delivery, and performance hereof have been duly authorized.

C. The City has the authority to enter into an agreement with the Authority for the provision of governmental services, including water services, pursuant to the Interlocal Cooperation Act.

D. This Amended and Restated Contract has been duly authorized, executed, and delivered and constitutes a legal, valid, and binding special obligation of the City enforceable in accordance with its terms.

ARTICLE III

Construction of Project and Issuance of Bonds

Section 3.01. Agreements of the Parties.

Each of the Participating Members and the City hereby find that the Annual Payments paid by the Participating Members pursuant to this Amended and Restated Contract is the sole security for the Outstanding Bonds, the Series 2021 Bonds, and any Refunding Bonds.

Section 3.02. Contribution of the City.

The City will not be a Participating Member under this Amended and Restated Contract. In return for the right to receive treated water from the 2020 Project pursuant to the terms of this Amended and Restated Contract, the City agrees to contribute \$7,918,624.00 from any source, provided that at least \$511,593.00 of the City's contribution shall be made from available taxes or revenues (or any source other than tax-exempt debt). The City shall make its contributions on the following schedule:

- The City will contribute to the Authority on or before December 1, 2020 the amount of \$3,283,642.00, of which amount \$2,772,049.00 represents the City's share of the Original Project based on an agreed depreciated value of the Original Project financed with the Outstanding Bonds as of the Contract Date of \$9,425,811.00 and \$511,593.00 represents a portion of the City's financial or contractual obligations related to the acquisition, construction and financing 2020 Project. The City's contribution in the amount of \$511,593.00 shall be utilized by the Authority to "pay down" the Martindale WSC's right to capacity so that such amounts are less than 10% of the total of the capacity of the 2020 Project, and so that the Series 2021 Bonds and any Refunding

Bonds can be issued by the Authority on a tax-exempt basis, thereby reducing the overall financing costs (and the City's corresponding allocable share) for the 2020 Project.

- The City will contribute the remaining amount of \$4,634,982.00 for deposit to an account controlled by the Authority no later than May 1, 2021. Such amount shall prepay the City's financial or contractual obligations related to the acquisition, construction and financing of the 2020 Project.
- The Authority, after consultation with its financial advisor and other consultants, shall use the remainder of the City's contribution to repay Outstanding Bonds or in such other manner which benefits the Participating Members.

Section 3.03. Allocation of the Projects.

After the initial contribution from the City of \$5,146,575.00 as described in Section 3.02, the City and each Participating Member's respective share of the depreciated value of the Project, its annual capacity, and maximum daily capacity (as further defined in Exhibit A, Schedule II), based on such entity's respective participation in the Project (inclusive of the 2020 Project), shall be as follows:

Entity	Allocation of 2020 Project Value	Percentage of 2020 Project Value	Allocated Capacity (AF)	Maximum Capacity (GPD)
County Line SUD	\$5,123,125	29.275%	1,308.00	1,610,116
Crystal Clear SUD	1,958,425	11.191%	500.00	615,488
Martindale WSC	1,746,850	9.982%	446.00	549,015
Maxwell SUD	3,525,025	20.143%	900.00	1,107,878
City of San Marcos	5,146,575	29.409%	1,314.00	1,617,502
Total	\$17,500,000	100.00%	4,468.00	5,500,000

The Parties further agree that all Participating Members, but not the City, shall make payments to or on behalf of the Authority in amounts sufficient to meet all of the Authority's obligations relating to the Outstanding Bonds, the Series 2021 Bonds, and any Refunding Bonds based on their respective participation in the Project as reflected in the chart below, pursuant to this Amended and Restated Agreement.

Entity	Percentage of Bond Cost Allocation
County Line SUD	41.471%
Crystal Clear SUD	15.853%
Martindale WSC	14.141%
Maxwell SUD	28.535%
City of San Marcos	0.00%
Total	100.00%

Section 3.04. Allocation of Special Project Bonds.

Costs related to the Special Project Bonds, the proceeds of which were used by the Authority to acquire certain San Marcos River water rights for the purposes of supplying treated water to Crystal Clear SUD, County Line SUD, and Maxwell SUD, shall be allocated as set forth below:

Entity	Percentage of Special Project Bond Cost Allocation
County Line SUD	36.42%
Crystal Clear SUD	18.10%
Martindale WSC	0.00%
Maxwell SUD	45.48%
City of San Marcos	0.00%
Total	100.00%

Section 3.05. Construction of Project.

The Authority agrees that the acquisition, construction, and improvement of the 2020 Project by the Authority will be accomplished in accordance with generally accepted engineering practices and, subject to the issuance of the Bonds pursuant to Section 3.07 to provide a source of funds, with all practical dispatch.

Section 3.06. Compliance with Certain City Rules and Regulations.

In consideration of the right to receive treated water under this Amended and Restated Contract, the City agrees that the Authority will be granted a waiver or other exemption from the following rules and regulations related to the construction of the 2020 Project:

- Section 3.8.1.7 Conventional Streetscape Type shall be modified to remove the requirement for a 6-foot sidewalk for the approximately 1,110 linear feet of frontage along Old Martindale Road, and no payment-in-lieu of construction shall be required.
- Section 3.6.2.1 Block Perimeter shall not apply to subdivision plat for the property.
- Chapter 3, Article 10 Parks and Open Space shall not apply to the Minor Plat associated with the improvements. The City acknowledges that Lot 2 of the proposed subdivision is currently used for residential purposes and no dedication or fees shall apply.

Section 3.07. Issuance of Bonds.

A. The Authority may issue its Bonds, payable from and secured by a pledge of the Annual Payments from this Amended and Restated Contract to finance the costs of acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the Project, or to refund any outstanding Bonds.

B. (1) Each Bond Resolution of the Authority shall specify the exact principal amount of the Bonds to be issued thereunder, which Bonds shall mature within the maximum allowable period or such shorter period as determined by the Authority and shall bear interest not exceeding the maximum allowable rates, all as permitted by law, and each Bond Resolution shall contain such other terms and provisions pertaining to the security and payment of Bonds and the operation and maintenance of the Project as may be necessary for the marketing and sale of the Bonds. The Authority may from time to time issue its Bonds in such amounts as are within its judgment and discretion sufficient to achieve full implementation of the Project.

(2) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Authority's Board of Directors a copy of the proposed Bond Resolution, and the Sale and Offering Documents shall be presented to the Participating Member for review and approval.

(3) Upon the Participating Member's approval of (i) each Bond Resolution hereafter adopted by the Authority, (ii) any amendments to any Bond Resolution, and (iii) the Sale and Offering Documents and the delivery to the Authority of a certification signed by the authorized representative of the Participating Member to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Amended and Restated Contract, then upon the adoption and approval of the Bond Resolution in such final form by the Authority's Board of Directors and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the Authority and deemed to be in compliance with this Amended and Restated Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Amended and Restated Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(4) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the Participating Member, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Participating Member so long as said Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Amended and Restated Contract and the Bond Resolution. Particularly, the obligation of the Participating Member to make, promptly when due, all Annual Payments specified in this Amended and Restated Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Amended and Restated Contract. In addition, subject to the approval of the Participating Member, the Authority may

enter into Credit Agreements for the purpose of achieving the lowest financing costs for the Project.

Section 3.08. Liens. None of the Contracting Parties or the Authority will create or permit or suffer to exist any lien, encumbrance, or charge upon the Project or any interest therein at any time, except Permitted Liens.

Section 3.09. Tax-Exempt Bonds. The Parties hereto understand and agree that the Authority will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for the Bonds to be issued for the Project. In connection therewith, the Parties intend that the Authority will issue Bonds, the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes. The Parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the Parties agree and covenant that if the Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the Parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect the treatment of such Bonds as obligations described in section 103 of the Code. Should 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 or as set forth in this Amended and Restated Contract. The Parties further agree and covenant that in the event the Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the Parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of each of the Parties, the Parties will identify a different firm, that is mutually acceptable to both Parties, in order to resolve the conflict of opinion.

Section 3.10. Payment to Rebate Fund. In the event that tax-exempt Bonds are issued as provided in Section 3.09, the Authority will covenant and agree in the Bond Resolution to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(f)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit the trustee or paying agent to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, the Authority forthwith shall pay the amount of such insufficiency on such date to the trustee or paying agent in immediately available funds for such purpose.

Section 3.11. Sale and Offering Documents. At the request of the Authority, the Participating Members and the City shall provide to the Authority current and historical information concerning their respective utility systems, general fund information, the financial conditions results, and prospects of the Participating Members, and such other information concerning the Participating Members and the City as the Authority shall deem advisable for

inclusion in the Sale and Offering Documents for the Bonds of each series and shall certify to the Authority and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Participating Members and the City deem such Sale and Offering Documents to be complete and final for purposes of the Rule. The Participating Members and the City represent and warrant that all statements concerning the Participating Members and the City (including, without limitation, their financial condition, results, and prospects, their utility system, and any demographic and economic information concerning the area served by their utility system) that are contained in any Sale and Offering Document shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in light of the circumstances in which they are made, not misleading.

Section 3.12. Authority's Rights Assigned to Trustee. The Participating Members are advised and recognize that as security for the payment of the Bonds, the Authority may assign to a trustee, pursuant to one or more trust indentures to be authorized by the Bond Resolution, the Authority's rights under this Amended and Restated Contract, including the right to receive the Annual Payments hereunder. The Participating Members herewith assent to such assignment and will make the Annual Payments directly to the trustee without defense or set-off by reason of any dispute between the Participating Members and the Authority or the trustee. All rights against the Participating Members arising under this Amended and Restated Contract or the Bond Resolution and assigned to the trustee may be enforced by the trustee, or the owners of the Bonds, to the extent, provided in the Bond Resolution, and the trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Participating Members, to the extent provided in the Bond Resolution, for the enforcement of this Amended and Restated Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Authority a party thereto.

ARTICLE IV

Sale and Purchase of Treated Water; Operating Requirements

Section 4.01. Water Conveyance; Right of First Refusal to Purchase Capacity.

A. The Contracting Parties hereby agree to pay for the right to receive from the Authority and the Authority hereby agrees to sell to the Contracting Parties all of the treated water produced by the Authority through the Project, subject to the terms of conditions of this Amended and Restated Contract. It is expressly recognized that the treated water delivered to each Contracting Party as disclosed in Exhibit A shall be owned by such Contracting Party and may be sold, or otherwise conveyed by such Contracting Party in accordance with applicable law; provided, however, before any Contracting Party enters into a contract or other agreement to transfer, sale, or convey the right to receive a share of the capacity of the Project pursuant to the terms of this Amended and Restated Contract, such Contracting Party shall afford the Authority the right of first refusal for a period of 90 days to obtain such capacity for redistribution to other Contracting Parties on the same terms and conditions; and further provided, however, that no sale of the right to receive a share of capacity of the Project, nor any redistribution by the Authority of such capacity, shall adversely affect the treatment of any Bonds issued under Section 3.09 hereof as obligations described in section 103 of the Code.

Upon the exercise of such right, the Authority shall purchase, and the Contracting Parties hereby each agree to relinquish their right to purchase, treated water produced by the Project upon reduction, on a proportionate basis, of the Contracting Party's share of their Annual Payments under this Amended and Restated Contract.

B. Each of the Contracting Parties shall be entitled to receive from the Authority the quantities of treated water identified in Exhibit A attached hereto and in accordance with this Amended and Restated Contract. To the extent the Authority has acquired additional water under the GBRA Contract or from some other source, or to the extent the Authority acquires a percentage share of the treated water produced by the Project pursuant to Paragraph A of this Section, the Authority may sell or otherwise use such water to supply treated water to other Contracting Parties, to retail customers, if any, of the Authority, or on a spot basis. To the extent the Contracting Parties do not request all of their allotted treated water as set forth on Exhibit A, the Authority may sell or otherwise use such water to supply treated water to other Contracting Parties, to retail customers, if any, of the Authority, or on a spot basis, provided that revenues from such spot sales shall be credited in whole to the Operation and Maintenance Expenses of the Contracting Parties whose share of capacity is utilized for such sales.

Section 4.02. Points of Delivery.

Each Contracting Party agrees to take treated water at the Point(s) of Delivery for such Contracting Party set forth in Exhibit B hereto. Modification of such Points of Delivery may be mutually agreed to in writing between each Contracting Party, respectively, and the Authority. The Authority will maintain ownership of the connection (being any device, including welded pipe connections, water installations, valves, meter vaults, or similar devices) between the Authority's System and the utility system of the Contracting Parties.

Section 4.03. Other Contracts.

A. If the Authority exercises its right to water under this Amended and Restated Contract pursuant to Section 4.01, the Authority reserves the right to supply treated water from the Project to others on wholesale or retail basis. Each such contract with other entities shall be limited to the Authority's share of treated water covered by this Amended and Restated Contract and shall not contain any provision which would adversely affect the Contracting Parties' percentage share of treated water covered by this Amended and Restated Contract, except as permitted by Section 4.01.

B. The Contracting Parties hereto recognize and acknowledge that the Authority shall have the right and authority to contract or make other arrangements with respect to its percentage share of water from the Project without limitation or approval of any Contracting Party.

Section 4.04. Quality.

A. The water to be delivered by the Authority and received by each Contracting Party shall be treated water from the Project of a quality sufficient to meet the requirements for potable water established by the Commission and the United States Environmental Protection Agency. Each Contracting Party has satisfied itself that such water will be suitable for its needs.

The Authority shall not be responsible for maintaining any particular amount of chlorine residuals at any point in any Contracting Party's utility system.

B. The Authority shall periodically collect samples of treated water delivered to Contracting Parties and other customers and cause same to be analyzed consistent with guidelines established by the Commission using the then-current edition of Standard Methods for Examination of Water and Wastewater as published by the American Water Works Association ("AWWA") and others.

Section 4.05. Metering Equipment.

A. The Authority will furnish, install, operate, and maintain at its expense the necessary equipment and devices (including a meter house or pit) of standard type required for measuring the quantity of water delivered under this Amended and Restated Contract from the Project to each Contracting Party's Point(s) of Delivery. Such meters and other equipment so installed shall be the property of the Authority. The Authority shall inspect, calibrate, and adjust its meters at least annually as necessary to maintain accurate measurements of the quantity of water being delivered. Each Contracting Party shall have access to the metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of the Authority. If requested, a Contracting Party may witness such reading, calibration, and adjustment of meters. A Contracting Party is also entitled to the testing reports upon request. Any measuring device which fails to function or which functions incorrectly shall promptly be adjusted, repaired, or replaced by a like device having the required accuracy. A meter registering not more than five percent (5%) above or below the test results shall be deemed to be accurate; provided, however, that for any meter installed on or after the Contract Date, a meter registering not more than two percent (2%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for one-half (1/2) the period elapsed since the next preceding meter test but in no event to exceed six (6) months in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless the Authority and the Contracting Party shall agree upon a different amount. All readings of meters will be entered upon proper books of record maintained by the Authority. Any Contracting Party may have access to said record books during normal business hours.

B. Under the GBRA Contract, the Authority is required to install metering devices to measure the amount of water taken from Canyon Lake and purchased from GBRA. Such metering devices shall be considered to be a part of the Project.

Section 4.06. Pressure, Backflow, Maximum Rate of Flow.

A. The Authority shall deliver treated water to the Point(s) of Delivery for each Contracting Party at a pressure of not less than 36 psi or at such other pressure agreed upon by the Authority and the Contracting Party. After initial construction of the Project, if a Contracting Party requires a greater or lesser pressure, such Contracting Party shall bear all of the costs of providing such greater or lesser pressure. Pressure failure due to supply line breaks, power failures, flood,

fire, earthquakes, other catastrophes, or use of water to fight fires, or any other cause beyond the reasonable control of the Authority shall relieve the Authority from compliance with this provision for such reasonable period of time as may be necessary to restore pressure.

B. The Authority shall install and maintain at its sole expense at each Point of Delivery a backflow preventer of AWWA-approved quality. Each Contracting Party shall have the right to inspect the backflow preventer at each of its Points of Delivery at such reasonable times at such Contracting Party in its discretion may determine are required.

C. The maximum rate of flow per day that may be provided to each Contracting Party by the Authority is established in Exhibit A hereto and incorporated by reference for all purposes to this Amended and Restated Contract.

ARTICLE V

Fiscal Provisions

Section 5.01. Annual Requirement of the Participating Members.

Subject to the terms and provisions of this Amended and Restated Contract, the Authority will provide and pay for the cost of the Project, in part, through the issuance of Bonds. It is acknowledged and agreed that payments by the Participating Members to the Authority under this Amended and Restated Contract will be the sole or primary source of funds available to the Authority to provide the Annual Requirement. Each Participating Member shall be obligated to pay the full amount of its Annual Requirement notwithstanding that it may elect not to receive the full amount of treated water available to it under this Amended and Restated Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Amended and Restated Contract, the Annual Requirement may change from time to time. Each such Annual Requirement shall be allocated among the Participating Members and the Authority based upon a rate methodology to be developed by the Authority or according to their respective percentage shares of treated water covered by this Amended and Restated Contract (provided that for the purposes of Section 5.01(B) herein, the respective percentage shares shall exclude any share of treated water made available to the City pursuant to this Amended and Restated Contract), and the Annual Requirement for each Annual Payment Period shall be identified in each annual budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of the following:

- A. all Participating Members Operation and Maintenance Expenses; and
- B. a capital component, including principal, interest, premium, reserve funds, and other funds established or required by any Bond Resolution and to pay the principal of and interest on the Bonds.

Section 5.02. Annual City Payment.

Following the City's contribution pursuant to Section 3.02 above, the City shall have no obligation to pay any costs related to the Bonds. The City shall have no obligation to pay any costs related to water rights or raw water contract supplying water for treatment which is allocated to

the Participating Members. The City shall be obligated to pay the full amount of its Annual City Payment notwithstanding that it may elect not to receive the full amount of treated water available to it under this Amended and Restated Contract. In compliance with the Authority's duty to fix and from time to time to revise the rates and charges for services rendered under this Amended and Restated Contract, the Annual City Payment may change from time to time. The Annual City Payment shall be allocated to the City based upon a rate methodology to be developed by the Authority and according to its respective percentage share of treated water covered by this Amended and Restated Contract, and the Annual City Payment for each Annual Payment Period shall be identified in each annual budget and shall at all times be an amount sufficient to pay the City Operation and Maintenance Expenses.

Section 5.03. Annual Budget.

Each annual budget for the acquisition and/or operation and maintenance of the Project shall always provide for amounts sufficient to pay the Annual Requirement and the Annual City Payment. The annual budget for the Project for the Annual Payment Period during Fiscal Year 2020-2021 will be prepared and adopted by the Authority based on estimates made by the Authority. Each Contracting Party will be furnished a copy of such annual budget, and each Contracting Party hereby acknowledges its ability to pay its share of the Annual Requirement or Annual City Payment, as applicable, from available funds budgeted therefor. On or before July 15 of each year thereafter commencing July 15, 2021, the Authority shall furnish to each Contracting Party a preliminary estimate of the Annual Payment required from each Contracting Party for the next following Annual Payment Period.

Not less than 60 days before the commencement of each Annual Payment Period beginning in Fiscal Year 2020-2021, the Authority shall cause to be prepared a preliminary budget for the Project for the next ensuing Annual Payment Period. A copy of such preliminary budget shall be filed with each Contracting Party before action by the Board. Any Contracting Party may submit comments about the preliminary budget directly to the Board. The Board may adopt the preliminary budget or make such amendments thereof as to it may seem proper, provided, however, no change or amendment to the preliminary budget will be made by the Board after such preliminary budget has been submitted to the Contracting Parties which change or amendment would in effect increase the Annual Requirement or Annual City Payment without resubmitting such amended preliminary budget to the Contracting Parties. The Board shall thereupon approve the annual budget. With respect to budgetary matters, the Contracting Parties shall have the right only to comment on the preliminary budget; their approval of the preliminary or final annual budget shall not be required. The annual budget thus approved by the Board shall be the annual budget for the next ensuing Annual Payment Period. The annual budget, including the first annual budget, may be amended by the Authority at any time to transfer funds from one account or fund to another account or fund provided such transfer will not increase the total budget and the transfer of funds is attributable to the costs of the Project or to the Project's maintenance and operation. Subject to notification to the Contracting Parties, the amount for any account or fund, or the amount for any purpose, in the annual budget may be increased through formal action by the Board even though such action might cause the total amount of the annual budget for the Project to be exceeded; provided, however, such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in the notice to the Contracting Parties and in the resolution at the time such action is taken by the Board.

Notwithstanding anything herein to the contrary, no failure of the Authority to estimate, and no mistake by the Authority in any estimate of, the amount of or schedule for Annual Payments due from the Contracting Parties in any fiscal year shall relieve the Contracting Parties from (or defer) their absolute and unconditional obligation to make all Annual Payments or Annual City Payments in full when due.

Section 5.04. Payments by Contracting Parties.

A. Subject to Sections 4.05.A and 4.06.B, each Contracting Party agrees to pay a connection fee for each Point of Delivery equal to the total cost of material, labor, and equipment required to implement such connection.

B. For the treated water available to the Contracting Parties under this Amended and Restated Contract (whether or not the Contracting Parties elect to receive such water), each of the Contracting Parties agrees to pay, at the time and in the manner hereinafter provided, its share of the Annual Requirement or Annual City Payment, as applicable. Each of the Contracting Parties shall pay its part of the Annual Requirement or Annual City Payment, as applicable, for each Annual Payment Period directly to the Authority, in monthly installments in accordance with the schedule of payments furnished by the Authority (or its assigns), as hereinafter provided.

C. Each Contracting Party shall pay its share of the Annual Requirement or Annual City Payment, as applicable, according to a rate methodology to be developed by the Authority or based upon the relative amount of water available to each Contracting Party and set forth on Exhibit A, as amended from time to time. The Authority shall charge each Contracting Party its share of pumping costs according to the volume of water actually delivered.

D. Each Contracting Party's allocated share of the Annual Requirement or Annual City Payment, as applicable, for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Contracting Parties by the Authority.

E. Notwithstanding the foregoing, the Annual Requirement and the Annual City Payment, and each Contracting Party's share thereof, shall be redetermined, after consultation with each of the Contracting Parties, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the Authority, if:

1. the Authority exercises its option to acquire treated water pursuant to Section 4.01;
2. unusual, extraordinary, or unexpected Operation and Maintenance Expenses are required which are not provided for in the Authority's annual budget or reserves for the Project;
3. Operation and Maintenance Expenses of the Project are substantially less than estimated;
4. a Contracting Party's interest under this Amended and Restated Contract is terminated as provided herein or Additional Participating Members become subject to this Amended and Restated Contract;

5. the Authority issues Bonds for the Project; or
6. the Authority receives either significantly more or significantly less revenues or other amounts than those anticipated.

F. Each Contracting Party hereby agrees that it will make payments to the Authority required by this Amended and Restated Contract at the Authority's offices within 30 days of the date a bill for service is deposited in the United States mail. If any Contracting Party at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments; but if it is subsequently determined by agreement or by appropriate administrative, board, agency, or court decision that such disputed payments should have been less, or more, the Authority shall promptly revise and reallocate the charges in such manner that the Contracting Party will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by each Contracting Party or due and owing to any Contracting Party by the Authority shall, if not paid when due, bear interest at the maximum lawful non-usurious rate of interest per annum from the date when due until paid.

G. The Authority shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Contracting Party which remains delinquent in any payments due under the preceding paragraph for a period of thirty (30) days, and shall not resume delivery of services or water while such Contracting Party is so delinquent. The Authority also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Contracting Party. It is further provided and agreed that if any Contracting Party should remain delinquent in any payments due hereunder for a period of one hundred twenty (120) days, and if such delinquency continues during any period thereafter, such Contracting Party's minimum amount specified in Exhibit A, shall be deemed to have been zero gallons during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment or Annual City Payment to be paid by the non-delinquent Contracting Parties and the Authority, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent Contracting Parties and the Authority collectively shall be required to pay all of the Annual Requirement and Annual City Payment. However, the Authority shall pursue all legal remedies against any such delinquent Contracting Party to enforce and protect the rights of the Authority, the other Contracting Parties, and the holders of the Bonds, if Bonds have been issued or incurred. The delinquent Contracting Party shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. It is understood that the foregoing provisions are for the benefit of the Authority and holders of the Authority's Bonds, if Bonds have been issued or incurred, so as to insure that all of the Annual Requirement will be paid by the non-delinquent Contracting Party and the Authority during each Annual Payment Period regardless of the delinquency of a particular Contracting Party. If any amount due and owing the Authority by any Contracting Party is placed with an attorney for collection, such Contracting Party shall pay to the Authority all attorneys' fees, in addition to all other payments provided for herein, including interest.

H. If, during any Annual Payment Period, any Contracting Party's Annual Payment or Annual City Payment is redetermined in any manner as provided or required in this Section, the

Authority will promptly furnish such Contracting Party with an updated schedule of monthly payments reflecting such redetermination.

Section 5.05. Unconditional Payments.

A. Notwithstanding any provision of this Amended and Restated Contract to the contrary, while this Amended and Restated Contract remains in effect each of the Participating Members agrees to pay its share of the total cost of the Project and the Bonds, and the City agrees to pay the City Operation and Maintenance Expenses. If the Authority elects to exercise its option to acquire a percentage share of the treated water covered by this Amended and Restated Contract as provided in Section 4.01, the Annual Payment or Annual City Payment of each Contracting Party shall be reduced to the proportion that each Contracting Party's amount of water identified in Exhibit A bears to the total amount of water available from the Project. Initially, the Participating Members agree to pay 100% of the Annual Requirement and the City agrees to pay 100% of the Annual City Payment, but, if the Authority exercises its option to acquire treated water from the Project pursuant to Section 4.01, the Contracting Parties and the Authority shall share the cost of the Operation and Maintenance Expenses of the Project, and the Participating Members and the Authority shall share the cost of the Bonds, in proportion to quantities of treated water each is entitled to take from the Project pursuant to this Amended and Restated Contract.

B. Recognizing that the Contracting Parties urgently require the facilities and services of the Project, and that such facilities and services are essential and necessary for actual use and for standby purposes, and further recognizing the fact that the Authority will use payments received from the Participating Members to pay and secure the Bonds, it is hereby agreed that each of the Contracting Parties shall be unconditionally obligated to pay, without offset or counterclaim, its share of the Annual Requirement or Annual City Payment, as applicable, as provided and determined in this Amended and Restated Contract, regardless of whether or not the Authority actually acquires, constructs, or completes the Project or is actually delivering water from the Project to any Contracting Party hereunder, or whether or not any Contracting Party actually receives or uses water from the Project whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the Participating Members shall be for the benefit of and enforceable by the holders of the Bonds as well as the Authority.

Section 5.06. Continuing Right to Treated Water.

For and in consideration of agreeing to the unconditional payments to be made under this Amended and Restated Contract, each Participating Member is entitled to a firm right to treated water from the Project in the amounts indicated in Exhibit A, as such amount may be modified from time to time by the terms of this Amended and Restated Contract. That right shall continue for the term of this Amended and Restated Contract and any renewals thereof, subject to the terms of the GBRA Contract for the Participating Members.

ARTICLE VI

Additional Participating Members

Section 6.01. Additional Participating Members.

If water is available, the Authority and the Contracting Parties agree that the Contracting Parties shall have a right of first refusal related to such water. If more than one Contracting Party exercises its right to such water, the Authority shall allocate the water equally to those Contracting Parties. If no Contracting Party exercise its right or if water remains available after satisfying the request(s) of the Contracting Parties, the Authority and the Contracting Parties agree that additional entities may become subject to the provisions of this Amended and Restated Contract as Additional Participating Members by providing the following to the Authority and the then Contracting Parties:

A. an executed signature page to this Amended and Restated Contract in form satisfactory to the Authority;

B. to the extent any representation contained in this Amended and Restated Contract relating to Participating Members does not correctly describe such entity, a revision of such representations satisfactory in form and content to the Authority in the Authority's sole discretion to be included on Exhibit C to this Amended and Restated Contract;

C. a revised Exhibit A to this Amended and Restated Contract satisfactory to the Authority and all then Participating Members;

D. a revised Exhibit B to this Amended and Restated Contract setting forth the Point(s) of Delivery for such entity which shall be satisfactory to the Authority;

E. a revised Exhibit C to this Amended and Restated Contract to the extent applicable to such entity and in form satisfactory to the Authority; and

F. such other certifications and information as may be reasonably requested by the Authority and the then Contracting Parties.

ARTICLE VII

Special Conditions

Section 7.01. Operation and Maintenance of the Project.

The Authority will continuously operate and maintain the Project in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense. The Authority recognizes its right and duty to operate the Project in the most prudent and economical manner for the benefit of all Contracting Parties.

Section 7.02. Project Schedule.

It is the intent of the parties that the Project be placed in operation as soon as practicable, and the Authority agrees to proceed diligently with the evaluation of feasibility, the securing of regulatory permits, and the design and construction of the Project to meet such schedule, subject to the other terms and conditions in this Amended and Restated Contract.

Section 7.03. Permits, Financing, and Applicable Laws.

Any obligations on the part of the Authority to acquire, construct, and complete the Project and related facilities and to provide treated water from the Project to the Contracting Parties shall be (i) conditioned upon the Authority's ability to obtain all necessary permits, material, labor, and equipment; (ii) subject to the Authority's final determination of feasibility of transportation of the treated water from the Project; (iii) conditioned upon the ability of the Authority to finance the cost of the Project through the sale of the Bonds; and (iv) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, the Commission, and any regulatory body having jurisdiction.

Section 7.04. Title to Water; Indemnification.

A. Title to all water supplied by the Contracting Parties to the intake structure of the Project that each such Party owns under Certificates of Adjudication shall remain in that Party's ownership, which water as it passes through the Project facility to the individual Points of Delivery shall be held by the Authority acting as a bailee.

B. Title to all water supplied to each Contracting Party that is obtained by lease from the Guadalupe-Blanco River Authority and the Baughs family and its successors shall be in the Authority up to the Point of Delivery for such Contracting Parties, at which point title shall pass to the Contracting Party. Title to leased treated water transmitted through the lines of a Contracting Party for the use of another Contracting Party shall remain in the Authority until it reaches the Point(s) of Delivery of the receiving Contracting Party. The Authority and each of the Contracting Parties shall, to the extent permitted by law, save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party.

Section 7.05. Payments Solely From Revenues.

The Authority shall never have the right to demand payment by any Contracting Party of any obligations assumed by it or imposed on it under and by virtue of this Amended and Restated Contract from funds raised or to be raised by taxes, and the obligations under this Amended and Restated Contract shall never be construed to be a debt of such kind as to require any of the Contracting Parties to levy and collect a tax to discharge such obligation. Nonetheless, any Contracting Party may make payments from its utility system revenues, or from any other lawful source, including ad valorem taxes, if lawfully available to such Contracting Party.

Section 7.06. Operating Expenses.

Each of the Contracting Parties represents and covenants that, to the extent payments under this Amended and Restated Contract are made with utility system revenues, such payments shall constitute reasonable and necessary “operating expenses” of its utility system, as defined in Chapter 1502, Texas Government Code, as amended, and that all such payments will be made from the revenues of its utility system or any other lawful source. Each Contracting Party represents and has determined that the treated utility supply to be obtained from the Project is absolutely necessary and essential to the present and future operation of its utility system and that the Project represents a long-term source of supply of treated water to meet current and projected water needs of the Contracting Party’s utility system and facilities, and, accordingly, all payments required by this Amended and Restated Contract to be made by each Contracting Party shall constitute reasonable and necessary operating expenses of its utility system as described above, with the effect that such payments from revenues of such systems shall be deducted from gross revenues of the system in the same manner as other system operating and maintenance expenses for purposes of determining net revenues available to pay bonds or other similar obligations heretofore or hereafter issued by such Contracting Party, which obligations are payable from and secured by a pledge of the revenues of the system or facilities after deduction of maintenance and operating expenses.

Section 7.07. Rates for Water.

Each of the Contracting Parties agrees throughout the term of this Amended and Restated Contract to continuously operate and maintain its utility system and to fix and collect such rates and charges for utility services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically, its Annual Payment or Annual City Payment, as applicable, under this Amended and Restated Contract, and (ii) all other amounts as required by law and the provisions of the ordinance or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

Section 7.08. Use of Funds and System.

The Authority covenants and agrees that neither the proceeds from the sale of the Bonds, nor the money paid it pursuant to this Amended and Restated Contract, nor any earnings from the investment of any of the foregoing, will be used for any purposes, except those directly relating to the Project and the Bonds as provided in this Amended and Restated Contract.

Section 7.09. Rights-of-Way.

A. Each Participating Member hereby grants to the Authority without additional cost to the Authority, the use of the streets, easements, rights-of-way, and pipelines under its control for the construction, emergency repairs, operation, and maintenance of the Project and the provision and transmission of treated water hereunder; provided, however, such grant of the use of streets, easements, rights-of-way, and pipelines to the Authority is subject to and conditioned on the Authority (i) complying with all applicable policies, practices, and regulations of the

Participating Members governing and regulating such use of the streets, easements, rights-of-way, and pipelines and (ii) paying all costs, if any, of restoring such streets, easements, rights-of-way, and pipelines to substantially the same state of condition that existed prior to the Authority's use; and further provided, however, that the Authority and the affected Participating Member may mutually agree to a charge in lieu of any such fees normally applied to utilities.

B. To the extent they have such ownership authority, each Participating Member agrees that, with prior written approval the Authority may use streets, alleys, and public rights-of-way within the Participating Member's boundaries for pipeline purposes.

Section 7.10. Insurance.

The Authority agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance, on the Project for purposes and in amounts which, as determined by the Authority, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Authority shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. Premiums for such insurance that relate directly to Project or, under generally accepted cost accounting practices, is allocable to the Project, shall constitute an Operation and Maintenance Expense.

Section 7.11. Additional Special Provisions.

The parties hereto acknowledge and agree to the Special Provisions, if any, which are set forth in Exhibit C attached hereto and incorporated herein for all purposes. The Special Provisions for this Amended and Restated Contract reflect circumstances or issues for specific Contracting Parties which may be different from those of other Contracting Parties and therefore constitute a modification of or requirement in addition to the standard provisions otherwise contained in this Amended and Restated Contract. To the extent of any conflict between any Special Provision and any other provision of this Amended and Restated Contract, the Special Provision shall control.

ARTICLE VIII

Continuing Disclosure

Section 8.01. Continuing Disclosure Annual Reports.

Following the issuance of Bonds of any series, the offer or sale of which is not exempt from the Rule and, until any Participating Member is no longer obligated, contingently or otherwise, to make Annual Payments in respect of the Bonds of such series, any Participating Member undertakes to and shall file annually with the MSRB through EMMA, within six months after the end of each fiscal year, (1) 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 any Participating Member's approval of such Sale and Offering Documents pursuant to Section 3.02 hereof, and (2) audited general purpose financial statements of any Participating Member, if then

available. Any financial statements so to be provided shall be (1) prepared in accordance with generally accepted accounting principles for governmental agencies or such other accounting principles as any Participating Member may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if any Participating Member 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 such period, then any Participating Member shall provide unaudited financial statements within the required period, and shall provide audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on each statement becomes available.

If any Participating Member changes its fiscal year, it will notify the trustee or paying agent and the MSRB in writing of the change (and of the date of the new fiscal year end) prior to the next date by which any Participating Member otherwise would be required to provide financial information and operating data, pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereby (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Copies of such information and operating data shall be furnished to the Authority at the same time the information and data are furnished to the MSRB.

Section 8.02. Material Event Notices.

A. The following are the events with respect to the Bonds which the Authority must agree to disclose in a timely manner pursuant to the Rule, if “material” under applicable federal securities laws and regulations promulgated thereunder.

- i. Principal and interest payment delinquencies.
- ii. Non-payment related defaults, if material.
- 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, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- vii. Modifications to rights of owners, 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 obligated person.
- xiii. The consummation of a merger, consolidation, or acquisition of the obligated person, or the sale of all or substantially all of the assets of the obligated person, 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.
- xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, 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 obligated person 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 of business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to 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 of jurisdiction over substantially all of the assets or business of the obligated person, and (b) Participating Members intend 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. A Participating Member shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated in A. above, notify the Authority of such event and provide all information in the format required to satisfy the requirements of the Rule. Further, the

Participating Member shall provide, in a timely manner, notice of any failure by the Participating Member to provide audited financial statements, financial information, and operating data in accordance with Section 8.01 hereof to the MSRB.

Section 8.03. Limitations, Disclaimers, and Amendments.

A Participating Member shall be obligated to observe and perform the covenants specified in this Article in respect of the Bonds of any series for so long as, but only for so long as, the Participating Member remains an “obligated person” with respect to the Bonds of each series within the meaning of the Rule, except that the Participating Member 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.

The provisions of this Article are for the sole benefit of (and may be enforced by) the owners and beneficial owners of the Bonds, 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. The Participating Members undertake to provide only the financial information, operating data, financial statements, and notices which it has 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 Participating Members’ 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. The Participating Members make no representations or warranties concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE PARTICIPATING MEMBERS 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 THE PARTICIPATING MEMBERS WHETHER NEGLIGENT OR WITHOUT FAULT ON THESE 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.

No default by the Participating Members in observing or performing their obligations under this Article shall comprise a breach of or default under this Amended and Restated Contract for purposes of any other provision of this Amended and Restated Contract.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority or the Participating Members under federal and state securities laws.

The provisions of this Article may be amended by the Authority and the Participating Members from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority or the Participating Members, but only if (1) 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 (2) either (a) the owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Amended and Restated Contract that authorizes such an amendment) of the outstanding Bonds of each such series affected consent to such amendment, or (b) an entity that is unaffiliated with the Authority or the Participating Members (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 Authority and the Participating Members so amend the provisions of this Article in connection with the financial or operating data which the Participating Members are required to disclose under Section 8.01 hereof, the Participating Members shall provide a notice of such amendment to be filed in accordance with Section 8.01 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 Authority and the Participating Members 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 the Bonds.

ARTICLE IX

Miscellaneous

Section 9.01. Force Majeure.

If by reason of Force Majeure a Participating Member or the Authority shall be rendered unable wholly or in part to carry out its obligations under this Amended and Restated Contract, other than the obligation of each Contracting Party to make the payments required under Section 5.04 of this Amended and Restated Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other Contracting Parties and/or the Authority, as appropriate, within a reasonable time after occurrence of the event or cause relied on, the obligation, of the Contracting Party or the Authority giving such notice, so far as it is affected by each Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and such Contracting Party or the Authority shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonable within, the control of the party claiming such inability.

Section 9.02. Allocation of Water During Drought.

During drought conditions or in any other condition when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of

stored water from Canyon Reservoir (or other sources) pro rata, according to the amount each may be entitled to, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike; *provided, however*, that if any Contracting Party is providing raw water to the Authority for treatment by the Project, such water when treated shall be allocated solely to the providing Contracting Party and shall not be subject to pro rata allocation.

Section 9.03. Conservation.

The Authority and Participating Member each agree to provide to the maximum extent practicable for the conservation of water, and each agrees that it will operate and maintain its facilities in a manner that will prevent waste of water. Contracting Parties further agree to implement water conservation and drought management plans applicable to the use of treated water from the Project that are consistent in purpose, provisions and application with those implemented by other Contracting Parties to the extent practicable considering any differences in the legal authority among the Contracting Parties to institute those plans.

Section 9.04. Term of Amended and Restated Contract.

This Amended and Restated Contract shall be effective on and from the Contract Date, and shall continue in force and effect for forty (40) years; provided, however, the term of this Amended and Restated Contract and the expiration date may be extended for succeeding five (5) year periods at the option of one or more of the Contracting Parties for as long as the GBRA Contract or other agreement providing an adequate source of raw water remains in effect. It is understood and agreed by the Authority and each Participating Member that the right to receive treated water hereunder shall continue throughout any renewals or extension of this Amended and Restated Contract. The Authority's obligation to provide treated water services hereunder shall commence from the date the Project becomes operational and functional as certified by the consulting engineers for the Project or on such other date that one or more of the Participating Members receives treated water by virtue of or in exchange for treated water from the Project. This Amended and Restated Contract constitutes the sole agreement between the parties hereto with respect to the Project.

Section 9.05. Approval and Consent.

Unless otherwise provided herein, any approval or consent required by the provisions of this Amended and Restated Contract by a Contracting Party or the Authority shall be evidenced by a written resolution adopted by the governing body of the party giving such approval or consent (or by the General Manager on behalf of the Authority when permitted). Upon receipt of such written resolution duly certified by the appropriate party, the Authority or the Contracting Party can conclusively act on the matter requiring such approval.

Section 9.06. Modification and Amendment.

A. No change, amendment, or modification of this Amended and Restated Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by any Contracting Party under this Amended and Restated Contract or any similar contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

B. This Amended and Restated Contract may be amended upon the written consent of the Authority and all then Contracting Parties; provided, however, no amendment to this Amended and Restated Contract shall impair the rights of any holder of any of the Authority's Bonds.

Section 9.07. Addresses and Notice.

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

A. If to the Authority, to:

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

With a copy to:

Norton Rose Fulbright US LLP
Attn: Stephanie Leibe
98 San Jacinto Blvd., Suite 1100
Austin, Texas 78701
Phone: (512) 536-2420

B. If to County Line SUD, to:

County Line Special Utility District
140 Grist Mill Road
Uhland, Texas 78640

C. If to Crystal Clear SUD, to:

Crystal Clear Special Utility District
2370 FM 1979
San Marcos, Texas 78666

D. If to Martindale WSC, to:

Martindale Water Supply Corporation

Post Office Box 175
Martindale, Texas 78655

E. If to Maxwell SUD, to:

Maxwell Special Utility District
Post Office Box 158
Maxwell, Texas 78156

F. If to the City, to:

City of San Marcos, Texas
Attn: City Manager
630 East Hopkins
San Marcos, Texas 78666
Phone: (512) 393-8100

With a copy to:

McCall, Parkhurst & Horton L.L.P.
Attn: Bart Fowler
600 Congress Ave., Suite 1800
Austin, Texas 78701
Phone: (512) 478-3805

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

Section 9.08. State or Federal Laws, Roles, Orders, or Regulations.

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

Section 9.09. Remedies Upon Default.

It is not intended hereby to specify (and this Amended and Restated Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing, however, that the Authority's undertaking to provide and maintain the Project is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the Authority agrees, in the event of any default on its part, that each Contracting Party shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of any Contracting Party's

obligations hereunder could not be adequately compensated in money damages alone, each Contracting Party agrees in the event of any default on its part that the Authority shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the Authority. Notwithstanding anything to the contrary contained in this Amended and Restated Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment or Annual City Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstance.

Section 9.10. Severability.

The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Amended and Restated Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws of the State or the United States of America, or in contravention of any such laws, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Amended and Restated Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Amended and Restated 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 9.11. Venue.

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

Section 9.12. Assignment.

Neither the Authority nor any Contracting Party may assign any interest it may have under this Amended and Restated Contract without the prior written consent of the other parties hereto; provided, however, the foregoing restriction shall not prevent the Authority from taking any action in connection with the issuance of the Bonds to secure the payment of the Bonds with amounts to be received by the Authority under this Amended and Restated Contract.

Section 9.13. Entire Agreement.

This Amended and Restated Contract constitutes the entire agreement among the parties with respect to the sale of treated water by the Authority to the Contracting Parties.

Section 9.14. Applicable Law.

This Amended and Restated 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 9.15. Waiver of Governmental Immunity.

The Contracting Parties under the Amended and Restated Contract agree that the mutual commitment stated in the Amended and Restated Contract to provide water, water treatment services, and funding for utility system improvements constitute an agreement by each party for providing goods and services to the other parties, and that the Amended and Restated Contract, as amended, is subject to Chapter 271, Subchapter I, of the Texas Local Government Code. Pursuant to such authority, each Contracting Party hereby waives governmental immunity.

Section 9.16. No Sale, Lease, or Other Transfer of Contracting Party's Utility System.

Pursuant to the terms of this Amended and Restated Contract, a Contracting Party, to the extent permitted by law, shall not sale, lease, or otherwise transfer any interest in such Contracting Party's utility system without the written consent of the Authority.

Section 9.17. Counterparts.

This Amended and Restated Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Amended and Restated Contract to be duly executed as of the day and year first above written.

CANYON REGIONAL WATER AUTHORITY

By: _____
Chairman, Board of Trustees

ATTEST:

Secretary, Board of Trustees

(AUTHORITY SEAL)

COUNTY LINE SPECIAL UTILITY DISTRICT

By: _____
President

ATTEST:

Secretary

(SEAL)

CRYSTAL CLEAR SPECIAL UTILITY
DISTRICT

By: _____
President

ATTEST:

Secretary

(SEAL)

MARTINDALE WATER SUPPLY
CORPORATION

By: _____
President

ATTEST:

Secretary

(SEAL)

MAXWELL SPECIAL UTILITY DISTRICT

By: _____
President

ATTEST:

Secretary

(SEAL)

CITY OF SAN MARCOS, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

(CITY SEAL)

I, the undersigned, City Attorney of the City of San Marcos, Texas, hereby certify that I read, passed upon, and approved as to form and legality the foregoing Amended and Restated Contract prior to its adoption and passage as aforesaid.

City Attorney, City of San Marcos, Texas

Exhibit A

Schedule I

Original Contract Allocations

The table below lists the amounts of production of treated water from the Hays Caldwell Area Plant (the “Plant”), expressed in acre-feet (AF) and gallons-per-day (GPD), that have been contracted with the Participating Members pursuant to the Original Contract, as amended.

In addition to the Plant contract figures, the Authority recognizes a peaking factor of 1.3 (30%) as a logical and necessary requirement and the peaking GPD figures are also listed.

The Authority agrees to supply to each Participating Member, on any given day, the amount of treated water specified in the peaking figures.

The total capability of the Plant is listed in the Maximum Capacity GPD column in the table below. Each Participating Member can be provided with this amount of treated water from the Plant on any given day, at the discretion of the Plant Manager. Additional treated water, over the peaking GPD and up to the Maximum Capacity GPD, will be provided to the Participating Member without penalty; however, any treated water processed over and above the amounts listed in the Maximum Capacity GPD column will incur a System Capacity Fee as determined by the Participating Members.

The total amount of treated water processed through the Plant for each Participating Member must be supported by a sufficient amount of raw water that is under contract to each Participating Member and that water must be available to the Authority for processing at the Plant.

Hays Caldwell Area Plant – Original Contract

	Plant Capacity in AF	Percent of Allocation	Contract Capacity in GPD	1.3 Peak Capacity in GPD	Maximum Capacity GPD
Hays Caldwell					
County Line	1,308.00	44.98%	1,167,707	1,518,019	2,473,865
Crystal Clear	500.00	17.19%	446,371	580,283	945,667
Martindale	200.00	6.88%	178,548	232,113	378,267
Maxwell	900.00	30.95%	803,468	1,044,509	1,702,201
Hays Caldwell Totals	2,908.00	100.00%	2,596,095	3,374,924	5,500,000

Schedule II

Amended and Restated Contract Allocations

The attached table lists the amount of production of treated water from the Hays Caldwell Area Plant (the “Plant”), expressed in acre-feet (AF) and gallons-per-day (GPD), that have been contracted with the Contracting Parties from the 2020 Project pursuant to the Amended and Restated Contract.

In addition to the Plant contract figures, the Authority recognizes a peaking factor of 1.3 (30%) as a logical and necessary requirement and the peaking GPD figures are also listed.

The Authority agrees to supply to each Contracting Party, on any given day, the amount of treated water specified in the peaking figures.

The total capacity of the Plant is listed in the Maximum Capacity GPD column in the table below. Each Contracting Party can be provided with this amount of treated water from the Plant on any given day, at the discretion of the Plant Manager. Additional treated water, over the peaking GPD and up to the Maximum Capacity GPD, will be provided to the Contracting Party without penalty; however, any treated water processed over and above the amounts listed in the Maximum Capacity GPD column will incur a System Capacity Fee as determined by the Contracting Parties.

The total amount of treated water processed through the Plant for each Contracting Party must be supported by a sufficient amount of raw water that is under contract to each Contracting Party and that raw water must be available to the Authority for processing at the Plant.

Hays Caldwell Area Plant – Amended and Restated Contract

	Plant Capacity in AF	Percent of Allocation	Contract Capacity in GPD	1.3 Peak Capacity in GPD	Maximum Capacity GPD
Hays Caldwell					
County Line	1,308.00	29.2748%	1,167,707	1,518,019	1,610,116
Crystal Clear	500.00	11.1910%	446,371	580,283	615,488
Martindale	446.00	9.9821%	398,163	517,612	549,015
Maxwell	900.00	20.1430%	803,468	1,044,509	1,107,878
San Marcos	1,314.00	29.4090%	1,173,064	1,524,983	1,617,502
Hays Caldwell Totals	4,468.00	100.00%	3,988,773	5,185,405	5,500,000

Exhibit B

Points of Delivery

Crystal Clear Special Utility District

Elevated tank at Guadalupe County Road 1978 from the Hays/Caldwell
County Project

Maxwell Special Utility District

Intersection of Highway 80 and FM 1984

County Line Special Utility District

Intersection of FM 1966 and Highway 21

Martindale Water Supply Corporation

Intersection of FM Highway 80 at Martindale City limits

City of San Marcos, Texas

Upon exit from the Hays Caldwell Area Plant

Exhibit C

Special Provisions

Special Provisions Related to the Martindale Water Supply Corporation (“Martindale WSC”)

The Contracting Parties understand and agree that under the terms of this Amended and Restated Contract the Martindale WSC independently owns water right Certificate of Adjudication 18-3887D which authorizes the diversion of 255.84 acre-feet of water from the San Marcos River at the Project’s diversion point and that this 255.84 acre-feet forms an integral part of its 446.00 acre-foot Plant Capacity share as set out in Exhibit A, Schedule II.

Special Provisions Related to the City of San Marcos, Texas (the “City”)

Notwithstanding the requirements of Section 4.06, the Authority shall deliver treated water to the Point(s) of Delivery for the City at a pressure within a range mutually agreed upon by the Authority and the City.

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