



Application This is a multi-phased project to develop and deliver 15,000 acre-feet per year of Carrizo groundwater from eastern Caldwell County to the HCPUA's Sponsors - the cities of Buda, Kyle and San Marcos and the Canyon Regional Water Authority.

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Document - PIF #623351

Legal Authority

The legal authority under which the applicant was created and operates.: OTHER
Legal Authority Other Desc: Chapter 572 Texas Local Government Code

Part A1

Legal authority under which the applicant was created and operates

- City of Buda formation resolutions
- Canyon Regional Water Authority formation resolutions
- City of Kyle formation resolutions
- City of San Marcos formation resolutions

Part A1 – Legal Authority

RESOLUTION NO. 2006-1121

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS AUTHORIZING AND DIRECTING PUBLICATION OF NOTICE OF THE INTENT OF THE CITY (ALONG WITH THE CITY OF KYLE, THE CITY OF SAN MARCOS AND THE CANYON REGIONAL WATER AUTHORITY) TO CREATE THE HAYS CALDWELL PUBLIC UTILITY AGENCY; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of Buda, Texas (the "City"), the City of San Marcos, Texas, the City of Kyle, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have the authority to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, the Participating Public Entities have determined that forming a public utility agency to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater (the "Project") will achieve economies of scale in providing essential water and wastewater services to the public, will promote the orderly economic development of the State of Texas (the "State"), and will provide environmentally sound protection of the State's future water needs; and

WHEREAS, the City is a public entity as defined in Section 422.001(3) of the PUA Act, and the City Council of the City (the "Council") wishes to authorize and direct the publication of the notice of the City's intention to create the Hays Caldwell Public Utility Agency; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS:

Section 1. Form of Notice. Attached hereto is a "Notice of Intention to Approve the Creation of the Hays Caldwell Public Utility Agency," the form and substance of which is hereby adopted and approved.

Section 2. Publication of Notice. The City staff is authorized and directed to publish the attached notice in substantially the form attached hereto in a newspaper of general circulation in a county in which the City is domiciled, once a week for two consecutive weeks, the date of the first publication thereof to be before the 14th day before the date set for adoption of the resolution authorizing and approving the creation of the Hays Caldwell Public Utility Agency.

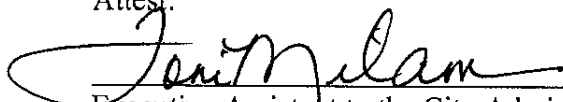
Section 3. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on November 21, 2006.



Mayor

Attest:



Executive Assistant to the City Administrator



Notice of Intention to Approve the Creation of the
Hays Caldwell Public Utility Agency

NOTICE IS HEREBY GIVEN that the City Council of the City of Buda, Texas will meet at City Hall in Buda, Texas, at 7:00 o'clock P.M., Buda, Texas time on January 2, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of San Marcos, Texas, City of Kyle, Texas and Canyon Regional Water Authority) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities.

CERTIFICATE OF EXECUTIVE ASSISTANT TO THE CITY ADMINISTRATOR

THE STATE OF TEXAS §
 §
COUNTY OF HAYS §
 §
CITY OF BUDA §
 §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 21st day of November, 2006, the City Council (the *Council*) of the City of Buda, Texas (the *City*) convened in regular session in the regular meeting place of the City at the City Hall (the *Meeting*), the duly constituted members of the Council being as follows:

John Trube	Mayor
Bobby Lane	Mayor Pro Tem
Cathy Chilcote	Councilmember
Hutch White	Councilmember
Sandra Tenorio	Councilmember
Thomas Crouse	Councilmember

and all of such persons were present at the Meeting, except the following: John Trube, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS AUTHORIZING AND DIRECTING PUBLICATION OF NOTICE OF THE INTENT OF THE CITY (ALONG WITH THE CITY OF SAN MARCOS, THE CITY OF KYLE AND THE CANYON REGIONAL WATER AUTHORITY) TO CREATE THE HAYS CALDWELL PUBLIC UTILITY AGENCY; AND OTHER MATTERS IN CONNECTION THEREWITH

was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Councilmember White that the Resolution be finally passed and adopted. The motion was seconded by Councilmember Chilcote and carried by the following vote:

ALL voted "For" _____ voted "Against" _____ abstained


all as shown in the official Minutes of the Council for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in

advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 21st day of November, 2006.




Executive Assistant to the City Administrator

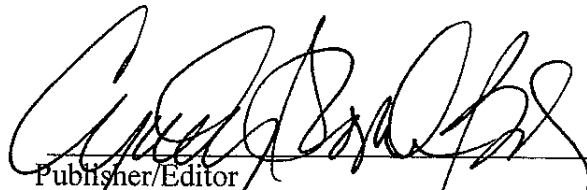
AFFIDAVIT OF PUBLICATION

THE STATE OF TEXAS §
 §
COUNTY OF HAYS §
 §
CITY OF BUDA §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Candy Slovak-Barton, who, after being by me duly sworn, upon oath says that he/she is the publisher/editor of the HAYS Free Press, a newspaper of general circulation in the City of Buda, Texas, which newspaper satisfies each of the requirements of Subchapter C, Chapter 2051, as amended, Texas Government Code, so as to constitute an official publication in which legal notices may be published as set forth in Subchapter C, Chapter 2051, as amended, Texas Government Code, and that there was published in said newspaper a true and correct copy of the attached NOTICE OF INTENTION TO APPROVE THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY on the following dates:

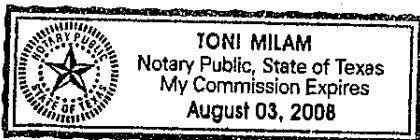
November 29, 2006

December 6, 2006



Publisher/Editor

SUBSCRIBED AND SWORN TO before me, the undersigned authority, on the 13th day of December, 2006, to verify which witness my hand and seal of office.





Notary Public in and for the
State of Texas

(NOTARY SEAL)

My Commission Expires: 8-3-08

REC'D DEC 11 2006 Part A1 - Legal Authority

The Free Press

at 3470 Jack C. Hays Trail
P.O. Box 339 • Buda, Texas 78610
(512) 262-NEWS • (512) 268-7862 • (512) 268-0262

Publisher's Affidavit

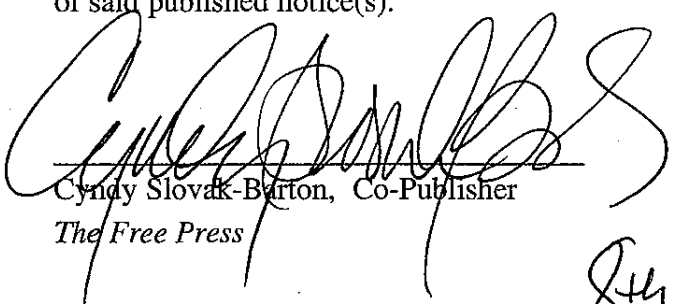
State of Texas §
County of Hays §

Before me, the undersigned authority, a Notary Public in and for the state and county aforesaid, on this day personally appeared Cyndy Slovak-Barton, Co-Publisher of *The Free Press*, a newspaper published in Buda, Texas; Hays County, Texas and in general circulation in said county, who being duly sworn, upon oath deposes and says:

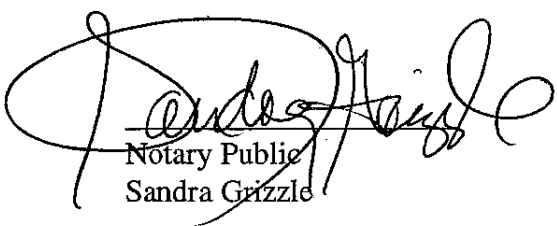
The foregoing attached notice(s) were published in the English language in the

November 29, 2006
December 6, 2006

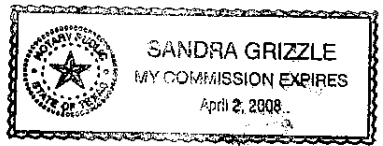
edition(s) of *The Free Press*, and that the attached newspaper clipping is a true and correct copy of said published notice(s).


Cyndy Slovak-Barton, Co-Publisher
The Free Press

Subscribed and sworn before me this the 8th day of December, 2006.


Notary Public
Sandra Grizzle

My commission expires: April 2, 2008



Public Notices

Public Notices

APPLICATION TO T.A.B.C.

APPLICATION HAS BEEN MADE WITH THE TEXAS ALCOHOLIC BEVERAGE COMMISSION FOR A MIX BEVERAGE RESTAURANT PERMIT WITH FB AND A FOOD AND BEVERAGE CERTIFICATE BY ESTHELA O. JAIMES D.B.A. LUVIANOS MEXICAN RESTAURANT, TO BE LOCATED AT 804 CENTER STREET, KYLE, HAYS COUNTY, TEXAS 78640. PN-5200

NOTICE OF INTENTION TO APPROVE THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

NOTICE IS HEREBY GIVEN that the City Council of the City of Kyle, Texas will meet at City Hall in Kyle, Texas, at 7:00 o'clock P.M., Kyle, Texas time on January 2, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of Buda, Texas, City of San Marcos, Texas and Canyon Regional Water Authority) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities. PN-5195

NOTICE OF INTENTION TO APPROVE THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

NOTICE IS HEREBY GIVEN that the City Council of the City of Buda, Texas will meet at City Hall in Buda, Texas, at 7:00 o'clock P.M., Buda, Texas time on January 2, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of San Marcos, Texas, City of Kyle, Texas and Canyon Regional Water Authority) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities. PN-5194

NOTICE TO BIDDERS PARK DEVELOPMENT BUDA SPORTSPLEX

SCOPE OF WORK: Buda Economic Development Corporation in Buda, Texas, c/o Warren Kettelman, will accept sealed bids for the construction of Park Development for the Buda Sportsplex of the City of Buda, Texas.

RECEIPT OF BIDS: Sealed bids in envelopes are due at the office of Buda Economic Development Corporation, located at 203 Railroad St., Suite 3A, Buda, Texas 78610, (512) 295-2022 no later than 10:00 a.m. on Friday, January 5, 2007, at which time the bids will be opened and read aloud for furnishing all labor, material, equipment and performing all work required for construction of Buda Sportsplex.

INFORMATION AND BIDDING DOCUMENTS: Copies of bidding Drawings and Specifications may be inspected at and/or obtained from Miller Blueprint, 501 W. 6th Street, Austin, TX, ph: (512) 478-8793, during regular business hours: 8:00am to 5:30pm, Monday through Friday. One set of Drawings and Specifications will be provided at no cost to the bidder; additional sets may be purchased at approximately \$65.65 per set made payable to Miller Blueprint by check, and are non-refundable. No partial sets of Drawings and Specifications will be issued or accepted.

BIDDING REQUIREMENTS: All Bids must be accompanied by the Bid Form, a Contractor Qualification Statement provided with the Bid Documents, and a Bid Security made payable, without recourse, to Buda Economic Development Corporation in an amount of five percent (5%) of Bidder's maximum Bid price in the form of a Cashier's check from a national or state bank as a guarantee that if awarded the contract, the Bidder will enter into a Contract and execute bonds within 7 days of the Notice of Award. Bidders shall have completed at least three (3) similar projects in nature and must be capable of performing at least 51% of the work with its own forces. All Work shall be guaranteed against defective workmanship and materials for a period of one (1) year from the date of final acceptance by the OWNER. Performance and payment bonds shall each be issued in an amount equal to 100% of the Contract Amount as security for all the CONTRACTOR's obligations under the Contract Documents. The OWNER reserves the right to waive all informalities and irregularities, and determine which Bid is lowest and best, and to award the Contract on this basis.

The Notice of Award of Contract shall be given by the Owner within thirty (30) days after the bid opening. Bid Security must be enclosed with the bid. Bids without the Bid Security check will not be considered. All Bid Securities will be returned to the respective bidders within twenty-five (25) days after bids are opened, except those which the Owner elects to hold until the successful bidder has executed the Contract. PN-5245

HAYS CISD REQUESTING BIDS

Hays CISD is Requesting Bids for Bid #21-120703MS Library Shelving. Bids will be accepted until 12-14-06 at 2:00 p.m. local time. Bid Specifications are available in the HCISD Purchasing Office (512/268-2141 ext 6063) between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday. Bid responses must be returned to the HCISD Purchasing Office, 21003 IH 35, Kyle, TX

RESOLUTION NO. 2007-0102

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS AUTHORIZING AND APPROVING THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY TO ACT ON BEHALF OF THE CITY OF SAN MARCOS, THE CITY OF BUDA, THE CITY OF KYLE, AND THE CANYON REGIONAL WATER AUTHORITY; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of Buda, Texas, the City of San Marcos, Texas, the City of Kyle, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have the authority to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, the Participating Public Entities have determined that forming a public utility agency to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater (the "Project") will achieve economies of scale in providing essential water and wastewater services to the public, will promote the orderly economic development of the State of Texas (the "State"), and will provide environmentally sound protection of the State's future water needs; and

WHEREAS, the City of Buda, Texas (the "City") is a public entity as defined in Section 422.001(3) of the PUA Act, and the City Council of the City (the "Council") has previously directed the publication of the notice of intention once a week for two consecutive weeks, with the first publication at least 14 days before the date of the adoption of this resolution; and these notices were duly published; and the City has not received a petition under Texas Local Government Code Section 422.056, as amended, prior to the adoption of this Resolution; and

WHEREAS, this Resolution is adopted as a "concurrent ordinance" pursuant to Section 422.055 of the PUA Act; and

WHEREAS, the Council hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the City; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS:

Section 1. Name and Boundaries of the Public Utility Agency. The Council hereby approves the creation of the Hays Caldwell Public Utility Agency (the "Agency"). The boundaries of the Agency include the territory within the boundaries of each of the Participating Public Entities as these boundaries exist on the date hereof and as these boundaries may change from time to time.

Section 2. Board of Directors; Bylaws.

(a) The Board of Directors (the "Board") of the Agency shall consist of 13 members, with each of the Participating Public Entities appointing at least one member of the Board. The members shall be appointed by the Participating Public Entities pursuant to the terms of the bylaws of the Agency, with the City of San Marcos, Texas appointing 5 members, Canyon Regional Water Authority appointing 4 members, the City of Kyle, Texas appointing 3 members, and the City of Buda, Texas appointing 1 member, subject to any future change in the bylaws as approved by each of the Participating Public Entities. The appointment of the initial directors shall be reflected in the minutes of the Participating Public Entity's resolution authorizing the creation of the Agency.

(b) The initial term of the directors shall be from October 1, 2006 through September 30, 2007. Subsequent terms of the directors shall be for at least two years. The bylaws of the Agency may provide for staggered terms of office for the directors.

(c) Each of the Participating Public Entities shall appoint its director(s) to the Board by adoption of a resolution by its governing body or as reflected in the minutes of the meeting on the date thereof. A Participating Public Entity may remove and replace a director appointed by that Participating Public Entity at any time, with or without cause, by a resolution of its governing body.

(d) The number of directors of the Board, or the manner of appointment may be changed with the approval of all of the Participating Public Entities, evidenced by a resolution adopted by the governing body of each Participating Public Entity.

(e) The Agency Board shall formulate and approve bylaws governing the conduct of Board business and of the Agency's functions in accordance with the PUA Act, and these bylaws must be approved by the governing body of each of the Participating Public Entities. The Agency Board may amend the bylaws, and the amendments will take effect upon approval by the governing body of each of the Participating Public Entities.

Section 3. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. Severability. If any word, phrase, clause, sentence, or paragraph of this Resolution is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this Resolution will continue in force if they can be given effect without the invalid portion.

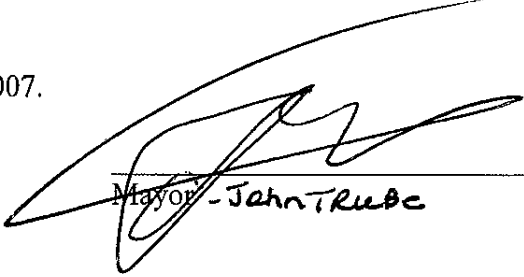
Section 6. Incorporation of Recitals. All of the matters contained in the recitals of this Resolution are found and determined to be true, and the recitals are made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 7. Public Meeting. The Council finds and determines that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given as required by Texas Government Code Chapter 551, as amended.

Section 8. Further Proceedings. The officers and employees of the City are authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the City whose signature appears on any certificate ceases to be such officer before the delivery of the certificate, the signature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery.

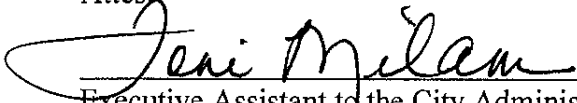
Section 9. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on January 2, 2007.

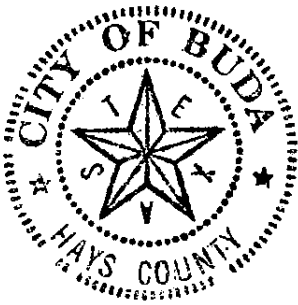


Mayor - John Rube

Attest:



Executive Assistant to the City Administrator



CERTIFICATE OF EXECUTIVE ASSISTANT TO THE CITY ADMINISTRATOR

THE STATE OF TEXAS §
 §
COUNTY OF HAYS §
 §
CITY OF BUDA §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 2nd day of January, 2007, the City Council (the *Council*) of the City of Buda, Texas (the *City*) convened in regular session in the regular meeting place of the City at the City Hall (the *Meeting*), the duly constituted members of the Council being as follows:

John Trube	Mayor
Bobby Lane	Mayor Pro Tem
Cathy Chilcote	Councilmember
Hutch White	Councilmember
Sandra Tenorio	Councilmember
Thomas Crouse	Councilmember

and all of such persons were present at the Meeting, except the following: _____, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS AUTHORIZING AND APPROVING THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY TO ACT ON BEHALF OF THE CITY OF SAN MARCOS, THE CITY OF BUDA, THE CITY OF KYLE, AND THE CANYON REGIONAL WATER AUTHORITY; AND OTHER MATTERS IN CONNECTION THEREWITH

was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Councilmember Hutch White that the Resolution be finally passed and adopted. The motion was seconded by Councilmember Sandra Tenorio and carried by the following vote:

 11 voted "For" voted "Against" abstained

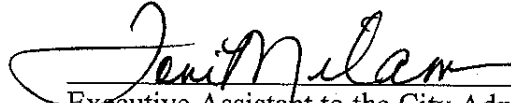
all as shown in the official Minutes of the Council for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in

advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 2nd day of January, 2007.




Executive Assistant to the City Administrator

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BUDA, TEXAS APPROVING THE BYLAWS OF THE HAYS
CALDWELL PUBLIC UTILITY AGENCY**

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of San Marcos, Texas, the City of Buda, Texas, the City of Kyle, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have previously directed the publication of the notice of intention once a week for two consecutive weeks, with the first publication at least 14 days before the date of the adoption of the creation resolution; and these notices were duly published; and the City of Buda, Texas has not received a petition under Texas Local Government Code Section 422.056, as amended, prior to the adoption of the creation resolution authorizing the creation of the Hays Caldwell Public Utility Agency (the "Agency"); and

WHEREAS, each of the Participating Public Entities have adopted a creation resolution as a "concurrent ordinance" pursuant to Section 422.055 of the PUA Act; and

WHEREAS, the Participating Public Entities must approve the Bylaws of the Agency; and

WHEREAS, the City Council (the "Council") of the City of Buda, Texas hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the City; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS:

Section 1. Approval of the Bylaws. The Council hereby approves the Bylaws of the Hays Caldwell Public Utility Agency (the "Agency") attached hereto as Exhibit A.

Section 2. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are

hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 3. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 4. Severability. If any word, phrase, clause, sentence, or paragraph of this Resolution is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this Resolution will continue in force if they can be given effect without the invalid portion.

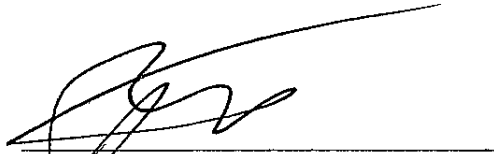
Section 5. Incorporation of Recitals. All of the matters contained in the recitals of this Resolution are found and determined to be true, and the recitals are made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 6. Public Meeting. The Council finds and determines that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given as required by Texas Government Code Chapter 551, as amended.

Section 7. Further Proceedings. The officers and employees of the City are authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the City whose signature appears on any certificate ceases to be such officer before the delivery of the certificate, the signature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery.

Section 7. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on March 6, 2007.



Mayor

Attest:



Executive Assistant to the City Administrator

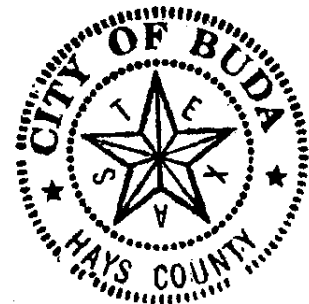


EXHIBIT A
BYLAWS

CERTIFICATE OF EXECUTIVE ASSISTANT TO THE CITY ADMINISTRATOR

THE STATE OF TEXAS §
 §
COUNTY OF HAYS §
 §
CITY OF BUDA §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 6th day of March, 2007, the City Council (the *Council*) of the City of Buda, Texas (the *City*) convened in regular session in the regular meeting place of the City at the City Hall (the *Meeting*), the duly constituted members of the Council being as follows:

John Trube	Mayor
Bobby Lane	Mayor Pro Tem
Cathy Chilcote	Councilmember
Hutch White	Councilmember
Sandra Tenorio	Councilmember
Thomas Crouse	Councilmember

and all of such persons were present at the Meeting, except the following: Thomas Crouse, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS APPROVING THE BYLAWS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

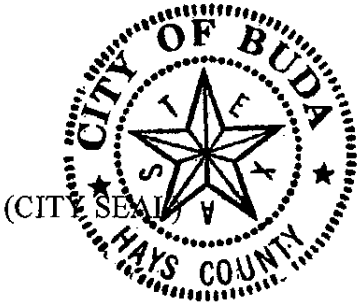
was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Councilmember Tenorio that the Resolution be finally passed and adopted. The motion was seconded by Councilmember White and carried by the following vote:

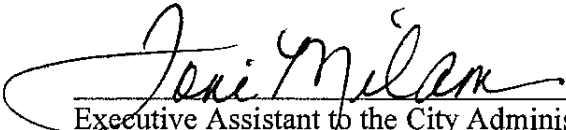
4 voted "For" _____ voted "Against" _____ abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 6th day of March, 2007.




Executive Assistant to the City Administrator

RESOLUTION NO. 070102

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS MAKING AN APPOINTMENT TO THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY; AND DECLARING AN EFFECTIVE DATE

RECITALS:

1. The governing bodies of the City of Buda, the City of Kyle, the City of San Marcos, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") have adopted resolutions (the "Concurrent Resolutions") approving the creation of the Hays Caldwell Public Utility Agency (the "Agency") under Texas Local Government Code Chapter 422, as amended (the "PUA Act").
2. The Concurrent Resolutions provide for the Agency to be governed by a Board of Directors to which the City of Buda is entitled to appoint one member.
3. The City Council wishes to appoint a member to serve on the Board of Directors of the Agency.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS:

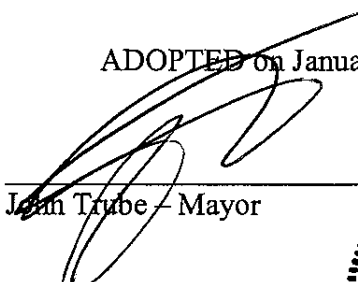
PART 1. The Council appoints the following person to serve as the City's representative on the Board of Directors of the Hays Caldwell Public Utility Agency with City Administrator, Robert Camareno serving as the Mayor's alternate.

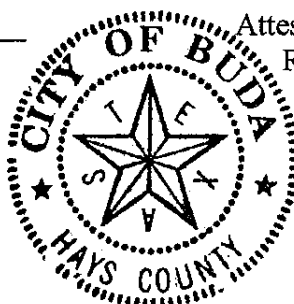
Board Position	Person Appointed
	Mayor John Trube


PART 2. As provided in the Concurrent Resolutions, the initial term of the director shall be from October 1, 2006 through September 30, 2008. Subsequent terms of the directors shall be for two years. The bylaws of the Agency may provide for staggered terms of office for the directors.

PART 3. This Resolution shall be full force and effect from and after its passage.

ADOPTED on January 2, 2007


Jean Trube - Mayor



Attest: 
Robert Camareno-City Administrator

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY, TEXAS AUTHORIZING AND DIRECTING PUBLICATION OF NOTICE OF THE INTENT OF THE AUTHORITY (ALONG WITH THE CITY OF KYLE, THE CITY OF BUDA AND THE CITY OF SAN MARCOS) TO CREATE THE HAYS CALDWELL PUBLIC UTILITY AGENCY; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the Canyon Regional Water Authority, Texas (the "Authority"), the City of Buda, Texas, the City of Kyle, Texas, and the City of San Marcos, Texas (collectively, the "Participating Public Entities") each have the authority to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, the Participating Public Entities have determined that forming a public utility agency to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater (the "Project") will achieve economies of scale in providing essential water and wastewater services to the public, will promote the orderly economic development of the State of Texas (the "State"), and will provide environmentally sound protection of the State's future water needs; and

WHEREAS, the Authority previously adopted a notice of intention resolution on August 14, 2006 and a resolution approving the creation of a public utility agency on September 11, 2006, but the City of Lockhart, Texas, as one of the original participating public entities, decided to withdraw its participation from this public utility agency and the City of Buda, Texas will participate in its place; and

WHEREAS, by the adoption of this resolution the Board of Trustees of the Authority (the "Board") hereby rescinds and cancels its previous actions on August 14, 2006 and September 11, 2006 relating to this matter; and

WHEREAS, the Board must now adopt a new notice of intention resolution with the Participating Public Entities; and

WHEREAS, the Authority is a public entity as defined in Section 422.001(3) of the PUA Act, and the Board wishes to authorize and direct the publication of the notice of the Authority's intention to create the Hays Caldwell Public Utility Agency; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY:

Section 1. Form of Notice. Attached hereto is a "Notice of Intention to Approve the Creation of the Hays Caldwell Public Utility Agency," the form and substance of which is hereby adopted and approved.

Section 2. Publication of Notice. The Authority staff is authorized and directed to publish the attached notice in substantially the form attached hereto in a newspaper of general circulation in a county in which the Authority is domiciled, once a week for two consecutive weeks, the date of the first publication thereof to be before the 14th day before the date set for adoption of the resolution authorizing and approving the creation of the Hays Caldwell Public Utility Agency.

Section 3. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on November 13, 2006.

President, Board of Trustees

Attest:

Secretary, Board of Trustees

WHEREAS, the Authority previously adopted a notice of intention resolution on August 14, 2006 and a resolution approving the creation of a public utility agency on September 11, 2006, but the City of Lockhart, Texas, as one of the original participating public entities, decided to withdraw its participation from this public utility agency and the City of Buda, Texas will participate in its place; and

WHEREAS, by the adoption of this resolution the Board of Trustees of the Authority (the "Board") hereby rescinds and cancels its previous actions on August 14, 2006 and September 11, 2006 relating to this matter; and

WHEREAS, the Board must now adopt a new notice of intention resolution with the Participating Public Entities; and

WHEREAS, the Authority is a public entity as defined in Section 422.001(3) of the PUA Act, and the Board wishes to authorize and direct the publication of the notice of the Authority's intention to create the Hays Caldwell Public Utility Agency; NOW, THEREFORE,

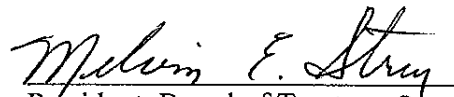
BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY:

Section 1. Form of Notice. Attached hereto is a "Notice of Intention to Approve the Creation of the Hays Caldwell Public Utility Agency," the form and substance of which is hereby adopted and approved.

Section 2. Publication of Notice. The Authority staff is authorized and directed to publish the attached notice in substantially the form attached hereto in a newspaper of general circulation in a county in which the Authority is domiciled, once a week for two consecutive weeks, the date of the first publication thereof to be before the 14th day before the date set for adoption of the resolution authorizing and approving the creation of the Hays Caldwell Public Utility Agency.

Section 3. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on November 13, 2006.



President, Board of Trustees

Attest:



Secretary, Board of Trustees

Notice of Intention to Approve the Creation of the
Hays Caldwell Public Utility Agency

NOTICE IS HEREBY GIVEN that the Board of Trustees of the Canyon Regional Water Authority, Texas will meet at 850 Lakeside Pass, New Braunfels, Texas 78130, at 6:00 o'clock P.M., New Braunfels, Texas time on January 8, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of Buda, Texas, City of Kyle, Texas and the City of San Marcos, Texas) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities.

CERTIFICATE OF SECRETARY

THE STATE OF TEXAS §
 §
COUNTY OF GUADALUPE §
 §
CANYON REGIONAL WATER §
AUTHORITY §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. The Board of Trustees (the "Board") of the Canyon Regional Water Authority (the "Authority"), convened on the 13th day of November, 2006 in regular session in the regular meeting place of the Authority (the "Meeting"), which Meeting was at all times open to the public, the duly constituted officers and members of the Board being as follows:

- | | |
|-------------------|---------------|
| Melvin Strey | Chairman |
| William Seiler | Vice Chairman |
| Mark Speed | Secretary |
| Glenn Hild | Treasurer |
| Victor Villarreal | Trustee |
| Lesley Wenger | Trustee |
| Sheldon Edmundson | Trustee |
| Ronald Pedde | Trustee |
| Harold Schott | Trustee |
| Robert Richter | Trustee |
| Sara Frank | Trustee |
| Rex Wiegand | Trustee |
| Ken Cargil | Trustee |
| Donald C. Speer | Trustee |
| Tommy Zipp | Trustee |
| James Robinson | Trustee |
| Brad Crafts | Trustee |
| Steve Fonville | Trustee |
| Brian Freeman | Trustee |
| Jesse Shanks | Trustee |
| James Martin | Trustee |
| William Old, III | Trustee |

and all of such persons were present at the Meeting, except the following: ~~Victor Villarreal, Lesley Wenger, Sheldon Edmundson~~ thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the "Resolution") entitled: ~~Robert Richter, Ken Cargil, Brad Crafts, Steven Fonville, Brian Freeman & William Old~~

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY, TEXAS AUTHORIZING AND DIRECTING PUBLICATION OF NOTICE OF THE INTENT OF THE CITY (ALONG WITH THE CITY OF KYLE, THE CITY OF BUDA AND THE CITY OF SAN MARCOS) TO CREATE THE HAYS CALDWELL PUBLIC UTILITY AGENCY; AND OTHER MATTERS IN CONNECTION THEREWITH

was introduced for the due consideration of the Board. After presentation and discussion of the Resolution, a motion was made by Trustee Harold Scholtz and seconded by Trustee Sara Frank that the Resolution be passed and adopted.

The motion and carried by the following vote:

13 voted "For" 0 voted "Against" 0 "Abstained"

all as shown in the official Minutes of the Board for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Authority; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Authority, this 13th day of November, 2006.



Secretary, Board of Trustees

(AUTHORITY SEAL)

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY, TEXAS AUTHORIZING AND DIRECTING PUBLICATION OF NOTICE OF THE INTENT OF THE CITY (ALONG WITH THE CITY OF KYLE, THE CITY OF BUDA AND THE CITY OF SAN MARCOS) TO CREATE THE HAYS CALDWELL PUBLIC UTILITY AGENCY; AND OTHER MATTERS IN CONNECTION THEREWITH

was introduced for the due consideration of the Board. After presentation and discussion of the Resolution, a motion was made by Trustee Harold Schott and seconded by Trustee Sara Frank that the Resolution be passed and adopted.

The motion and carried by the following vote:

13 voted "For" 0 voted "Against" 0 "Abstained"

all as shown in the official Minutes of the Board for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Authority; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Authority, this 13th day of November, 2006.


Secretary, Board of Trustees

(AUTHORITY SEAL)

NOTICE OF INTENTION TO APPROVE THE CREATION OF THE
HAYS CALDWELL PUBLIC UTILITY AGENCY

NOTICE IS HEREBY GIVEN that the Board of Trustees of the Canyon Regional Water Authority, Texas will meet at 850 Lakeside Pass, New Braunfels, Texas 78130, at 6:00 o'clock P.M., New Braunfels, Texas time on January 8, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of Buda, Texas, City of Kyle, Texas and the City of San Marcos, Texas) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities.

**SAN ANTONIO EXPRESS NEWS
AFFIDAVIT OF PUBLICATION**

Canyon Regional
Water Authority

STATE OF TEXAS:

COUNTY OF BEXAR:

DEC 29 2006

Before me, the undersigned authority, a Notary Public in and for the State of Texas,
on this day personally appeared: URAI CHOKEDEE, who after being duly sworn, says that
she is the BOOKKEEPER of THE HEARST CORPORATION (SAN ANTONIO EXPRESS-NEWS DIVISION),
a daily newspaper published in Bexar County, Texas and that the publication, of
which the annexed is a true copy, was published to wit:

Date(s) ad published:

12-18-06 12-25-06

apps: 02

ad number: 022419319

customer: CANYON REGIONAL WATER AUTHOR

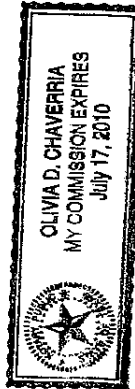
account: 033209105

Urai Chokedee
URAI CHOKEDEE
Bookkeeper

Sworn and subscribed to before me, this the 26th

day of December

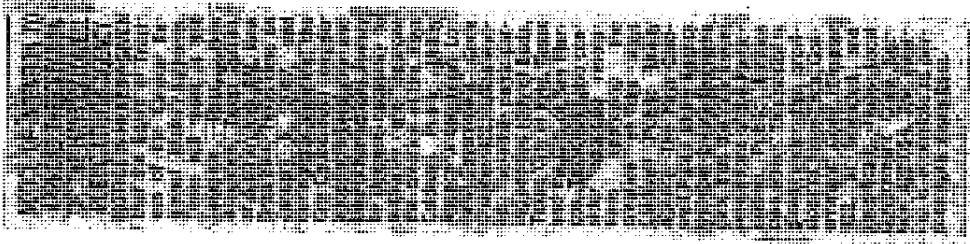
A.D. 2006



Olivia D. Chaverria

Notary public in and for the State of Texas

**SCANNED
FILE COPY**



RESOLUTION NO. 2007-_____

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY AUTHORIZING AND APPROVING THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY TO ACT ON BEHALF OF THE CITY OF SAN MARCOS, THE CITY OF BUDA, AND THE CITY OF KYLE, AND THE CANYON REGIONAL WATER AUTHORITY; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of San Marcos, Texas, the City of Buda, Texas, the City of Kyle, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have the authority to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, the Participating Public Entities have determined that forming a public utility agency to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater (the "Project") will achieve economies of scale in providing essential water and wastewater services to the public, will promote the orderly economic development of the State of Texas (the "State"), and will provide environmentally sound protection of the State's future water needs; and

WHEREAS, the Canyon Regional Water Authority (the "Authority") is a public entity as defined in Section 422.001(3) of the PUA Act, and the Board of Trustees of the Authority (the "Board") has previously directed the publication of the notice of intention once a week for two consecutive weeks, with the first publication at least 14 days before the date of the adoption of this resolution; and these notices were duly published; and the Authority has not received a petition under Texas Local Government Code Section 422.056, as amended, prior to the adoption of this Resolution; and

WHEREAS, this Resolution is adopted as a "concurrent ordinance" pursuant to Section 422.055 of the PUA Act; and

WHEREAS, the Board hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the Authority; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY:

Section 1. Name and Boundaries of the Public Utility Agency. The Board hereby approves the creation of the Hays Caldwell Public Utility Agency (the "Agency"). The boundaries of the Agency include the territory within the boundaries of each of the Participating Public Entities as these boundaries exist on the date hereof and as these boundaries may change from time to time.

Section 2. Board of Directors; Bylaws.

(a) The Board of Directors (the "Agency Board") of the Agency shall consist of 13 members, with each of the Participating Public Entities appointing at least one member of the Agency Board. The members shall be appointed by the Participating Public Entities pursuant to the terms of the bylaws of the Agency, with the City of San Marcos, Texas appointing 5 members, Canyon Regional Water Authority appointing 4 members, the City of Kyle, Texas appointing 3 members, and the City of Buda, Texas appointing 1 member, subject to any future change in the bylaws as approved by each of the Participating Public Entities. The appointment of the initial directors shall be reflected in the minutes of the Participating Public Entity's resolution authorizing the creation of the Agency.

(b) The initial term of the directors appointed by the Board shall be 2 directors from October 1, 2006 through September 30, 2007 and 2 directors from October 1, 2006 through September 30, 2008. Subsequent terms of the directors shall be for at least two years. The bylaws of the Agency may provide for staggered terms of office for the directors.

(c) Each of the Participating Public Entities shall appoint its director(s) to the Agency Board by adoption of a resolution by its governing body or as reflected in the minutes of the meeting on the date thereof. A Participating Public Entity may remove and

replace a director appointed by that Participating Public Entity at any time, with or without cause, by a resolution of its governing body.

(d) The number of directors of the Agency Board, or the manner of appointment may be changed with the approval of all of the Participating Public Entities, evidenced by a resolution adopted by the governing body of each Participating Public Entity.

(e) The Agency Board shall formulate and approve bylaws governing the conduct of Agency Board business and of the Agency's functions in accordance with the PUA Act, and these bylaws must be approved by the governing body of each of the Participating Public Entities. The Agency Board may amend the bylaws, and the amendments will take effect upon approval by the governing body of each of the Participating Public Entities.

Section 3. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. Severability. If any word, phrase, clause, sentence, or paragraph of this Resolution is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this Resolution will continue in force if they can be given effect without the invalid portion.

Section 6. Incorporation of Recitals. All of the matters contained in the recitals of this Resolution are found and determined to be true, and the recitals are made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

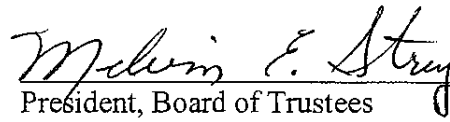
Section 7. Public Meeting. The Board finds and determines that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given as required by Texas Government Code Chapter 551, as amended and the Texas Water Code.

Section 8. Further Proceedings. The officers and employees of the Authority are authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Authority all instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the Authority whose signature appears on any certificate ceases to be such officer before the delivery of the certificate,

the signature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery.

Section 9. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on January 8, 2007.



President, Board of Trustees

Attest:



Secretary, Board of Trustees

CERTIFICATE OF SECRETARY

THE STATE OF TEXAS §
 §
COUNTY OF GUADALUPE §
 §
CANYON REGIONAL WATER §
AUTHORITY §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. The Board of Trustees (the "Board") of the Canyon Regional Water Authority (the "Authority"), convened on the 8th day of January, 2007 in regular session in the regular meeting place of the Authority (the "Meeting"), which Meeting was at all times open to the public, the duly constituted officers and members of the Board being as follows:

- | | |
|-------------------|---------------|
| Melvin Strey | Chairman |
| William Seiler | Vice Chairman |
| Mark Speed | Secretary |
| Glenn Hild | Treasurer |
| Victor Villarreal | Trustee |
| Lesley Wenger | Trustee |
| Sheldon Edmundson | Trustee |
| Ronald Pedde | Trustee |
| Harold Schott | Trustee |
| Robert Richter | Trustee |
| Sara Frank | Trustee |
| Rex Wiegand | Trustee |
| Ken Cargil | Trustee |
| Donald C. Speer | Trustee |
| Tommy Zipp | Trustee |
| James Robinson | Trustee |
| Brad Crafts | Trustee |
| Steve Fonville | Trustee |
| Brian Freeman | Trustee |
| Jesse Shanks | Trustee |
| James Martin | Trustee |
| William Old, III | Trustee |

and all of such persons were present at the Meeting, except the following: Glenn Hild, Lesley Wenger, Sheldon Edmundson, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the "Resolution") entitled: Ken Cargil, Brad Crafts, Steven Fonville, Brian Freeman & Jesse Shanks

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY AUTHORIZING AND APPROVING THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY TO ACT ON BEHALF OF THE CITY OF SAN MARCOS, THE CITY OF BUDA, AND THE CITY OF KYLE, AND THE CANYON REGIONAL WATER AUTHORITY; AND OTHER MATTERS IN CONNECTION THEREWITH

was introduced for the due consideration of the Board. After presentation and discussion of the Resolution, a motion was made by Trustee Sara Frank and seconded by Trustee Victor Villarreal that the Resolution be passed and adopted.

The motion and carried by the following vote:

14 voted "For" 0 voted "Against" 0 "Abstained"

all as shown in the official Minutes of the Board for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Authority; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Authority, this 8th day of January, 2007.



Secretary, Board of Trustees

(AUTHORITY SEAL)

**A RESOLUTION OF THE BOARD OF TRUSTEES OF THE
CANYON REGIONAL WATER AUTHORITY APPROVING
THE BYLAWS OF THE HAYS CALDWELL PUBLIC
UTILITY AGENCY**

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of San Marcos, Texas, the City of Buda, Texas, the City of Kyle, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have previously directed the publication of the notice of intention once a week for two consecutive weeks, with the first publication at least 14 days before the date of the adoption of the creation resolution; and these notices were duly published; and the Canyon Regional Water Authority has not received a petition under Texas Local Government Code Section 422.056, as amended, prior to the adoption of the creation resolution authorizing the creation of the Hays Caldwell Public Utility Agency (the "Agency"); and

WHEREAS, each of the Participating Public Entities have adopted a creation resolution as a "concurrent ordinance" pursuant to Section 422.055 of the PUA Act; and

WHEREAS, the Participating Public Entities must approve the Bylaws of the Agency; and

WHEREAS, the Board of Trustees (the "Board") of the Canyon Regional Water Authority hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the Authority; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CANYON REGIONAL WATER AUTHORITY:

Section 1. Approval of the Bylaws. The Board hereby approves the Bylaws of the Hays Caldwell Public Utility Agency (the "Agency") attached hereto as Exhibit A.

Section 2. Inconsistent Provisions. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 3. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 4. Severability. If any word, phrase, clause, sentence, or paragraph of this Resolution is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this Resolution will continue in force if they can be given effect without the invalid portion.

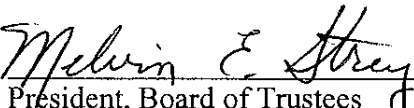
Section 5. Incorporation of Recitals. All of the matters contained in the recitals of this Resolution are found and determined to be true, and the recitals are made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 6. Public Meeting. The Board finds and determines that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given as required by Texas Government Code Chapter 551, as amended and the Texas Water Code.

Section 7. Further Proceedings. The officers and employees of the Authority are authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Authority all instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the Authority whose signature appears on any certificate ceases to be such officer before the delivery of the certificate, the signature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery.

Section 7. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on March 12, 2007.



President, Board of Trustees

Attest:



Secretary, Board of Trustees

EXHIBIT A
BYLAWS

CERTIFICATE OF SECRETARY

THE STATE OF TEXAS §
 §
COUNTY OF GUADALUPE §
 §
CANYON REGIONAL WATER §
AUTHORITY §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. The Board of Trustees (the "Board") of the Canyon Regional Water Authority (the "Authority"), convened on the 12th day of March, 2007 in regular session in the regular meeting place of the Authority (the "Meeting"), which Meeting was at all times open to the public, the duly constituted officers and members of the Board being as follows:

Melvin Strey	Chairman
William Seiler	Vice Chairman
Mark Speed	Secretary
Glenn Hild	Treasurer
Victor Villarreal	Trustee
Lesley Wenger	Trustee
Sheldon Edmundson	Trustee
Ronald Pedde	Trustee
Harold Schott	Trustee
Robert Richter	Trustee
Sara Frank	Trustee
Rex Wiegand	Trustee
Ken Cargil	Trustee
Donald C. Speer	Trustee
Tommy Zipp	Trustee
James Robinson	Trustee
Brad Crafts	Trustee
Steve Fonville	Trustee
Brian Freeman	Trustee
Jesse Shanks	Trustee
James Martin	Trustee
William Old, III	Trustee

and all of such persons were present at the Meeting, except the following: Mark Speed, Victor Villarreal thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the "Resolution") entitled:

Sheldon Edmundson, Ken Cargil, Brad Crafts, Steve Fonville, Brian Freeman
Jesse Shanks, William Old III

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE CANYON
REGIONAL WATER AUTHORITY APPROVING THE BYLAWS OF
THE HAYS CALDWELL PUBLIC UTILITY AGENCY

was introduced for the due consideration of the Board. After presentation and discussion of the Resolution, a motion was made by Trustee Donald Spear and seconded by Trustee Robert Richter that the Resolution be passed and adopted.

The motion and carried by the following vote:

13 voted "For" 0 voted "Against" 0 "Abstained"

all as shown in the official Minutes of the Board for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Authority; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code and the Texas Water Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Authority, this 12th day of March, 2007.


Secretary, Board of Trustees

(AUTHORITY SEAL)

CERTIFICATE OF CITY SECRETARY

THE STATE OF TEXAS §
 §
COUNTY OF HAYS §
 §
CITY OF KYLE §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 2nd day of January, 2007, the City Council (the *Council*) of the City of Kyle, Texas (the *City*) convened in regular session in the regular meeting place of the City at the City Hall (the *Meeting*), the duly constituted members of the Council being as follows:

Miguel Gonzalez	Mayor
David Salazar	Mayor Pro Tem, Place 3
Linda Tenorio	Councilmember, Place 1
Becky Selbera	Councilmember, Place 2
Dan Ekakiadis	Councilmember, Place 4
Mike Moore	Councilmember, Place 5
Todd Webster	Councilmember, Place 6

and all of such persons were present at the Meeting, except the following: _____, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS AUTHORIZING AND APPROVING THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY TO ACT ON BEHALF OF THE CITY OF KYLE, THE CITY OF BUDA, THE CITY OF SAN MARCOS, AND THE CANYON REGIONAL WATER AUTHORITY; AND OTHER MATTERS IN CONNECTION THEREWITH

was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Councilmember Salazar that the Resolution be finally passed and adopted. The motion was seconded by Councilmember Selbera and carried by the following vote:


7 voted "For" _____ voted "Against" _____ abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation

of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 26th day of September, 2007.



City Secretary

(CITY SEAL)

RESOLUTION NO. 531

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS AUTHORIZING AND APPROVING THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY TO ACT ON BEHALF OF THE CITY OF KYLE, THE CITY OF BUDA, THE CITY OF SAN MARCOS, AND THE CANYON REGIONAL WATER AUTHORITY; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of Kyle, Texas, the City of Buda, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have the authority to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, the Participating Public Entities have determined that forming a public utility agency to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater (the "Project") will achieve economies of scale in providing essential water and wastewater services to the public, will promote the orderly economic development of the State of Texas (the "State"), and will provide environmentally sound protection of the State's future water needs; and

WHEREAS, the City of Kyle, Texas (the "City") is a public entity as defined in Section 422.001(3) of the PUA Act, and the City Council of the City (the "Council") has previously directed the publication of the notice of intention once a week for two consecutive weeks, with the first publication at least 14 days before the date of the adoption of this resolution; and these notices were duly published; and the City has not received a petition under Texas Local Government Code Section 422.056, as amended, prior to the adoption of this Resolution; and

WHEREAS, this Resolution is adopted as a "concurrent ordinance" pursuant to Section 422.055 of the PUA Act; and

WHEREAS, the Council hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

Section 1. Findings. The following recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2 Name and Boundaries of the Public Utility Agency. The Council hereby approves the creation of the Hays Caldwell Public Utility Agency (the "Agency"). The boundaries of the Agency include the territory within the boundaries of each of the Participating Public Entities as these boundaries exist on the date hereof and as these boundaries may change from time to time.

Section 3. Board of Directors; Bylaws.

(a) The Board of Directors (the "Board") of the Agency shall consist of 13 members, with each of the Participating Public Entities appointing at least one member of the Board. The members shall be appointed by the Participating Public Entities pursuant to the terms of the bylaws of the Agency, with the City of San Marcos, Texas appointing 5 members, Canyon Regional Water Authority appointing 4 members, the City of Kyle, Texas appointing 3 members, and the City of Buda, Texas appointing 1 member, subject to any future change in the bylaws as approved by each of the Participating Public Entities. The appointment of the initial directors shall be reflected in the minutes of the Participating Public Entity's resolution authorizing the creation of the Agency.

(b) The initial term of the directors shall be from October 1, 2006 through September 30, 2007. Subsequent terms of the directors shall be for at least two years. The bylaws of the Agency may provide for staggered terms of office for the directors.

(c) Each of the Participating Public Entities shall appoint its director(s) to the Board by adoption of a resolution by its governing body or as reflected in the minutes of the meeting on the date thereof. A Participating Public Entity may remove and replace a director appointed by that Participating Public Entity at any time, with or without cause, by a resolution of its governing body.

(d) The number of directors of the Board, or the manner of appointment may be changed with the approval of all of the Participating Public Entities, evidenced by a resolution adopted by the governing body of each Participating Public Entity.

(e) The Agency Board shall formulate and approve bylaws governing the conduct of Board business and of the Agency's functions in accordance with the PUA Act, and these bylaws must be approved by the governing body of each of the Participating Public Entities. The Agency Board may amend the bylaws, and the amendments will take effect upon approval by the governing body of each of the Participating Public Entities.

Section 4. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 5. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 6. Severability. If any word, phrase, clause, sentence, or paragraph of this Resolution is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this Resolution will continue in force if they can be given effect without the invalid portion.

Section 7. Incorporation of Recitals. All of the matters contained in the recitals of this Resolution are found and determined to be true, and the recitals are made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 8. Further Proceedings. The officers and employees of the City are authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the City whose signature appears on any certificate ceases to be such officer before the delivery of the certificate, the signature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage as authorized by the Charter of the City of Kyle.

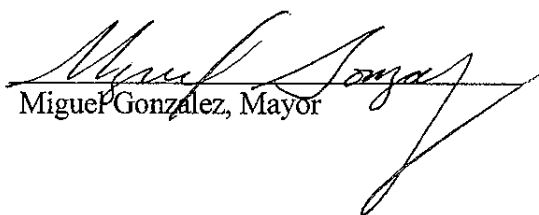
Section 10. Open Meetings. That it is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551, Local Government Code.

FINALLY PASSED AND APPROVED on this the 2nd day of January, 2007.

ATTEST:


Minerva Falcon, City Secretary

THE CITY OF KYLE, TEXAS


Miguel Gonzalez, Mayor

RESOLUTION NO. 531

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS AUTHORIZING AND APPROVING THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY TO ACT ON BEHALF OF THE CITY OF KYLE, THE CITY OF BUDA, THE CITY OF SAN MARCOS, AND THE CANYON REGIONAL WATER AUTHORITY; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of Kyle, Texas, the City of Buda, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have the authority to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, the Participating Public Entities have determined that forming a public utility agency to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater (the "Project") will achieve economies of scale in providing essential water and wastewater services to the public, will promote the orderly economic development of the State of Texas (the "State"), and will provide environmentally sound protection of the State's future water needs; and

WHEREAS, the City of Kyle, Texas (the "City") is a public entity as defined in Section 422.001(3) of the PUA Act, and the City Council of the City (the "Council") has previously directed the publication of the notice of intention once a week for two consecutive weeks, with the first publication at least 14 days before the date of the adoption of this resolution; and these notices were duly published; and the City has not received a petition under Texas Local Government Code Section 422.056, as amended, prior to the adoption of this Resolution; and

WHEREAS, this Resolution is adopted as a "concurrent ordinance" pursuant to Section 422.055 of the PUA Act; and

WHEREAS, the Council hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

Section 1. Findings. The following recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2 Name and Boundaries of the Public Utility Agency. The Council hereby approves the creation of the Hays Caldwell Public Utility Agency (the "Agency"). The boundaries of the Agency include the territory within the boundaries of each of the Participating Public Entities as these boundaries exist on the date hereof and as these boundaries may change from time to time.

Section 3. Board of Directors; Bylaws.

(a) The Board of Directors (the "Board") of the Agency shall consist of 13 members, with each of the Participating Public Entities appointing at least one member of the Board. The members shall be appointed by the Participating Public Entities pursuant to the terms of the bylaws of the Agency, with the City of San Marcos, Texas appointing 5 members, Canyon Regional Water Authority appointing 4 members, the City of Kyle, Texas appointing 3 members, and the City of Buda, Texas appointing 1 member, subject to any future change in the bylaws as approved by each of the Participating Public Entities. The appointment of the initial directors shall be reflected in the minutes of the Participating Public Entity's resolution authorizing the creation of the Agency.

(b) The initial term of the directors shall be from October 1, 2006 through September 30, 2007. Subsequent terms of the directors shall be for at least two years. The bylaws of the Agency may provide for staggered terms of office for the directors.

(c) Each of the Participating Public Entities shall appoint its director(s) to the Board by adoption of a resolution by its governing body or as reflected in the minutes of the meeting on the date thereof. A Participating Public Entity may remove and replace a director appointed by that Participating Public Entity at any time, with or without cause, by a resolution of its governing body.

(d) The number of directors of the Board, or the manner of appointment may be changed with the approval of all of the Participating Public Entities, evidenced by a resolution adopted by the governing body of each Participating Public Entity.

(e) The Agency Board shall formulate and approve bylaws governing the conduct of Board business and of the Agency's functions in accordance with the PUA Act, and these bylaws must be approved by the governing body of each of the Participating Public Entities. The Agency Board may amend the bylaws, and the amendments will take effect upon approval by the governing body of each of the Participating Public Entities.

Section 4. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 5. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 6. Severability. If any word, phrase, clause, sentence, or paragraph of this Resolution is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this Resolution will continue in force if they can be given effect without the invalid portion.

Section 7. Incorporation of Recitals. All of the matters contained in the recitals of this Resolution are found and determined to be true, and the recitals are made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 8. Further Proceedings. The officers and employees of the City are authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the City whose signature appears on any certificate ceases to be such officer before the delivery of the certificate, the signature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage as authorized by the Charter of the City of Kyle.

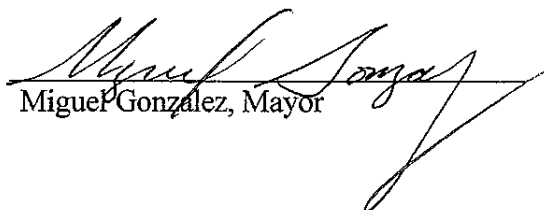
Section 10. Open Meetings. That it is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551, Local Government Code.

FINALLY PASSED AND APPROVED on this the 2nd day of January, 2007.

ATTEST:

THE CITY OF KYLE, TEXAS


Minerva Falcon, City Secretary


Miguel Gonzalez, Mayor

CERTIFICATE OF CITY SECRETARY

THE STATE OF TEXAS

§
§
§
§
§

COUNTY OF HAYS

CITY OF KYLE

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 21st day of November, 2006, the City Council (the *Council*) of the City of Kyle, Texas (the *City*) convened in regular session in the regular meeting place of the City at the City Hall (the *Meeting*), the duly constituted members of the Council being as follows:

Miguel Gonzalez	Mayor
David Salazar	Mayor Pro Tem, Place 3
Linda Tenorio	Councilmember, Place 1
Becky Selbera	Councilmember, Place 2
Dan Ekakiadis	Councilmember, Place 4
Mike Moore	Councilmember, Place 5
Todd Webster	Councilmember, Place 6

and all of such persons were present at the Meeting, except the following: Webster, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS AUTHORIZING AND DIRECTING PUBLICATION OF NOTICE OF THE INTENT OF THE CITY (ALONG WITH THE CITY OF SAN MARCOS, THE CITY OF BUDA AND THE CANYON REGIONAL WATER AUTHORITY) TO CREATE THE HAYS CALDWELL PUBLIC UTILITY AGENCY; AND OTHER MATTERS IN CONNECTION THEREWITH

was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Councilmember Moore that the Resolution be finally passed and adopted. The motion was seconded by Councilmember Selbera and carried by the following vote:


6 voted "For" _____ voted "Against" _____ abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation

of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 26th day of September, 2007.



City Secretary

(CITY SEAL)

RESOLUTION NO. 527

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS AUTHORIZING AND DIRECTING PUBLICATION OF NOTICE OF THE INTENT OF THE CITY (ALONG WITH THE CITY OF SAN MARCOS, THE CITY OF BUDA AND THE CANYON REGIONAL WATER AUTHORITY TO CREATE THE HAYS CALDWELL PUBLIC UTILITY AGENCY; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of Kyle, Texas (the "City"), the City of Buda, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have the authority to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, the Participating Public Entities have determined that forming a public utility agency to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater (the "Project") will achieve economies of scale in providing essential water and wastewater services to the public, will promote the orderly economic development of the State of Texas (the "State"), and will provide environmentally sound protection of the State's future water needs; and

WHEREAS, the City previously adopted a notice of intention resolution on August 1, 2006 and a resolution approving the creation of a public utility agency on August 15,

2006, but the City of Lockhart, Texas, as one of the original participating public entities, decided to withdraw its participation from this public utility agency and the City of Buda, Texas will participate in its place; and

WHEREAS, by the adoption of this resolution the City Council of the City (the "Council") hereby rescinds and cancels its previous actions on August 1, 2006 and August 15, 2006 relating to this matter; and

WHEREAS, the City must now adopt a new notice of intention resolution with the Participating Public Entities; and

WHEREAS, the City is a public entity as defined in Section 422.001(3) of the PUA Act, and the Council wishes to authorize and direct the publication of the notice of the City's intention to create the Hays Caldwell Public Utility Agency.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

Section 1. Findings. The following recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2. Form of Notice. Attached hereto is a "Notice of Intention to Approve the Creation of the Hays Caldwell Public Utility Agency," the form and substance of which is hereby adopted and approved.

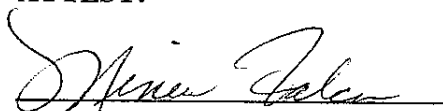
Section 3. Publication of Notice. The City staff is authorized and directed to publish the attached notice in substantially the form attached hereto in a newspaper of general circulation in a county in which the City is domiciled, once a week for two consecutive weeks, the date of the first publication thereof to be before the 14th day before the date set for adoption of the resolution authorizing and approving the creation of the Hays Caldwell Public Utility Agency.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage as authorized by the Charter of the City of Kyle.

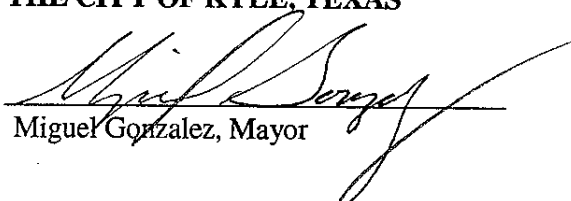
Section 6. Open Meetings. That it is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551, Local Government Code.

FINALLY PASSED AND APPROVED on this the 21st day of November, 2006.

ATTEST:


Minerva Falcon, City Secretary

THE CITY OF KYLE, TEXAS


Miguel Gonzalez, Mayor

**Notice of Intention to Approve the Creation of the
Hays Caldwell Public Utility Agency**

NOTICE IS HEREBY GIVEN that the City Council of the City of Kyle, Texas will meet at City Hall in Kyle, Texas, at 7:00 o'clock P.M., Kyle, Texas time on January 2, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of Buda, Texas, City of San Marcos, Texas and Canyon Regional Water Authority) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities.

RESOLUTION NO. 527

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS AUTHORIZING AND DIRECTING PUBLICATION OF NOTICE OF THE INTENT OF THE CITY (ALONG WITH THE CITY OF SAN MARCOS, THE CITY OF BUDA AND THE CANYON REGIONAL WATER AUTHORITY TO CREATE THE HAYS CALDWELL PUBLIC UTILITY AGENCY; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of Kyle, Texas (the "City"), the City of Buda, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have the authority to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, the Participating Public Entities have determined that forming a public utility agency to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater (the "Project") will achieve economies of scale in providing essential water and wastewater services to the public, will promote the orderly economic development of the State of Texas (the "State"), and will provide environmentally sound protection of the State's future water needs; and

WHEREAS, the City previously adopted a notice of intention resolution on August 1, 2006 and a resolution approving the creation of a public utility agency on August 15,

2006, but the City of Lockhart, Texas, as one of the original participating public entities, decided to withdraw its participation from this public utility agency and the City of Buda, Texas will participate in its place; and

WHEREAS, by the adoption of this resolution the City Council of the City (the "Council") hereby rescinds and cancels its previous actions on August 1, 2006 and August 15, 2006 relating to this matter; and

WHEREAS, the City must now adopt a new notice of intention resolution with the Participating Public Entities; and

WHEREAS, the City is a public entity as defined in Section 422.001(3) of the PUA Act, and the Council wishes to authorize and direct the publication of the notice of the City's intention to create the Hays Caldwell Public Utility Agency.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

Section 1. Findings. The following recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2. Form of Notice. Attached hereto is a "Notice of Intention to Approve the Creation of the Hays Caldwell Public Utility Agency," the form and substance of which is hereby adopted and approved.

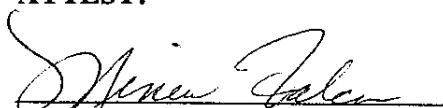
Section 3. Publication of Notice. The City staff is authorized and directed to publish the attached notice in substantially the form attached hereto in a newspaper of general circulation in a county in which the City is domiciled, once a week for two consecutive weeks, the date of the first publication thereof to be before the 14th day before the date set for adoption of the resolution authorizing and approving the creation of the Hays Caldwell Public Utility Agency.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage as authorized by the Charter of the City of Kyle.

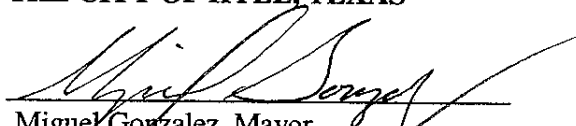
Section 6. Open Meetings. That it is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551, Local Government Code.

FINALLY PASSED AND APPROVED on this the 21st day of November, 2006.

ATTEST:


Minerva Falcon, City Secretary

THE CITY OF KYLE, TEXAS


Miguel Gonzalez, Mayor

**Notice of Intention to Approve the Creation of the
Hays Caldwell Public Utility Agency**

NOTICE IS HEREBY GIVEN that the City Council of the City of Kyle, Texas will meet at City Hall in Kyle, Texas, at 7:00 o'clock P.M., Kyle, Texas time on January 2, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of Buda, Texas, City of San Marcos, Texas and Canyon Regional Water Authority) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities.

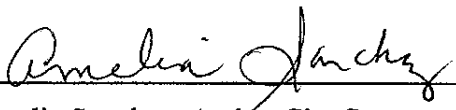
STATE OF TEXAS

COUNTY OF HAYS

CERTIFICATION

I, Amelia Sanchez, Acting City Secretary of the City of Kyle, Texas, do hereby certify that I am the custodian of the records of the City of Kyle, Texas, and that the attached is a true and correct copy of Resolution 527.

WITNESS MY HAND and Official Seal of the City of Kyle, Texas, this the 14th day of March 2007.



Amelia Sanchez, Acting City Secretary
City of Kyle, Texas

RESOLUTION NO. 522

**A RESOLUTION OF THE CITY OF KYLE, TEXAS,
AUTHORIZING AND APPROVING APPOINTMENTS TO
THE HAYS-CALDWELL PUBLIC UTILITY AGENCY
BOARD OF DIRECTORS TO ACT ON BEHALF OF THE
CITY OF KYLE; MAKING FINDINGS OF FACT; AND
PROVIDING FOR RELATED MATTERS.**

Whereas, the City of Kyle, along with the City of San Marcos and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") have recently formed and/or approved the creation of the Hays-Caldwell Public Utility Agency (the "Agency") for the joint financing, acquisition, construction, ownership, operation, and maintenance of a project to secure rights to water and to produce, transport, treat and distribute water (the "Project") within the City; and,

Whereas, the Ordinance the Hays-Caldwell Public Utility Agency provides for representation of each of the Participating Public Entities through the appointment of members to the PUA Board of Directors; and,

Whereas, the City Council has reviewed this situation and determined the appropriate representation for the City's three (3) appointments to said PUA Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, HAYS COUNTY, TEXAS, THAT:

Section 1. Findings. The following recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2. City Representatives on PUA Board of Directors. In accordance with Section 3(a) of City of Kyle Ordinance No. _____ establishing the Hays-Caldwell Public Utility Agency, the City Council does hereby appoint its representatives as follows:

Board Position 1..... The City Manager or his designee

Board Position 2..... City Councilmember Mike Moore
(Alternate) City Councilmember Todd Webster

Board Position 2..... Water Advisory Committee member Alan McPherson
(Alternate) Water Advisory Committee member David Wilson

Section 3. Term of Office. The initial term of the directors shall be from October 1, 2006 through September 30, 2007. Subsequent terms of the directors shall be for three years. The bylaws of the PUA may ultimately for staggered terms of office for the directors.

Section 4. Appointment and/or Removal of Board Members. The City Council may remove and replace any director at any time, with or without cause, by a Resolution of its governing body.


Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage as authorized by the Charter of the City of Kyle.

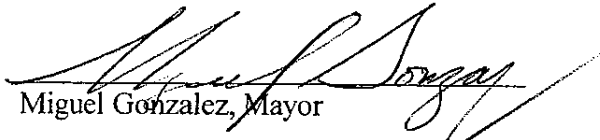
Section 6. Open Meetings. That it is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551, Local Government Code.

FINALLY PASSED AND APPROVED on this the 17th day of OCTOBER, 2006.

ATTEST:

THE CITY OF KYLE, TEXAS


Minerva Falcon, City Secretary


Miguel Gonzalez, Mayor

CERTIFICATE OF CITY SECRETARY

THE STATE OF TEXAS §
 §
COUNTY OF HAYS §
 §
CITY OF KYLE §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 6th day of March, 2007, the City Council (the *Council*) of the City of Kyle, Texas (the *City*) convened in regular session in the regular meeting place of the City at the City Hall (the *Meeting*), the duly constituted members of the Council being as follows:

Miguel Gonzalez	Mayor
David Salazar	Mayor Pro Tem, Place 3
Linda Tenorio	Councilmember, Place 1
Becky Selbera	Councilmember, Place 2
Dan Ekakiadis	Councilmember, Place 4
Mike Moore	Councilmember, Place 5
Todd Webster	Councilmember, Place 6

and all of such persons were present at the Meeting, except the following: _____, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS APPROVING THE BYLAWS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Councilmember Salazar that the Resolution be finally passed and adopted. The motion was seconded by Councilmember Ekakiadis and carried by the following vote:

7 voted "For" _____ voted "Against" _____ abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Resolution is a true and correct copy of the original in the official records of the City; the duly qualified and acting members of the Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the meeting and had actual notice that the Resolution would be considered; and the Meeting and consideration of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 26th day of September, 2007.



City Secretary

(CITY SEAL)

RESOLUTION NO. 540

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
KYLE, TEXAS APPROVING THE BYLAWS OF THE HAYS
CALDWELL PUBLIC UTILITY AGENCY**

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of San Marcos, Texas, the City of Buda, Texas, the City of Kyle, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have previously directed the publication of the notice of intention once a week for two consecutive weeks, with the first publication at least 14 days before the date of the adoption of the creation resolution; and these notices were duly published; and the City of Kyle, Texas has not received a petition under Texas Local Government Code Section 422.056, as amended, prior to the adoption of the creation resolution authorizing the creation of the Hays Caldwell Public Utility Agency (the "Agency"); and

WHEREAS, each of the Participating Public Entities have adopted a creation resolution as a "concurrent ordinance" pursuant to Section 422.055 of the PUA Act; and

WHEREAS, the Participating Public Entities must approve the Bylaws of the Agency; and

WHEREAS, the City Council (the "Council") of the City of Kyle, Texas hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the City; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS:

Section 1. Approval of the Bylaws. The Council hereby approves the Bylaws of the Hays Caldwell Public Utility Agency (the "Agency") attached hereto as Exhibit A.

Section 2. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are

hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 3. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 4. Severability. If any word, phrase, clause, sentence, or paragraph of this Resolution is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this Resolution will continue in force if they can be given effect without the invalid portion.

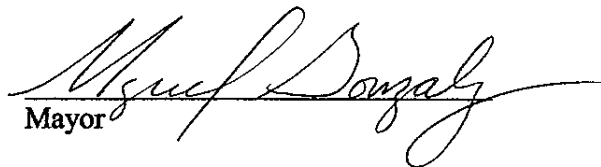
Section 5. Incorporation of Recitals. All of the matters contained in the recitals of this Resolution are found and determined to be true, and the recitals are made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 6. Public Meeting. The Council finds and determines that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given as required by Texas Government Code Chapter 551, as amended.

Section 7. Further Proceedings. The officers and employees of the City are authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the City whose signature appears on any certificate ceases to be such officer before the delivery of the certificate, the signature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery.

Section 7. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on March 6, 2007.


Mayor

Attest:


City Secretary

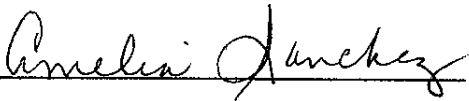
STATE OF TEXAS

COUNTY OF HAYS

CERTIFICATION

I, Amelia Sanchez, Acting City Secretary of the City of Kyle, Texas, do hereby certify that I am the custodian of the records of the City of Kyle, Texas, and that the attached is a true and correct copy of Resolution 531.

WITNESS MY HAND and Official Seal of the City of Kyle, Texas, this the 14th day of March 2007.


Amelia Sanchez, Acting City Secretary
City of Kyle, Texas

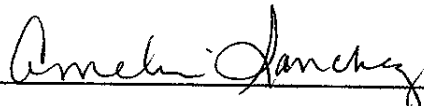
STATE OF TEXAS

COUNTY OF HAYS

CERTIFICATION

I, Amelia Sanchez, Acting City Secretary of the City of Kyle, Texas, do hereby certify that I am the custodian of the records of the City of Kyle, Texas, and that the attached is a true and correct copy of Publisher's Affidavit for August 9th and August 16th, 2006.

WITNESS MY HAND and Official Seal of the City of Kyle, Texas, this the 14th day of March 2007.



Amelia Sanchez, Acting City Secretary
City of Kyle, Texas

The Free Press

at 3470 Jack C. Hays Trail
P.O. Box 339 • Buda, Texas 78610
(512) 262-NEWS • (512) 268-7862 • (512) 268-0262

Publisher's Affidavit

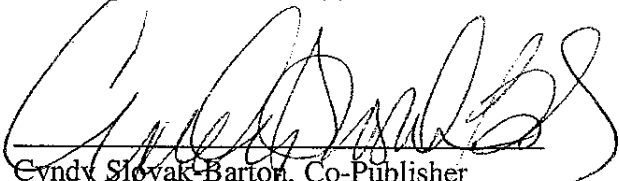
State of Texas §
County of Hays §

Before me, the undersigned authority, a Notary Public in and for the state and county aforesaid, on this day personally appeared Cyndy Slovak-Barton, Co-Publisher of *The Free Press*, a newspaper published in Buda, Texas, Hays County, Texas and in general circulation in said county, who being duly sworn, upon oath deposes and says:

The foregoing attached notice(s) were published in the English language in the

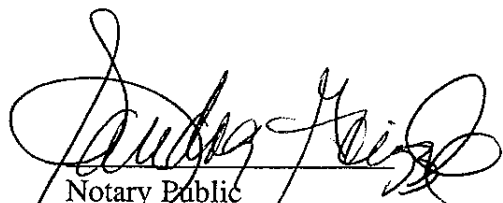
_____ August 9, 2006 _____
_____ August 16, 2006 _____

edition(s) of *The Free Press*, and that the attached newspaper clipping is a true and correct copy of said published notice(s).



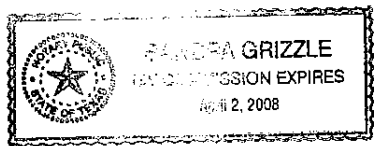
Cyndy Slovak-Barton, Co-Publisher
The Free Press

Subscribed and sworn before me this the 22nd day of August, 2006.



Notary Public
Sandra Grizzle

My commission expires: April 2, 2008



Hours:
Monday • 9:00am-5:00pm
Tuesday • 9:00am-4:00pm
268-7862

OPERATING BUDGET

approved by the Kyle City Council on August 15, 2006 in accordance with the City Charter. The FY2006-07 Operating Budget is a complete financial plan for all municipal operations during the fiscal year ending September 30, 2007. The FY2006-07 Operating Budget includes revenues and transfers from all funds in addition to General Fund expenditures and includes General Fund expenditures and expenditures in the total amount of \$1,000,000.

Part of the regular meeting of the City Council on **September 5, 2006 at 7:00PM** at the Kyle City Hall.

and provide input. Copies of the Operating Budget document and the enabling resolution are available at the Kyle Administrative Offices, during regular business hours. PN-4172

OFFICE

5:05 p.m. on August 15, 2006 at City Hall for the submission of an application to the Community Development Block Grant Program. The purpose of the application is to allow citizens an opportunity to participate in the development of local housing and community development block grant (CDBG) funding available, all eligible CDBG funds. The City encourages citizens to submit a CDBG application and to make their comments known at the meeting. If you are unable to attend this meeting may submit your comments to the Public Works Director, at City Hall. For more information, please contact City Hall at 268-7862 or the auxiliary aids or services for this meeting before the meeting so that appropriate accommodations can be made. PN-4137

2005, to DANIEL SALDANA, who was appointed representative of the estate of JUAN ANGEL SALDANA, deceased. The matter is styled in the Estate of JUAN ANGEL SALDANA, deceased, in the County Court at Law of Hays County, Texas; Cause No. 10,025-P. All persons having claims against the estate are notified to present them to the undersigned at the address below within the time prescribed by law.

Dated: July 31, 2006.
 Respectfully submitted,
 THE LAW OFFICE ART GUZMAN, P.C.
 By: ART GUZMAN
 State Bar No.08654525
 604 W. Hopkins
 San Marcos, Texas 78666
 (512) 392-6077
 (512) 396-5299 Facsimile
 ATTORNEY FOR EXECUTOR PN-4163

HAYS CISD IS REQUESTING BIDS

Hays CISD is Requesting Bids for Bid #18-080603MS Locks. Bids will be accepted until August 15, 2006 at 2:00 p.m. local time. Hays CISD is Requesting Bids for Bid #18-080604JH Asphalt Repairs. Bids will be accepted until August 16, 2006 at 2:00 p.m. local time. Bid Specifications are available in the HCISD Purchasing Office (512/268-2141 ext 6063) between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday. Bid responses must be returned to the HCISD Purchasing Office, 21003 IH 35, Kyle, TX 78640, by the date and time indicated above. Late bids will be returned unopened. The HCISD Board of Trustees reserves the right to reject any and/or all bids and waive all formalities in the bid process. PN-4137

NOTICE OF MIXED BEVERAGE PERMIT APPLICATION

RAILROAD BBQ, INC., LOCATED AT 107 E. CENTER STREET, HAYS COUNTY, KYLE TEXAS 78640 HAS APPLIED FOR A MIXED BEVERAGE RESTAURANT WITH FB PERMIT WITH THE TEXAS ALCOHOL BEVERAGE COMMISSION. CORPORATE OWNER RAILROAD BBQ INC. OFFICERS ARE DANNY JOE SHERRIL, PRESIDENT & PAUL KENNEDY SHERRIL JR., VICE PRESIDENT/SECRETARY.
 PN-4135

an application for a grant under the Texas Community Development Block Grant Program, Community Development Fund. The grant application request is for \$20,857.00 for development of a comprehensive plan, including Base Planning Activities, Digital Mapping, Sewer System Plan, Street and Drainage needs, development of a Capital Improvements program and development of updated Subdivision and Zoning Ordinances. The application is available for review at City Hall during regular business hours. PN-4145

NOTICE OF INTENTION TO APPROVE THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

NOTICE IS HEREBY GIVEN that the City Council of the City of Kyle, Texas will meet at City Hall in Kyle, Texas at 7:00 o'clock P.M., Kyle, Texas time on September 5, 2006, and during that meeting, the City Council will consider adopting a Resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities, City of Lockhart, Texas, City of San Marcos, Texas and Canyon Regional Water Authority will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities. PN-4173

NOTICE OF PUBLIC SALE/AUCTION

- Tom Thumb Mini Storage LLC pursuant to the revised civil statutes of Texas 5238B, shall conduct a public sale of the contents of the storage rooms listed below in San Marcos, Texas, telephone 396-3434 on the date shown below to satisfy a landlord's lien. All successful bidders shall take possession and remove the contents of the room immediately.
- Tom thumb Mini Storage LLC reserves the right to reject any bids and to withdraw any items from such sale.
- Date: Saturday 8-26-06 Time: 9:00 A.M.
 Location: 1006 Hwy 80, San Marcos, TX
- 1-207 - Joann Jimenez - Baby stroller, clothes.
 - 1-227 Leland Calvert III - 2 roll-around tool boxes with tools, camping gear, tires, stereo system, gun case.
 - 1-259 Michael Reyes - Kitchen-Aid washer & dryer, maple dresser & chest of drawers, kitchen table & 4 chairs.
 - 1-270 Shane Goodson - Luggage, clothes.
 - 1-307 Pam Frazer - stereo, TV, fax machine, lots of furniture, fans kitchen stuff.
 - 1-319 David Gallus - Furniture, household items.
 - 1-336 Zachary Warley - Remote control car, TV, tricycle.
 - 1-341 Marie Gomez - Kitchen table, chairs, baby bed.
 - 4-10 Kimberly Harbroth - Live varmit trap, auto parts, camping stuff.
 - 5-12C Mary Rogerson - 2 sofas
 - 5-22B Theresa Martin - Household items.

PN-4171

publish a Public Notice?
 Send notices to: classifieds@haysfreepress.com
 fax to: 512-268-0262
 notice deadline is: Monday 5:00p.m.
 2-268-7862 for more information.

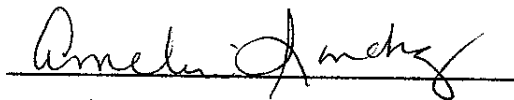
STATE OF TEXAS

COUNTY OF HAYS

CERTIFICATION

I, Amelia Sanchez, Acting City Secretary of the City of Kyle, Texas, do hereby certify that I am the custodian of the records of the City of Kyle, Texas, and that the attached is a true and correct copy of Publisher's Affidavit for November 29, 2006.

WITNESS MY HAND and Official Seal of the City of Kyle, Texas, this the 14th day of March 2007.

A handwritten signature in cursive script, reading "Amelia Sanchez", written over a horizontal line.

Amelia Sanchez, Acting City Secretary
City of Kyle, Texas

The Free Press

at 3470 Jack C. Hays Trail
P.O. Box 339 • Buda, Texas 78610
(512) 262-NEWS • (512) 268-7862 • (512) 268-0262

Publisher's Affidavit

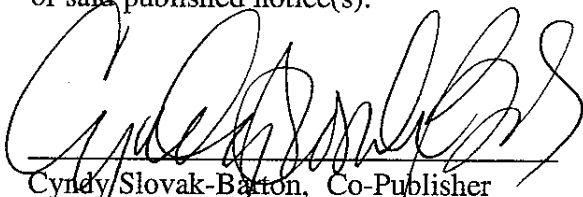
State of Texas §
County of Hays §

Before me, the undersigned authority, a Notary Public in and for the state and county aforesaid, on this day personally appeared Cyndy Slovak-Barton, Co-Publisher of *The Free Press*, a newspaper published in Buda, Texas, Hays County, Texas and in general circulation in said county, who being duly sworn, upon oath deposes and says:

The foregoing attached notice(s) were published in the English language in the

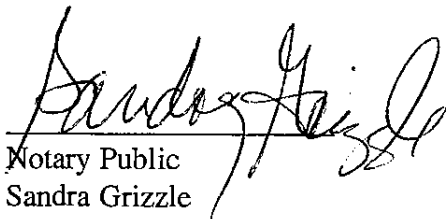
November 29, 2006

edition(s) of *The Free Press*, and that the attached newspaper clipping is a true and correct copy of said published notice(s).



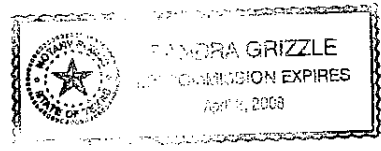
Cyndy Slovak-Barton, Co-Publisher
The Free Press

Subscribed and sworn before me this the 8th day of December, 2006.



Notary Public
Sandra Grizzle

My commission expires: April 2, 2008



November 29, 2006

Public Notices

Public Notices

APPLICATION TO T.A.B.C.

APPLICATION HAS BEEN MADE WITH THE TEXAS ALCOHOLIC BEVERAGE COMMISSION FOR A MIX BEVERAGE RESTAURANT PERMIT WITH FB AND A FOOD AND BEVERAGE CERTIFICATE BY ESTHELA O. JAIMES D.B.A. LUVIANOS MEXICAN RESTAURANT, TO BE LOCATED AT 804 CENTER STREET, KYLE, HAYS COUNTY, TEXAS 78640. PN-5200

NOTICE OF INTENTION TO APPROVE THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

NOTICE IS HEREBY GIVEN that the City Council of the City of Kyle, Texas will meet at City Hall in Kyle, Texas, at 7:00 o'clock P.M., Kyle, Texas time on January 2, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of Buda, Texas, City of San Marcos, Texas and Canyon Regional Water Authority) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities. PN-5195

NOTICE OF INTENTION TO APPROVE THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

NOTICE IS HEREBY GIVEN that the City Council of the City of Buda, Texas will meet at City Hall in Buda, Texas, at 7:00 o'clock P.M., Buda, Texas time on January 2, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of San Marcos, Texas, City of Kyle, Texas and Canyon Regional Water Authority) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities. PN-5194

NOTICE TO CREDITORS

Notice is hereby given that original Letters Testamentary for the Estate of **ALANSON WESLEY BROWN, deceased**, were issued on November 21, 2006, in Docket No. 10,485-P pending in the County Court at Law No. 2 of Hays County, Texas, Sitting in Matters Probate to: **MICHAEL LANCE BROWN**, as sole Independent Executor without bond.

The mailing address of the sole Independent Executor without bond is: **MICHAEL LANCE BROWN**, 206 Glenwood Drive, Houston, Texas 77007.

The post office address of the sole Independent Executor without bond for purposes of this notice is:

MICHAEL LANCE BROWN
Texas Bar No. 03154100
MICHAEL L. BROWN, P. C.
5535 F Memorial Drive #662
Houston, Texas 77007
Telephone: (713) 802-1274
Telefacsimile: (713) 802-1604
E-mail address: attorneybrown@msn.com

All persons having claims against this Estate, which is currently being administered, are required to present them within the time and in the manner prescribed by law.

DATED the 28th day of November 2006.

MICHAEL LANCE BROWN
MICHAEL L. BROWN, P. C.
ATTORNEY FOR THE ESTATE PN-5193

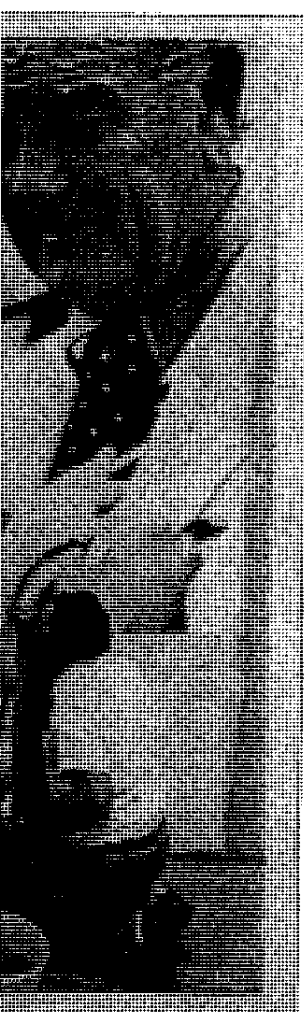
HAYS CISD REQUESTING BIDS

Hays CISD is Requesting Bids for Bid #26-120701JH Cafeteria & Kitchen Equipment. Bids will be accepted until 12-4-06 at 2:30 p.m. local time. Hays CISD is Requesting Proposals for RFP #25-120702MS Demographic Services. Proposals will be accepted until 12-13-06 at 2:00 p.m. local time. Specifications are available in the HCISD Purchasing Office (512/268-2141 ext 6063) between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday. Bid responses must be returned to the HCISD Purchasing Office, 21003 IH 35, Kyle, TX 78640, by the date and time indicated above. Late bids will be returned unopened. The HCISD Board of Trustees reserves the right to reject any and/or all bids and waive all formalities in the bid process. PN-5127

DEADLINE FOR PUBLIC NOTICES

Mondays/5:00p.m. If you are late... Please call to reserve your space! (512) 268-7862

useum



namesake student center on campus in 1977. (file photo)
as State University has longly supported the cont of a community muse- dedicated to President nson since it is the only as university to claim a . President as an alumnus. On Feb. 22, 1998, Hays nty commissioners gave ir approval to an arrange- at through which the seum board could lease an onded county-owned

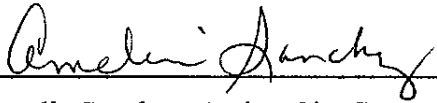
STATE OF TEXAS

COUNTY OF HAYS

CERTIFICATION

I, Amelia Sanchez, Acting City Secretary of the City of Kyle, Texas, do hereby certify that I am the custodian of the records of the City of Kyle, Texas, and that the attached is a true and correct copy of Publisher's Affidavit for December 6, 2006.

WITNESS MY HAND and Official Seal of the City of Kyle, Texas, this the 14th day of March 2007.



Amelia Sanchez, Acting City Secretary
City of Kyle, Texas

The Free Press

at 3470 Jack C. Hays Trail
P.O. Box 339 • Buda, Texas 78610
(512) 262-NEWS • (512) 268-7862 • (512) 268-0262

Publisher's Affidavit

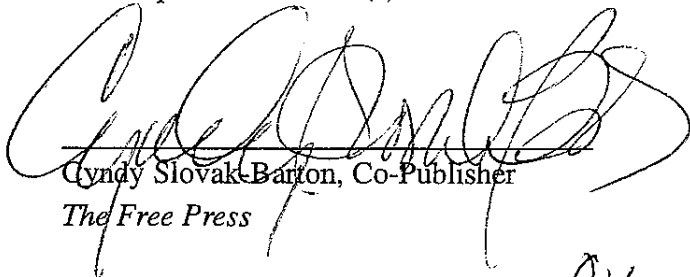
State of Texas §
County of Hays §

Before me, the undersigned authority, a Notary Public in and for the state and county aforesaid, on this day personally appeared Cyndy Slovak-Barton, Co-Publisher of *The Free Press*, a newspaper published in Buda, Texas, Hays County, Texas and in general circulation in said county, who being duly sworn, upon oath deposes and says:

The foregoing attached notice(s) were published in the English language in the

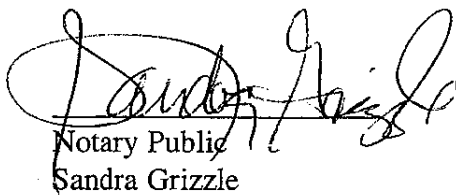
_____ December 6, 2006 _____

edition(s) of *The Free Press*, and that the attached newspaper clipping is a true and correct copy of said published notice(s).



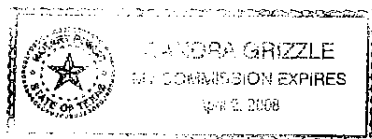
Cyndy Slovak-Barton, Co-Publisher
The Free Press

Subscribed and sworn before me this the 06 day of December 2006.

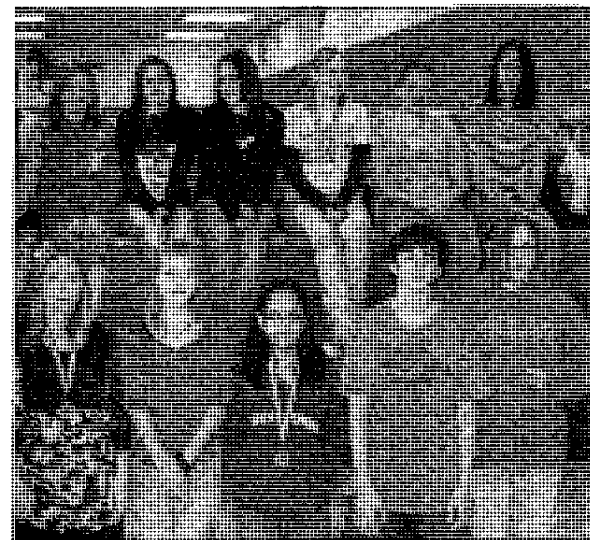


Notary Public
Sandra Grizzle

My commission expires: April 2, 2008



Academic UIL winners



School eighth grade are: Gaby Buentello, first place in Reading; Jordan Hall, third place in Listening; Natalie Hardwick, first place in Dictionary; Taylor Kornfuehrer, second place in Dictionary; Trey Joseph, second place in Oral Reading; Samantha Levea, first place in Maps Charts and Graphs; Aria Levanti, first place in Science; Jeffrey George, fourth place in Modern Oratory; Gaby Buentello, second place in Ready Writing; Aria Levanti, sixth place in Ready Writing; Tina Heinrich, third place in editorial writing; Quinzly Braxton, second place in Three Dimensional. (photo courtesy of Donna London)



School seventh grade are: Kelsea Sadler, third place for Spelling; Alyssa Garza, fifth place for Spelling; Rachel So, second place for Dictionary; Stephanie Vasquez, third place for Painting; Terence Jarmon, fourth place for Science; Tanner, third place for Impromptu; Brittany Cox, fourth place for Oral Writing; Trevor Ragsdale, second place for Drawing; (photo courtesy of Donna London)



Public Notices

APPLICATION TO T.A.B.C.

APPLICATION HAS BEEN MADE WITH THE TEXAS ALCOHOLIC BEVERAGE COMMISSION FOR A MIX BEVERAGE RESTAURANT PERMIT WITH FB AND A FOOD AND BEVERAGE CERTIFICATE BY ESTHELA O. JAIMES D.B.A. LUVIANOS MEXICAN RESTAURANT, TO BE LOCATED AT 804 CENTER STREET, KYLE, HAYS COUNTY, TEXAS 78640. PN-5200

NOTICE OF INTENTION TO APPROVE THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

NOTICE IS HEREBY GIVEN that the City Council of the City of Kyle, Texas will meet at City Hall in Kyle, Texas, at 7:00 o'clock P.M., Kyle, Texas time on January 2, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of Buda, Texas, City of San Marcos, Texas and Canyon Regional Water Authority) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities. PN-5195

NOTICE OF INTENTION TO APPROVE THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

NOTICE IS HEREBY GIVEN that the City Council of the City of Buda, Texas will meet at City Hall in Buda, Texas, at 7:00 o'clock P.M., Buda, Texas time on January 2, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of the Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities (City of San Marcos, Texas, City of Kyle, Texas and Canyon Regional Water Authority) will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting site is accessible to persons with disabilities. PN-5194

Public Notice

NOTICE TO BIDDERS PARK DEVELOPMENT BUDA SPORTSPLEX

SCOPE OF WORK: Buda Economic Corporation in Buda, Texas, c/o Warren accept sealed bids for the construction Development for the Buda Sportsplex Buda, Texas.

RECEIPT OF BIDS: Sealed bids in envelope at the office of Buda Economic Corporation, located at 203 Railroad St., Buda, Texas 78610, (512) 295-2022 no later than Friday, January 5, 2007, at which time bids will be opened and read aloud for furnishing all materials, equipment and performing all work required for the construction of Buda Sportsplex.

INFORMATION AND BIDDING DOCUMENTS: Bidding Drawings and Specifications may be viewed at and/or obtained from Miller Blueprint Street, Austin, TX, ph: (512) 478-8793, business hours: 8:00am to 5:30pm, Monday through Friday. One set of Drawings and Specifications provided at no cost to the bidder; additional sets purchased at approximately \$65.65 per set, payable to Miller Blueprint by check, cash or money order. No partial sets of Drawings and Specifications will be issued or accepted.

BIDDING REQUIREMENTS: All Bids must be accompanied by the Bid Form, a Contract Security Statement provided with the Bid Document, and a Bid Security made payable, without recourse, to Buda Economic Corporation in the amount of five percent (5%) of Bidder's maximum Bid. Bid Security in the form of a Cashier's check from a national bank or as a guarantee that if awarded the Contract, the Bidder will enter into a Contract and execute the Contract within the days of the Notice of Award. Bidders who have completed at least three (3) similar projects must be capable of performing at least 5' with its own forces. All Work shall be guaranteed against defective workmanship and material for a period of one (1) year from the date of final payment to the OWNER. Performance and payment bonds each be issued in an amount equal to the Contract Amount as security for all the Contract obligations under the Contract Document. The OWNER reserves the right to waive all irregularities, and determine which Bid is the best, and to award the Contract on this basis.

The Notice of Award of Contract shall be issued by the Owner within thirty (30) days after the Bid Security must be enclosed with the bid. Bid Security check will not be considered until the Bid Security will be returned to the respective Bidder in twenty-five (25) days after bids are opened, or those which the Owner elects to hold until the successful bidder has executed the Contract.

HAYS CISD REQUESTING

Hays CISD is Requesting Bids for 120703MS Library Shelving. Bids will be accepted on 12-14-06 at 2:00 p.m. local time. Bid Specifications available in the HCISD Purchasing Office at 2000 E. Highway 170, Buda, Texas 78610.

CERTIFICATE OF INTERIM CITY CLERK

THE STATE OF TEXAS	§
	§
COUNTIES OF HAYS AND	§
CALDWELL	§
	§
CITY OF SAN MARCOS	§

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 8th day of January, 2007, the City Council (the *Council*) of the City of San Marcos, Texas (the *City*) convened in regular session in the regular meeting place of the City Council at the City Hall (the *Meeting*), the duly constituted members of the Council being as follows:

Susan Narvaiz	Mayor
Daniel Guerrero	Mayor Pro Tem
Gaylord Bose	Deputy Mayor Pro Tem
Betsy Robertson	Councilmember
Pam Couch	Councilmember
Chris Jones	Councilmember
John Thomaides	Councilmember

and all of such persons were present at the Meeting, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS AUTHORIZING AND APPROVING THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY TO ACT ON BEHALF OF THE CITY OF SAN MARCOS, THE CITY OF BUDA, THE CITY OF KYLE, AND THE CANYON REGIONAL WATER AUTHORITY; AND OTHER MATTERS IN CONNECTION THEREWITH

was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Councilmember Jones that the Resolution be finally passed and adopted. The motion was seconded by Councilmember Thomaides and carried by the following vote:

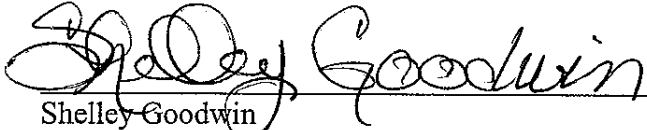
Seven (7) voted "For" None voted "Against" None abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting

and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 8th day of January, 2007.


Shelley Goodwin
Interim City Clerk

(CITY SEAL)

RESOLUTION NO. 2007- 2

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS AUTHORIZING AND APPROVING THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY TO ACT ON BEHALF OF THE CITY OF SAN MARCOS, THE CITY OF BUDA, THE CITY OF KYLE, AND THE CANYON REGIONAL WATER AUTHORITY; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of San Marcos, Texas, the City of Buda, Texas, the City of Kyle, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have the authority to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, the Participating Public Entities have determined that forming a public utility agency to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater (the "Project") will achieve economies of scale in providing essential water and wastewater services to the public, will promote the orderly economic development of the State of Texas (the "State"), and will provide environmentally sound protection of the State's future water needs; and

WHEREAS, the City of San Marcos, Texas (the "City") is a public entity as defined in Section 422.001(3) of the PUA Act, and the City Council of the City (the "Council") has previously directed the publication of the notice of intention once a week for two consecutive weeks, with the first publication at least 14 days before the date of the adoption of this resolution; and these notices were duly published; and the City has not received a petition under Texas Local Government Code Section 422.056, as amended, prior to the adoption of this Resolution; and

WHEREAS, this Resolution is adopted as a "concurrent ordinance" pursuant to Section 422.055 of the PUA Act; and

WHEREAS, the Council hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the City; **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS:

Section 1. Name and Boundaries of the Public Utility Agency. The Council hereby approves the creation of the Hays Caldwell Public Utility Agency (the "Agency"). The boundaries of the Agency include the territory within the boundaries of each of the Participating Public Entities as these boundaries exist on the date hereof and as these boundaries may change from time to time.

Section 2. Board of Directors; Bylaws.

(a) The Board of Directors (the "Board") of the Agency shall consist of 13 members, with each of the Participating Public Entities appointing at least one member of the Board. The members shall be appointed by the Participating Public Entities pursuant to the terms of the bylaws of the Agency, with the City of San Marcos, Texas appointing 5 members, Canyon Regional Water Authority appointing 4 members, the City of Kyle, Texas appointing 3 members, and the City of Buda, Texas appointing 1 member, subject to any future change in the bylaws as approved by each of the Participating Public Entities. The appointment of the initial directors shall be reflected in the minutes of the Participating Public Entity's resolution authorizing the creation of the Agency.

(b) The initial term of the directors appointed by the Council shall be 2 directors from October 1, 2006 through September 30, 2007 and 3 directors from October 1, 2006 through September 30, 2008. Subsequent terms of the directors shall be for at least two years. The bylaws of the Agency may provide for staggered terms of office for the directors.

(c) Each of the Participating Public Entities shall appoint its director(s) to the Board by adoption of a resolution by its governing body or as reflected in the minutes of the meeting on the date thereof. A Participating Public Entity may remove and replace a director appointed by that Participating Public Entity at any time, with or without cause, by a resolution of its governing body.

(d) The number of directors of the Board, or the manner of appointment may be changed with the approval of all of the Participating Public Entities, evidenced by a resolution adopted by the governing body of each Participating Public Entity.

(e) The Agency Board shall formulate and approve bylaws governing the conduct of Board business and of the Agency's functions in accordance with the PUA Act, and these bylaws must be approved by the governing body of each of the Participating Public Entities. The Agency Board may amend the bylaws, and the amendments will take effect upon approval by the governing body of each of the Participating Public Entities.

Section 3. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. Severability. If any word, phrase, clause, sentence, or paragraph of this Resolution is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this Resolution will continue in force if they can be given effect without the invalid portion.

Section 6. Incorporation of Recitals. All of the matters contained in the recitals of this Resolution are found and determined to be true, and the recitals are made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 7. Public Meeting. The Council finds and determines that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given as required by Texas Government Code Chapter 551, as amended.

Section 8. Further Proceedings. The officers and employees of the City are authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the City whose signature appears on any certificate ceases to be such officer before the delivery of the certificate, the signature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery.


Section 9. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on January 8, 2007.



Susan Narvaiz
Mayor

Attest:



Shelley Goodwin
Interim City Clerk

AFFIDAVIT OF PUBLICATION

THE STATE OF TEXAS

§

COUNTIES OF HAYS AND
CADLWELL

§

§

§

§


§

CITY OF SAN MARCOS

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Cathy Fagan, who, after being by me duly sworn, upon oath says that he/she is the publisher/editor of the San Marcos Daily Record a newspaper of general circulation in the City of San Marcos, Texas, which newspaper satisfies each of the requirements of Subchapter C, Chapter 2051, as amended, Texas Government Code, so as to constitute an official publication in which legal notices may be published as set forth in Subchapter C, Chapter 2051, as amended, Texas Government Code, and that there was published in said newspaper a true and correct copy of the attached NOTICE OF INTENTION TO APPROVE THE CREATION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY on the following dates:

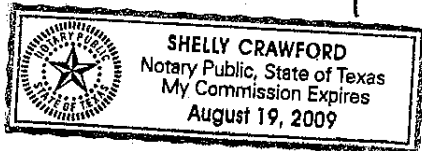
Nov. 30, 2006


Dec. 7, 2006



Publisher/Editor

SUBSCRIBED AND SWORN TO before me, the undersigned authority, on the 18 day of May, 2007, to verify which witness my hand and seal of office.





Notary Public in and for the
State of Texas

(NOTARY SEAL)

My Commission Expires: August 19, 2009

Classifieds

Thursday, November 30, 2006 • Page 5B
 512.392.2458 www.sanmarcosrecord.com

Truck

V6, No A/C, Runs good, old Amaco Plant Truck.

\$2,000 OBO
757-2502

1996 Suburban

120 K, basically loaded, dark green, tan interior, very well maintained. Contact Shelly at 512-757-0328 or 512-396-6084

\$5950. See photos on Autotrader.com.

040 Public Notices 040 Public Notices

PUBLIC NOTICE

IS HEREBY GIVEN that the City Council of the City of San Marcos, Texas will meet at City Hall in San Marcos, Texas, at 7:00 P.M., San Marcos, Texas time on January 8, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities, City of Buda, Texas, City of Kyle, Texas and Canyon Regional Water Authority, will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting is accessible to persons with disabilities.

Shelley Goodwin, Interim City Clerk

housing program, is receiving applications from elderly and handicapped persons.

All applications are being received at 503 Springtown Way, San Marcos, Texas, Mondays through Fridays from 8:00 A.M. until 5:00 P.M.

Eva Sanchez
 Program Manager
(512) 396-3363



FOR ASSISTANCE. THE PET PREVENT A LITTER (PALS) ARE ANIMAL LOVERS WHO ARE TRYING TO STOP PET OVERPOPULATION. THERE ARE NOT ENOUGH HOMES FOR THEM ALL AND MANY HEALTHY PETS ARE DESTROYED. LOW COST VETERINARY CLINIC CALL FOR APPOINTMENT 512-587-7729 ASSISTANCE AVAILABLE, CALL 512-754-PALS TO APPLY FOR FREE VOUCHER. DONATIONS AND NEW MEMBERS ARE ENCOURAGED. www.preventalitter.com HELP US TO HELP THE ANIMALS!



SECURITY FINANCE
 now accepting applications for **Asst. Manager Position.** Customer Service / Collection exp. preferred. Excellent Pay/Benefits Package. Apply in person. **175 S. LBJ Drive** San Marcos. No phone calls.

INSIDE SALES

If Friends and Family Have Been Telling You that You Should be in Sales ... We Want to Talk to You!
 Contact **Tim Willhoite**
512-312-0800

Things Really Move In the Classifieds!



Placing a classified line ad? Call 392-2458 and ask to speak to Shelly or Angelica.
 Placing a classified ad with a border? Call 392-2458 and ask to speak to Julie.

060 Lost & Found

FOUND OR lost a pet? Place an ad in the classifieds! Please contact the shelter to file a report. Animal Shelter 750 River Rd. 512-393-8340



Recycle!

open, black, available details 27 or 1

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 92-2458

010 Automobiles

010 Automobiles

010 Automobiles

el Deals!

, RV or Motorcycle

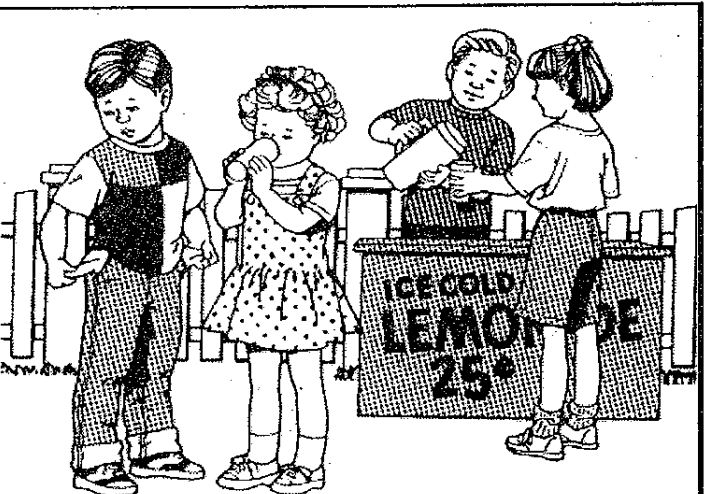
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L IT SELLS

arcos Daily Record

cludes photo

ily \$40



It's the sale of the season! For a sale with extra impact, work with a neighbor

SLIPPI Y

Classifieds

Thursday, December 7, 2006 • Page 5B
 512.392.2458 www.sanmarcosrecord.com

020 Trucks

2005 F-250 DIESEL, Loaded, Lariat Package, 57k Miles **\$32,500 210 433-7001**

020 Trucks

1990 GMC Truck
 V6, No A/C, Runs good, old Amaco Plant Truck.
\$2,000 OBO 757-2502

060 Lost & Found

FOUND OR lost a pet? Place an ad in the classifieds! Please contact the shelter to file a report. Animal Shelter 750 River Rd. 512-393-8340

LOST GOLDEN Retriever in Willow Creek area. 512-757-1251

LOST: WHITE female Husky, in N. Ranch Estates-New Braunfels. Belongs to 5 yr. old. Please help bring her home before Christmas. Call 830-609-1158

080 Help Wanted

!!MIXER DRIVERS hired w/1 year experience get sign-on bonus!! Lauren Concrete is offering...

1997 FORD EXPEDITION
 All power, great
 San Marcos Daily Record
392-2458

050 Free

FREE PETS ARE USUALLY THE RESULTS OF UNWANTED PET BREEDING. FIX OUR PETS! CONTACT US FOR ASSISTANCE. THE PET PREVENT A



040 Public Notices

040 Public Notices

PUBLIC NOTICE

IS HEREBY GIVEN that the City Council of the City of San Marcos, Texas will meet at City Hall in San Marcos, Texas, at 7:00 P.M., San Marcos, Texas time on January 8, 2007, and during that meeting, the City Council will consider adopting a resolution and take other actions as may be deemed necessary to authorize and approve the creation of Hays Caldwell Public Utility Agency under Texas Local Government Code Chapter 422, as amended. The other participating entities, City of Buda, Texas, City of Kyle, Texas and Canyon Regional Water Authority, will also consider adopting resolutions approving the creation of the Hays Caldwell Public Utility Agency. The Hays Caldwell Public Utility Agency will be created on the date that the concurrent resolutions of the Participating Public Entities take effect. This notice is given under the provisions of Texas Local Government Code Chapter 422, as amended, and specifically Texas Local Government Code Section 422.054. The meeting is accessible to persons with disabilities.

Shelley Goodwin, Interim City Clerk

Been Telling You that You Should be in Sales ... We Want to Talk to You!
 Contact **Tim Willhoite 512-312-0800**

ASSISTANT MANAGERS \$12.52/hr to start. Immed. openings. Apply in person at 1226 Hwy 123, SM 512-392-9009

ASST. MANAGER w/rent roll 2000 exp. req'd. Lead Maintenance HVAC req'd & Make Ready/Porter person for San Marcos Property. Fax Resume 512-396-8996.

BARTENDER NEEDED for part time shifts in New Braunfels area. Must have TABC certification. 512-567-1384

Classified Ad Listing

Categories

- 010-Automobiles
- 020-Trucks
- 030-Legals
- 040-Public Notices
- 050-Free
- 060-Lost & Found
- 070-Personals
- 079-Insurance
- 080-Help wanted
- 081-Clerical
- 082-Medical-Dental
- 083-Professional
- 084-Sales
- 085-Skills and Trades
- 124-Child Care
- 125-Miscellaneous For Sale
- 126-Furniture/Antiques
- 127-Miscellaneous Wanted
- 128-Unique stores
- 129-Rental Property Wanted
- 130-Rental Roommates
- 131-Manufactured Homes
- 132-Mobile Homes For Rent
- 133-Apartments For Rent
- 134-Duplexes For Rent

1-5 wk Semester break work program Flex hrs. conditions apply. Sales/Service All ages! Call now 512-392-7377

AUTOMOTIVE PAINTER Needed-Busy Automotive & Truck Body Shop in Buda-Must Have Own Tools-Experience Required-Call 512-554-5433

AVON Help needed. Make extra money. Independen. Sales, earn up to-50% 392-2791

BENNIGAN'S NOW hiring Cooks. Apply in person @ Bennigan's Tanger Outlet Mall 512-392-5511

Dependable Route Drivers needed. Top pay. Call 210-289-7575 or 512-801-8775

Desk Agent. Must work weekends Apply in person. No phone calls. 1611 IH 35 N. San Marcos

IMMEDIATE OPENING for Lead maintenance at Treehouse Apartments HVAC Certification required. Pay starts from \$12 to \$15 per hour DOE. You can fax your resume to 353-7621 or apply in person at 800 N. LBJ Dr. Questions? Call 353-7620, ask for Victoria

JOURNEYMAN PLUMBER needed for local commercial construction. Good pay, insurance, 401K, paid holiday/vacation Call 979-743-5424 or send resume to: leons@cmaaccess.com

The Kyle Correctional Center is looking for Correctional Officers you must be 18 years of age. For the Maintenance Technician you must have 5 years experience in general maintenance or construction. Additional requirements for both positions are: you have to have a high school diploma or GED. You must be able to pass a back ground check and a drug test. You may apply in person at 23001 IH 35, Kyle, Texas 78640 or mail or fax your resume to 512-268-3443.

MOVIE EXTRAS make up to \$250/day 866-908-7287

080 Help Wanted **080** Help Wanted **080** Help Wanted



CERTIFICATE OF INTERIM CITY CLERK

THE STATE OF TEXAS	§
	§
COUNTIES OF HAYS AND	§
CALDWELL	§
	§
CITY OF SAN MARCOS	§

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 6th day of March, 2007, the City Council (the *Council*) of the City of San Marcos, Texas (the *City*) convened in regular session in the regular meeting place of the City Council at the City Hall (the *Meeting*), the duly constituted members of the Council being as follows:

Susan Narvaiz	Mayor
Daniel Guerrero	Mayor Pro Tem
Gaylord Bose	Deputy Mayor Pro Tem
Betsy Robertson	Councilmember
Pam Couch	Councilmember
Chris Jones	Councilmember
John Thomaides	Councilmember

and all of such persons were present at the Meeting, except the following: Daniel Guerrero, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS APPROVING THE BYLAWS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY

was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Councilmember Jones that the Resolution be finally passed and adopted. The motion was seconded by Councilmember Couch and carried by the following vote:

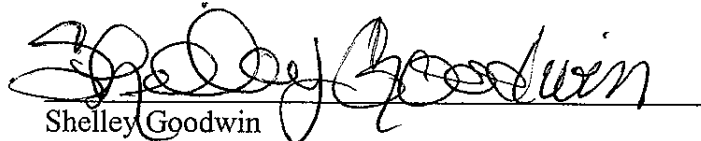
Six (6) voted "For" None voted "Against" None abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in

advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 6th day of March, 2006.


Shelley Goodwin
Interim City Clerk

(CITY SEAL)

RESOLUTION 2007-41R

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SAN MARCOS, TEXAS APPROVING THE BYLAWS OF THE
HAYS CALDWELL PUBLIC UTILITY AGENCY**

WHEREAS, Texas Local Government Code Chapter 422, as amended (the "PUA Act"), authorizes public entities to create a public utility agency to plan, finance, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater, including a plant site, right-of-way, and property, equipment, or right of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and the collection, transportation, treatment, or disposal of wastewater; and

WHEREAS, under Section 422.054 of the PUA Act, each of the public entities electing to participate in the creation of a public utility agency must publish a notice of its intention to create the public utility agency prior to the adoption of a resolution approving the creation of the public utility agency; and

WHEREAS, the City of San Marcos, Texas, the City of Buda, Texas, the City of Kyle, Texas, and the Canyon Regional Water Authority (collectively, the "Participating Public Entities") each have previously directed the publication of the notice of intention once a week for two consecutive weeks, with the first publication at least 14 days before the date of the adoption of the creation resolution; and these notices were duly published; and the City of San Marcos, Texas has not received a petition under Texas Local Government Code Section 422.056, as amended, prior to the adoption of the creation resolution authorizing the creation of the Hays Caldwell Public Utility Agency (the "Agency"); and

WHEREAS, each of the Participating Public Entities have adopted a creation resolution as a "concurrent ordinance" pursuant to Section 422.055 of the PUA Act; and

WHEREAS, the Participating Public Entities must approve the Bylaws of the Agency; and

WHEREAS, the City Council (the "Council") of the City of San Marcos, Texas hereby finds and determines the adoption of this resolution is in the best interests of the citizens of the City; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN MARCOS, TEXAS:

Section 1. Approval of the Bylaws. The Council hereby approves the Bylaws of the Hays Caldwell Public Utility Agency (the "Agency") attached hereto as Exhibit A.

Section 2. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are

hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 3. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 4. Severability. If any word, phrase, clause, sentence, or paragraph of this Resolution is held to be unconstitutional or invalid by a court of competent jurisdiction, the other provisions of this Resolution will continue in force if they can be given effect without the invalid portion.


Section 5. Incorporation of Recitals. All of the matters contained in the recitals of this Resolution are found and determined to be true, and the recitals are made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 6. Public Meeting. The Council finds and determines that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given as required by Texas Government Code Chapter 551, as amended.


Section 7. Further Proceedings. The officers and employees of the City are authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution. In case any officer of the City whose signature appears on any certificate ceases to be such officer before the delivery of the certificate, the signature shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery.

Section 7. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED on March 6, 2007.


Susan Narvaiz
Mayor

Attest:


Shelley Goodwin
Interim City Clerk

BYLAWS
OF THE
HAYS CALDWELL PUBLIC UTILITY AGENCY

A Texas Public Utility Agency

(Created as a duly constituted agency and political subdivision of the State of Texas by concurrent ordinances approved by the authority acting on behalf of the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas and the Canyon Regional Water Authority)

Date of Adoption: January 30, 2007

BYLAWS
OF
HAYS CALDWELL PUBLIC UTILITY AGENCY

ARTICLE I
OFFICES

Section 1.1 *Principal Office.* The principal office of the Hays Caldwell Public Utility Agency (the "Agency") in the State of Texas (the "State") shall be located at Kyle City Hall, Kyle, Texas 78640. The Agency may have such other offices, either in Texas or elsewhere, as the Board of Directors may determine. The Board of Directors may change the location of any office of the Agency.

Section 1.2 *Registered Office and Registered Agent.* The Agency shall comply with the requirements of Chapter 422, Texas Local Government Code, as amended (the "Act"), and shall maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Agency's principal office in Texas. The Board of Directors may change the registered office and the registered agent.

ARTICLE II
NO MEMBERS

Section 2.1 *No Members.* The Agency shall have no members.

ARTICLE III
PURPOSES

Section 3.1 The Agency is organized and will be operated exclusively for the purposes set forth in the Act. The Agency is organized for the purpose of aiding, assisting, and acting as a separate agency, political subdivision of the State of Texas and political entity and corporate body in accordance with the Act, as created by concurrent ordinances adopted by the cities of San Marcos (herein "San Marcos"), Kyle (herein "Kyle"), and Buda (herein "Buda"), and the Canyon Regional Water Authority (herein "CRWA") [individually a "Sponsor" and collectively the "Sponsors"] to (i) achieve economies of scale in providing essential water and sewage systems to the public, (ii) promote the orderly economic development of the State, and (iii) provide environmentally sound protection of the State's future water and wastewater needs.

Section 3.2 The Agency is a public utility agency pursuant to the Act and is authorized to exercise all powers privileges and rights conferred on a public utility agency by the Act, and all powers and rights incidental in carrying out the purposes for which the Agency is formed.

Section 3.3 The Agency shall have and exercise all of the rights, powers, privileges, and functions given by the general laws of Texas to a public utility agency created pursuant to the Act.

Section 3.4 The Agency shall have all other powers of a like or different nature not prohibited by law which are available to political subdivisions in Texas and which are necessary or useful to enable the Agency to perform the purposes for which it is created, including the power to

issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created, provided that the Agency shall not issue bonds or notes or incur debt for a particular project without the consent of those Sponsors who are entering into a contract with the Agency for the particular project.

Section 3.5 The Agency was created for the public purposes stated in the Act and will be operated not for profit. The Agency shall not permit any part of the net earnings of the Agency to inure to the benefit of any private individual, except that reasonable compensation may be paid for personal services rendered to or for the Agency affecting one or more of its purposes.

ARTICLE IV BOARD OF DIRECTORS

Section 4.1 *Appointment, Classes, Powers, Number, and Term of Office.*

A. All powers of the Agency shall be vested in the Board of Directors (the "Board"). The Board shall initially consist of thirteen (13) persons. The Agency's directors (the "Director" or "Directors") shall be appointed by position to the Board by the Sponsors in accordance with concurrent ordinances (together, the "Ordinance") creating the Agency adopted by each Sponsor in accordance with Section 422.055 of the Act. The Chair of the Board shall be selected by the Board from among the Directors. The City of San Marcos, Texas appoints five (5) Directors, Canyon Regional Water Authority appoints four (4) Directors, the City of Kyle, Texas appoints three (3) Directors, and the City of Buda, Texas appoints one (1) Director. The composition of the Board shall be based upon the amount of water acquired for each Sponsor pursuant to the terms of the water supply contracts and shall be revised as necessary.

B. Each initial Director shall serve for a term which expires on the date set forth in the Ordinance, or until his or her successor is appointed by a Sponsor, unless such Director has been appointed to fill an unexpired term in which case the term of the Director shall expire on the expiration date of the term of the Director whose position he or she was appointed to fill. The terms of Directors appointed by the Sponsors subsequent to the initial Directors shall expire on the date which is at least two (2) years after the date of the appointment of that Director. The appointment of Directors by each Sponsor may be evidenced by minute entry or by adoption of an ordinance or resolution. The terms of Directors shall expire on September 30. Any Director may be removed from office at any time, with or without cause, by the Sponsor who appointed that Director. The number of Directors or expiration date of the terms may be increased or decreased only by an amendment to these Bylaws and with the written consent of all of the Sponsors. The Sponsors which appoint more than one member to the Board shall appoint members with staggered terms that expire on September 30. Directors, unless removed from office by the Sponsor who appointed them, shall continue to perform the duties of their offices until their successors are appointed and duly qualified.

Section 4.2 *Meetings of Board.* The Board may hold its meetings and may have an office and keep the books of the Agency at such place or places as the Board may from time to time determine; provided, however, in the absence of any such determination, such place shall be the registered office of the Agency in the State of Texas. Meetings of the Board shall be subject to

applicable provisions of the State Open Meetings Act, Chapter 551, as amended, Texas Government Code (the "Open Meetings Act").

Section 4.3 Annual Meetings. The annual meeting of the Board shall be held at the time and at the location designated by the resolution of the Board for the purpose of transacting such business as may be brought before the Board at the meeting.

Section 4.4 Regular Meetings. Regular meetings of the Board shall be held at such times and places as shall be designated, from time to time, by resolution of the Board.

Section 4.5 Special and Emergency Meetings.

A. Special and emergency meetings of the Board shall be held whenever called by the Chair or the Secretary of the Board, or by a majority of the Directors, to the extent permitted by the Open Meetings Act.

B. The Secretary shall give notice of each special meeting to each Director and to any ex-officio directors in person or by facsimile, mail, or electronic mail.

C. The Secretary shall give notice of each emergency meeting to each Director and to any ex-officio directors in person or by facsimile, mail, or electronic mail. The notice on its face shall describe the emergency that gave rise to the need for the meeting.

D. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Agency may be considered and acted upon at a special or emergency meeting. At any meeting at which every Director shall be present, even though without any personal notice, any matter pertaining to the purposes of the Agency may be considered and acted upon.

Section 4.6 Quorum; Super Majority.

A. Seven Directors shall constitute a quorum of the Board. The Board may not conduct business unless a quorum of the Board is present in person. If at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time.

B. Except as hereinafter provided, the act of a majority of the Directors present and voting at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the act of a greater number is required by law, or by these Bylaws.

C. The concurrence of seven (7) or more Directors (by voting in favor of a matter at a Board meeting at which a quorum of the Board is in attendance) shall be required for any of the following actions:

- (1) The award of a construction contract in an amount greater than \$100,000.
- (2) Approving a contract for the supply of water by the Agency.
- (3) Hiring or firing a general manager of the Agency.

(4) As further provided in Article XIII hereof, a proposal to amend these Bylaws.

D. The concurrence of nine (9) or more Directors (by voting in favor of a matter at a Board meeting at which a quorum of the Board is in attendance) shall be required for any of the following actions:

- (1) Authorizing the issuance of bonds or the approval of a promissory note or other instrument creating debt.
- (2) Creation of an Executive Committee.

E. A Director who is present at a meeting of the Board at which any Agency action is taken shall be presumed to have assented to such action unless his or her dissent or abstention shall be entered in the minutes of the meeting, or unless the Director files his or her written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof. Such right to dissent or abstain shall not apply to a Director who voted in favor of the action.

Section 4.7 Conduct of Business.

A. At the meetings of the Board, matters pertaining to the purposes of the Agency shall be considered in such order as from time to time the Board may determine.

B. At all meetings of the Board, the Chairperson shall preside, and in the absence of the Chairperson, the Vice Chairperson shall preside. In the absence of the Chairperson and the Vice Chairperson, a chairperson shall be chosen by the Board for that meeting from among the Directors present.

C. The Secretary of the Agency shall act as secretary of all meetings of the Board, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of the meeting.

D. The Board shall appoint a General Manager and designate the duties and responsibilities of the General Manager or other designee pursuant to a resolution.

Section 4.8 Executive Committee, Other Committees. The Board may, by resolution passed by at least nine (9) of the Directors, designate three (3) or more Directors to constitute an executive committee or other type of committee. To the extent provided in the authorizing resolution, a committee may exercise the powers designated by the Board in the management of the Agency, except where action of the Board is required by statute or in these Bylaws. A committee shall act in the manner provided in the authorizing resolution. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the office of the Agency, and shall report the same to the Board from time to time. Committees authorized to exercise the powers of the Board shall give notice of any meeting in the manner required for a meeting of the Board under the Open Meetings Act and these Bylaws.

Section 4.9 Compensation of Directors. Directors, as such, shall not receive any salary or compensation for their services as Directors; provided, that Directors may be reimbursed for expenses which are reasonable and necessary in carrying out the Agency's purposes in accordance with written policies approved by the Board.

Section 4.10 Advisory Committee. The Board may establish an Advisory Committee composed of persons who are, in the judgment of the Board, qualified to advise with respect to the activities of the Agency. Members of the Advisory Committee shall serve for a term of one (1) year or such longer term as may be fixed by the Board, not to exceed four (4) years. Advisory Committee members shall be appointed by the Board, and may be removed by the Board at any time with or without cause. The number of members of the Advisory Committee shall be fixed from time to time by the Board. The officers and Directors of the Agency may consult with the Advisory Committee from time to time with respect to the activities of the Agency, but the Advisory Committee shall in no way restrict the powers of the Board nor limit its responsibilities or obligations. The Advisory Committee shall have no responsibility for the management of the affairs of the Agency. Advisory Committee members shall not receive any salary or compensation for their services as Advisory Committee members; provided, that nothing contained herein shall be construed to preclude any Advisory Committee members may be reimbursed for expenses which are reasonable and necessary in carrying out the Agency's purposes in accordance with written policies approved by the Board.

Section 4.11 Ex-officio Directors. Sponsors may appoint ex-officio non voting members to the Board. Ex-officio non voting directors shall be given notice of meetings in the same manner as a voting Director and may attend any meeting of the Board and participate in discussion of the matters before the Board for consideration but shall not have the right to vote on Board matters.

Section 4.12 Director's Reliance on Consultant Information. A Director shall not be liable if, while acting in good faith and with ordinary care, he or she relies on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Agency or another person that were prepared or presented by:

- (1) one or more other officers or employees of the Agency;
- (2) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or
- (3) a committee of the Board of which the Director is not a member.

ARTICLE V OFFICERS

Section 5.1 Titles and Term of Office.

A. The officers of the Agency shall be a chairperson of the Board, one or more vice chairpersons of the Board, a secretary, a treasurer, and such other officers as the Board may from time to time elect or appoint. One person may not hold more than one office, except that a person may serve as both secretary and treasurer. The term of office for each officer (other than the Chairperson) shall commence on the date of such officer's election and terminate on the earlier of:

two (2) years; the date that the officer is replaced by the Board; or, if the officer is a member of the Board, the date that the officer is no longer a member of the Board.

B. All officers shall be subject to removal, with or without cause, at any time by a vote of a majority of the whole Board then appointed and serving.

C. A vacancy in the office of any officer shall be filled by the Board.

Section 5.2 Powers and Duties of the Chairperson. The Chairperson shall be a member of the Board and shall preside at all meetings of the Board. He or she shall have such duties as are assigned by the Board. The Chairperson may call special or emergency meetings of the Board.

Section 5.3 Powers and Duties of the Vice Chairperson. The Vice Chairperson shall be a member of the Board. The Vice Chairperson shall perform the duties and exercise the powers of the Chairperson upon the Chairperson's death, absence, disability, or resignation, or upon the Chairperson's inability to perform the duties of his or her office. Any action taken by the Vice Chairperson in the performance of the duties of the Chairperson shall be conclusive evidence of the absence or inability to act of the Chairperson at the time such action was taken.

Section 5.4 Treasurer. The Treasurer shall have custody of all the funds and securities of the Agency which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Agency, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Agency in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; he or she may sign all receipts and vouchers for payments made to the Agency, either alone or jointly with such other officer as is designated by the Board; whenever required by the Board, he or she shall render a statement of his or her case account; he or she shall enter or cause to be entered regularly in the books of the Agency to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Agency; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board; and he or she shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require.

Section 5.5 Secretary. The Secretary shall keep the minutes of all meetings of the Board in books provided for that purpose; he or she shall attend to the giving and serving of all notices; in furtherance of the purposes of the Agency, he or she may sign with the Chairperson in the name of the Agency and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Agency; he or she shall have charge of the Agency's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Agency during business hours; and, he or she shall in general perform all duties incident to the office of Secretary subject to the control of the Board.

Section 5.6 Compensation; Reimbursement for Expenses. Board members, even in their capacity as officers, are not entitled to compensation. Board members shall be entitled to

reimbursement for expenses which are reasonable and necessary in carrying out the Agency's purposes. The Board shall adopt a resolution describing expenses that are subject to reimbursement and the process for obtaining reimbursement.

Section 5.7 Officer's Reliance on Consultant Information. In the discharge of a duty imposed or power conferred on an officer of the Agency, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Agency or another person that were prepared or presented by:

- (1) one or more other officers or employees of the Agency, including members of the Board; or
- (2) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

ARTICLE VI TRANSACTIONS OF THE AGENCY

Section 6.1 Contracts. The Board of Directors may authorize any officer or agent of the Agency to enter into a contract or execute and deliver any instrument in the name of and on behalf of the Agency. This authority may be limited to a specific contract or instrument or it may extend to any number and type of possible contracts and instruments.

Section 6.2 Deposits. All funds of the Agency shall be deposited to the credit of the Agency in banks, trust companies, or other depositories that the Board of Directors selects.

Section 6.3 Gifts. The Board of Directors may accept on behalf of the Agency any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Agency. The Board of Directors may make gifts and give charitable contributions that are not prohibited by these Bylaws, state law, or any requirements for maintaining the Agency's federal and state tax status.

Section 6.4 Potential Conflicts of Interest. The Agency shall not make any loan to a Director or officer of the Agency. A Director, officer, or committee member of the Agency may lend money to and otherwise transact business with the Agency except as otherwise provided by these Bylaws and all applicable laws. Such a person transacting business with the Agency has the same rights and obligations relating to those matters as other persons transacting business with the Agency. The Agency shall not borrow money from or otherwise transact business with a Director, officer, or committee member of the Agency unless the transaction is described fully in a legally binding instrument and is in the best interests of the Agency. The Agency shall not borrow money from or otherwise transact business with a Director, officer, or committee member of the Agency without full disclosure of all relevant facts and without the approval of the Board of Directors, not including the vote of any person having a personal interest in the transaction.

Section 6.5 Prohibited Acts. As long as the Agency is in existence, and except with the prior approval of the Board of Directors, no Director, officer, or committee member of the Agency shall:

- (1) do any act in violation of these Bylaws or a binding obligation of the Agency;
- (2) do any act with the intention of harming the Agency or any of its operations;
- (3) do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the Agency;
- (4) receive an improper personal benefit from the operation of the Agency;
- (5) use the assets of the Agency, directly or indirectly, for any purpose other than carrying on the business of the Agency;
- (6) wrongfully transfer or dispose of Agency property, including intangible property such as good will;
- (7) use the name of the Agency (or any substantially similar name) or any trademark or trade name adopted by the Agency, except on behalf of the Agency in the ordinary course of the Agency's business; or
- (8) except as required by law, disclose any of the Agency business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

Section 6.6 Issuance of Bonds. The issuance of bonds or other obligations by the Agency under the Act must be approved by the a super-majority of the Board in accordance with Section 4.6D.2.

ARTICLE VII BOOKS AND RECORDS

Section 7.1 Required Books and Records. The Agency shall keep correct and complete books and records of account. The Agency's books and records shall include the following:

- (1) a copy of these Bylaws, and any amended versions or amendments to these Bylaws;
- (2) minutes of the proceedings of the Board of Directors and committees having any of the authority of the Board of Directors;
- (3) a list of the names and addresses of the Directors, officers, and any committee members of the Agency; and
- (4) all rulings, letters, and other documents relating to the Agency's federal, state, and local tax status.

Section 7.2 Inspection and Copying. The Agency's books and records shall be subject to applicable provisions of the State Public Information Act, Chapter 552, as amended, Texas Government Code (the "Public Information Act"). The Board of Directors may establish policies and reasonable fees for providing access to and copying of the Agency's books and records in accordance with the Public Information Act.

ARTICLE VIII DISSOLUTION

In the event of dissolution of the Agency, any interest in any funds or property of any kind, real, personal or mixed, held by the Agency, shall not be transferred to private ownership, but upon such dissolution, the Board shall, after paying or making provision for payment of the Agency's pecuniary obligations and liabilities, distribute ownership of the Agency's remaining assets to each Sponsor proportionally in accordance with the percentage of the water of the Agency that each Sponsor has contracted to take in the fiscal year immediately preceding the date of dissolution.

ARTICLE IX NOTICES

Section 9.1 Delivery of Notice. Subject to Section 4.12, any notice required or permitted by these Bylaws to be given to a Director, officer, or member of a committee of the Agency may be given in person or by facsimile, mail, or electronic mail. If mailed, a notice shall be deemed to be delivered when deposited in the United States mail addressed to the person at his or her address as it appears on the records of the Agency, with postage prepaid. If transmitted by facsimile or electronic mail, notice is deemed to be delivered on successful transmission of the facsimile or electronic mail. A person may change his or her contact information by giving written notice to the secretary of the Agency.

Section 9.2 Signed Waiver of Notice. Whenever any notice is required to be given under the provisions of these Bylaws, a waiver in writing signed by a person entitled to receive a notice shall be deemed equivalent to the giving of the notice. A waiver of notice shall be effective whether signed before or after the time stated in the notice being waived.

Section 9.3 Waiver of Notice by Attendance. The attendance of a person at a meeting shall constitute a waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE X MISCELLANEOUS PROVISIONS

Section 10.1 Fiscal Year. The fiscal year of the Agency shall begin October 1 of each year.

Section 10.2 Seal. The seal of the Agency shall be such as from time to time may be approved by the Board.

Section 10.3 Resignations. Any Director, officer or Advisory Director may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein,

or, if no time be specified, at the time of its receipt by the Chairperson or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 10.4 Gender. References herein to the masculine gender shall also refer to the feminine in all appropriate cases and vice versa.

Section 10.5 Appropriations and Grants. The Agency shall have the power to request and accept any appropriation, grant, contribution, donation, or other form of aid from the federal government, the State, any political subdivision, or municipality in the State, or from any other source.

Section 10.6 Legal Authorities Governing Construction of Bylaws. These Bylaws shall be construed in accordance with the laws of the State of Texas, including the Act, the Open Meetings Act, and the Public Information Act. All references in these Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

Section 10.7 Legal Construction. If any Bylaw provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision, and these Bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the Bylaws.

Section 10.8 Headings. The headings used in these Bylaws are used for convenience and shall not be considered in construing the terms of these Bylaws.

Section 10.9 Power of Attorney. A person may execute any instrument related to the Agency by means of a power of attorney if an original executed copy of the power of attorney is provided to the secretary of the Agency to be kept with the Agency records.

Section 10.10 Parties Bound. These Bylaws shall be binding upon and inure to the benefit of the Directors, officers, committee members, employees, and agents of the Agency and their respective heirs, executors, administrators, legal representatives, successors, and assigns, except as otherwise provided in these Bylaws.

Section 10.11 Approval or Advice and Consent of the Governing Body. To the extent that these Bylaws refer to approval by the Sponsors or refer to advice and consent by the Sponsors, such approval or advice and consent shall be evidenced by a certified copy of a resolution, order, motion, or other official action duly adopted by each of the Sponsors.

Section 10.12 Organization Control. The Sponsors may, at their sole discretion, at any time, alter the nature, organization, programs or activities of the Agency (including the power to terminate the Agency), subject to any limitation on the impairment of contracts entered into by the Agency.

ARTICLE XI
INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

Section 11.1 Right to Indemnification.

A. *Definitions.* In this Article:

- (1) *Covered person* includes current and former Directors, ex-officio directors, committee members, and employees of the Agency, and the estate of a current or former Director, ex-officio director, committee member or employee of the Agency.
- (2) *Loss* means a sum of money which a covered person is legally obligated to pay.
- (3) *Proceeding* means any threatened, pending or completed claim, action, suit or civil, criminal, administrative, arbitative or investigative proceeding.

B. *Coverage generally.* To the fullest extent permitted by law, the Agency shall indemnify and defend a covered person in accordance with this section from and against a loss arising in connection with a proceeding relating to an act or omission of the covered person during the course and scope of the covered person's office or employment for the Agency.

C. *Additional coverage.* In addition to the coverage described in subsection B of this section, the Agency will pay the following:

- (1) The Agency's expenses in investigating and defending the proceeding;
- (2) Court costs assessed against a covered person;
- (3) Reasonable expenses of the covered person incurred at the Agency's request or with the Agency's approval; and
- (4) Attorney's fees ordered by a court to be paid by the covered person.

D. *Criteria for coverage.* To be entitled to coverage under this section, a covered person must:

- (1) Notify the Agency's General Manager or legal counsel in writing as soon as practicable, but not later than three working days, after receipt of written notice of a proceeding;
- (2) Cooperate with the Agency in the conduct of the proceeding, negotiation of settlements, and enforcement of any rights of the Agency or the covered person against any claimant;
- (3) Attend depositions, hearings and trials, and assist in securing evidence and obtaining the attendance of witnesses;

- (4) Not, except with the consent of the Agency's General Manager or legal counsel, enter into any agreement or stipulation concerning a proceeding;
- (5) Not, except with the consent of the Agency's General Manager or legal counsel, or upon request of a public officer at the scene of an accident, give any oral or written statement concerning the accident; and
- (6) Not, except at the covered person's own cost, voluntarily make any payment, assume any obligation or incur any expense in connection with a proceeding without the consent of the Agency's General Manager or legal counsel.

E. *Exemptions.* Coverage under this section will not apply to a claim or suit brought against a covered person:

- (1) By the Agency;
- (2) Arising from the intentional or knowing violation of a penal statute or law committed by or with the knowledge and consent of the covered person, or arising from a fraudulent act committed by or at the direction of the covered person;
- (3) If the covered person joins or attempts to join a proceeding against the Agency or an officer or employee of the Agency with a proceeding against the covered person; or
- (4) If the covered person fails to comply with subsection (e) of this section.

F. *Investigation, negotiation, settlement.* The Agency may investigate, retain counsel, negotiate and settle any proceeding as it determines to be reasonable and prudent.

G. *Subrogation of rights.* A covered person, in accepting coverage under this section, agrees to allow the Agency to be subrogated to any rights of the covered person to the extent of the Agency's obligations and payments under this section.

H. *Conflict of interest.* If the Agency's General Manager or legal counsel determines there is a conflict between the interests of the Agency and those of a covered person involved in a proceeding, the Agency may designate and pay the reasonable fees of a separate attorney to represent the covered person.

Disciplinary action. Nothing in this section will affect the Agency's right to take disciplinary action against a covered person for conduct otherwise indemnified or defended by the Agency under this section.

Section 11.2 Non-exclusivity of Rights. The right to indemnification conferred in this Article XI shall not be exclusive of any other right which a covered person may have or hereafter acquire under any law (common or statutory), these Bylaws, written agreement with the Agency, vote of disinterested Directors or otherwise.

Section 11.3 Insurance. The Agency may purchase and maintain insurance, at its expense, to protect itself and any covered person against any expense, liability or loss, whether or not the Agency would have the power to indemnify such person against such expense, liability or loss under this Article XI.

Section 11.4 Notification. Any indemnification of a covered person in accordance with this Article XI shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the 12-month period immediately following the date of the indemnification.

Section 11.5 Savings Clause. If this Article XI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Agency shall nevertheless indemnify and hold harmless each covered person with respect to a proceeding to the extent permitted by any applicable portion of this Article XI that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE XII CODE OF ETHICS

Section 12.1 Policy and Purposes.

A. It is the policy of the Agency that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Agency; and that the Board establish policies to control and manage the affairs of the Agency fairly, impartially, and without discrimination.

B. This Code of Ethics has been adopted as part of the Agency's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors and corporate officers; and (b) to establish guidelines for such ethical standards of conduct.

Section 12.2 Unlawful Acts. A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another:

- (1) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer;
- (2) any benefit as consideration for the Director's or officer's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or
- (3) any benefit as consideration for a violation of a duty imposed by law on the Director or officer.

Section 12.3 Nepotism. No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of any person related within the second degree by affinity (marriage relationship) or within the third degree of consanguinity (blood

relationship) to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship, employment or duty at least thirty (30) days prior to the appointment of the Director or officer so appointing or voting.

ARTICLE XIII AMENDMENTS

A proposal to alter, amend, or repeal these Bylaws shall be made by the affirmative vote of a majority of the full Board then appointed and serving at any annual or regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of the special meeting. However, any proposed change or amendment to the Bylaws must be approved by the governing bodies of all of the Sponsors in order to be effective.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the Board of Directors of the Hays Caldwell Public Utility Agency and that the foregoing Bylaws constitute the Bylaws of the Agency. These Bylaws were approved by the Sponsors by Resolutions dated _____, 2007, and were duly adopted at a meeting of the Board of Directors held on January __, 2007.

DATED: January __, 2007.

HAYS CALDWELL PUBLIC UTILITY AGENCY

Secretary, Board of Directors

General Information

County: Hays

County: Caldwell

County: Guadalupe

County: Comal

County: Bexar

Name of Entity: Hays Caldwell Public Utility Agency

System Contact Physical Address

Address 1: 630 E. Hopkins

Address 2:

City: San Marcos

State: TX

Zip: 78666-6314

Phone: (512) 294-3214

Fax: (512) 294-3214

Website: www.hcpua.org

System Contact Mailing Address

Address 1: 630 E. Hopkins

Address 2:

City: San Marcos

State: TX

Zip: 78666-6314

Description

Brief description of the project: This is a multi-phased project to develop and deliver 15,000 acre-feet per year of Carrizo groundwater from eastern Caldwell County to the HCPUA's Sponsors - the cities of Buda, Kyle and San Marcos and the Canyon Regional Water Authority.

Officers/Members

Applicant's Officers and Members

David Wilson

Chair of the Board

Jane Hughson
Vice-Chair of the Board

Kenneth Williams
Treasurer

Chris Betz
Secretary

Scott Gregson

Jon Clack

Tom Taggart

Steve Parker

Shane Arabie

James Earp

Mike Taylor

Pat Allen

Humberto Ramos

Primary Contact

Name: Graham Moore
Title: Executive Director
Address 1: 630 E. Hopkins
Address 2:
City: San Marcos
State: TX
Zip: 78666-6314
Phone: (512) 294-3214
Fax: (512) 294-3214
Email: gmoore@hcpua.org

Applicant's Contributors

Contributor Type	Firm Name	Contact Name	Address	Phone	Fax	Email
Applicant Engineer	Cobb, Fendley & Associates	Lance Parisher	505 E. Huntland Drive, Suite 101 Austin TX	512-834-9798	512-834-7727	LParisher@cobbfe ndley.com
Bond Counsel	McCall, Parkhurst & Horton, LLP	Carol Polumbo	600 Congress Ave, Suite 1800 Austin TX	512-478-3805	512-472-0871	cpolumbo@mphle gal.com
Financial Advisor	Specialized Public Finance, Inc.	Dan Wegmiller	248 Addie Roy Road, Suite B-103 Austin TX	512-275-7302	512-275-3705	dan@spubfin.com
Certified Public Accountant (or other appropriate rep)	Atchley & Associates, LLP	Dan Shaner	6850 Austin Center Blvd, Suite 180 Austin TX	512-346-2086	512-338-9883	dshaner@atchleyc pas.com
Legal Counsel	Mark B. Taylor	Mark B. Taylor	130 East Sierra Circle San Marcos TX	512-754-0485		markbtaylor@gran decom.net
Any other Contributor representing the Applicant before the board						

Contributor Contracts (documents follow this page)

627457

Bond Counsel

627456

SWIFT Application

627460

Legal Counsel

627458

Financial Advisor

627459

Financial Auditors

LAW OFFICES

MCCALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD
SUITE 900
DALLAS, TEXAS 75201-6587
TELEPHONE: 214 754-9200
FACSIMILE: 214 754-9250

600 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3805
FACSIMILE: 512 472-0871

700 N. ST. MARY'S STREET
SUITE 1525
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

November 10, 2010

Mark B. Taylor
Attorney-at-Law
130 East Sierra Circle
San Marcos, Texas 78666

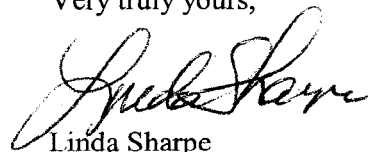
RE: Agreement for Bond Counsel Services

Dear Mr. Taylor,

I have enclosed an executed engagement letter for your files.

Please do not hesitate to call with any questions.

Very truly yours,



Linda Sharpe
Legal Assistant

\ss

Enclosure

LAW OFFICES
M^cCALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD
SUITE 900
DALLAS, TEXAS 75201-6587
TELEPHONE: 214 754-9200
FACSIMILE: 214 754-9250

600 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3805
FACSIMILE: 512 472-0871

700 N. ST. MARY'S STREET
SUITE 1525
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

September 20, 2010

Dear Ladies and Gentlemen:

This engagement letter will outline our proposed services as Bond Counsel to the Hays Caldwell Public Utility Agency (the "Agency") in connection with the creation of the Agency, the issuance of any bonds, notes or other obligations by the Agency and our understanding of the compensation therefor (the "Matter").

SERVICES

We will perform all usual and necessary legal services as Bond Counsel. Specifically, we will prepare and direct legal proceedings and perform other necessary legal services with reference to the formation of the Agency, preparation and review of financing contracts, and authorization, sale, and delivery of the Agency's bonds, notes or other obligations referenced above (for convenience hereafter collectively referred to as "bonds"), including the following:

1. consultation with the Agency's Board (the "Board"), and the participating public entities, as appropriate, and any advisors in creation of the Agency and planning for the bond issue, including consultations concerning federal tax considerations;
2. preparation of any orders, resolutions or other documents necessary to create the Agency;
3. preparation of all contracts, resolutions, trust indentures, and other instruments pursuant to which bonds will be authorized, secured, sold and delivered in consultation with the Agency's General Counsel, financial advisors, the underwriters and their counsel and any officials and consultants thereof;
4. attendance at meetings of the Board, as appropriate, and with other representatives of the Agency to the extent required or requested with reference to the creation of the Agency and authorization and issuance of the bonds;

5. preparation of all documents necessary to seek the approval of the Texas Attorney General for the issuance of the bonds, and the submission of such documents to the Texas Attorney General for approval and to the Comptroller of Public Accounts for registration of the bonds as required by law;
6. supervision of the printing and execution of the bonds and the delivery thereof to the initial purchaser of the bonds;
7. rendering our nationally accepted opinions covering the validity of the bonds under Texas law and tax status of the interest thereon under federal income tax laws or taxable nature of such interest under federal income tax laws, as appropriate; and
8. preparation of a transcript of all proceedings in connection with the issuance of the bonds.

The foregoing legal services as Bond Counsel do not include any direct responsibility for litigation of any kind. However, if during the issuance of the bonds any litigation should develop regarding the issuance of the bonds or the provisions made for their payment or security, we will consult, advise and cooperate with the Agency's General Counsel concerning any such litigation. Our fees for such services would be based upon an hourly rate of \$325 an hour.

In addition, our services as Bond Counsel do not include any direct responsibility for the "disclosure obligations" owed to the investing public under the federal securities laws and the various state securities laws. We will not be responsible for the preparation of any Official Statement and will not assume any responsibility with respect thereto nor undertake independently to verify any of the information therein, except that, in our capacity as Bond Counsel, we will review various statements in any Official Statement relative to the bonds to verify that such statements conform to the provisions of the legal instruments and documents therein described.

Our firms will undertake upon the request of the Agency such services as may be necessary to assist the Agency in satisfying its disclosure obligations and its continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission. Our fees for such services would be based upon an hourly billing rate of \$325 per hour. Should it be necessary for the firm to render a written opinion with respect to any matters relating to the compliance by the Agency with the ongoing disclosure or other compliance requirements of Rule 15c2-12, such fee for legal services provided in connection with the delivery of the opinion will be set at an amount agreed upon by us and the Agency.

Our services as Bond Counsel do not include any responsibility for investigating the financial condition and affairs of the Agency. Our approving legal opinion as Bond Counsel will contain a paragraph substantially to the effect that we have acted as Bond Counsel for the Agency for the sole

Hays Caldwell Public Utility Agency
September 21, 2010
Page 3

purpose of rendering an opinion with respect to the legality and validity of the bonds under the Constitution and laws of the State of Texas, and with respect to the exemption of the interest on the bonds from federal income taxes (if applicable), and for no other reason or purpose. The paragraph will also disclose that we have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Agency, and have not assumed any responsibility with respect thereto.

CLIENT DOCUMENTS

We will maintain all documents you furnish us in our client files for the Matter. At the conclusion of the Matter (or earlier if appropriate), it is your obligation to advise us as to which, if any, of the documents in our files you wish us to return to you. We may keep copies thereof to the extent we believe advisable for our records. We will retain the bond transcript documents.

STANDARDS OF PROFESSIONALISM AND ATTORNEY COMPLAINT INFORMATION

In performing services under this Agreement, we agree to comply with all applicable state and federal laws.

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

COMPENSATION

Fees for the issuance of new money bonds will be as follows:

- 1.50% for the first \$5,000,000
- 0.50% for the second \$5,000,000
- 0.30% for any amount over \$10,000,000 up to \$50,000,000
- Any amounts over \$50,000,000 are subject to negotiation

The fee for refunding issues will be subject to negotiation. The minimum fee for all bond issues is \$25,000. Our Bond Counsel fee is contingent upon the issuance of any bonds.

We also expect to be reimbursed for all normal, actual out-of-pocket expenses incurred (such as travel, communications, reproduction and delivery services) in connection with the services performed and be reimbursed for paying the Texas Attorney General's Filing Fee. Since the work

Hays Caldwell Public Utility Agency
September 21, 2010
Page 4

for the Agency will be performed by attorneys in Austin or San Antonio, it is not anticipated that travel expenses will be incurred; however, in the event travel is necessary it will not be undertaken without prior approval by the Agency. Copying charges are normally twenty cents a page. Large copying orders are sometimes subcontracted out, in which case the actual charges are billed.

TERMINATION

This engagement may be terminated by either party upon thirty (30) days written notice; provided, however, if the Agency exercises the early termination, the Agency shall pay Bond Counsel all fees and expenses accrued to the date of such termination. There shall not be individual liability on any member of the Board, or other official of the Agency, for the payment of any amounts due hereunder.

This agreement is effective as of the date of acceptance by the Agency.

Hays Caldwell Public Utility Agency
September 21, 2010
Page 5

If the Agency finds this proposal to be satisfactory, we ask that a copy of this letter be signed and returned to us for our files. We look forward to working with the Agency.

Respectfully submitted,

McCall, Parkhurst & Horton L.L.P.



Carol Polumbo

Hays Caldwell Public Utility Agency
September 21, 2010
Page 6

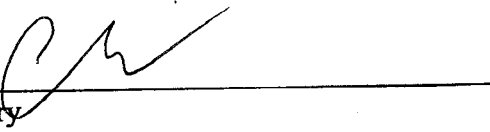
The foregoing agreement is hereby accepted on behalf of the Agency.

Hays Caldwell Public Utility Agency


Chair

9/22/10
Date

ATTEST:


Secretary

9/22/10
Date



RESOLUTION NO. 20161116-001

A RESOLUTION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY BOARD OF DIRECTORS APPROVING A WORK ORDER BETWEEN THE AGENCY AND COBB, FENDLEY & ASSOCIATES, INC. FOR ENGINEERING SERVICES RELATED TO THE PREPARATION AND SUBMISSION OF THE AGENCY'S APPLICATIONS TO THE TEXAS WATER DEVELOPMENT BOARD FOR FUNDING FROM THE STATE WATER IMPLEMENTAION FUND OF TEXAS, AND DECLARING AN EFFECTIVE DATE

RECITALS:

1. The Hays Caldwell Public Utility Agency (the "Agency") approved the 2016 Capital Improvements Plan in May 2016 that included the preparation and submission of applications to the Texas Water Development Board for funding of the Agency's infrastructure through the State Water Implementation Fund of Texas.

2. The Agency entered into a master agreement with Cobb, Fendley & Associates, Inc. ("CobbFendley") for engineering services and related matters in May 2016 as part of the Agency's efforts to designate a Pre-Qualified list of Engineering Firms.

3. The Agency's staff has selected CobbFendley to prepare and submit the necessary applications for funding from among the Pre-Qualified Engineering Firms.

4. The attached work order references terms and conditions in the approved Master Agreement between the Agency and CobbFendley.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY:

SECTION 1. The attached work authorization for engineering services between the Agency and CobbFendley is approved.

SECTION 2. The Chair of the Agency's Board of Directors, David Wilson, is authorized to execute the attached agreement on behalf of the Agency.

SECTION 3. This Resolution shall be in full force and effect immediately upon its passage.

ADOPTED: November 16, 2016



David Wilson
Chair, Board of Directors

ATTEST:


Chris Betz
Secretary, Board of Directors

Work Order No.: RFQ2016001-01


Pursuant and subject to the Master Service Agreement between the Hays Caldwell Public Utility Agency (Agency) and Cobb, Fendley & Associates, Inc. (Engineer), the Agency requests the Engineer to perform the services described below:

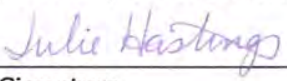
Work Site: <u>N/A – Application Preparation.</u>
Work to Be Performed: <u>Prepare applications for HCPUA funding from the TWDB SWIFT fund as outlined in Engineer's scope of services letter dated November 7, 2016.</u>
Date to Commence: <u>November 18, 2016</u>
Date to Complete: <u>August 31, 2017</u>
Cost Proposal to be: <u>Hourly not-to-exceed fee of \$29,930</u>
Other Information/Requirements: <u>Refer to scope of services.</u>

Acceptance:

Hays Caldwell Public Utility Agency

Cobb, Fendley & Associates , Inc.

By: 
Signature

By: 
Signature

David Wilson – Chair, Board of Directors

Julie Hastings – Principal

Date: 11/18/2016

Date: November 8, 2016

November 7, 2016

Mr. Graham Moore, P.E.
Executive Director
Hays Caldwell Public Utility Agency
1040 Hwy 123
San Marcos, TX 78666

RE: SWIFT Funding Application
Scope and Fee Proposal

Mr. Moore:

As the HCPUA begins planning and development of the Phase IB CIP Improvements outlined in the 2016 Capital Improvements Plan, CobbFendley & Associates is pleased to present this proposal to assist the Agency in preparation of an application for SWIFT Funding.

This proposal assumes that the CobbFendley Team will prepare a Preliminary, Abridged application for submission in December of 2016 followed by a Final Application in mid-2017 in accordance with TWDB schedule. Below is a detailed scope of services anticipated for this effort.

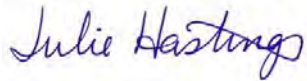
- I. Abridged Application
 - a. Kick-off meeting. CobbFendley will attend a kick-off meeting with HCPUA staff to outline schedule and discuss details for the application process.
 - b. Develop pre-application. CobbFendley and River City Engineering will develop a draft pre-application for review and approval. This task includes preparation of the application. Refer to the attached proposal from River City Engineering for more detailed scope.
 - c. Review and comment meeting. The CobbFendley Team will meet with HCPUA to review comments on the pre-application.
 - d. Submit Application. Upon completion of revised application based on comments, the application will be submitted to TWDB.
- II. Final TWDB Application
 - a. Coordination meeting with Entities. This proposal assumes coordination work sessions with the entities, for a total of two (2) work sessions, to coordinate on the final application.
 - b. Coordination meetings with HCPUA. CobbFendley will meet with HCPUA staff during development of the application to coordinate on details. This proposal assumes two (2) meetings.
 - c. Coordination meetings with Financial Advisor and Bond Attorney. CobbFendley assumes one meeting each with the financial advisor and bond attorney to coordinate details on funding application and terms for each entity for a total of two (2) meetings.

- d. Development of Application. CobbFendley and River City will develop the full SWIFT Application for review and comment. Refer to the attached proposal from River City Engineering for more detailed scope.
- e. Review and comment meeting. The CobbFendley Team will meet with HCPUA to review comments on the application.
- f. Submit Application. Upon completion of revised application based on comments from HCPUA and each entity, the application will be submitted to TWDB.
- g. Comment Response. The CobbFendley Team will respond to questions and comments from the TWDB on the Financial Application pertaining to the specific components of the application. This proposal does not include submission of additional reports required to initiate funding following approval of the application.

The CobbFendley Team proposes to perform the above scope of services for a not-to-exceed fee of \$29,929.20 on a time and materials contract based on the attached rates. CobbFendley will bill the River City Engineering efforts in accordance with their attached hourly rates plus a 5% markup.

We are looking forward to working on this project with you. Please do not hesitate to contact me at 512-834-9798 if you have any questions or comments on the attached.

Sincerely,



Julie Hastings, PE
Principal | Regional Municipal Manager

CobbFendley Rates
2016-2017

Position	Name	Rate
Principal	Dan Warth	\$260
Senior Project Manager	Julie Hastings	\$220
Senior Project Engineer	Lance Parish	\$160
Project Engineer I/II	Laura Moreno-Vasquez	\$105
Senior Technician	Rafael Rodriguez	\$135
Clerical	Liane Black	\$65

HCPUA SWIFT Funding Application

November 4, 2016

	\$220.00	\$160.00	\$105.00	\$135.00	\$65.00	\$0.560	\$15.00	\$0.15				
	per hour	per hour	per hour	per hour	per hour	per mile	per delivery	per copy				
Task	Sr. Project Manager	Sr. Proj Engr	Project Engineer I/II	Senior Technician	Clerical	Mileage	Courier	Copies	Total Hours	Total Fee Budget	Expenses	Total Budget
SWIFT Funding Application												
A. Abridged Application	3	8	0	0	1	80	2	0	6	\$5,081.50	\$74.80	\$5,156.30
Kick-off Meeting with HCPUA	1	2				80			3	\$540.00	\$44.80	
Development of pre-application	1	2		0			2		3	\$540.00	\$30.00	
Prepare application (RCE) (+5%)										\$3,076.50	\$0.00	
Review and comment meeting (assume one (1) meeting)	1	2								\$540.00	\$0.00	
Submit Application		2			1					\$385.00	\$0.00	
B. Final TWDB Application	9	19	4	0	1	440	2	0	33	\$24,496.50	\$276.40	\$24,772.90
Coordination meetings (assume total of two (2))	2	6				120			8	\$1,400.00	\$67.20	
Coordination meetings with HCPUA (assume two (2))	2	4				160			6	\$1,080.00	\$89.60	
Coordination meetings with financial advisor and bond attorney (assume 1 each, total of 2)	2	4				160			6	\$1,080.00	\$89.60	
Development of Application	1	2	4				2		7	\$960.00	\$30.00	
Information Gathering (RCE) (+5%)										\$4,525.50	\$0.00	
Meetings with Owner/Client (RCE) (+5%)										\$3,300.00	\$0.00	
TWDB Application (RCE) (+5%)										\$10,206.00	\$0.00	
Review and comment meeting (assume one (1) meeting)	1	1							2	\$380.00	\$0.00	
Submit Application	1	2			1				4	\$605.00	\$0.00	
TWDB Comment Response	1	2	4						7	\$960.00	\$0.00	
Subtotal SWIFT Funding Application	12	27	4	0	2	520	4	0	39	\$29,578.00	\$351.20	\$29,929.20



November 7, 2016

Ms. Julie Hastings, P.E., MBA
Principal/Regional Municipal Manager
Cobb, Fendley & Associates, Inc.
505 E. Huntland Drive, Suite 100
Austin, Texas 78752

**Re: Proposal for Professional Engineering Services
Letter of Agreement
HCPUA TWDB SWIFT Application**

Dear Ms. Hastings:

River City Engineering (RCE) is pleased to provide you with this proposal for professional engineering services related to the Hays Caldwell Public Utility Agency (HCPUA) Capital Improvements Plan Project Phase 1B (the Project). The Project generally consists of the formation and completion of a Texas Water Development Board (TWDB) State Water Implementation Fund for Texas (SWIFT) application for financial assistance to support the site, land, and easement acquisition, alignment study, and design of HCPUA's Phase 1B capital improvements projects. The TWDB SWIFT issuance amount is anticipated to not exceed \$150,000,000.

TWDB Application (SWIFT) Phase Services

- Compile information and documentation needed for the application. RCE will coordinate with Cobb Fendley staff, HCPUA bond counsel, and financial advisor in order to gather all required application information.
- RCE will prepare and submit a draft copy of the SWIFT Abridged Application to Cobb Fendley for review and comment.
- Following a comment response period, RCE will submit a final SWIFT Abridged Application to Cobb Fendley for submittal to HCPUA and the TWDB.
- Once authorized by Cobb Fendley, RCE will prepare and submit a draft copy of the TWDB Application for Financial Assistance to Cobb Fendley for review and comment.
- Following a comment response period, RCE will submit a final TWDB Application for Financial Assistance to Cobb Fendley for submittal to HCPUA and the TWDB.
- RCE will respond to TWDB application comments on an as-needed basis (see below)

Our proposed fee breakdown for the TWDB SWIFT Application Phase Service is attached to this Letter of Agreement.

The following services are not included in this proposal but can be provided as additional services by agreement with Cobb Fendley, in which case reimbursement shall be in accordance with the attached Hourly Rate Schedule.

- Application processing with HCPUA and the TWDB
- Preparation of the Project Feasibility Report
- Environmental or Archeological services
- Geotechnical services
- Survey services
- Application review for entities other than Cobb Fendley, HCPUA, and TWDB

Should you accept this proposal, please indicate so by signing and returning to our office an original copy of the attached Agreement for Professional Services form. Thank you for the opportunity to prepare this proposal and if you have any questions, please do not hesitate to contact River City Engineering.

Sincerely,



Patrick Lackey, P.E. - Principal

Attachments: 2015 Hourly Rate Schedule
 TWDB SWIFT Application Fee Breakdown

Hourly Rate Schedule

Effective September 1, 2015



Registered Engineer, Principal	\$200.00
Registered Engineer, Project Manager	\$165.00
Registered Engineer	\$150.00
Registered Public Land Surveyor	\$150.00
Three-person Survey Crew <i>(Includes vehicle and equipment)</i>	\$155.00
Graduate Engineer	\$110.00
GIS Analyst	\$ 85.00
Project Representative (includes vehicle and equipment)	\$100.00
Design Technician	\$ 90.00
Drafter / CADD Operator	\$ 80.00
Survey/CADD Technician	\$ 70.00
Administrative / Secretarial Personnel	\$ 55.00
<i>Non-Labor Expenses</i> <i>(Permits, Advertisements, etc.)</i>	<i>Cost Plus 15%</i>
<i>Sub-Consultants</i>	<i>Cost Plus 15%</i>

**HCPUA (Cobb Fendley) - RCE Fee Breakdown
TWDB SWIFT Application**

	Principal (hrs)	@ \$200 /hr	PE/Proj Mgr (hrs)	@ \$165 /hr	Grad Engr (hrs)	@ \$110 /hr	Des Tech (hrs)	@ \$90 /hr	Admin (hrs)	@ \$55 /hr	Subcontractor	Total
TWDB SWIFT Application	12	\$ 2,400	36	\$ 5,940	80	\$ 8,800	24	\$ 2,160	12	\$ 660	\$ -	\$ 19,960
Information Gathering	2		8		16		8		2			
Abridged Application	2		4		16				2			
TWDB Application	4		16		40		16		8			
Meetings with Owner/Client	4		8		8							
TOTAL	12	\$ 2,400	36	\$ 5,940	80	\$ 8,800	24	\$ 2,160	12	\$ 660	\$ -	\$ 19,960

Employee Classifications (Assigned to the Project):

Patrick Lackey, P.E. - Principal
David Kneuper, P.E. - Project Manager
Gabriel Trevino, E.I.T. - Graduate Engineer
Paul Smith, E.I.T. - Graduate Engineer
Chris Yanas - Design Technician
Jonathan Compton - Design Technician
Roberta Schmid - Administrative Assistant



RESOLUTION NO. 20160928-001

A RESOLUTION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY BOARD OF DIRECTORS APPROVING THE RENEWAL OF THE GENERAL COUNSEL AGREEMENT BETWEEN THE AGENCY AND MARK B. TAYLOR, AND DECLARING AN EFFECTIVE DATE

RECITALS:

1. The Hays Caldwell Public Utility Agency (the "Agency") entered into a Retainer Agreement for General Counsel Services with Mark B. Taylor dated February 28, 2007 (the "General Counsel Agreement"). The Agreement was renewed with approval by the Agency Board in September of 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015.
2. The Agency is in need of continued general counsel services for Fiscal Year 2016-17.
3. The Agency Executive Committee, at its meeting on September 14, 2016, recommended that the Agency secure these services by renewing the General Counsel Agreement with Mark B. Taylor.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY:

SECTION 1. The attached Renewal of Retainer Agreement between the Agency and Mark B. Taylor is approved.

SECTION 2. The Chair of the Agency's Board of Directors, David Wilson, is authorized to execute the attached agreement on behalf of the Agency.

SECTION 3. This Resolution shall be in full force and effect immediately upon its passage.

ADOPTED: September 28, 2016

A handwritten signature in blue ink, appearing to read "D. Wilson", is written over a horizontal line.

David Wilson
Chair, Board of Directors

ATTEST:

A handwritten signature in blue ink, appearing to read "C. Betz", is written over a horizontal line.

Chris Betz
Secretary, Board of Directors

This page is a placeholder for information submitted with the application that may contain confidential information. Please contact Cindy Deprato at 512 463-8420 to request reviewing this information.

This page is a placeholder for information submitted with the application that may contain confidential information. Please contact Cindy Deprato at 512 463-8420 to request reviewing this information.

FINANCIAL ADVISORY SERVICES AGREEMENT

This Financial Advisory Services Agreement (the "Agreement") is made and entered into by and between the Hays Caldwell Public Utility Agency ("Agency") and Specialized Public Finance Inc. ("SPFI") effective as of the date executed by the Agency as set forth on the signature page hereof.

WITNESSETH:

WHEREAS, the Agency will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot presently be determined and, in connection with the authorization, sale, issuance and delivery of such indebtedness, Agency desires to retain an independent financial advisor; and

WHEREAS, the Agency desires to obtain the professional services of SPFI to advise the Agency regarding the issuance and sale of certain evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the Agency (hereafter referred to collectively as "Debt") from time to time during the period in which this Agreement shall be effective; and

WHEREAS, SPFI is willing to provide its professional services and its facilities as financial advisor in connection with all programs of financing as may be considered and authorized by Agency during the period in which this Agreement shall be effective.

NOW, THEREFORE, the Agency and SPFI, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

SECTION I DESCRIPTION OF SERVICES

Upon the request of the Agency, SPFI agrees to perform the financial advisory services stated in the following provisions of this Section I; and for having rendered such services, the Agency agrees to pay to SPFI the compensation as provided in Section VI hereof.

1. Financial Planning. Provide financial planning services related to Debt plans and programs.
2. Debt Elements. Provide recommendations regarding Debt under consideration, including such elements as timing, structure, security provisions, and such other provisions as may be appropriate.
3. Method of Sale. Make a recommendation as to an appropriate method of sale, including but not limited to competitive sale, negotiated sale or private/limited offering.
4. Price Fairness. Advise the Agency as to the fairness of the price offered by the underwriters.

5. Offering Documents. Participate in and direct, as appropriate, the preparation of the offering documents and/or assist bond counsel with same.
6. Auditors. Coordinate verification by an independent auditor of any calculations incident to the Debt, as required.
7. Printing. Coordinate all work incident to printing of the offering documents and other documents required by Agency.
8. Closing. Provide the Agency a post sale/closing booklet or update for the Debt and other outstanding debt, as needed.

SECTION II OTHER AVAILABLE SERVICES

In addition to the services set forth and described in Section I herein above, SPFI agrees to make available to the Agency the following services, when so requested by the Agency and subject to the agreement by Agency and SPFI regarding the compensation, if any, to be paid for such services, it being understood and agreed that the services set forth in this Section II may require further agreement as to the compensation to be received by SPFI for such services:

1. Call Defeasance and Refunding. Evaluate and advise on exercising any call defeasance and/or refunding of any outstanding Debt.
2. Capital Program Modeling. Evaluate and advise on the development of any capital improvements programs.

SECTION III CONTINUING DISCLOSURE

It is understood and agreed that the Agency, in connection with the sale and delivery of Debt, will be required to comply with certain continuing disclosure undertakings, including preparation and submission of annual reports (the "annual reports") and reporting of certain specified material events (the "material events") pursuant written undertakings of the Agency and in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"). SPFI shall provide continuing disclosure services on the terms and conditions, for the time period and for the compensation set forth herein.

1. This Agreement shall apply to all Debt delivered subsequent to the effective date of the continuing disclosure undertakings of Agency and as specified in the Rule, to the extent that any particular issue of Debt does not qualify for exceptions to the continuing disclosure requirements of the Rule.
2. SPFI agrees to perform annual reporting and material event notification duties required by the undertakings of Agency and the Rule.
3. The fees of SPFI for providing the foregoing continuing disclosure services shall be negotiated annually (not to exceed \$1,000 per similarly-secured type of Debt). The fees of SPFI for providing material event notification services shall be negotiated separately at the time such notifications may be required.

SECTION IV TERM OF AGREEMENT

This Agreement shall become effective as of the date executed by the Agency as set forth on the signature page hereof and, unless terminated by either party pursuant to Section V of this Agreement, shall remain in effect thereafter for a period of three (3) years from such date. Unless SPFI or Agency shall notify the other party in writing at least thirty (30) days in advance of the applicable anniversary date that this Agreement will not be renewed, this Agreement will automatically renew on the third anniversary of the date hereof for an additional one (1) year period and thereafter will automatically renew on each anniversary date for successive one (1) year periods under the same terms as the initial 3 year period.

SECTION V TERMINATION

This Agreement may be terminated with or without cause by the Agency or SPFI upon the giving of at least thirty (30) days' prior written notice to the other party of its intention to terminate. In the event of such termination, it is understood and agreed that only the amounts due SPFI for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement.

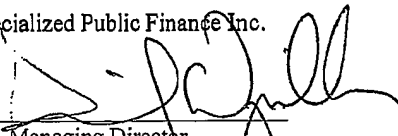
SECTION VI COMPENSATION AND EXPENSE REIMBURSEMENT

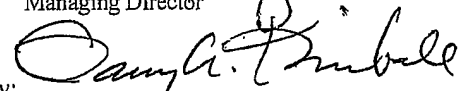
The fees due to SPFI for the services set forth and described in Section I of this Agreement with respect to each issuance of Debt during the term of this Agreement shall be calculated in accordance with the schedule set forth on Appendix A attached hereto. Unless specifically provided otherwise on Appendix A or in a separate written agreement between Agency and SPFI, such fees, together with any other fees as may have been mutually agreed upon and all expenses for which SPFI is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt to the purchaser.

SECTION VII
MISCELLANEOUS

1. Choice of Law. This Agreement shall be construed and given effect in accordance with the laws of the State of Texas. ~~Proper venue for any legal action arising out of this Agreement shall be Travis County, Texas.~~ ✓ 6/23/2010
2. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Agency and SPFI, their respective heirs, executors, personal representatives, successors and assigns; provided however, neither party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.
3. Entire Agreement. This instrument contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Agreement shall be of no force or effect except for a subsequent modification in writing signed by all parties hereto.

Specialized Public Finance Inc.

By: 
Managing Director

By: 
Managing Director

Hays Caldwell Public Utility Agency

By: 

Title: CHAIR

Date: June 23, 2010

ATTEST: 

Secretary, Board of Directors
Title

APPENDIX A

Fee Schedule:

1-1/2% for the first \$5,000,000

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

0.50% for any amount over \$10,000,000

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

The charges for ancillary services, including computer structuring and official statement printing, shall be levied only for those services which are reasonably necessary in completing the transaction and which are reasonable in amount, unless such charges were incurred at the specified direction of the Agency.

The payment of charges for financial advisory services in Section I of the foregoing Agreement shall be contingent upon the delivery of bonds and shall be due at the time that bonds are delivered. The payment of charges for services described in Section II of the foregoing Agreement shall be due and payable in accordance with the mutual agreement therefor between SPFI and Agency.

The Agency shall be responsible for the following expenses, if and when applicable:

- Bond counsel
- Bond ratings
- Computer structuring
- Continuing Disclosure, as per Section III
- Credit enhancement
- Verification agent
- Official statement preparation
- Official statement printing
- Paying agent/registrar/trustee
- Travel related expenses related to ratings or credit enhancement, with prior approval
- Underwriter and underwriters' counsel
- Delivery, copy, conference call charges and other miscellaneous charges

The payment of reimbursable expenses that SPFI has assumed on behalf of the Agency shall NOT be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice therefor submitted by SPFI.



RESOLUTION NO. 20160928-004

A RESOLUTION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY BOARD OF DIRECTORS APPROVING THE RENEWAL OF AN AGREEMENT BETWEEN THE AGENCY AND ATCHLEY & ASSOCIATES, LLP FOR FINANCIAL AUDITING SERVICES FOR FISCAL YEAR 2015-16 AND RELATED MATTERS, AND DECLARING AN EFFECTIVE DATE

RECITALS:

1. The Hays Caldwell Public Utility Agency (the "Agency") entered into an agreement with Atchley & Associates, LLP for financial auditing services of the Agency's 2013-14 expenditures in 2014 and renewed the agreement in 2015 for auditing of the Agency's 2014-15 expenditures.
2. The Agency is in need of financial auditing services and related matters for Fiscal Year 2015-16.
3. The Agency Executive Committee, at its meeting on September 14, 2016, recommended that the Agency Board approve a renewal of the agreement with Atchley & Associates, LLP for the audit of the 2015-16 fiscal year.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY:

SECTION 1. The attached contract between the Agency and Atchley & Associates, LLP is approved.

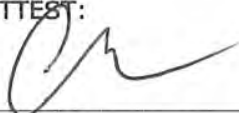
SECTION 2. The Chair of the Agency's Board of Directors, David Wilson, is authorized to execute this contract on behalf of the Agency.

SECTION 2. This Resolution shall be in full force and effect immediately upon its passage.

ADOPTED: September 28, 2016



David Wilson
Chair, Board of Directors

ATTEST:


Chris Betz
Secretary, Board of Directors



July 28, 2016

Board of Directors
Hays Caldwell Public Utility Agency
Attn: Graham Moore
630 E. Hopkins
San Marcos, TX 78666

This letter is to explain our understanding of the arrangements for the services that Atchley & Associates, LLP (the Firm) is to perform for Hays Caldwell Public Utility Agency for the year ending September 30, 2016. We ask that you either confirm or amend this understanding.

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the basic financial statements of Hays Caldwell Public Utility Agency (the Agency), which comprise the statement of net position as of September 30, 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

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

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, Government Auditing Standards do not expect us to provide reasonable assurance of detecting abuse.

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

We will also communicate to the board of directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The fund that you have told us is maintained by the Agency and that is to be included as part of our audit is an enterprise fund.

There are no component units whose financial statements you have told us are to be included as part of the Agency basic financial statements.

Additionally, there are no component units whose financial statements will be omitted from the basic financial statements.

The Firm will perform fieldwork for the audit at the City of San Marcos offices in San Marcos, Texas, at mutually agreed upon times.

In accordance with normal audit standards, the Firm will keep information related to the audit, including its working papers and information obtained from the Agency, in strict confidence. Other than reports submitted to the Agency, the Firm will not publish, reproduce, or otherwise divulge such information, in whole or in part, in any manner or form, to any third party, or authorize or permit others to do so. The Firm will take all reasonable measures needed to restrict information access to the employees on its staff and the Agency's staff who must have the information on a need-to-know basis.

The Firm will retain audit reports and related working papers for a minimum of three years after completion of each audit. The Firm will make all audit documents available to the Agency upon request by an authorized representative of the Agency.

Deliverables/Presentations

The Firm will provide monthly progress reports to the Agency Executive Director during the audit process.

The Firm will hold an exit interview with the Agency Board Chair, Vice-Chair and Treasurer to review the draft Audit Report, and the management letter (if any).

The Firm will submit five hard copies and one electronic PDF copy of the final audit report and the management letter (if any) to the Agency within 30 days of the audit work completion, but in any event, no later than February 28, 2017. This completion deadline is dependent on the Agency meeting its obligations under this agreement in a timely manner.

The Firm will make a summary presentation of the final audit report, and the management letter (if any) to the Agency Board at its March 2017 Meeting. This schedule is dependent on the Agency meeting its obligations under this agreement in a timely manner.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility

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

- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c. To provide us with:
 - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - (2) Additional information that we may request from management for the purpose of the audit; and
 - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Agency complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

The board of directors is responsible for informing us of its views about the risks of fraud within the Agency, and its knowledge of any fraud or suspected fraud affecting the Agency.

The Agency agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Agency agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering.

Our association with an official statement is a matter for which separate arrangements will be necessary. The Agency agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Agency seeks such consent, we will be under no obligation to grant such consent or approval.

We agree that our association with any proposed offering is not necessary, providing the Agency agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The Agency agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

Atchley & Associates, LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Atchley & Associates, LLP, also has not performed any procedures relating to this official statement.

Because the Firm will rely on the Agency and its management and board of directors to discharge the foregoing responsibilities, the Agency holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Agency's management which has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

The Agency's Records and Assistance

If circumstances arise relating to the condition of the Agency's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Agency's books and records. The Agency will determine that all such data, if necessary, will be so reflected. Accordingly, the Agency will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by personnel is described in the attached client participation list, which outlines the specific schedules and analyses that should be completed by Agency personnel, including the dates when the information should be available to us. The participation list has been discussed with and agreed to by Graham Moore. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from Agency personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. We will notify you immediately of any circumstances we encounter which could significantly affect our initial estimate of fees, excluding direct out-of-pocket expenses, estimated to be \$14,750. All other provisions of this letter will survive any fee adjustment. In accordance with our firm policies, work may be suspended if your account becomes sixty or more days overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

You may terminate the arrangement at any time by written notice to us. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor auditor. All provisions of this arrangement will survive termination or cancellation, except that (a) we will not have any obligation to provide services after termination and (b) you will not have any obligation to pay us for any services that we perform after termination, except for costs incurred to cooperate with a successor auditor or regulatory agency subpoena or inquiry.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Agency agrees it will compensate the Firm for any additional costs incurred as a result of the Agency's employment of a partner or professional employee of the Firm.

In the event we are requested or authorized by the Agency or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Agency, the Agency will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

In a legal action in which the Firm or its partners are not the defendants, we shall also be entitled to fees at \$400.00 per hour and reimbursements for testimony if we are subpoenaed as a witness in a subsequent litigation by third parties and such testimony involves the work we performed pursuant to this agreement. If we are ordered by a state or federal judge to permit the subsequent inspection and/or reproduction of files, records, and other documents relating to work performed by us pursuant to this agreement, then you agree that we may comply with these orders without prior notice to you.

Claim Resolution

If a dispute between the parties arises out of or relates to this agreement, or the obligations of the parties, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation using the Commercial Mediation Rules of the American Arbitration Association (AAA) before resorting to litigation or other dispute resolution procedure.

The Firm agrees to maintain at its expense professional liability insurance in an amount of at least \$1,000,000 with an insurance company authorized to do business in the State of Texas, covering all of the Firm's activities under this Agreement.

Indemnification is intended to protect the Firm and its principals and employees against being named in any lawsuit arising from this engagement as a result of having completed this engagement. You shall indemnify the Firm and its principals and employees and hold us harmless from all claims, liabilities, losses, and counsel fees and expenses unless it shall have been determined by a court of competent jurisdiction that we have acted negligently in the performance of the work covered by our engagement. In no event shall the Firm and its principals and employees be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if we have been advised of their possible existence.

Reporting

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

Miscellaneous

This agreement is governed by the law of the State of Texas. Exclusive venue for any dispute arising under this agreement is in Hays County, Texas.

In performing the services required under this agreement, the Firm will not discriminate against any person on the basis of race, color, religion, sex, national origin, age or disability.

The provisions of this agreement are deemed to be severable. If any provision in this agreement is found to be invalid, this agreement will be construed as not containing the provision and all other provisions which are otherwise lawful will remain in full force and effect.

All services provided pursuant to this agreement are for the exclusive use and benefit of the Agency.

The Agency is governed by the Texas Public Information Act, Chapter 552 of the Texas Government Code. This agreement and all written information generated under this agreement may be subject to release under the Public Information Act. However, the Firm will not make any reports, information, data, etc. generated under this agreement available to any individual or organization without the written approval of the Agency.

The Agency and the Firm each agree not to assign, sublet or transfer any interest in this agreement to a third party without the written consent of the other party.

This letter constitutes the complete and exclusive statement of agreement between the Firm and the Agency, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Atchley & Associates, LLP

Atchley & Associates, LLP

Confirmed on behalf of Hays Caldwell Public Utility Agency:


Board Chair

9/28/2016
Date

A6 & A7

Counties

Hays

Caldwell

Guadalupe

Comal

Bexar

Identify the Applicant's total service area population:: 160,000

Funding Program(s)

Funding Programs

SWIFT: \$213,364,730

Other Funding Sources

Other Funding Sources

Funding Source	Type of Funds (Loan, Grant, etc.)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
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Other Funding Comments:

Funding_1 N/A

Funding & Project Type

Has this project received TWDB funding for any other project phases?: Y

Requesting Funding for Planning: Y

Requesting Funding for Acquisition: Y

Requesting Funding for Design: Y

Requesting Funding for Construction: Y

Is the project a water project?: Y

Is the project a wastewater project?: N

Is Applicant requesting funding to refinance existing debt?: N

DUNS:

Federal Awards information:

1. Did applicant receive over 80% of their revenue from Federal Awards last year?:
2. Did applicant receive over \$25 million in Federal Awards last year?:
3. Does the public have access to executive compensation information via SEC or IRS reports?:

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

TWDB-0215 N/A

Contractors & Loan/Grant Participation Summary

Have you already solicited contractors?:

Have contracts already been awarded?:

Legal Information

Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues.: Chapter 572 Local Government Code

What type of pledge will be used to repay the proposed debt?: OTHER

Provide the full legal name of the security for the proposed debt issue(s): Contract revenue bonds

Describe the pledge being offered and any existing rate covenants.: Wholesale water supply contract between the Agency and the cities of Buda, Kyle and San Marcos and the Canyon Regional Water Authority.

Application Filing and Authorized Representative Resolution

A RESOLUTION by the Board of Directors of the Hays Caldwell Public Utility Agency (the "Agency") requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY :

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$ 213,364,730 to provide for the costs of the Agency's Phase 1B Carrizo project.

SECTION 2: That the Agency's Executive Director, Graham Moore be and is hereby designated the authorized representative of the Hays Caldwell Public Utility Agency for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

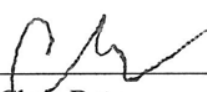
SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the Hays Caldwell Public Utility Agency before any hearing held by the Texas Water Development Board on such application, to wit:

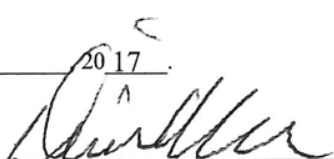
Financial Advisor: Dan Wegmiller with Specialized Public Finance, Inc.
248 Addie Road, Suite B-103, Austin, TX 78746

Engineer: Lance Parisher with Cobb, Fendley & Associates Inc.
505 E. Huntland Dr, Suite 100, Austin, TX 78752

Bond Counsel: Carol Polumbo with McCall, Parkhurst & Horton, LLP
600 Congress Ave., Suite 1800, Austin, TX 78701

PASSED AND APPROVED, this the 26th day of April, 2017.

ATTEST: 
Chris Betz
Secretary, Board of Directors

By: 
David Wilson
Chair, Board of Directors

(Seal)

Application Affidavit

THE STATE OF TEXAS §
COUNTY OF Hays §
APPLICANT Hays Caldwell PUA §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Graham Moore as the Authorized Representative of the Hays Caldwell Public Utility Agency (HCPUA), who being by me duly sworn, upon oath says that:

1. The decision by the HCPUA (authority, city, county, corporation, district) to request financial assistance from the Texas Water Development Board ("TWDB") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et seq.) and after providing all such notice as required by such Act as is applicable to the HCPUA (authority, city, county, corporation, district).

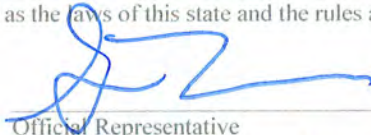
2. The information submitted in the application is true and correct according to my best knowledge and belief.

3. The HCPUA (authority, city, county, corporation, district) has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issues, write in "none").

None

4. The HCPUA (authority, city, county, corporation, district) warrants compliance with the representations made in the application in the event that the TWDB provides the financial assistance; and

5. the HCPUA (authority, city, county, corporation, district) will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the TWDB.

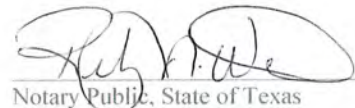


Official Representative

Title: EXECUTIVE DIRECTOR

SWORN TO AND SUBSCRIBED BEFORE ME, by Graham Moore
on this 26th day of April, 2017.




Notary Public, State of Texas

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS '
COUNTY OF HAYS '
HAYS CALDWELL PUBLIC UTILITY AGENCY '

We, the undersigned officers of the Board of Directors of the Agency, hereby certify as follows:

1. The Board of Directors of the Agency convened in a REGULAR MEETING ON THE 26TH DAY OF APRIL, 2017, at the regular designated meeting place, and the roll was called of the duly constituted officers and members of the Board, to wit:

- David Wilson - Chairman
- Jane Hughson - Vice Chair
- Chris Betz - Secretary
- Kenneth Williams – Treasurer
- Shane Arabie – Director
- James Earp – Director
- Scott Gregson - Director
- Jon Clack – Director
- Steve Parker – Director
- Tom Taggart – Director
- Pat Allen – Director
- Humberto Ramos – Director
- Mike Taylor - Director

and all of the persons were present, except the following absentees: JAMES EARP, SHANE ARABIE thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

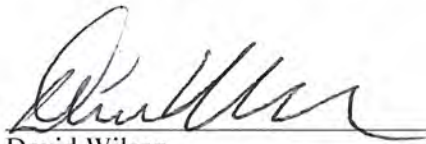
A RESOLUTION REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD, AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

was duly introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be passed; and, after due discussion, the motion, carrying with it the passage of the Resolution, prevailed and carried by the following vote:


AYES: 11
NOES: 0

2. That a true, full and correct copy of the aforesaid Resolution passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Resolution has been duly recorded in the Board's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board's minutes of the Meeting pertaining to the passage of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that the Resolution would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose; that the Meeting was open to the public and public notice of the time, place and purpose of the Meeting as given, all as required by Chapter 551, Government Code.

SIGNED this 26th day of April, 2017.



David Wilson
Chair, Board of Directors



Chris Betz
Secretary, Board of Directors

Bonds, CCN, Enforcement Action

Does the applicant possess a Certificate of Convenience and Necessity (CCN)?:

Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?: N

Municipality

Is the area to be served by the project within the service area of a municipality or other public utility?: N

Board Approved WCP

If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than FIVE years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.): N

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Item is Not Applicable

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Item is Not Applicable

Retail Water Services

Does the applicant provide retail water services?: N

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Item is Not Applicable

Potable Water Services

Is the applicant a retail public utility that provides potable water?: N

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Item is Not Applicable

Provide Wastewater Services

Does the applicant provide wastewater services?: N

Provide Regional or Wholesale Water Services

Does the applicant provide regional or wholesale water services?: Y

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

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
See Attached	0	0.00%	N
See Attached	0	0.00%	N
See Attached	0	0.00%	N
See Attached	0	0.00%	N
See Attached	0	0.00%	N
See Attached	0	0.00%	N
See Attached	0	0.00%	N
See Attached	0	0.00%	N
See Attached	0	0.00%	N
See Attached	0	0.00%	N

Comments: See Attached C29

Provide a summary of the wholesale contracts with customers.

Contract Type	Minimum Annual Amount	Usage Fee Per 1000 Gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other
See "Financial Info - Another Entity"	\$0	\$0	\$0	\$0	\$0	\$0

Debt

Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.): None.

Has the applicant ever defaulted on any debt?: N

Taxing Authority

Does the applicant have taxing authority?: N

Tax Assessed Valuations

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate (\$)	General Fund (\$)	Interest & Sinking Fund (\$)	Tax Levy (\$)	Percentage Current Collections (%)	Percentage Total Collections (%)
2017							
2016							
2015							
2014							
2013							

Tax Assessed Values Comments:

TaxRateTable N/A

TaxAssessedValueByClass_0 N/A

TaxAssessedValueByClass_1 N/A

TaxAssessedValueByClass_2 N/A

TaxAssessedValueByClass_3 N/A

TaxAssessedValueByClass_4 N/A

Top Ten Taxpayers

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

Top Ten Taxpayer Comments:

Tax Rate and Sales Tax

Provide the maximum tax rate permitted by law per \$100 of property value.:

Does the applicant collect sales tax?: N

Is the proposed loan tax-exempt?: N

Kyle

Fiscal Year Ending 9/30	Operating			Outstanding Debt Service ⁽²⁾	Series 2017	Series 2017	Total Projected		Revenue After		Projected Coverage
	Gross Revenues ⁽¹⁾	Expenses ⁽¹⁾	Net Revenues		Low Interest Loan Est. Debt Service	Deferred Loan Est. Debt Service	Debt Service	Debt Service	Total	Total	
2017	\$ 17,835,932	\$ 8,728,732	\$ 9,107,200	\$ 178,815	\$ -	\$ -	\$ 178,815	\$ -	\$ 9,107,200	\$ 8,861,333	N/A
2018	17,835,932	8,728,732	9,107,200	178,410	67,458	-	245,868	-	8,861,333	8,774,450	3704%
2019	17,835,932	8,728,732	9,107,200	177,807	154,944	-	332,751	-	8,774,450	8,776,225	2737%
2020	17,835,932	8,728,732	9,107,200	177,033	153,943	-	330,976	-	8,776,225	8,773,268	2752%
2021	17,835,932	8,728,732	9,107,200	181,088	152,845	-	333,932	-	8,773,268	8,775,617	2727%
2022	17,835,932	8,728,732	9,107,200	179,929	151,655	-	331,584	-	8,775,617	8,485,189	1464%
2023	17,835,932	8,728,732	9,107,200	178,608	155,381	288,022	622,011	288,022	8,485,189	8,359,050	1217%
2024	17,835,932	8,728,732	9,107,200	182,117	153,925	412,109	748,150	412,109	8,359,050	8,361,446	1221%
2025	17,835,932	8,728,732	9,107,200	180,437	152,385	412,933	745,754	412,933	8,361,446	8,359,290	1218%
2026	17,835,932	8,728,732	9,107,200	178,677	155,789	413,445	747,910	413,445	8,359,290	8,357,898	1215%
2027	17,835,932	8,728,732	9,107,200	181,707	153,997	413,600	749,303	413,600	8,357,898	8,362,607	1223%
2028	17,835,932	8,728,732	9,107,200	179,407	152,047	413,140	744,593	413,140	8,362,607	8,358,233	1216%
2029	17,835,932	8,728,732	9,107,200	181,929	154,947	412,092	748,967	412,092	8,358,233	8,365,000	1227%
2030	17,835,932	8,728,732	9,107,200	179,135	152,579	410,487	742,201	410,487	8,365,000	8,357,682	1215%
2031	17,835,932	8,728,732	9,107,200	181,220	155,051	413,248	749,519	413,248	8,357,682	8,361,284	1221%
2032	17,835,932	8,728,732	9,107,200	183,058	152,331	410,528	745,916	410,528	8,361,284	8,360,571	1220%
2033	17,835,932	8,728,732	9,107,200	179,698	154,543	412,390	746,630	412,390	8,360,571	8,355,808	1212%
2034	17,835,932	8,728,732	9,107,200	181,266	156,510	413,618	751,393	413,618	8,355,808	8,357,058	1214%
2035	17,835,932	8,728,732	9,107,200	182,666	153,242	414,235	750,142	414,235	8,357,058	8,359,130	1217%
2036	17,835,932	8,728,732	9,107,200	183,883	154,917	409,271	748,070	409,271	8,359,130	8,352,233	1206%
2037	17,835,932	8,728,732	9,107,200	184,684	156,357	413,927	754,968	413,927	8,352,233	8,361,485	1221%
2038	17,835,932	8,728,732	9,107,200	180,330	152,577	412,809	745,716	412,809	8,361,485	8,361,347	1221%
2039	17,835,932	8,728,732	9,107,200	180,976	153,755	411,123	745,853	411,123	8,361,347	8,357,146	1214%
2040	17,835,932	8,728,732	9,107,200	181,452	154,718	413,885	750,055	413,885	8,357,146	8,359,061	1217%
2041	17,835,932	8,728,732	9,107,200	181,772	155,474	410,893	748,139	410,893	8,359,061	8,357,015	1214%
2042	17,835,932	8,728,732	9,107,200	181,812	156,010	412,363	750,185	412,363	8,357,015	8,356,111	1213%
2043	17,835,932	8,728,732	9,107,200	181,692	156,335	413,062	751,089	413,062	8,356,111	8,356,344	1213%
2044	17,835,932	8,728,732	9,107,200	186,396	151,447	413,014	750,857	413,014	8,356,344	8,352,663	1207%
2045	17,835,932	8,728,732	9,107,200	185,778	156,546	412,213	754,537	412,213	8,352,663	8,540,307	1607%
2046	17,835,932	8,728,732	9,107,200	-	156,240	410,653	566,893	410,653	8,540,307	8,538,142	1600%
2047	17,835,932	8,728,732	9,107,200	-	155,730	413,328	569,058	413,328	8,538,142		
				\$ 5,251,774	\$ 4,543,671	\$ 10,186,384	\$ 19,981,828				

(1) FY 2016 Figures

(2) Includes Contract Revenue Bonds, Series 2015B (Regional Water Supply Contract Project-City of Kyle).

Canyon Regional Water Authority

Fiscal Year Ending 9/30	Gross Revenues ⁽¹⁾	Operating Expenses ⁽¹⁾	Net Revenues	Outstanding Debt Service ⁽²⁾	Series 2017	Series 2017	Total Projected Debt Service	Revenue After		Projected Coverage
					\$3,055,000	\$6,815,000		Total	Total	
					Low Interest Loan Est. Debt Service ⁽²⁾	Deferred Loan Est. Debt Service ⁽³⁾		Debt Service	Debt Service	
2017	20,120,594	16,711,163	3,409,431	250,658	-	-	250,658	3,409,431		N/A
2018	20,120,594	16,711,163	3,409,431	249,955	74,013	-	323,968	3,085,463		1052% ⁽³⁾
2019	20,120,594	16,711,163	3,409,431	248,919	168,685	-	417,603	2,991,828		816%
2020	20,120,594	16,711,163	3,409,431	247,587	167,607	-	415,193	2,994,238		821%
2021	20,120,594	16,711,163	3,409,431	250,977	171,424	-	422,401	2,987,031		807%
2022	20,120,594	16,711,163	3,409,431	249,058	170,051	-	419,109	2,990,322		813%
2023	20,120,594	16,711,163	3,409,431	251,854	168,581	315,538	735,973	2,673,458		463%
2024	20,120,594	16,711,163	3,409,431	249,319	172,021	451,771	873,111	2,536,320		390%
2025	20,120,594	16,711,163	3,409,431	251,609	170,261	452,204	874,073	2,535,358		390%
2026	20,120,594	16,711,163	3,409,431	253,669	168,437	452,308	874,413	2,535,018		390%
2027	20,120,594	16,711,163	3,409,431	255,307	171,525	452,035	878,867	2,530,565		388%
2028	20,120,594	16,711,163	3,409,431	251,506	169,315	451,107	871,928	2,537,504		391%
2029	20,120,594	16,711,163	3,409,431	252,390	166,935	454,555	873,880	2,535,552		390%
2030	20,120,594	16,711,163	3,409,431	252,875	169,419	452,237	874,530	2,534,901		390%
2031	20,120,594	16,711,163	3,409,431	253,035	171,575	454,236	878,845	2,530,586		388%
2032	20,120,594	16,711,163	3,409,431	252,905	168,535	455,744	877,183	2,532,248		389%
2033	20,120,594	16,711,163	3,409,431	257,569	170,419	451,613	879,600	2,529,831		388%
2034	20,120,594	16,711,163	3,409,431	256,881	167,049	452,025	875,954	2,533,477		389%
2035	20,120,594	16,711,163	3,409,431	256,025	168,609	451,808	876,442	2,532,989		389%
2036	20,120,594	16,711,163	3,409,431		169,934	450,996	620,930	2,788,501		549%
2037	20,120,594	16,711,163	3,409,431		171,018	454,575	625,593	2,783,839		545%
2038	20,120,594	16,711,163	3,409,431		171,878	452,367	624,245	2,785,187		546%
2039	20,120,594	16,711,163	3,409,431		167,510	454,578	622,088	2,787,344		548%
2040	20,120,594	16,711,163	3,409,431		168,106	451,005	619,111	2,790,320		551%
2041	20,120,594	16,711,163	3,409,431		168,494	451,893	620,387	2,789,045		550%
2042	20,120,594	16,711,163	3,409,431		168,658	452,010	620,668	2,788,764		549%
2043	20,120,594	16,711,163	3,409,431		168,609	451,347	619,956	2,789,476		550%
2044	20,120,594	16,711,163	3,409,431	-	168,345	454,931	623,276	2,786,156		547%
2045	20,120,594	16,711,163	3,409,431	-	167,878	452,527	620,405	2,789,026		550%
2046	20,120,594	16,711,163	3,409,431	-	167,193	454,357	621,550	2,787,881		549%
2047	20,120,594	16,711,163	3,409,431	-	171,303	455,184	626,487	2,782,944		544%
				\$ 4,792,091	\$ 4,983,384	\$ 11,182,946	\$ 20,958,421			

(1) FY 2016 Figures

(2) Includes Hays-Caldwell PUA Contract Rev Bonds, Series 2015A

San Marcos

Fiscal Year Ending 9/30	Gross Revenues ⁽¹⁾	Operating Expenses ⁽¹⁾	Net Revenues	City Outstanding Debt Service ⁽²⁾	City's GBRA Outstanding Debt Service ⁽³⁾	Series 2017	Series 2017	Total Projected Debt Service	Revenue After	
						\$3,545,000 Low Interest Loan Est. Debt Service	\$7,910,000 Deferred Loan Est. Debt Service		Total	Projected Coverage
2017	\$ 37,421,054	\$ 20,469,973	\$ 16,951,081	\$ 352,746	\$ 590,669	\$ -	\$ -	\$ 943,414	\$ 16,951,081	N/A
2018	37,421,054	20,469,973	16,951,081	40,746	590,781	85,922	-	717,448	16,233,633	2363%
2019	37,421,054	20,469,973	16,951,081	40,746	598,756	194,562	-	834,064	16,117,017	2032%
2020	37,421,054	20,469,973	16,951,081	40,746	594,519	198,330	-	833,594	16,117,487	2033%
2021	37,421,054	20,469,973	16,951,081	40,746	599,219	196,894	-	836,858	16,114,223	2026%
2022	37,421,054	20,469,973	16,951,081	40,746	603,319	195,338	-	839,402	16,111,679	2019%
2023	37,421,054	20,469,973	16,951,081	40,666	611,744	198,672	368,060	1,219,141	15,731,940	1390%
2024	37,421,054	20,469,973	16,951,081	45,518	614,128	196,800	526,077	1,382,523	15,568,558	1226%
2025	37,421,054	20,469,973	16,951,081	45,284	624,994	194,820	525,727	1,390,824	15,560,257	1219%
2026	37,421,054	20,469,973	16,951,081	-	-	197,768	525,015	722,783	16,228,299	2345%
2027	37,421,054	20,469,973	16,951,081	-	-	195,498	523,887	719,385	16,231,697	2356%
2028	37,421,054	20,469,973	16,951,081	-	-	198,028	527,023	725,051	16,226,031	2338%
2029	37,421,054	20,469,973	16,951,081	-	-	195,228	524,295	719,523	16,231,539	2356%
2030	37,421,054	20,469,973	16,951,081	-	-	197,268	525,906	723,173	16,227,908	2344%
2031	37,421,054	20,469,973	16,951,081	-	-	198,950	526,571	725,521	16,225,561	2336%
2032	37,421,054	20,469,973	16,951,081	-	-	195,430	526,728	722,158	16,228,924	2347%
2033	37,421,054	20,469,973	16,951,081	-	-	196,822	526,208	723,029	16,228,052	2344%
2034	37,421,054	20,469,973	16,951,081	-	-	197,946	524,988	722,934	16,228,148	2345%
2035	37,421,054	20,469,973	16,951,081	-	-	198,818	523,103	721,921	16,229,160	2348%
2036	37,421,054	20,469,973	16,951,081	-	-	194,443	525,595	720,038	16,231,043	2354%
2037	37,421,054	20,469,973	16,951,081	-	-	194,993	527,234	722,227	16,228,854	2347%
2038	37,421,054	20,469,973	16,951,081	-	-	195,313	523,064	718,377	16,232,704	2360%
2039	37,421,054	20,469,973	16,951,081	-	-	195,399	523,291	718,690	16,232,392	2359%
2040	37,421,054	20,469,973	16,951,081	-	-	195,261	522,716	717,977	16,233,105	2361%
2041	37,421,054	20,469,973	16,951,081	-	-	194,911	526,364	721,274	16,229,807	2350%
2042	37,421,054	20,469,973	16,951,081	-	-	194,331	524,000	718,331	16,232,751	2360%
2043	37,421,054	20,469,973	16,951,081	-	-	198,534	525,840	724,374	16,226,708	2340%
2044	37,421,054	20,469,973	16,951,081	-	-	197,330	526,688	724,018	16,227,064	2341%
2045	37,421,054	20,469,973	16,951,081	-	-	195,921	526,536	722,457	16,228,625	2346%
2046	37,421,054	20,469,973	16,951,081	-	-	199,288	525,376	724,664	16,226,417	2339%
2047	37,421,054	20,469,973	16,951,081	-	-	197,258	523,200	720,458	16,230,623	2353%
				\$ 687,940	\$ 5,428,128	\$ 5,786,069	\$ 12,973,488	\$ 24,875,625		

(1) FY 2016 Figures

(2) Includes City's water & sewer revenue debt.

(3) Includes Regional Raw Water Delivery System Contract Revenue Refunding Bonds, Series 2010.

Buda

Fiscal Year Ending 9/30				Series 2017 \$500,000	Series 2017 \$7,910,000	Total Projected		Revenue After Total	Projected
	Gross Revenues ⁽¹⁾	Operating Expenses ⁽¹⁾	Net Revenues	Low Interest Loan Est. Debt Service	Deferred Loan Est. Debt Service	Debt Service		Debt Service	Coverage
2017	\$ 7,728,709	\$ 3,335,064	\$ 4,393,645	\$ -	\$ -	\$ -	\$ 4,393,645	N/A	
2018	7,728,709	3,335,064	4,393,645	12,113	-	12,113	4,381,533	36274%	
2019	7,728,709	3,335,064	4,393,645	26,150	-	26,150	4,367,495	16802%	
2020	7,728,709	3,335,064	4,393,645	25,996	-	25,996	4,367,649	16901%	
2021	7,728,709	3,335,064	4,393,645	25,827	-	25,827	4,367,818	17012%	
2022	7,728,709	3,335,064	4,393,645	25,644	-	25,644	4,368,001	17133%	
2023	7,728,709	3,335,064	4,393,645	30,448	53,064	83,512	4,310,133	5261%	
2024	7,728,709	3,335,064	4,393,645	30,136	75,391	105,527	4,288,119	4164%	
2025	7,728,709	3,335,064	4,393,645	29,806	74,608	104,414	4,289,232	4208%	
2026	7,728,709	3,335,064	4,393,645	29,464	73,792	103,256	4,290,390	4255%	
2027	7,728,709	3,335,064	4,393,645	29,106	72,937	102,042	4,291,603	4306%	
2028	7,728,709	3,335,064	4,393,645	28,716	77,001	105,716	4,287,929	4156%	
2029	7,728,709	3,335,064	4,393,645	28,296	75,825	104,120	4,289,525	4220%	
2030	7,728,709	3,335,064	4,393,645	27,852	74,575	102,427	4,291,219	4290%	
2031	7,728,709	3,335,064	4,393,645	27,378	73,242	100,619	4,293,026	4367%	
2032	7,728,709	3,335,064	4,393,645	26,898	71,891	98,788	4,294,857	4448%	
2033	7,728,709	3,335,064	4,393,645	26,406	75,501	101,907	4,291,739	4311%	
2034	7,728,709	3,335,064	4,393,645	25,900	73,869	99,769	4,293,876	4404%	
2035	7,728,709	3,335,064	4,393,645	25,384	72,201	97,585	4,296,060	4502%	
2036	7,728,709	3,335,064	4,393,645	29,859	75,505	105,364	4,288,281	4170%	
2037	7,728,709	3,335,064	4,393,645	29,147	73,566	102,713	4,290,933	4278%	
2038	7,728,709	3,335,064	4,393,645	28,427	76,604	105,031	4,288,615	4183%	
2039	7,728,709	3,335,064	4,393,645	27,699	74,399	102,098	4,291,548	4303%	
2040	7,728,709	3,335,064	4,393,645	26,965	72,174	99,139	4,294,507	4432%	
2041	7,728,709	3,335,064	4,393,645	26,227	74,934	101,161	4,292,485	4343%	
2042	7,728,709	3,335,064	4,393,645	25,483	72,453	97,936	4,295,709	4486%	
2043	7,728,709	3,335,064	4,393,645	29,735	74,956	104,691	4,288,954	4197%	
2044	7,728,709	3,335,064	4,393,645	28,795	72,220	101,015	4,292,630	4349%	
2045	7,728,709	3,335,064	4,393,645	27,853	74,472	102,325	4,291,321	4294%	
2046	7,728,709	3,335,064	4,393,645	26,905	76,482	103,387	4,290,258	4250%	
2047	7,728,709	3,335,064	4,393,645	25,955	73,248	99,203	4,294,442	4429%	
				\$ 814,566	\$ 1,834,904	\$ 2,649,469			

(1)FY 2016 Figures

Kyle

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
OPERATING REVENUES:					
Water and sewer sales	\$ 17,675,893	\$ 16,226,692	\$ 15,523,262	\$ 12,761,147	\$ 10,553,330
Other Revenues	160,039	118,034	268,519	98,402	78,194
Total Operating Revenues	\$ 17,835,932	\$ 16,344,726	\$ 15,791,781	\$ 12,859,549	\$ 10,631,524
OPERATING EXPENSES ⁽¹⁾:					
Salaries and wages	\$ 2,681,797	\$ 2,275,989	\$ 2,055,272	\$ 1,867,244	\$ 1,818,989
Purchased and Technical Services	5,384,895	6,236,335	5,886,128	4,841,149	5,200,055
Other Expense	662,040	347,454	330,538	733,446	411,813
Total Operating Expenses	\$ 8,728,732	\$ 8,859,778	\$ 8,271,938	7,441,839	7,430,857
OPERATING INCOME:	\$ 9,107,200	\$ 7,484,948	\$ 7,519,843	\$ 5,417,710	\$ 3,200,667
TRANSFERS AND OTHER:					
Grants Income	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax Revenues	-	-	-	-	-
Interest Income	31,606	9,602	9,109	12,201	17,221
Gain/Loss from Sale of Assets	-	-	-	-	-
Interest Expense	-	-	-	-	-
NET INCOME	<u>\$ 9,138,806</u>	<u>\$ 7,494,550</u>	<u>\$ 7,528,952</u>	<u>\$ 5,429,911</u>	<u>\$ 3,217,888</u>

(1) Excludes Depreciation.

Canyon Regional

	Fiscal Year Ending September 30,				
	2016	2015	2014	2013	2012
OPERATING REVENUES:					
Water sales	\$ 9,620,178	\$ 9,445,491	\$ 8,026,655	\$ 8,965,281	\$ 7,666,507
Other Revenues	305,466	351,881	277,294	223,710	274,554
Total Operating Revenues	\$ 9,925,644	\$ 9,797,372	\$ 8,303,949	\$ 9,188,991	\$ 7,941,061
OPERATING EXPENSES ⁽¹⁾:					
Purchased Water	\$ 4,240,831	\$ 3,913,366	\$ 3,825,838	\$ 3,656,415	\$ 2,724,107
Treatment Plant Operating Expense	3,242,985	3,830,765	3,754,748	3,738,999	3,161,521
Line Use Transmission Cost	276,110	233,496	296,448	256,209	235,525
Salary & Wages	976,974	897,895	895,522	782,816	689,691
Employment Related Expenses	225,213	205,777	189,947	172,809	152,999
Professional Fees	212,247	218,432	620,964	354,959	358,173
Total Operating Expenses	\$ 9,174,360	\$ 9,299,731	\$ 9,583,467	8,962,207	7,322,016
OPERATING INCOME:	\$ 751,284	\$ 497,641	\$ (1,279,518)	\$ 226,784	\$ 619,045
TRANSFERS AND OTHER:					
Member Disbursements	\$ 10,159,135	\$ 10,198,434	\$ 10,031,576	\$ 8,973,685	\$ 8,193,553
Member Joint Venture Reimbursement	-	1,133,455	2,620,901	-	-
Interest Income	35,815	13,702	19,976	39,224	59,244
Bond Issue Costs	(1,909,391)	-	-	-	(436,815)
Interest Expense	(5,627,412)	(5,179,294)	(4,688,616)	(4,855,816)	(4,987,949)
Contribution Joint Venture	-	-	(452,539)	(396,377)	(565,440)
NET INCOME	<u>\$ 3,409,431</u>	<u>\$ 6,663,938</u>	<u>\$ 6,251,780</u>	<u>\$ 3,987,500</u>	<u>\$ 2,881,638</u>

(1) Excludes Depreciation.

San Marcos

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
OPERATING REVENUES:					
Charges for Services	\$ 36,062,301	\$ 33,879,544	\$ 31,697,186	\$ 28,721,993	\$ 28,095,240
Other Revenues	1,358,753	1,352,415	1,023,123	1,021,394	44,028
Total Operating Revenues	\$ 37,421,054	\$ 35,231,959	\$ 32,720,309	\$ 29,743,387	\$ 28,139,268
OPERATING EXPENSES ⁽¹⁾:					
Personnel Services	\$ 4,099,006	\$ 3,655,026	\$ 3,707,893	\$ 3,681,190	\$ 3,337,286
Contracted Services	8,094,737	8,534,197	7,802,516	7,468,957	7,418,125
Materials & Supplies	1,079,295	972,776	905,069	887,207	891,174
Indirect Costs	4,098,935	3,905,569	3,245,110	3,209,525	3,105,034
Other Charges	3,098,000	2,963,876	686,852	680,653	590,834
Total Operating Expenses	\$ 20,469,973	\$ 20,031,444	\$ 16,347,440	15,927,532	15,342,453
OPERATING INCOME:	\$ 16,951,081	\$ 15,200,515	\$ 16,372,869	\$ 13,815,855	\$ 12,796,815
TRANSFERS AND OTHER:					
Investments	\$ 299,559	\$ 116,604	\$ 128,932	\$ 96,189	\$ 208,272
Interest & Fiscal Charges	(4,006,824)	(3,911,234)	(3,680,766)	(3,987,635)	(4,531,444)
Capital Recovery	-	-	-	-	-
Gain of sale of assests	-	-	-	-	-
Other	-	-	-	-	2,423,687
NET INCOME	<u>\$ 13,243,816</u>	<u>\$ 11,405,885</u>	<u>\$ 12,821,035</u>	<u>\$ 9,924,409</u>	<u>\$ 10,897,330</u>

(1) Excludes Depreciation.

Buda

	Fiscal Year Ended September 30,				
	2016 ⁽¹⁾	2015	2014	2013	2012
<u>Gross Revenues</u>					
Fees and Charges	\$ 7,702,586	\$ 5,901,918	\$ 5,695,605	\$ 5,496,943	\$ 4,479,139
Interest Income	9,801	9,805	3,814	4,756	45,936
Miscellaneous revenues	16,322	49,372	99,314	29,843	151,298
Capital recovery fees	-	1,485,288	1,710,552	1,144,993	965,017
Total Revenues	\$ 7,728,709	\$ 7,446,383	\$ 7,509,285	\$ 6,676,535	\$ 5,641,390
<u>Expenses :</u>					
Personal services	\$ 857,527	\$ 896,259	\$ 757,540	\$ 733,722	\$ 677,193
Contractual services	351,475	510,612	361,804	297,099	311,520
Material and supplies	194,902	174,302	145,414	166,143	134,847
Water contract	1,287,730	1,590,346	1,363,120	1,207,586	1,382,256
Maintenance and repairs	643,430	1,127,122	537,475	293,089	412,848
Total Expenses	\$ 3,335,064	\$ 4,298,641	\$ 3,165,353	\$ 2,697,639	\$ 2,918,664
Net Revenue Available for Debt Service	<u>4,393,645</u>	<u>3,147,742</u>	<u>4,343,932</u>	<u>3,978,896</u>	<u>2,722,726</u>

(1) Draft figures. Subject to change.



RESOLUTION NO. 20170322-001

A RESOLUTION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY BOARD OF DIRECTORS ACCEPTING AND APPROVING THE AUDIT REPORT PREPARED BY ATCHLEY & ASSOCIATES, LLP FOR THE AGENCY'S 2015-16 FISCAL YEAR, AND DECLARING AN EFFECTIVE DATE

RECITALS:

1. The Hays Caldwell Public Utility Agency (the "Agency") has engaged the independent accounting firm of Atchley & Associates, LLP of Austin, Texas to perform an annual audit of Agency financial records.
2. Atchley & Associates, LLP has performed an audit of Agency financial records for the 2015-16 fiscal year, and has prepared and presented a report of the audit results to the Agency Board of Directors.
3. The Agency Board of Directors wishes to accept and approve the audit report prepared by Atchley & Associates, LLP.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY:

SECTION 1. The audit report prepared by Atchley & Associates, LLP for the Agency's 2015-16 fiscal year is accepted and approved.

SECTION 2. This Resolution shall be in full force and effect immediately upon its passage.

ADOPTED: March 22, 2017

A handwritten signature in blue ink, appearing to read "David Wilson", written over a horizontal line.

David Wilson
Chair, Board of Directors

ATTEST:

A handwritten signature in blue ink, appearing to read "Chris Betz", written over a horizontal line.

Chris Betz
Secretary, Board of Directors



Board of Directors
Hays Caldwell Public Utility Agency
630 E. Hopkins
San Marcos, TX 78666

We have audited the financial statements of Hays Caldwell Public Utility Agency (the Agency) as of and for the year ended September 30, 2016, and have issued our report thereon dated February 13, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 28, 2016, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note A to the financial statements. As described in Note A to the financial statements, the Agency adopted a new accounting standard, *GASB No. 68, Accounting and Financial Reporting for Pensions*, during the year ended September 30, 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is the estimated amortization period of lease acquisition costs.

Management's estimate of the lease acquisition costs is based on the estimated minimum lease period across all leases.

We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated February 13, 2017.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Hays Caldwell Public Utility Agency.

Atehley & Associates, LLP

Austin, Texas
February 13, 2017



February 13, 2017

Atchley & Associates, LLP
6850 Austin Center Blvd., Ste 180
Austin, Texas 78731

This representation letter is provided in connection with your audit of the financial statements of the Hays Caldwell Public Utility Agency (the Agency) which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of activities, and cash flows in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 28, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. We have no knowledge of any uncorrected misstatements in the financial statements.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which the Agency is contingently liable.
 - b. All liabilities that are subordinated to any other actual or possible liabilities of the Agency.

- c. All leases and material amounts of rental obligations under long-term leases.
- d. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risks and Uncertainties Topic of the Governmental Accounting Standards Board (GASB). Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
- e. Concentrations of credit risk.
- f. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the GASB.

Information Provided

- 9. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 10. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 11. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
- 12. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
- 13. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
- 14. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 15. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- 16. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
- 17. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.

18. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. The Agency has no significant amounts of idle property and equipment or permanent excess plant capacity.
 - b. The Agency has no plans or intentions to discontinue the operations of any subsidiary or division or to discontinue any significant product lines.
 - c. Provision has been made to reduce all assets that have permanently declined in value to their realizable values.
 - d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
20. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. For uninsured losses or loss retentions (deductibles) attributable to events occurring through September 30, 2016 and/or for expected retroactive insurance premium adjustments applicable to periods through September 30, 2016.
 - c. For pension obligations, postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through September 30, 2016.
 - d. For any material loss to be sustained in the fulfillment of or from the inability to fulfill any commitment, including promises to give.
21. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the GASB.
 - c. Amounts held for others under agency and/or split interest agreements.
 - d. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - e. Lines of credit or similar arrangements.
 - f. Security agreements in effect under the Uniform Commercial Code.
 - g. Other liens or encumbrances on assets or other pledges of assets.
 - h. Amounts of contractual obligations for construction and/or purchase of real property, equipment, other assets, and intangibles.

- i. Reclassifications between net asset classes.
22. The Agency has satisfactory title to all owned assets.
23. We have complied with all aspects of contractual agreements, grants, and donor restrictions that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
24. With respect to management's discussion and analysis and other required supplementary information presented as required by GASB to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
25. We are responsible for determining that significant events or transactions that have occurred since the balance sheet date and through the date of this letter have been recognized or disclosed in the financial statements. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the balance sheet date and through the date of this letter that would require recognition or disclosure in the financial statements. We further represent that, as of the date of this letter, the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.
26. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Hays Caldwell Public Utility Agency:



Graham Moore, Executive Director

Hays Caldwell Public Utility Agency

Annual Financial Report

September 30, 2016 and 2015

Hays Caldwell Public Utility Agency
September 30, 2016 and 2015
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hays Caldwell Public Utility Agency
San Marcos, Texas

We have audited the accompanying financial statements of Hays Caldwell Public Utility Agency (the Agency), which comprise the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 to 7, the Schedule of Changes in the Agency's Net Pension Asset/Liability and Related Ratios - Last Ten Years (Unaudited) on page 27, and the Texas County & District Retirement System - Schedule of Funding Progress (Unaudited) on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Atehley & Associates, LLP

Austin, Texas

February 13, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Hays Caldwell Public Utility Agency's (the Agency) financial performance provide an overview of the Agency's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights

- The Agency's net position was \$5,363,570 as of September 30, 2016.
- Total operating revenues were \$-0-, while total operating expenses were \$1,711,091.

Agency Highlights

- The Agency was established in January 2007 by the cities of San Marcos, Kyle and Buda and the Canyon Regional Water Authority (the "Sponsors").
- The Agency's goal is to secure and develop a long-term water supply for the Sponsors' communities.
- The Agency completed a Plumbing Plan which detailed how the Sponsors may share water prior to initiating the new supply. The Plumbing Plan also provides a baseline strategy for the implementation of the new supply.
- The Agency completed a Water Supply Contract between the Agency and its Sponsors on January 1, 2008 and Amendment #1 to the Contract on October 31, 2009.
- The Agency began the effort to acquire groundwater leases in 2008 and has secured long-term water supply leases totaling 17,178 surface acres.
- The Agency submitted applications for groundwater production and transportation (the "applications") in the amount of 10,300 acre-feet per year from the Gonzales County Underground Water Conservation District (the "District") on March 17, 2010. The District held a Public Hearing for the Agency's permit applications on November 13, 2012. The District approved the Agency's production and transportation permits on a 5-0 vote at the meeting in the amount of 10,300 acre-feet per year.
- The Agency hired its first full-time employee, Executive Director, in September 2014. The Executive Director is responsible for all aspects of the Agency and reports directly to the Board of Directors. The Agency still relies on various consultants for legal, technical and related services.
- The Agency commenced design of its initial infrastructure, Phase 1A, in December 2014. This infrastructure includes a pipeline and pump station that will interconnect the Kyle and Buda water systems. This infrastructure is anticipated to be operational by December 31, 2018 and will be used by Buda to receive water from Kyle and San Marcos until the year 2023, when the Agency will begin delivery of its Carrizo water from Caldwell County. The Agency secured debt to pay for the Phase 1A infrastructure on behalf of Kyle and Canyon Regional Water Authority in November 2015. The cities of Buda and San Marcos elected to pay for their share of the Phase 1A costs through cash contributions.

- The Agency is pursuing legislation through the 85th Texas Legislative Session that would convert the Agency from the Hays Caldwell Public Utility Agency to the Alliance Regional Water Authority. This conversion would allow the Agency to more efficiently develop and deliver its water supplies to its Sponsors. The Agency’s Sponsors and contracts would not change as a result of the conversion.

USING THIS ANNUAL REPORT

This annual report consists of two parts; Management’s Discussion and Analysis and Financial Statements. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The Financial Statements of the Agency report information about the Agency using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all of the Agency’s assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the Agency. All of the current year’s revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Agency’s operations over the past year and can be used to determine whether the Agency has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Agency’s cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations as “from where did the cash come?”, “for what was cash used?” and “what was the change in cash balance during the reporting period?”

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency does not currently rely on Operating Revenues to support itself; instead it relies on cash contributions from the member Sponsors to meet its commitments. The Agency’s net position was \$5,363,570 as described in Table 1, on the following page.

Table 1
Hays Caldwell Public Utility Agency's
Net Position
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets	\$ 9,574,943	\$ 2,620,920
<i>Noncurrent Assets:</i>		
Projects in Progress	3,256,858	2,405,991
Groundwater Lease Acquisition Costs, net	658,367	863,177
Net pension asset	681	-
<i>Total Noncurrent Assets</i>	<u>3,915,906</u>	<u>3,269,168</u>
Total assets	13,490,849	5,890,088
Deferred outflows:		
Deferred pension outflows	<u>8,352</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 13,499,201</u>	<u>\$ 5,890,088</u>
LIABILITIES		
Current Liabilities	\$ 920,631	\$ 486,596
Bonds payable, net of current portion	<u>7,215,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>8,135,631</u>	<u>486,596</u>
NET POSITION:		
Net investment in capital assets	3,256,858	2,405,991
Debt service	7,490,000	-
Deficit	<u>(5,383,288)</u>	<u>2,997,501</u>
TOTAL NET POSITION	<u>\$ 5,363,570</u>	<u>\$ 5,403,492</u>

Table 2 below indicates the change in net position for FY 15-16 and for FY 14-15.

Significant revenues are not anticipated to begin until the year 2023, when the Agency currently anticipates to begin delivering Carrizo water to its Sponsors. Until operating revenues are in place, the Sponsors will continue to invest in the Agency. The Sponsors will continue to provide capital contributions directly to the Agency or the Agency will issue debt and the Sponsors will make monthly payments to cover the debt obligation.

The Agency will earn revenue from shared water sold to Buda. The Agency will in turn make payments for this water to Kyle and San Marcos. In addition, the Agency will begin earning a small amount of revenue in 2017 from a private customer for non-potable water.

Table 2
Hays Caldwell Public Utility Agency's
Changes in Net Position

	<u>FY 15-16</u>	<u>FY 14-15</u>
<i>Total operating revenues</i>	\$ -	\$ -
<i>Operations & maintenance expenses</i>	440,963	381,561
<i>Other operating expenses</i>	<u>1,270,128</u>	<u>1,339,970</u>
<i>Total operating expenses</i>	1,711,091	1,721,531
Operating loss	<u>(1,711,091)</u>	<u>(1,721,531)</u>
<i>Other non-operating Income (expense):</i>		
Contributions from participating governments	1,995,507	2,180,000
Bond issuance cost	(340,784)	
Interest income	<u>16,446</u>	<u>5,922</u>
<i>Total other non-operating income</i>	1,671,169	2,185,922
CHANGE IN NET POSITION	(39,922)	464,391
Net Position at Beginning of Year	<u>5,403,492</u>	<u>4,939,101</u>
Net Position at End of Year	<u><u>\$ 5,363,570</u></u>	<u><u>\$ 5,403,492</u></u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2016, the Agency had no capital assets, however had incurred costs toward engineering the alternate water source project and intangible lease acquisition costs that were capitalized. More detailed information can be found in the notes to the financial statements.

Long Term Debt

In November 2015, the Agency issued \$3,960,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds Series 2015A (Series 2015A) and \$3,530,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds Series 2015B (Series 2015B), in coordination with the Texas Water Development Board. Two of the four sponsoring governments are backing the bonds and will remit payments on the Agency's behalf, in replacement of making future contributions directly to the Agency. The serial bonds have average interest rates of 1.97% and 2.884% for Series 2015A and Series 2015B,

respectively, with semi-annual interest payments due on February 15 and August 15. The Series 2015A and Series 2015B bonds mature in August 2035 and August 2045, respectively. As of September 30, 2016, the Agency has \$7,490,000 in long-term bonds payable.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Agency's Fiscal Year 2016-2017 operating budget of \$1,935,660 is an increase of approximately 9% from fiscal year 2015-2016 budgeted operating expenses. The increase is primarily related to the increased amount of groundwater royalty payments that are anticipated in FY 16-17 due to the anticipated approval of additional groundwater permits the Agency is seeking from the Plum Creek Conservation District and additional expenditures for consultants assisting the Agency in its goal to convert to the Alliance Regional Water Authority.
- The Agency's Fiscal Year 2016-2017 capital budget of \$443,000 primarily represents engineering and right-of-way acquisition services for the design of the Agency's well field infrastructure and other engineering studies. The FY 16-17 capital budget is an approximate 63% decrease from the amended FY 15-16 capital budget.
- The Agency's FY 2016-2017 budget also includes debt service payments to be made by the City of Kyle and Canyon Regional Water Authority for their share of the Phase 1A infrastructure. This total debt service is \$465,260. The City of San Marcos and City of Buda are funding their share of the infrastructure costs via cash payments to the Agency.
- The Agency's Fiscal Year 2016-2017 budget anticipates a fund balance as of September 30, 2017 of approximately \$2,546,900.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Graham Moore with the Hays Caldwell Public Utility Agency at 630 East Hopkins, San Marcos, Texas 78666, (512) 294-3214 or at gmoore@hcpua.org.

Basic Financial Statements

**Hays Caldwell Public Utility Agency
Statements of Net Position
September 30, 2016 and 2015**

	2016	2015
ASSETS AND DEFERRED OUTFLOWS		
Current assets:		
Cash and cash equivalents	\$ 9,221,743	\$ 2,553,081
Investments	115	115
Contributions receivable	296,332	16,133
Prepaid expense	56,753	51,591
Total current assets	9,574,943	2,620,920
Noncurrent assets:		
Projects in progress	3,256,858	2,405,991
Groundwater lease acquisition costs, net	658,367	863,177
Net pension asset	681	-
Total noncurrent assets	3,915,906	3,269,168
Total assets	13,490,849	5,890,088
Deferred outflows:		
Deferred pension outflows	8,352	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 13,499,201	\$ 5,890,088
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 244,157	\$ 104,753
Accrued expenses	23,525	3,894
Accrued costs - annual groundwater reservation payments	377,949	377,949
Current portion of bonds payable	275,000	-
Total current liabilities	920,631	486,596
Bonds payable, net of current portion	7,215,000	-
TOTAL LIABILITIES	8,135,631	486,596
NET POSITION		
Net investments in capital assets	3,256,858	2,405,991
Debt service	7,490,000	-
Deficit	(5,383,288)	2,997,501
TOTAL NET POSITION	\$ 5,363,570	\$ 5,403,492

The accompanying notes are an integral part of these financial statements.

Hays Caldwell Public Utility Agency
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2016 and 2015

	2016	2015
Operating revenue		
Application fees	\$ -	\$ -
Total operating revenue	-	-
Operating expenses		
Operations & maintenance:		
Legal & professional fees	118,119	131,436
Permits and fees	53,094	-
Personnel costs	167,301	165,039
Other contract services	78,000	78,000
Other operating expenses	24,449	7,086
Total operations & maintenance	440,963	381,561
Other operating expenses:		
Groundwater reservation costs	1,065,318	1,135,162
Amortization of lease acquisition costs	204,810	204,808
Total other operating expenses	1,270,128	1,339,970
Total operating expenses	1,711,091	1,721,531
Operating loss	(1,711,091)	(1,721,531)
Other non-operating income (expense):		
Contributions from participating governments	1,995,507	2,180,000
Bond issuance cost	(340,784)	-
Interest Income	16,446	5,922
Total other non-operating income	1,671,169	2,185,922
Change in net position	(39,922)	464,391
Net position, beginning of year	5,403,492	4,939,101
Net position, end of year	\$ 5,363,570	\$ 5,403,492

The accompanying notes are an integral part of these financial statements.

Hays Caldwell Public Utility Agency
Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ -	\$ -
Cash paid to suppliers	(139,420)	(213,912)
Cash paid for personnel costs	(176,025)	(162,828)
Cash paid to landowners - annual groundwater reservation costs	(1,065,318)	(1,137,231)
Net cash flows used in operating activities	(1,380,763)	(1,513,971)
Cash flows from investing activities:		
Interest received	16,446	5,922
Net cash flows provided by investing activities	16,446	5,922
Cash flows from financing activities:		
Contributions from participating governments	1,715,308	2,180,000
Proceeds from issuance of bonds	7,490,000	-
Payments on debt issuance costs	(340,784)	-
Payments on project in progress	(831,545)	(286,848)
Net cash flows provided by financing activities	8,032,979	1,893,152
Net change in cash and cash equivalents	6,668,662	385,103
Cash and cash equivalents, beginning of period	2,553,081	2,167,978
Cash and cash equivalents, end of period	\$ 9,221,743	\$ 2,553,081
Reconciliation of operating income to net cash flows from operating activities:		
Operating loss	\$ (1,711,091)	\$ (1,721,531)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Amortization of lease acquisition costs	204,810	204,808
Changes in operating assets and liabilities:		
Increase in prepaid expense	(5,162)	(51,591)
Increase in net pension asset	(681)	-
Increase in deferred pension outflows	(8,352)	-
Increase in accounts payable and accrued expenses	139,713	56,412
Decrease in accrued costs - annual groundwater reservation payments	-	(2,069)
Net cash flows used in operating activities	\$ (1,380,763)	\$ (1,513,971)
Supplemental cash flow information:		
Cash paid during the year for interest - capitalized	\$ 113,708	\$ -

The accompanying notes are an integral part of these financial statements.

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Hays Caldwell Public Utility Agency (the Agency) was incorporated January 2007 pursuant to the provisions of Chapter 422, Texas Local Government Code, Public Utility Agencies for Provision of Water or Sewer Service. The Agency was organized to aid, assist, and act on behalf of the organizing participants, collectively and individually, to achieve economies of scale in providing essential water and sewage systems to the public, and provide environmentally sound protection of the State's future water and wastewater needs. The organizing sponsors (the Sponsors) are:

City of San Marcos
City of Kyle
City of Buda
Canyon Regional Water Authority

The Agency meets the criteria of a joint venture between the Sponsors with an ongoing financial responsibility. The Sponsors have pledged revenues from existing water utility systems to finance the operations and long-term debt of the Agency, either through purchasing water from the Agency or subsidizing through direct payments (reflected as "Contributions from Participating Governments"). The Agency is actively pursuing the development of alternate water sources.

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Adoption of New Accounting Pronouncement

In fiscal year 2015, the Agency adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27 (GASB 68). GASB 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for pensions provided to the employees of state and local governments through pension plans administered through trusts with certain characteristics. Prior year financial statements were not restated because the adjustments were not material.

Enterprise Fund

The Agency conducts operations as an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public. The activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The statements are presented on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. The accrual basis of accounting is used whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the Agency.

Investments

State statutes authorize the Agency to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d), or (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAM (or equivalent) rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. (see Note B).

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The Agency's investment policy limits its authorized investments in accordance with the Public Funds Investment Act including obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas; obligations of states, agencies, contracts, cities, and other political subdivisions rated as to investment quality of not less than AAA by a nationally recognized investment firm. The U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

The Agency's investment policy limits investments in Federal Agency securities to 70% of the total investment portfolio. The Agency may also invest up to 100% of its funds in government investment pools. With the exception of U.S. Treasury securities, authorized public funds investment pools, and federally insured or collateralized investments, no more than 30% of the Agency's total investment portfolio may be invested in a single security type or with a single financial institution. As of September 30, 2016 and 2015, the investment in TexSTAR was rated AAAM by Standard & Poor's.

Groundwater Lease Acquisition Costs

Costs incurred to purchase or reserve groundwater (leases) for future consumption are capitalized. Those costs consist of incentive payments to landowners and professional fees for contract negotiations. The costs are being amortized over an estimated 10-year minimum lease term.

Contributions Receivable

The Agency operates under an operating and capital expense budget established by the Board of Directors at the beginning of each fiscal year. Each participant has pledged to fund their respective share (see Note G) of the resources necessary to fund operations and capital projects. Amounts still due the Agency as of the end of the year are reflected as Contributions Receivable on the Statement of Net Position. No allowance for uncollectible accounts has been reflected as management believes the receivables to be fully collected in the following fiscal year.

Projects in Progress

The Agency is in the process of developing an alternate water source in the Carrizo-Wilcox Aquifer region through the purchase of land, leasing of water rights, and designing and constructing infrastructure to transport and treat water to subsidize the water currently available to the participants. All costs associated with the development of the capital project are capitalized as Projects in Progress until such time as the infrastructure system is placed in service. Depreciation is not recorded on the system until placed in service.

Bonds Payable

Bonds payable are reported as liabilities on the statement of net position. Bond issue costs are expensed when incurred.

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the Agency, those revenues consist of partnership application fees and, at such time as alternate water sources are developed, charges for consumption of services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as non-operating. Contributions from sponsors to finance operations during the development stage, as well as contributions recognized as earned under the capital projects plan are classified as non-operating revenues.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management of the Agency has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Agency's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Agency's bank approved pledge securities in an amount sufficient to protect the Agency's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of insurance provide by the Federal Deposit Insurance Corporation (FDIC).

Cash. As of September 30, 2016, the carrying amount of the Agency's bank deposits was \$2,258,711. Of that amount, \$250,000 was covered by FDIC insurance. The Agency's depository also had pledged securities having a par value of \$3,500,000 at September 30, 2016, and a market value of \$3,843,390 as collateral for the Agency's deposits. All of the Agency's cash was fully collateralized as of September 30, 2016.

Cash Equivalents. In conjunction with the bond issuances during the year ended September 30, 2016 (see Note D), the bond proceeds were placed into escrow funds and invested in U.S. Treasury money market securities. As of September 30, 2016, the market value of these investments was \$3,716,058. The funds fall within the Texas Public Funds Investment Act.

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE B - CASH AND INVESTMENTS (CONTINUED)

Investments. As of September 30, 2016 and 2015, the Agency had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexSTAR (Local Government Investment Pool)	\$ 115	0.14
	\$ 115	
Portfolio Weighted Average Maturity		0.14

Investment Rate Risk. This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the Agency was not exposed to interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the Agency was not exposed to credit risk.

NOTE C - NONCURRENT ASSETS

Noncurrent assets consist of engineering costs incurred to develop the infrastructure of an alternative water source (projects in progress), professional fees incurred to obtain groundwater reservation leases (water rights), and incentive lease payments to landowners (see Note G). Changes in projects in progress and groundwater lease acquisition costs for the year ended September 30, 2016 are as follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Projects in Progress	\$ 2,405,991	\$ 850,867	\$ -	\$ 3,256,858
Lease Acquisition Costs	2,048,098	-	-	2,048,098
Amortization of Lease Costs	(1,184,921)	(204,810)	-	(1,389,731)
Net pension asset	-	681	-	681
	<u>\$ 3,269,168</u>	<u>\$ 646,738</u>	<u>\$ -</u>	<u>\$ 3,915,906</u>

Changes in projects in progress and groundwater lease acquisition costs for the year ended September 30, 2015 are as follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Projects in Progress	\$ 2,119,143	\$ 286,848	\$ -	\$ 2,405,991
Lease Acquisition Costs	2,048,098	-	-	2,048,098
Amortization of Lease Costs	(980,113)	(204,808)	-	(1,184,921)
	<u>\$ 3,187,128</u>	<u>\$ 82,040</u>	<u>\$ -</u>	<u>\$ 3,269,168</u>

**Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015**

NOTE C - NONCURRENT ASSETS (CONTINUED)

Projects in Progress are not depreciated until completed and placed in service. Lease acquisition costs are amortized over 10 years.

NOTE D - BONDS PAYABLE

Changes in long-term bonds payable obligations for the year ended September 30, 2016 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds payable	\$ -	\$ 7,490,000	\$ -	\$ 7,490,000	\$ 275,000
	\$ -	\$ 7,490,000	\$ -	\$ 7,490,000	\$ 275,000

Contract Revenue Bonds, Series 2015A

In November 2015, the Agency issued \$3,960,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds Series 2015A (Series 2015A) in coordination with the Texas Water Development Board. The sponsoring government, Canyon Regional Water Authority, is backing the bonds and will remit payments on the Agency's behalf, in replacement of making future contributions directly to the Agency. The serial bonds have interest rates ranging from 0.38% to 2.41% with semi-annual interest payments due on February 15 and August 15. The bonds mature in August 2035.

In November 2015, the Agency issued \$3,530,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds Series 2015B (Series 2015B) in coordination with the Texas Water Development Board. The sponsoring government, City of Kyle, Texas, is backing the bonds and will remit payments on the Agency's behalf, in replacement of making future contributions directly to the Agency. The serial bonds have interest rates ranging from 0.45% to 3.21% with semi-annual interest payments due on February 15 and August 15. The bonds mature in August 2045.

Debt service requirements on long-term bond debt at September 30, 2016, are as follows:

For the year ending September 30,	Series 2015A - \$3,960,000		
	Principal	Interest	Total
2017	\$ 185,000	\$ 65,658	\$ 250,658
2018	185,000	64,955	249,955
2019	185,000	63,919	248,919
2020	185,000	62,587	247,587
2021	190,000	60,977	250,977
Thereafter	3,030,000	513,997	3,543,997
Total	\$ 3,960,000	\$ 832,093	\$ 4,792,093

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE D - BONDS PAYABLE (CONTINUED)

For the year ending September 30,	Series 2015B - \$3,530,000		
	Principal	Interest	Total
2017	\$ 90,000	\$ 88,815	\$ 178,815
2018	90,000	88,410	178,410
2019	90,000	87,807	177,807
2020	90,000	87,033	177,033
2021	95,000	86,088	181,088
Thereafter	3,075,000	999,850	4,074,850
Total	\$ 3,530,000	\$ 1,438,003	\$ 4,968,003

NOTE E - RISK MANAGEMENT

The Agency is exposed to risk of loss related to torts; errors and omissions; and other claims of various natures. The Agency contracts with the Texas Municipal League (TML) to provide insurance coverage for errors and omissions. The provider is a multi-employer group that provides a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by TML. Liability for the Agency is generally limited to the contributed amounts.

NOTE F - ECONOMIC DEPENDENCY

Funding for the operation of the Agency was provided by the sponsoring governments in the following proportions based on their respective estimated long-term water needs:

City of San Marcos	35.86%
Canyon Regional Water Authority	30.89%
City of Kyle	28.17%
City of Buda	5.08%
	100.00%

Contributions from the sponsoring governments for the years ended September 30, 2016 and 2015 are as follows:

	2016	2015
City of San Marcos	\$ 981,948	\$ 781,748
Canyon Regional Water Authority	431,531	673,402
City of Kyle	442,920	614,106
City of Buda	139,108	110,744
Total Contributions	\$ 1,995,507	\$ 2,180,000

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE G - COMMITMENTS & CONTINGENCIES

Groundwater Lease Agreements

The Agency has entered into groundwater development agreements (leases) with various landowners for rights of development, production, transportation, and use of groundwater on the properties. In addition to incentive and acquisition costs, the leases call for annual royalty payments (groundwater reservation costs) based upon, at a minimum, the surface acreage of the property times a royalty rate base amount.

In addition, each lease agreement entitles the landowner to a one-time bonus payment equal to \$100 per surface acre leased, which is intended to compensate the landowner for the first year annual lease payment as well as provide an incentive. These payments are made in advance of the lease and the excess incentive over the initial annual payment is being amortized over 10 years (See Note C).

The Agency has the right to terminate the leases prior to the permitting process with 30 days notice. After the permitting process has begun, the Agency can terminate the leases for any reason after 5 years, or the length of the permit, whichever comes first. As long as the Agency continues the royalty payments, the leases remain in effect for up to 50 years. As of September 30, 2016 and 2015, the Agency had contracted for 17,178 surface acres.

The Agency has contracted with various professional services organizations to provide for engineering, consulting and other services. These agreements vary in length from one to three years with varying amounts due based on specific work orders issued as required to meet project objectives.

On November 13, 2012, the Agency was granted a permit to produce 10,300 acre-feet of groundwater out of a total 11,215 acre-feet available. At that time, the annual lease rate on permitted acreage increased from \$40 per surface acre to \$80 per acre-foot permitted. Estimates of minimum future commitments under the lease are \$1,077,728 for the fiscal year ending September 30, 2017 and each fiscal year thereafter.

NOTE H - PENSION PLAN

During the year ended September 30, 2015, the Agency signed a participation agreement with the Texas County & District Retirement System (TCDRS) to cover all eligible employees of the Agency. Mandatory eligible employee contributions were elected to be 5% of compensation, with Agency match deferrals at 5.45% of compensation. The Agency elected for a 5-year service eligibility requirement for vesting at the retirement age of 60.

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE H - PENSION PLAN (CONTINUED)

Plan Description and Benefits Provided

The Agency provides retirement, disability, and death benefits for all of its non-temporary employees through a nontraditional defined benefit pension plan in the Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 nontraditional defined benefit pension plans. TCDRS issues an aggregated comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034, and online at www.tcdrs.org.

The plan provisions are adopted by the governing body of each employer within the options available in the state statutes (TCDRS Act) governing TCDRS. Members can retire at age sixty and above with at least eight years of service; with thirty years of service regardless of age; or when the sum of their age and years of service equals seventy-five or more. Generally, members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Additionally, members with prior service at certain qualifying organizations may also be able to use that service time to qualify for benefits. Members who withdraw their personal contributions upon termination forfeit pension benefits provided by their employer. Cost-of living adjustments (COLA) are provided at the discretion of the Agency.

Benefit amounts are determined by the sum of the employee's accumulated contributions with interest (personal account balance) and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the expected benefits can be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's personal account balance and the employer-financed monetary credits to a monthly annuity using the actuarial equivalent as prescribed by the TCDRS Act.

At December 31, 2015, the Agency's only employee, Executive Director, was an active participant covered by the benefit terms.

**Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015**

NOTE H - PENSION PLAN (CONTINUED)

Contributions

The Agency has elected the annually determined contribution rate plan provisions of the TCDRS Act. Under the TCDRS Act, the Agency has the option of selecting the plan benefits to provide in the future, while at the same time considering the level of the employer contribution rate required to adequately finance the plan. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of those employees. The contribution rate of the employer is actuarially determined annually on a calendar year basis using the entry age actuarial cost method. The actuarially determined required contribution rates for calendar years 2016, 2015, and 2014 were 13.59%, 13.56% and 13.67%, respectively. The required contribution rate payable by the employee members for calendar year 2015 was 5.00% as adopted by the Agency. Both the employee contribution rate and the employer contribution rate may be changed by Agency within the options available in the TCDRS Act. The TCDRS Act states that the Agency's contribution rate may not exceed 11% of payroll unless the Agency elects to waive this limitation.

Net Pension Liability

The Agency's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	12/31/2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment return	8.10%
Projected salary increases	4.9% average, including inflation ⁽¹⁾
Inflation	3.0%
Cost-of-living adjustments	Cost-of-Living Adjustments for Hays Caldwell Public Utility Agency are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

⁽¹⁾ Rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

**Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015**

NOTE H - PENSION PLAN (CONTINUED)

Net Pension Liability (continued)

Mortality:

Depositing members

The RP-2000 Active Employee Mortality Table for males with a 2-year set forward and a 4-year setback for females; both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter.

Service retirees, beneficiaries,
and non-depositing members

The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale; 1-year set-forward for males and no age adjustment for females.

Disabled retirees

The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale; No age adjustment for males and a 2-year set-forward for females.

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

Discount rate – The discount rate used to measure the total pension liability was 8.10%. The discount rate was determined using an alternative method of determining the sufficiency of the fiduciary net position in all future years. The alternative method reflects the following requirements:

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the Agency is legally required to make the contribution specified in the funding policy.
3. The Agency's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the Agency is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE H - PENSION PLAN (CONTINUED)

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefits in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. A discount rate of 8.10% was used, which reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, and increased by 0.10% in order to be gross of administrative expenses. This rate of return on investments was determined by adding expected inflation to expected long-term real returns, and reflects expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC and are based on January 2016 information for a 7 – 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2012 for more details.

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE H - PENSION PLAN (CONTINUED)

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities - Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate	14.00%	8.45%
Master Limited Partnerships	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

⁽¹⁾ Target asset allocation adopted at the April 2016 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE H - PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Pension (b)	Net Pension Liability / (Asset) (a - b)
Balance as of December 31, 2014	\$ 1,960	\$ 2,178	\$ (218)
Changes for the year:			
Service cost	12,694	-	12,694
Interest on total pension liability ⁽¹⁾	624	-	624
Effect of plan changes ⁽²⁾	(1,079)	-	(1,079)
Effect of economic/demographic gains or losses	1,923	-	1,923
Effect of assumptions, changes, or inputs	102	-	102
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(7)	7
Member contributions	-	7,123	(7,123)
Net investment income	-	(151)	151
Employer contributions	-	7,763	(7,763)
Other ⁽³⁾	-	(1)	1
Net changes	14,264	14,727	(463)
Balance as of December 31, 2015	\$ 16,224	\$ 16,905	\$ (681)

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018.

⁽³⁾ Relates to allocation of system-wide items.

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE H - PENSION PLAN (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the Agency, calculated using the discount rate of 8.10%, as well as what the Agency’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 20,066	\$ 16,224	\$ 13,174
Fiduciary net position	16,905	16,905	16,905
Net pension liability (asset)	<u>\$ 3,161</u>	<u>\$ (681)</u>	<u>\$ (3,731)</u>

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS comprehensive annual financial report.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the Agency recognized pension expense of \$4,639. At September 30, 2016, deferred outflows and inflows of resources related to pensions were reported from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,842
Changes of assumptions	-	98
Net difference between projected and actual earnings	-	787
Contributions made subsequent to measurement date	-	5,625
	<u>\$ -</u>	<u>\$ 8,352</u>

Hays Caldwell Public Utility Agency
Notes to Financial Statements
September 30, 2016 and 2015

NOTE H - PENSION PLAN (CONTINUED)

\$5,625 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows if resources will be recognized as pension expense as follows:

Year Ended September 30,	
2017	\$ 289
2018	289
2019	289
2020	273
2021	88
Thereafter	1,499

Funded Status and Funding Process

The fund status as of December 31, 2015 is presented as follows:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Funded Ratio (a) / (b)	(d) Unfunded AAL (b) - (a)	(e) Covered Payroll	(f) UAAL as a % of Covered Payroll (d) / (e)
12/31/2014	\$ 2,178	\$ 1,960	111.1%	\$ (218)	\$ 124,618	-0.2%
12/31/2015	16,905	16,224	104.2%	(681)	142,452	-0.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual amounts are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility actuarial in accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

REQUIRED SUPPLEMENTARY INFORMATION

Hays Caldwell Public Utility Agency
Required Supplemental Information
Schedule of Changes in the Agency's Net Pension
Asset/Liability and Related Ratios
Last Ten Years*
(Unaudited)

	2015	2014
Total Pension Liability (Asset)		
Service cost	\$ 12,694	\$ 1,883
Interest on total pension liability	624	75
Effect of plan changes	(1,079)	-
Effect of economic/demographic (gains) or losses	1,923	2
Effect of assumptions changes or inputs	102	-
Benefit payments, including refunds of employee contributions	-	-
Net change in total pension liability (asset)	14,264	1,960
Total pension liability (asset), beginning	1,960	-
Total pension liability (asset), ending (a)	\$ 16,224	\$ 1,960
Fiduciary Net Position		
Employer contributions	\$ 7,763	\$ 1,132
Member contributions	7,123	1,038
Net investment income	(151)	9
Benefit payments, including refunds of employee contributions	-	-
Administrative expenses	(7)	(1)
Other	(1)	-
Net change in fiduciary net position	14,727	2,178
Fiduciary net position, beginning	2,178	-
Fiduciary net position, ending (b)	\$ 16,905	\$ 2,178
Net pension liability (asset), ending = (a) - (b)	\$ (681)	\$ (218)
Fiduciary net position as a % of total pension liability (asset)	104.20%	111.12%
Pensionable covered payroll	\$ 142,452	\$ 124,618
Net pension liability (asset) as a % of covered payroll	-0.48%	-0.17%

* Fiscal year 2014 was the first year of implementation. Therefore, only two years are shown.

**Hays Caldwell Public Utility Agency
Texas County & District Retirement System
Schedule of Funding Progress
(Unaudited)**

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (a)/(b)	Unfunded AAL (UAAL) (b) - (a)	Covered Payroll	UAAL as a Percentage of Covered Payroll (d)/(e)
12/31/2014	\$ 2,178	\$ 1,960	111.1%	\$ (218)	\$ 124,618	-0.2%
12/31/2015	16,905	16,224	104.2%	(681)	142,452	-0.5%



February 13, 2017

Atchley & Associates, LLP
6850 Austin Center Blvd., Ste 180
Austin, Texas 78731

This representation letter is provided in connection with your audit of the financial statements of the Hays Caldwell Public Utility Agency (the Agency) which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of activities, and cash flows in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 28, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. We have no knowledge of any uncorrected misstatements in the financial statements.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which the Agency is contingently liable.
 - b. All liabilities that are subordinated to any other actual or possible liabilities of the Agency.

- c. All leases and material amounts of rental obligations under long-term leases.
- d. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risks and Uncertainties Topic of the Governmental Accounting Standards Board (GASB). Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
- e. Concentrations of credit risk.
- f. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the GASB.

Information Provided

- 9. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 10. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 11. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
- 12. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
- 13. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
- 14. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 15. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
- 16. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
- 17. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.

18. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. The Agency has no significant amounts of idle property and equipment or permanent excess plant capacity.
 - b. The Agency has no plans or intentions to discontinue the operations of any subsidiary or division or to discontinue any significant product lines.
 - c. Provision has been made to reduce all assets that have permanently declined in value to their realizable values.
 - d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
20. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. For uninsured losses or loss retentions (deductibles) attributable to events occurring through September 30, 2016 and/or for expected retroactive insurance premium adjustments applicable to periods through September 30, 2016.
 - c. For pension obligations, postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through September 30, 2016.
 - d. For any material loss to be sustained in the fulfillment of or from the inability to fulfill any commitment, including promises to give.
21. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the GASB.
 - c. Amounts held for others under agency and/or split interest agreements.
 - d. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - e. Lines of credit or similar arrangements.
 - f. Security agreements in effect under the Uniform Commercial Code.
 - g. Other liens or encumbrances on assets or other pledges of assets.
 - h. Amounts of contractual obligations for construction and/or purchase of real property, equipment, other assets, and intangibles.

- i. Reclassifications between net asset classes.
22. The Agency has satisfactory title to all owned assets.
23. We have complied with all aspects of contractual agreements, grants, and donor restrictions that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
24. With respect to management's discussion and analysis and other required supplementary information presented as required by GASB to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
25. We are responsible for determining that significant events or transactions that have occurred since the balance sheet date and through the date of this letter have been recognized or disclosed in the financial statements. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the balance sheet date and through the date of this letter that would require recognition or disclosure in the financial statements. We further represent that, as of the date of this letter, the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.
26. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Hays Caldwell Public Utility Agency:



Graham Moore, Executive Director

InterimFinancialInformation N/A

Outstanding Debt

Yes, General obligation debt: N

Yes, Revenue debt: Y

Yes, Authorized but unissued debt: N

No: N

Hays Caldwell Public Utility Agency
Outstanding Debt

FYE 9/30	Series 2015 A Swfit Loan (CRWA Project)	Series 2015 B Swfit Loan (City of Kyle Project)	Total Debt Service
2016	\$ 48,331	\$ 65,377	\$ 113,709
2017	250,658	178,815	429,472
2018	249,955	178,410	428,364
2019	248,919	177,807	426,725
2020	247,587	177,033	424,619
2021	250,977	181,088	432,065
2022	249,058	179,929	428,987
2023	251,854	178,608	430,462
2024	249,319	182,117	431,436
2025	251,609	180,437	432,045
2026	253,669	178,677	432,345
2027	255,307	181,707	437,013
2028	251,506	179,407	430,913
2029	252,390	181,929	434,319
2030	252,875	179,135	432,010
2031	253,035	181,220	434,255
2032	252,905	183,058	435,962
2033	257,569	179,698	437,266
2034	256,881	181,266	438,146
2035	256,025	182,666	438,691
2036	-	183,883	183,883
2037	-	184,684	184,684
2038	-	180,330	180,330
2039	-	180,976	180,976
2040	-	181,452	181,452
2041	-	181,772	181,772
2042	-	181,812	181,812
2043	-	181,692	181,692
2044	-	186,396	186,396
2045	-	185,778	185,778
	\$ 4,840,422	\$ 5,317,151	\$ 10,157,574

Applicant's Ten Largest Employers

Texas State University (San Marcos): 3,606
Amazon (San Marcos): 3,000
Hays County Independent School District : 1,741
Premium Outlets San Marcos: 1,600
Tanger Factory Outlet Center (San Marcos: 1,540
San Marcos CISD (San Marcos): 1,209
Hays County (San Marcos): 832
CFAN (San Marcos): 700
Central Texas Medical Center (San Marcos: 700
H.E.B. Distribution Center (San Marcos): 680

Ten Largest Employers Comments:

Bond Ratings

Bond Ratings

Type	Standard & Poors	Date Received	Fitch	Date Received	Moody's	Date Received
G.O.						
Revenue						

Bond Rating N/A: Y

Receive Water or Sewer

Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?: Y

Part C52

Water Contracts

- Regional Water Supply Contract – dated January 9, 2008
- Amendment #1 to the Regional Water Supply Contract – effective October 31, 2009

Part C52 – Water Contracts

REGIONAL WATER SUPPLY CONTRACT
January 9, 2008

Part C52 – Water Contracts

CERTIFICATE OF BOARD SECRETARY

THE STATE OF TEXAS §
 §
COUNTY OF HAYS §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 9th day of January, 2008, the Board of Directors (the *Board*) of the Hays Caldwell Public Utility Agency (the *Agency*) convened in a regular meeting at the City Train Depot in Kyle, Texas (the *Meeting*), the duly constituted members of the Board being as follows:

Mayor Susan Narvaiz	Chair
Mark Speed	Director
Councilman Mike Moore	Vice Chair
Robert Camareno	Director
Collette Jamison	Director
Jesse Shanks	Director
Tom Mattis	Treasurer
Tom Taggart	Director
Chris Betz	Secretary
Alan McPherson	Director
Laurie Anderson	Director
David Davenport	Director
Rosie Vela	Director

and all of such persons were present at the Meeting, except for Mr. Moore and Mr. McPherson, who were absent, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY APPROVING A REVISED REGIONAL WATER SUPPLY CONTRACT BETWEEN THE AGENCY AND THE CANYON REGIONAL WATER AUTHORITY, THE CITY OF BUDA, THE CITY OF KYLE, AND THE CITY OF SAN MARCOS; AND DECLARING AN EFFECTIVE DATE

was introduced and submitted to the Board for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Mr. Taggart that the Resolution be finally passed and adopted in accordance with the Agency’s Bylaws. The motion was seconded by Mr. Shanks and carried by the following vote:

11 voted “For” **None** voted “Against” **None** abstained

all as shown in the official Minutes of the Board for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Agency; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Agency, this 9th day of January, 2008.



Chris Betz
Board Secretary

(AGENCY SEAL)

RESOLUTION NO. 20080109-001

A RESOLUTION OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY BOARD OF DIRECTORS APPROVING A REVISED REGIONAL WATER SUPPLY CONTRACT BETWEEN THE AGENCY AND THE CANYON REGIONAL WATER AUTHORITY, THE CITY OF BUDA, THE CITY OF KYLE, AND THE CITY OF SAN MARCOS, AND DECLARING AN EFFECTIVE DATE

RECITALS:

1. The Hays Caldwell Public Utility Agency (the "Agency") was formed by the Canyon Regional Water Authority, the City of Buda, the City of Kyle, and the City of San Marcos (the "Sponsoring Public Entities") for the purpose of developing a water supply project (the "Project") in the Carrizo-Wilcox Aquifer.

2. The Agency's bond counsel and financial advisors have recommended that the Agency enter into a water supply contract with the Sponsoring Public Entities to serve as the primary mechanism for financing Agency activities and the development of the Project, and to serve as the basis for issuance of debt obligations by the Agency.

3. The Agency Board of Directors (the "Agency Board"), at its meeting on September 26, 2007, approved a Regional Water Supply Contract. Since that time, the Agency's financial advisors suggested that the Agency and Sponsoring Public Entities consider revising the contract to allow the Agency to issue bonds in four separate series, one for each Sponsor. This would allow each Sponsor to structure its portion of the debt in a manner best suited to its circumstances. On November 14, 2007, the Executive Committee of the Agency Board recommended that the contract be revised to provide for the issuance of Agency bonds in separate series for each Sponsor. At its meeting on December 12, 2007, the Agency Board directed the Agency's bond attorneys and general counsel to draft the needed revisions to the contract

4. The Agency's bond attorneys and general counsel have revised the Regional Water Supply Contract to provide for the issuance of Agency bonds in separate series for each Sponsor, and the Agency Board wishes to approve the Regional Water Supply Contract as revised.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY:

SECTION 1. The attached Regional Water Supply Contract, as revised, between the Agency and the Canyon Regional Water Authority, the City of Buda, the City of Kyle, and the City of San Marcos is approved.

SECTION 2. The Chair of the Agency's Board of Directors, Susan Narvaiz, is authorized to execute the attached contract on behalf of the Agency.

SECTION 3. This Resolution shall be in full force and effect immediately upon its passage.

ADOPTED: January 9, 2008



Susan Narvaiz
Chair, Board of Directors

ATTEST:



Chris Betz
Secretary, Board of Directors

REGIONAL WATER SUPPLY CONTRACT

THIS REGIONAL WATER SUPPLY CONTRACT (the "Contract") is dated and entered into as of the 9th day of January, 2008, by and among the Hays Caldwell Public Utility Agency (the "Agency"), a non-profit constituted authority and instrumentality and political subdivision of the State of Texas (the "State"), created and existing under the laws of the State, including Chapter 422 as amended, Texas Local Government Code, and the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas, municipalities and political subdivisions of the State, and the Canyon Regional Water Authority, a conservation and reclamation district and political subdivision of the State of Texas, created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and the laws of the State. The City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority are referred to in this Contract collectively as the "Sponsoring Public Entities" and singularly each as a "Sponsoring Public Entity."

RECITALS

WHEREAS, Chapter 422 of the Texas Local Government Code, as amended (the "Act") authorizes public entities to create a public utility agency to plan, finance, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and wastewater, including plant sites, rights-of-way, and property, equipment, or rights of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and wastewater; and

WHEREAS, the City Councils of the City of Buda, Texas, the City of Kyle, Texas, and the City of San Marcos, Texas and the Board of Trustees of the Canyon Regional Water Authority (collectively, the "Governing Bodies") have collectively determined to authorize and approve the creation of the Agency as their constituted authority and instrumentality to accomplish the specific public purpose to plan, finance, construct, acquire, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and wastewater, including plant sites, rights-of-way, and property, equipment, or rights of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and wastewater, pursuant to the provisions of the Act, and other applicable law; and

WHEREAS, the Sponsoring Public Entities, pursuant to the Act and other applicable law, have authorized the creation of the Agency for the purposes set forth in the Agency's Bylaws, including the issuance of bonds to finance the costs of the Project, as hereinafter defined; and

WHEREAS, the Agency intends to own, design, construct, acquire, maintain, and operate the Project in a manner that will allow the Agency to deliver its water to the Sponsoring Public Entities and other potential purchasers on a regional basis; and

WHEREAS, the Sponsoring Public Entities and the Agency, exercising their mutual authority and furthering their mutual and urgent interests, wish to enter into this Contract in order

to most efficiently and quickly obtain the capability to deliver the water to the Sponsoring Public Entities; and

WHEREAS, it is necessary that facilities, wells, storage tanks, lines, booster pumps, treatment facilities, and other appurtenances sufficient to deliver the water to which the Sponsoring Public Entities are entitled under this Contract and additional water which the Sponsoring Public Entities may acquire (the "Facilities") be constructed and that the easements, rights-of-way, and other interests in land necessary for the production, withdrawal or diversion of and the acquisition, construction, maintenance, and operation of the Facilities (collectively, the "Land Interests") be purchased (the "Land Interests" and the "Facilities," together the "Project"); and

WHEREAS, it is expected by the Agency and the Sponsoring Public Entities that as soon as practicable after the execution of this Contract the Agency will issue its Bonds (as hereinafter defined) in series for each Sponsoring Public Entity requesting financing through the Agency, payable from and secured solely by payments under this Contract to be made by such Sponsoring Public Entity for which the series of Bonds are issued for the acquisition and construction of the Project; and

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

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the sufficiency of which are hereby acknowledged, and upon and subject to the terms and conditions hereinafter set forth, the Sponsoring Public Entities and the Agency mutually undertake, promise, and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

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

(a) "Accountant" means a nationally recognized independent certified public accountant, or an independent firm of certified public accountants, selected by the Agency.

(b) "Additional Bonds" means one or more series of additional Bonds which are issued by the Agency to finance the completion of the Project pursuant to Section 2.9 hereof or for any other lawful purpose.

(c) "Agency" means the Hays Caldwell Public Utility Agency and its lawful successors and assigns.

(d) "Annual Payment Amounts" means the amount of money, constituting the Operation and Maintenance Expenses, Overhead Expenses and, to the extent the Agency issues a series of Bonds on behalf of a Sponsoring Public Entity, the Bond Payment, to be paid to the Agency by each Sponsoring Public Entity, on a several and not a joint basis as described in

Section 3.1, Section 3.5, and Section 5.2 hereof from the revenues of the Sponsoring Public Entities' Systems as an operating and maintenance expense of the Sponsoring Public Entities' Systems (or any other lawfully available revenues of the Sponsoring Public Entities), at the times and in the amounts required by Sections 3.5 and 5.2 of this Contract.

(e) "Approval Certificate" means the certificate or certificates, if any, of the Chair, Board of Directors or Authorized Representative of the Agency approving certain terms of a series of Bonds.

(f) "Authorized Representative" means any person at the time delegated authority to act on behalf of a Sponsoring Public Entity or the Agency, as the case may be, and designated as such in a written certificate, containing a specimen signature of such person, which, for a Sponsoring Public Entity shall be the City Manager, City Administrator, or General Manager, as appropriate, of the Sponsoring Public Entity or such other officers or employees of the Sponsoring Public Entity authorized to act on behalf of the Sponsoring Public Entity during the respective City Manager's, City Administrator's, or General Manager's absence or incapacity, and for the Agency shall be the Chair, Board of Directors of the Agency or such other officer or employee of the Agency authorized to act on behalf of the Agency during the absence or incapacity of the Chair, Board of Directors, unless a party notifies the other parties in writing of a change in its Authorized Representative.

(g) "Bond Payment(s)" means the amount of money to be paid to the Agency by a Sponsoring Public Entity, for the debt service or to fund or replenish any debt service reserve fund or other special or contingency fund on one or more series of Bonds issued for that respective Sponsoring Public Entity, from the revenues of such Sponsoring Public Entity's System as an operating and maintenance expense of the System at the times and in the amounts required by Sections 3.5 and 5.2 of this Contract. A Sponsoring Public Entity is responsible for paying debt service on only the series of Bonds issued for that Sponsoring Public Entity.

(h) "Bond Resolution" means any resolution and/or trust indenture of the Agency, authorizing the issuance of and securing a series of Bonds and all amendments and supplements thereto and including the Approval Certificate, if any, authorized by such resolution to establish certain of the terms of the Bonds authorized by such resolution. Since separate series of Bonds will be issued for each Sponsoring Public Entity requesting financing, any reference in this Contract means the Bond Resolution related to the Sponsoring Public Entity for which such series of Bonds were issued.

(i) "Bonds" means all bonds, notes, or other obligations hereafter issued by the Agency in multiple series with a separate series for each Sponsoring Public Entity requesting financing the proceeds of which are used to pay Project Costs (including any Additional Bonds) or to refund any Bonds or to refund any such refunding Bonds.

(j) "Claim," as used in Section 8.13 of this Contract, means claims, demands, and expenses, including reasonable attorney's fees.

(k) "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.

(l) "Completion Date" means such term as it is defined in Section 2.9 of this Contract.

(m) "Credit Agreement" means any bond insurance policy or other credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code, which the Agency enters into relating to its obligations with respect to the Bonds.

(n) "Delivery Point" means the place, whether one or more, to which the Agency will deliver water to each Sponsoring Public Entity pursuant to this Contract.

(o) "Engineer of Record" means the Engineer of Record for a Sponsoring Public Entity so designated by the governing body of the Sponsoring Public Entity with notice to the Agency.

(p) "Engineering Report" means the "Final Report of the Plumbing Plan," prepared by Lockwood, Andrews & Newnam, Inc., dated September 21, 2007, as such report may be amended, modified and changed and superseded with the approval of the Agency and Sponsoring Public Entities, at any time prior to the execution of construction contracts for the Project or as modified and changed by change orders issued after the execution of such construction contracts; provided, however, no such change orders shall adversely affect any of the Sponsoring Public Entities without the consent of the Sponsoring Public Entities.

(q) "Fiscal Year" means the Sponsoring Public Entities' fiscal years, which currently begin on October 1 of each year, as they may be changed from time to time with notice to the Agency.

(r) "Force Majeure" means such term as it is defined in Section 8.3 of this Contract.

(s) "Facilities" means the facilities, wells, diversion structures, treatment plants, storage tanks, capacity rights, lines, booster pumps, and other appurtenances sufficient to produce, divert, treat and deliver the water to which the Sponsoring Public Entities are entitled under this Contract and any improvements, additions, or extensions to such Facilities hereafter acquired or constructed to deliver water between such places.

(t) "Land Interests" means the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Facilities and the Water Rights for the Project.

(u) "MSRB" means the Municipal Securities Rulemaking Board and any successor to its duties.

(v) "NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

(w) "Operation and Maintenance Expenses" means all direct costs and expenses incurred by the Agency for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any person, including, but not limited to any federal, state, or local agency for the right to produce, withdraw or divert and use water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Agency's production, withdrawal or diversion of 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, any required costs of mitigation and land management incidental to Project operation, and costs

of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Contract.

(x) "Overhead Expenses" means the Agency's reasonable and necessary costs and expenses incurred at any time 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 Agency in connection with or attributable to the Project or the Bonds, including, but not limited to: (i) per diem and reimbursable expenses incurred by the Directors of the Agency for special meetings of the Agency's Board of Directors related to the Project; (ii) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Agency, other than Agency staff personnel, together with their reimbursable expenses paid or required to be paid by the Agency; (iii) salaries of the Agency's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the President, Board of Directors of the Agency; (iv) 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; (v) the cost of property casualty and public liability insurance incurred prior to the Completion Date; including any insurance deductible charged to or required to be paid by the Agency; provided that if the Agency is unable to obtain such insurance on an occurrence basis, then any expense incurred by the Agency from and after the Completion Date for casualty and public liability insurance, including any insurance deductible, shall be paid by the Sponsoring Public Entities; (vi) all costs incurred in litigation involving or relating to the Project; and (vii) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Agency 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.

(y) "Permitted Liens" means: (i) minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which, in the opinion of counsel to the Agency, a copy of which shall be forwarded to each of the Sponsoring Public Entities, do not materially impair the use of the Project for the purposes for which it is designed; (ii) easements for roads (as used in this Contract, the term "roads" shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Contract shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of the Project which, in the opinion of counsel to the Agency, a copy of which shall be forwarded to each of the Sponsoring Public Entities, do not materially impair the use of the Project for the purposes for which it is designed; (iii) rights of the United States or any state or political subdivision thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

(z) "Plans and Specifications" means the plans and specifications prepared for the Project by the Project Engineer, as the same may be revised from time to time in accordance with this Contract.

(aa) "Project" means, collectively, the Land Interests and the Facilities as described in the recitals to this Contract and in the Engineering Report, and as those terms are defined in this Section.

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

(cc) "Project Engineer" means such engineering firm or firms as may be selected by the Agency.

(dd) "Prudent Utility Practice" means any of the practices, methods, and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods, and acts engaged in or approved by a significant portion of the public utility industry prior thereto, known at the time the decision was made, that would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act at the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. In the case of any facility included in a Sponsoring Public Entity's System which is owned in common with one or more other entities, the term "Prudent Utility Practice," as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

(ee) "Rule" means SEC Rule 15c2-12, as amended from time to time.

(ff) "Sale and Offering Documents" means any official notice of sale, official bid form, preliminary official statement, official statement, or other offering document for a series of Bonds.

(gg) "SEC" means the United States Securities and Exchange Commission and any successor to its duties.

(hh) "SID" means any entity designated by the State or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(ii) "Sponsoring Public Entities" means collectively the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas and Canyon Regional Water Authority. "Sponsoring Public Entity" means respectively, the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas or the Canyon Regional Water Authority.

(jj) "Sponsoring Public Entities' Systems" or "Systems" means collectively the Sponsoring Public Entity's System of all of the Sponsoring Public Entities.

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

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

(mm) "State" means the State of Texas.

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

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

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

(qq) "TWDB Program" means TWDB's State Participation Account as authorized pursuant to Article III, Sections 49-d, 49-d-2, and 49-d-8 of the Texas Constitution and Chapter 16, Subchapters E and F, Texas Water Code or other applicable TWDB program.

(rr) "Water Rights" means the right to produce, withdraw or divert water, and transport the water from the location where it is produced, withdrawn, or diverted into Caldwell County, Guadalupe County, Hays County, and the surrounding counties. "Water Rights" are a component of "Land Interests".

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

ARTICLE II

ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.1 **General.** Subject to the remaining terms and provisions of this Contract, the Agency agrees to issue the Bonds and to acquire and construct the Project as generally described in the Engineering Report. It is estimated that the Project will be placed in operation on or before December 31, 2018, or as soon thereafter as practicable. The Authorized Representative of the Agency hereby represents that he is not aware of any reason that the Project, as contemplated, cannot be completed on or before December 31, 2018. It is expressly understood and agreed that any obligations on the part of the Agency to finance, acquire, construct, and complete the Project and to provide the water to the Sponsoring Public Entities shall be (i) conditioned upon the Agency's ability to obtain all necessary permits, Land Interests, material, labor, and equipment, and upon the ability of the Agency to finance the cost of the Project through the actual sale of the Bonds, including any Bonds needed to complete the Project, and (ii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State, and any regulatory body having jurisdiction. The Project shall be acquired and constructed by the Agency with all reasonable dispatch, and the Agency will diligently pursue such acquisition and construction in order that it may be completed as soon as practicable, delays incident to events of Force Majeure only excepted; but if for any reason there should be delays in or the entire failure of such acquisition, construction, and improvement, there shall be no diminution in or postponement of the Annual Payment Amounts to be made by the Sponsoring Public Entities hereunder and no resulting liability on the part of the Agency; provided, however, that the Sponsoring Public Entities retain the right to pursue any legal remedy to the extent that delays in the Project are the result of negligence on the part of the Agency.

Section 2.2 **Location of Project; Acquisition of Land Interests.** The Facilities will be constructed and located on, across, within, and through the Land Interests. The Agency (or one or more of the Sponsoring Public Entities acting on behalf of the Agency) shall, as soon as possible after the delivery of this Contract, and subject to the receipt of the Bond proceeds or

funds from one or more of the Sponsoring Public Entities, undertake the acquisition of the Land Interests. The Agency shall be responsible for ensuring that proper filings of each such portion of the Land Interests are made in the deed records of the appropriate counties to ensure that all interested parties have proper notice of the Agency's interests in the Land Interests. As each deed, easement, or other evidence of an interest in real property comprising a portion of the Land Interests is acquired by the Agency, a copy of such instrument, together with evidence of its filing in the deed records of the counties in which such portion lies, shall, upon the written request of a Sponsoring Public Entity, be given to that Sponsoring Public Entity.

The Agency shall acquire a title insurance policy or a title opinion showing good and indefeasible title with respect to each Land Interest acquired. A copy of each such title insurance policy or title opinion shall be retained in the Agency's official records.

Section 2.3 **Construction.** The Agency shall, as soon as possible, and in accordance with the Engineering Report, undertake to make, execute, deliver, and prosecute all contracts, orders, receipts, writings, and instructions with or to other persons, and in general do or cause to be done all such other things, as may be required for the proper acquisition and construction of the Facilities.

Section 2.4 **Selection of Project Engineer; Plans and Specifications; Bidding.** The Agency shall cause the Project Engineer to complete the Plans and Specifications and the other materials to be used in construction of the Facilities and to perform such other engineering tasks as shall be necessary for construction of the Facilities. The bid documents may include appropriate alternatives to assure the most advantageous price consistent with expeditious completion. The specifications for the Project may include as an owner cost any or all insurance coverages either required by law or deemed necessary or advisable by the Agency. Upon obtaining the approval of the Board of Directors of the Agency of the Plans and Specifications and bid documents, the Agency, through its Project Engineer, will promptly advertise for bids for the Project to the extent and as required by law. The Agency may break the construction of the Facilities into several contracts or phases as it determines is best for the timely acquisition and construction of the Facilities. After the receipt of bids, the Agency shall identify the lowest responsible bidder(s) and award the contract(s). If all bids are rejected, bids will again be solicited, following the procedure outlined above in this Section, until such time as bids satisfactory to the Agency have been received. The Agency shall not be obligated to award a construction contract unless the proceeds from the Bonds are available to pay the contract(s).

Section 2.5 **Alternative Method for Construction Procurement.** If authorized under applicable laws, the Agency may procure the design and construction services for the Facilities using an alternative procurement method, such as design-build or construction manager-at-risk. If so authorized, and if the Agency Board of Directors approves the use of an alternative procurement method, the Agency shall proceed to select the contractor and contract for the design and construction of the Facilities in compliance with all applicable laws.

Section 2.6 **Liens.** Neither the Sponsoring Public Entities nor the Agency 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 2.7 **Revisions of Plans.** The Plans and Specifications may be revised prior to the Completion Date.

Section 2.8 **Approvals.** Unless otherwise required by law, each consent, approval, or other official action required of the Sponsoring Public Entities or the Agency by any provision of this Contract shall be deemed in compliance with this Contract when written evidence of such action, signed by the respective Authorized Representative, is delivered to the party who is to receive evidence of such action. All contracts to be entered into by the Agency shall be authorized by the Agency's Board of Directors. The Sponsoring Public Entities will cooperate with the Agency in the design, financing, acquisition, and construction of the Project and, following the adoption of the Bond Resolution by the Agency's Board of Directors, will not take any action or fail to take any action (including, without limitation, any exercise or denial of its consent or approval of any action proposed to be taken by the Agency or any of its agents hereunder), if taking or failing to take such action, respectively, would unreasonably delay or obstruct the completion of the Project by the Agency.

Section 2.9 **Completion.**

(a) Except as otherwise provided in subsection (b) of this Section, when the Facilities have been substantially completed, the Agency shall deliver to the Sponsoring Public Entities a certificate of the Agency and the Project Engineer stating that, as of a specified date, the Project has been substantially completed and is ready to be placed in service (the date specified in such certificate being herein called the "Completion Date").

(b) The Sponsoring Public Entities and the Agency acknowledge that the proceeds of the initial series of Bonds will be insufficient to complete the acquisition and construction of the Project, and accordingly agree to use their best efforts to issue Additional Bonds, or to secure financing pursuant to the TWDB Program or a similar State or Federal Program (e.g., the USEPA Revolving Fund), in an amount sufficient to complete the Project.

Section 2.10 **Title to Water.** Title to the water shall be in the Agency until it passes through the meter or meters installed pursuant to this Contract at or near the Delivery Point, following which it shall be in the respective Sponsoring Public Entities that take delivery of the water at that point. Each of the parties hereto hereby agrees, with respect to water to which the party has title, to save and hold each other party hereto harmless from all claims, demands and causes of action which may be asserted by anyone on account of the transportation and delivery of the water while title to the water is in such party.

Section 2.11 **Access to Property of Sponsoring Public Entities.** Should any facilities, pipelines, or appurtenances owned by the Agency be installed in any street, alley, or public way within the boundaries of any of the Sponsoring Public Entities, as same are now constituted or as may hereafter be revised, the respective Sponsoring Public Entity hereby grants to the Agency the right, privilege and franchise of using such streets, alleys and public ways for the purposes of maintaining, operating, laying, repairing, or removing such facilities, pipelines, and appurtenances, subject to compliance by the Agency with the franchise and right-of-way management ordinances and other applicable laws and regulations of the respective Sponsoring Public Entity, and the payment of applicable franchise or right-of-way use fees.

Section 2.12 **Easements.** Each of the Sponsoring Public Entities hereby agrees to grant to the Agency such easements as may be reasonably necessary for the purposes of placing, constructing, operating, repairing, maintaining, rebuilding, replacing, relocated, and removing Facilities upon, over, across and through the property of the respective Sponsoring Public Entity and giving to the Agency, and its successors and assigns, all of the rights and benefits necessary

or appropriate for the full enjoyment and use of the easement, including but without limiting the same to, the free right of ingress and egress to and from the property of the respective Sponsoring Public Entity.

Section 2.13 **Cross-Utilization of Lines.**

(a) Each Sponsoring Public Entity acknowledges that it may be necessary for the Agency to use excess capacity in transmission lines of the Sponsoring Public Entity to transport treated water to another Sponsoring Public Entity or other entity on a temporary or long-term basis. The Sponsoring Public Entity with the transmission lines hereby agrees to permit the Agency to so utilize the lines in accordance with this section and with Section 2.11 and Section 2.12. In such case, the Agency will execute an agreement with the Sponsoring Public Entity with the transmission lines describing their respective rights and obligations. This agreement may include, among other matters, the payment of reasonable fees for the Agency's use of the lines, conditions placed by the Sponsoring Public Entity on the use of its lines (including any improvements needed to facilitate Agency use of the lines), provision for cessation of Agency use of a line if the Sponsoring Public Entity determines that there is no excess capacity in the line, and any special requirements with respect to pressure or other matters relating to the lines.

(b) The Agency will furnish, install, operate, and maintain meters at the point of exit from the Sponsoring Public Entity's transmission lines to maintain accurate measurements of the quantity of water being delivered by the Agency to another Sponsoring Public Entity or other entity through the lines. Such meters shall be subject to inspection and examination by both the Sponsoring Public Entity with the transmission lines and the Agency in accordance with the provisions of Section 4.2.

(c) In the event that repairs are required to be made to any lines or appurtenances of a Sponsoring Public Entity which the Agency utilizes for the transmission of treated water to another Sponsoring Public Entity or other entity, the Agency shall participate in the cost of such repairs as may be agreed from time to time.

(d) Nothing in this Contract will prohibit two Sponsoring Public Entities from entering into an agreement related to the use by one Sponsoring Public Entity of the transmission lines of the other Sponsoring Public Entity.

Section 2.14 **Points of Delivery.** The Project will include the Facilities and Land Interests required to deliver water to the Point of Delivery for each Sponsoring Public Entity at the location depicted in the Engineering Report. However, the Project will include improvements to the transmission lines of a Sponsoring Public Entity needed to facilitate Agency use of the lines under Section 2.13 only to the extent provided for in the agreement entered into by the Agency and the Sponsoring Public Entity under that section. After completion of the Project, each Sponsoring Public Entity shall have the sole responsibility, at its own cost and expense, for providing additional pipelines and other facilities required for transporting its share of the water from the Project to new or additional Points of Delivery, but additional or alternative points of delivery will be allowed only with the consent of the Sponsoring Public Entities.

Section 2.15 **Quantity.** The Sponsoring Public Entities' proportionate share of the treated water produced by the Project is as follows:

City of Buda, Texas	5.60%
City of Kyle, Texas	20.50%
City of San Marcos, Texas	39.70%
Canyon Regional Water Authority	34.20%

Section 2.16 Other Contracts. The Agency shall not enter into contracts with persons or entities other than the Sponsoring Public Entities for the supply of water without the prior consent of all of the Sponsoring Public Entities, and any Sponsoring Public Entity may withhold its consent. Before offering to supply any quantity of water to an entity other than the Sponsoring Public Entities, the Agency shall first offer the water to the Sponsoring Public Entities, and confirm that none of the Sponsoring Public Entities wishes to contract with the Agency for the water. The sale of water by a Sponsoring Public Entity to a retail customer which, in turn, provides water through submeters to tenants is permitted.

Section 2.17 Quality. The water to be delivered by the Agency and received by the Sponsoring Public Entities shall be from sources identified generally in the Engineering Report and treated using the Facilities and equipment described generally in the Engineering Report. Each of the Sponsoring Public Entities has satisfied itself that such water is suitable for its needs. With respect to groundwater supply sources, the Agency and each of the Sponsoring Public Entities shall cooperate, each within its legal powers, in preventing possible pollution and contamination of the formation from which the water is obtained.

Section 2.18 Operation. The Agency covenants to operate the Project in accordance with Prudent Utility Practices and in accordance with applicable regulatory requirements. With respect to groundwater supply sources, the Agency and the Sponsoring Public Entities agree that the Agency shall endeavor to operate groundwater wells in a manner that avoids overdrafting of the formation from which the water is obtained, and they also agree that the Agency shall endeavor to reasonably mitigate the effects of operation of Agency groundwater wells on existing wells in the vicinity.

Section 2.19 Excess Capacity. In the event the Project is constructed so that there is excess capacity in all or any portion of the Facilities, such excess capacity shall be owned by the Agency. Any such excess capacity may be used only with the written consent of the Agency Board of Directors, which may include conditions deemed appropriate by the Board.

ARTICLE III

FINANCING OF THE PROJECT

Section 3.1 Issuance of Bonds.

(a) The Agency's acquisition and construction of the Project and improvements to the Project will be financed by (i) receipt of cash from a Sponsoring Public Entity, (ii) the Agency through the issuance of one or more series or issues of its Bonds by the Agency for a Sponsoring Public Entity, which Bonds are payable from and secured, in part, by an assignment of the Annual Payment Amounts made under this Contract by the designated Sponsoring Public Entity for which such series of Bonds are issued or (iii) any combination of (i) and (ii). It is expressly understood and agreed by the Agency and the Sponsoring Public Entities that any Bonds issued by the Agency shall be issued as separate series of each Sponsoring Public Entity requesting financing by the Agency. Each Sponsoring Public Entity shall be responsible solely for the Bond

Payments on its series of Bonds. No Sponsoring Public Entity shall have any liability or responsibility for any Bond Payments on a series of Bonds issued for another Sponsoring Public Entity. In consideration of the covenants and agreements set forth in this Contract, and to enable the Agency to issue the Bonds to carry out the intents and purposes hereof, this Contract is executed to assure the issuance of the Bonds and to provide for and ensure the due and punctual payment to the Agency or to the Trustee by each Sponsoring Public Entity for which the Agency has issued a series of Bonds, of amounts not less than the Annual Payment Amounts on a series of Bonds issued for a particular Sponsoring Public Entity. Each of the Sponsoring Public Entities hereby agrees to make, or cause to be made, its respective Annual Payment Amount, as and when due, for the benefit of the owners of the Bonds, as provided in the Bonds and the Bond Resolution.

(b) The proceeds from the sale of the Bonds, together with any cash received from a Sponsoring Public Entity, will be used for the payment of the Project Costs. The Bonds will be issued by the Agency in the amount anticipated to be required to acquire and construct the Project, including payment of all Project Costs advanced by one or more of the Sponsoring Public Entities and incurred by the Agency prior to the date of issuance of the Bonds, and to fund, to the extent deemed advisable by the Agency, a debt service reserve fund and interest on the Bonds during construction and for up to one year after the Completion Date. However, each Sponsoring Public Entity reserves the right to pay cash to the Agency for its share of the Project Costs rather than have the Agency issue Bonds on its behalf.

(c)

(i) Each Bond Resolution of the Agency shall specify the maximum principal amount of the Bonds to be issued thereunder. The Bonds shall mature not more than forty (40) years from the date of such Bonds and shall bear interest at not to exceed the maximum legal rate then permitted by law, and the Bond Resolution may create and provide for the maintenance of a revenue fund, an interest and sinking fund, a debt service reserve fund, and any other funds deemed prudent by the Agency, all in the manner and amounts as provided in such Bond Resolution.

(ii) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Agency's Board of Directors or the execution of an Approval Certificate by the Agency, a substantially final copy of the proposed Bond Resolution for the applicable Sponsoring Public Entity, the Approval Certificate, if any, any Credit Agreements and the Sale and Offering Documents shall be presented to the applicable Sponsoring Public Entity for review and approval.

(iii) Upon approval by the Sponsoring Public Entity for which the Agency issues a series of Bonds of (i) a Bond Resolution hereafter adopted by the Agency for the applicable Sponsoring Public Entity, including any Credit Agreements, (ii) any amendments to any Bond Resolution, (iii) an Approval Certificate authorized by a Bond Resolution, and (iv) the Sale and Offering Documents, and the delivery to the Agency of a certification signed by the Authorized Representative of the respective Sponsoring Public Entity to the effect that the Bond Resolution, including any Approval Certificate, and the Sale and

Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution and the Approval Certificate, if any, in such final form by the Agency's Board of Directors or Authorized Representative, as the case may be, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the respective Sponsoring Public Entity and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(iv) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, a Sponsoring Public Entity, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Sponsoring Public Entities so long as the Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the respective Sponsoring Public Entity to make, promptly when due, all payments specified in this Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the affected Sponsoring Public Entity, the Agency may enter into Credit Agreements for the purpose of achieving the lowest financing costs for the Project.

Section 3.2 **Proceeds of Bonds and Cash Contribution.** Subject to the terms and provisions of this Contract, the proceeds of the Bonds shall be used by the Agency for the purpose of financing and funding the Agency's acquisition and construction of the Project as provided in Section 3.1 and improvements to the Project. The Agency shall use its best efforts to issue its Bonds, in one or more separate series for each Sponsoring Public Entity requesting financing, in amounts which will be sufficient, together with any cash contributions, to accomplish such purpose. The proceeds of the Bonds shall be deposited in a construction fund established pursuant to the terms of each Bond Resolution. A trust indenture may be entered into between the Agency and a corporate trustee for the purpose of securing the payment of the Bonds. The trust indenture or the Bond Resolution, as appropriate, will establish procedures for the payment of Project Costs out of the construction fund. It is anticipated that a series of Bonds will be issued pursuant to a Bond Resolution and that a paying agent/registrars agreement will be executed between the Agency and the Trustee concerning the payment procedures with respect to such series of Bonds.

Any cash contribution made by a Sponsoring Public Entity for its share of Project Costs shall be deposited into a subaccount of the construction fund of the Agency: (i) prior to the pricing of any series of Bonds for a Sponsoring Public Entity or (ii) simultaneous with the delivery of the proceeds of any series of Bonds so long as sufficient evidence is provided to the Agency and other Sponsoring Public Entities prior to the pricing of the Bonds that their cash contribution will be available at the closing of the Bonds.

Section 3.3 **Refunding of Bonds.** The Agency reserves the right to issue refunding bonds in accordance with the laws of the State and will provide notice to each applicable Sponsoring Public Entity of the redetermined Annual Payment Amounts in accordance with Section 5.2 of this Contract.

Section 3.4 **Redemption of Bonds.** The Agency, in its sole discretion or upon the written request of a Sponsoring Public Entity (and provided that the affected series of Bonds for such Sponsoring Public Entity are subject to redemption or prepayment prior to maturity at the option of the Agency, and provided that such request is received in sufficient time prior to the date upon which such redemption or prepayment is proposed), forthwith shall take or cause to be taken all action that may be necessary under the applicable redemption provisions of such series of Bonds to redeem the Bonds or any part thereof, to the full extent of funds that are either made available for such purpose by the applicable Sponsoring Public Entity or already on deposit under the Bond Resolution and available for such purpose. The redemption of any outstanding Bonds prior to maturity at any time shall not relieve the applicable Sponsoring Public Entity of their absolute and unconditional obligation to pay each remaining Annual Payment Amount with respect to any outstanding Bonds, as specified in the Bond Resolution.

Section 3.5 **Debt Service on Bonds and Other Bond Funding Requirements.** The parties acknowledge and agree that payments to be made under this Contract will be the primary source available to the Agency to provide the money necessary for the Agency to meet its obligations with respect to a series of Bonds and any Credit Agreements. Each Sponsoring Public Entity therefore agrees to pay the Bond Payments related to the series of Bonds issued for such Sponsoring Public Entity, as outlined in subsections (a) through (c) below, in full when due as provided in this Contract. Bond Payments shall be due by the close of business on the business day prior to each date on which any of the following payments or deposits shall be due and shall be in an amount equal to all such payments and deposits due on such date:

- (a) debt service on its related series of Bonds and related payments and deposits, as follows:
 - (i) principal of, redemption premium, if any, and interest on, its related series of Bonds, less interest to be paid out of Bond proceeds or from other sources if permitted by any Bond Resolution, and the redemption price of any Bonds to be redeemed prior to maturity when and as provided in any Bond Resolution plus the fees, expenses, and, to the extent permitted by law, indemnities of the Trustee, if any, for the Bonds, and those of the paying agent/registrars for paying the principal of and interest on the Bonds and for authenticating, registering, and transferring Bonds on the registration books; and
 - (ii) deposits required to be made to any special, contingency, or reserve fund by the provisions of any Bond Resolution; and
 - (iii) any deposit in addition thereto required to restore any deficiency in any of such funds by the provisions of any Bond Resolution,
- (b) amounts payable by the Agency under a Credit Agreement; and
- (c) the fees, expenses, and indemnities (to the extent permitted by law) of the remarketing agent, rate setting agent, authentication agent, arbitrage rebate compliance firm, and tender agent, if any, for the Bonds.

Section 3.6 **Billing.** The Agency will render bills to each of the Sponsoring Public Entities not more than once each month, commencing in April, 2008, for the current payments required by this Contract. Except as otherwise provided in this Contract, the monthly bill for each Sponsoring Public Entity shall be one-twelfth (1/12) of the amount of that Sponsoring

Public Entity's Annual Payment Amount for the current fiscal year of the Agency. The Agency shall, until further notice, render such bills on or before the 5th day of each month and such bills shall be due and payable on the 26th day of each month or twenty-one (21) days after such bill is deposited into the United States mail, properly stamped and addressed to each Sponsoring Public Entity, whichever is later, and thereafter, to the extent permitted by law, interest shall accrue thereon at the rate of ten per cent (10%) per annum until paid in full. The Agency may, however, from time to time by sixty (60) days' written notice, change the date by which it shall render bills, and all bills shall thereafter be due and payable twenty-one (21) days after such dates as herein provided. Each Sponsoring Public Entity shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to the Agency at its office in Hays County, Texas or at such other place as the Agency may from time to time designate by sixty (60) days' written notice.

Section 3.7 Delinquency in Payment. If a Sponsoring Public Entity fails to pay any bills when due and payable, the Agency may give written notice of such delinquency to the Sponsoring Public Entity and if all bills due and unpaid, including interest thereon, are not paid within forty-five (45) days after delivery of such notice, then the Sponsoring Public Entity agrees that the Agency shall be authorized, as its option, to institute suit for collection thereof and to collect any amounts due and unpaid, together with interest thereon and reasonable attorneys' fees, and the Sponsoring Public Entity further agrees that the Agency may, as its option, discontinue providing water to the Sponsoring Public Entity until all amounts due and unpaid are paid in full with interest as herein specified. Any such discontinuation of service shall not, however, relieve the Sponsoring Public Entity of its unconditional obligations to make the payments required by this Contract.

Section 3.8 Agency's Rights Assigned to Trustee. The Sponsoring Public Entities are advised and recognize that as security for payment of a series of Bonds issued for a Sponsoring Public Entity, the Agency may assign to the Trustee, pursuant to one or more trust indentures (or paying agent/registrar agreements) to be authorized by the Bond Resolution, the Agency's rights under this Contract, including the right to receive payments due from the Sponsoring Public Entities hereunder (but not the right to receive payments, if any, under Section 8.13 hereof). The Sponsoring Public Entities herewith assent to such assignment and will make the payments due from them hereunder directly to the Trustee without defense or set-off by reason of any dispute between one or more of the Sponsoring Public Entities and the Agency or the Trustee. All rights against the Sponsoring Public Entities arising under this Contract or the Bond Resolution and assigned to the Trustee may be enforced by the Trustee, or the owners of the Bonds, to the extent provided in the Bond Resolution, and the Trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against the Sponsoring Public Entities, to the extent provided in the Bond Resolution, for the enforcement of this Contract, and it shall not be necessary in any such suit, action, or proceeding to make the Agency a party thereto.

Section 3.9 Tax-Exempt Bonds. The parties hereto understand and agree that the Agency 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 any series of Bonds to be issued for the Project. In connection therewith, the parties understand that the Agency intends to issue Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax

purposes, except that the parties recognize the series of Bonds issued for the Canyon Regional Water Authority will likely be taxable pursuant to the provisions of the Code. 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 any series of Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect, the treatment of such Bonds as obligations described in section 103 of the Code. Should any party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemption which are set out in any Bond Resolution. The parties further agree and covenant that in the event any series of Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of the parties, the parties will identify a different firm that is mutually acceptable to all parties in order to resolve the conflict of opinion.

Section 3.10 **Payment to Rebate Fund.** In the event that tax-exempt Bonds are issued as provided in Section 3.9, the Agency hereby covenants and agrees to make the determinations and to pay any deficiency into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(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 to make payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, each of the Sponsoring Public Entity forthwith shall pay the amount of such insufficiency for the series of Bonds issued for such Sponsoring Public Entity on such date to the Trustee in immediately available funds for such purpose. The obligations of the Sponsoring Public Entities under this Section 3.10 are direct obligations of each Sponsoring Public Entity, acting under the authorization of, and on behalf of, the Agency and the Agency shall have no further obligation or duty with respect to the rebate fund.

Section 3.11 **Sponsoring Public Entities' Obligations.** In the event the Project is not completed for any of the reasons contemplated herein or otherwise, or any proceeds from issuance of a series of Bonds are not used for completion of the Project for any reason, any Bond proceeds and earnings thereon for such series not used for completion of the Project shall be utilized to satisfy amounts due and owing on the related series of Bonds as described in the Bond Resolution, and herein, so as to reduce the Annual Payment Amounts which would otherwise be due hereunder, or be applied for the benefit of the Sponsoring Public Entity for which a series of Bonds are being issued as provided in the Bond Resolution. Each of the Sponsoring Public Entities has covenanted absolutely and unconditionally, in accordance with all other terms of this Contract, to make payment of the Annual Payment Amounts, as provided herein, in consideration for such application of the money as well as the other covenants and obligations of the Agency and others set forth or contemplated herein.

Section 3.12 **Interest on Money.** All legally available money respecting a series of Bonds shall be invested in the manner set forth in the Bond Resolution. Any interest earnings on the Bond proceeds may be used to pay principal of and interest on the related series of Bonds or for the payment of any Project Costs or other costs related to the Project approved by the Sponsoring Public Entity for which such Bonds were issued, subject to Section 3.9.

Section 3.13 **Sale and Offering Documents.** At the request of the Agency, each of the Sponsoring Public Entities for which a series of Bonds are being issued shall provide to the Agency current and historical information concerning such Sponsoring Public Entity's System, the financial conditions, results, and prospects of the Sponsoring Public Entity, and such other information concerning such Sponsoring Public Entity as the Agency shall deem advisable for inclusion in the Sale and Offering Documents for the series of Bonds of to be issued for such Sponsoring Public Entity, and shall certify to the Agency and the underwriters of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the Sponsoring Public Entity deems such Sale and Offering Documents to be complete and final for purposes of the Rule. Each of the Sponsoring Public Entities represents and warrants that all statements concerning it (including, without limitation, its financial condition, results, and prospects, its System, and any demographic and economic information concerning the area served by its System) that are contained in any Sale and Offering Document approved by the Sponsoring Public Entities pursuant to Section 3.1 hereof shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

Section 3.14 **Right of Sponsoring Public Entities to Prepay.** Each of the Sponsoring Public Entities shall have the right at any time to prepay all or any portion of the Annual Payment Amounts. Subject to the provisions of Section 3.9, such prepaid Annual Payment Amounts shall be used and invested by the Agency as directed by the Sponsoring Public Entity which paid (i) as a credit against future Annual Payment Amount obligations of such Sponsoring Public Entity, (ii) to redeem Bonds issued for such Sponsoring Public Entity pursuant to the provisions of Section 3.4, or (iii) to provide for the defeasance of the Bonds pursuant to the provisions of the Bond Resolution. Any such prepayment will not cause a termination of this Contract until all other amounts owed or to be incurred by the Agency or any other person under the provisions of the Bond Resolution (including the charge for water pursuant to Section 8.5 hereof) have been paid in full or waived by such person.

ARTICLE IV

METERING AND MEASUREMENT

Section 4.1 **Unit of Measurement.** The unit of measurement for water delivered hereunder shall be 1,000 gallons of water, U. S. Standard Liquid Measure.

Section 4.2 **Measuring Equipment.**

(a) The Agency shall furnish, install, operate and maintain at its own expense for each Delivery Point the necessary electronic or other equipment and devices of standard type for measuring properly the quantity of water delivered under this Contract. Such meter or meters and other equipment so installed shall remain the property of the Agency. The Sponsoring Public Entities shall have access to such metering equipment at all reasonable times, but the reading, calibration, and adjustment thereof shall be done only by the employees or agents of the

Agency. For the purpose of this Contract the original record or reading of the meter or meters shall be the journal or other record book of Agency in its office in which the records of the employees or agents of the Agency who take readings are or may be transcribed. Upon written request of a Sponsoring Public Entity, the Agency will give the Sponsoring Public Entity a copy of such journal or record book, or permit the Sponsoring Public Entity to have access to the same in the office of the Agency during reasonable business hours.

(b) The Agency shall calibrate its meters periodically, but at least once each year. Each Sponsoring Public Entity shall be entitled to have a representative present during each calibration, and the parties shall jointly observe any needed adjustments which are made to the meters. If the check meters hereinafter provided for have been installed, the same shall also be calibrated by the Sponsoring Public Entities in the presence of a representative of the Agency, and the parties shall jointly observe any needed adjustment. If the Sponsoring Public Entities in writing request the Agency to calibrate its meters, and the Agency gives the Sponsoring Public Entities notice of the time when the calibration is to be made, and a representative of any Sponsoring Public Entity is not present at the time set, the Agency may proceed with calibration and adjustment in the absence of a representative of that Sponsoring Public Entity.

(c) If any party at any time observes a variation of one percent (1%) or more between the delivery meter or meters and the check meter or meters (if any such check meter or meters are installed), such party will promptly notify the other parties, and the parties hereto shall then cooperate to procure an immediate calibration test and joint observation of any adjustment, and the said delivery and check meter or meters shall then be tested and adjusted to accuracy. Each party shall give the other parties forty-eight (48) hours' notice of the time of all tests of meters so that the other parties may conveniently have a representative present.

(d) If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half ($\frac{1}{2}$) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If for any reason any meters are out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered during the period such meters are out of service or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if the same have been installed and are accurately registering. Otherwise the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) by estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

(e) One or more of the Sponsoring Public Entities may, at their option and their own expense, install and operate a check meter to check each delivery meter installed by the Agency, but the measurement of water for the purpose of this Contract shall be solely by the Agency's meters, except in the cases hereinabove specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of the Agency. The reading, calibration and adjustment thereof, however, shall be made only by the respective Sponsoring Public Entity or Entities,

except during any period when a check meter may be used under the provisions hereof for measuring the amount of water delivered, in which case the reading, calibration and adjustment thereof shall be made by the Agency with like effect as if such check meter or meters had been furnished or installed by the Agency.

ARTICLE V

ANNUAL PAYMENT AMOUNTS, SPONSORING PUBLIC ENTITY COVENANTS

Section 5.1 **Annual Estimate of Annual Payment Amounts.** Not less than ninety (90) days prior to the beginning of each Fiscal Year, the Agency shall furnish to the Agency Board of Directors, and to each of the Sponsoring Public Entities, a proposed budget that includes an estimate of the Annual Payment Amounts for that Fiscal Year from each Sponsoring Public Entity, and a schedule of the monthly payments required to be paid by each Sponsoring Public Entity in such Fiscal Year. The Annual Payment Amount for each Sponsoring Public Entity shall include the Entity's Bond Payment and the anticipated proportionate share of the Operation and Maintenance Expenses and Overhead Expenses of the Agency. The Agency Board shall review the proposed budget, and after making any adjustments which are reasonable and necessary, shall approve the budget not later than ten (10) days before the beginning of the Fiscal Year. The Agency Board shall ensure that each approved budget includes appropriate amounts for making of all Bond Payments by the Agency.

Section 5.2 **Payments by the Sponsoring Public Entities.**

(a) Each of the Sponsoring Public Entities hereby agrees that it will make payment of its Bond Payment, to the extent the Agency issues a series of Bonds for such Sponsoring Public Entity, and its proportionate share of the Operation and Maintenance Expenses and Overhead Expenses to the Agency, or to the Trustee on behalf of the Agency, as provided in the Bond Resolution, and in accordance with the procedures established in Section 3.6 hereof. If a Sponsoring Public Entity at any time disputes the amount to be paid by it to the Agency, such Sponsoring Public Entity shall nevertheless promptly make such payment or payments, but if it is subsequently determined by agreement or court decision that such disputed payments made by the Sponsoring Public Entity should have been less, or more, the Agency shall promptly revise the charges for such Sponsoring Public Entity in such manner that the Sponsoring Public Entity will recover its overpayment or the Agency will recover the amount due it. The Agency shall pursue all legal remedies against the Sponsoring Public Entities to enforce and protect the rights of the Agency and the owners of the Bonds, and the Sponsoring Public Entities shall not be relieved of the liability to the Agency for the payment of all amounts which are due by them hereunder.

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

(c) The Agency shall redetermine the estimate and schedule of Annual Payment Amounts due in any Fiscal Year at any time during such Fiscal Year, as and to the extent deemed necessary or advisable by the Agency to accurately forecast the Annual Payment Amounts and the dates of payments to be made by each of the Sponsoring Public Entities, if (i) the Agency issues Bonds to complete the Project or to refund any Bonds or enters into, amends, or terminates a Credit Agreement, (ii) actual interest rates on any variable interest rate Bonds differ from those

projected by the Agency, or (iii) any other event occurs which results in an increase or decrease in the Annual Payment Amounts required to be made by the Sponsoring Public Entities in such Fiscal Year.

(d) If, during any Fiscal Year, the Annual Payment Amount is redetermined in any manner as provided or required in this Section, the Agency will promptly furnish each of the Sponsoring Public Entities with an updated schedule of payments reflecting such redetermination.

(e) Notwithstanding anything herein to the contrary, no failure of the Agency to estimate, and no mistake by the Agency in any estimate of, the amount of or schedule for payments due from the Sponsoring Public Entities in any Fiscal Year shall relieve the Sponsoring Public Entities from (or defer) their absolute and unconditional obligation to pay all Annual Payment Amounts in full when due.

(f) The Agency shall, to the extent permitted by law, suspend the delivery of services or water from the Project to any Sponsoring Public Entity which remains delinquent in any payments due under the preceding paragraphs for a period of thirty (30) days, and shall not resume delivery of services or water while such Sponsoring Public Entity is so delinquent. The Agency also retains the right to charge a reconnection fee or other appropriate charges prior to commencing utility service to the delinquent Sponsoring Public Entity. It is further provided and agreed that if any Sponsoring Public Entity should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Sponsoring Public Entity's proportionate share specified in Section 2.15 shall be deemed to have been zero percent during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of Operation and Maintenance Expenses and Overhead Expenses to be paid by the non-delinquent Sponsoring Public Entities and the Agency, and the Agency shall redetermine such percentage of Operation and Maintenance Expenses and Overhead Expenses on that basis in such event so that the non-delinquent Sponsoring Public Entity and the Agency collectively shall be required to pay all of the Operation and Maintenance Expenses and Overhead Expenses. However, the Agency shall pursue all legal remedies against any such delinquent Sponsoring Public Entity to enforce and protect the rights of the Agency and the other Sponsoring Public Entities, and any non-delinquent Sponsoring Public Entity may also pursue remedies against the delinquent Sponsoring Public Entity in coordination with the Agency. The delinquent Sponsoring Public Entity shall not be relieved of the liability to the Agency for the payment of all Operation and Maintenance Expenses and Overhead Expenses which would have been due hereunder had no default occurred or the percentage had not been redetermined as provided in this Section. If any amount of Operation and Maintenance Expenses and Overhead Expenses due and owing the Agency by any Sponsoring Public Entity is placed with an attorney for collection, such Sponsoring Public Entity shall pay to the Agency, and to the non-delinquent Sponsoring Public Entities, as appropriate, all attorneys' fees, in addition to all other payments provided for herein, including interest. In the event the Agency redetermines the percentages of the Operation and Maintenance Expenses and Overhead Expenses to be made by the non-delinquent Sponsoring Public Entities under this subsection then the Agency shall also redetermine each non-delinquent Sponsoring Public Entity's pro rata share of treated water from the Project for the period of the delinquency, and the non-delinquent Sponsoring Public Entities shall be entitled to use of their respective redetermined shares during the period of delinquency.

Section 5.3 **Source of Payment.**

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

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

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

Section 5.4 **Agency’s Operation and Maintenance Expenses and Overhead Expenses.** To the extent not paid out of the proceeds of the Bonds, or otherwise, each of the Sponsoring Public Entities shall pay and reimburse the Agency for all of its proportionate share of Operation and Maintenance Expenses and Overhead Expenses incurred by the Agency throughout the term of this Contract within thirty (30) days of receipt of documentation therefor from the Agency. The Sponsoring Public Entities also agree, with the consent of the Agency, to enter into an interlocal agreement among themselves and with the Agency to provide for, among other matters, an annual adjustment of the Operation and Maintenance Expenses and Overhead Expenses paid by each Sponsoring Public Entity based upon certain formulas and taking into account the quantity of water actually utilized by each Sponsoring Public Entity.

Section 5.5 **Annual Budgeting by the Sponsoring Public Entities.** Each Sponsoring Public Entity shall make provision in its annual budgets and shall appropriate an amount sufficient, at a minimum, for the payment of all amounts required to be paid by the Sponsoring Public Entity from the sources specified under this Contract.

Section 5.6 **Revenue Sources Pledged.** Each of the Sponsoring Public Entities hereby pledges the gross revenues of its System to the payment of its obligations under this Contract, and recognizes that the Agency will, and authorizes the Agency to, pledge the Annual Payment Amounts owing to the Agency by the Sponsoring Public Entities under this Contract to

the payment of the Bonds and Credit Agreements. The Agency agrees to make the payments for the Bonds and Credit Agreements when and as required by the Bond Resolution, the Credit Agreements, and this Contract, from and to the extent of capitalized interest, proceeds of the Bonds not expended for the Project, and payments made by the Sponsoring Public Entities.

Section 5.7. General Covenants. Each Sponsoring Public Entity further represents, covenants and agrees that in accordance with and to the extent permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in each ordinance or resolution authorizing the issuance of its Sponsoring Public Entity's Utility Bonds; and it will, at the time and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the fund and accounts created by said ordinances, but only from and to the extent of the sources of funds and after satisfaction of all prior obligations described therein.

(b) Sponsoring Public Entities' Legal Agency. It is a duly created and existing municipality of the State, or a conservation and reclamation district and political subdivision of the State, as applicable, and is duly authorized under the laws of the State to enter into this Contract, and that all action on its part for the execution and delivery of this Contract has been duly and effectively taken; and that this Contract is a valid and enforceable special obligation of the Sponsoring Public Entities in accordance with its terms.

(c) Acquisition and Construction; Operation and Maintenance. (1) It shall use its best efforts in accordance with Prudent Utility Practice to acquire and construct, or cause to be acquired and constructed, any capital improvements to its System needed for it to secure delivery of its proportionate share of treated water from the Project at the agreed Delivery Points, which shall mean and include any capital extensions, improvements, and betterments, in accordance with the plans and specifications therefor, as modified from time to time with due diligence and in a sound and economical manner; and (2) it shall at all times use its best efforts to operate or cause to be operated its System properly and in an efficient manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacement, and renewals so that at all times the operation of its System may be properly and advantageously conducted.

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

(e) Liens. It will from time to time, and before the same become delinquent, pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon its System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the lien granted hereunder

shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided however, that no such tax, assessment, or charge, and no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Sponsoring Public Entity.

(f) Books, Records, and Accounts. It shall keep proper books, records, and accounts separate and apart from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to its System, the Bonds, and the Sponsoring Public Entities, and it shall cause said books and accounts to be audited annually as of the close of each Fiscal Year by the Accountant. At the request of the Agency, the Sponsoring Public Entity shall allow the Agency to audit such books, records, and accounts at any reasonable time and from time to time.

(g) Insurance.

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

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

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

(h) Audits. After the close of each Fiscal Year while this Contract is in effect, it shall cause an audit to be made of the books and accounts relating to its System and of the revenues and expenses of its System by the Accountant. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the Sponsoring Public Entity, a copy of such audit for the preceding Fiscal Year shall be mailed to the Agency.

Such annual audit reports shall be open to the inspection of the Agency, its agents and representatives, the Trustee, and the owners of the Bonds at all reasonable times at the Agency's office.

(i) Governmental Agencies. It will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to its System, and which have been obtained from any governmental agency; and the Sponsoring Public Entities have or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of its Sponsoring Public Entity's System.

(j) No Competition. To the extent it legally may, it will not grant any franchise or permit for the acquisition, construction, or operation of any competing facilities which might be used as a substitute for its System's facilities, and, to the extent that it legally may, each Sponsoring Public Entity will prohibit any such competing facilities.

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

(l) Sale, Lease, or Disposal of Property by the Sponsoring Public Entities. A Sponsoring Public Entity shall not sell, lease, mortgage, demolish, remove, or otherwise dispose of any part of its System, except as follows:

(i) To the extent permitted by law, a Sponsoring Public Entity may sell or exchange at any time and from time to time any property or facilities constituting a part of its System only if (a) it shall determine such property or facilities are not useful in the operation of its System, (b) the proceeds of such sale are \$250,000 or less, or it shall have received a certificate executed by the Sponsoring Public Entity's Engineer of Record and Authorized Representative stating, in their opinion, that the fair market value of the property or facilities exchanged is \$250,000 or less, (c) if such proceeds or fair market value exceeds \$250,000, it shall have received a certificate executed by the Sponsoring Public Entity's Engineer of Record and Authorized Representative stating, in their opinion, that the sale or exchange of such property or facilities will not impair the ability of the Sponsoring Public Entity to comply during the current or any future year with the provisions of Section 5.3(b) of this Contract, or (d) the sale or exchange will not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of the Sponsoring Public Entity's System shall forthwith, at the option of the Sponsoring Public Entity, be used as provided in the ordinances of the Sponsoring Public Entity authorizing its Utility Bonds.

(ii) To the extent permitted by law, the Sponsoring Public Entity may lease or make contracts or grant licenses for the operation of, or make

arrangements for the use of, or grant easements or other rights with respect to, any part of its System, provided that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by the Sponsoring Public Entity of the System, (ii) does not in any manner impair or adversely affect the rights or security of the Agency under this Contract; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement, or other right is in excess of \$500,000, the Sponsoring Public Entity shall have received a certificate executed by the Sponsoring Public Entity's Engineer of Record and Authorized Representative that the action of the Sponsoring Public Entity with respect thereto does not result in a breach of the conditions under this subsection (2), and (iii) does not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof. Any payments received by the Sponsoring Public Entity under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the Sponsoring Public Entity's System or any part thereof shall constitute gross revenues of the System.

ARTICLE VI

CONTINUING DISCLOSURE

Section 6.1 Annual Reports.

(a) Following the issuance of Bonds of any series by the Agency for the benefit of the appropriate Sponsoring Public Entity, the offer or sale of which is not exempt from the Rule and, until the Sponsoring Public Entities are no longer obligated, contingently or otherwise, to pay the Annual Payment Amounts in respect of the Bonds of such series, each Sponsoring Public Entity undertakes to and shall provide annually to each NRMSIR and any SID, 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 the Sponsoring Public Entities' approval of such Sale and Offering Documents pursuant to Section 3.1 hereof and (2) audited general purpose financial statements of the Sponsoring Public Entity, 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 the Sponsoring Public Entity may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Sponsoring Public Entity 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 the Sponsoring Public Entity shall provide unaudited financial statements within the required period, and shall provide audited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, when and if the audit report on such statements become available.

(b) If a Sponsoring Public Entity changes its Fiscal Year, it will notify the Trustee, each NRMSIR, and any SID in writing of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Sponsoring Public Entity otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) 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 each NRMSIR and any SID or filed with the SEC. Copies of such information and operating data shall be furnished to the Agency at the same time the information and data are furnished to any NRMSIR or SID.

Section 6.2 **Material Event Notices.** (a) The following are the events with respect to the Bonds which the Agency must agree to disclose in a timely manner pursuant to the Rule, if “material” under applicable federal securities laws and regulations promulgated thereunder.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of holders of the Bonds;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; and
- (11) Rating changes.

(b) A Sponsoring Public Entity shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated in (a) above with respect to such Sponsoring Public Entity, notify the Agency of such event and provide all information in the format required to satisfy the requirements of the Rule. Further, the Sponsoring Public Entity shall provide, in a timely manner, notice of any failure by the Sponsoring Public Entity to provide audited financial statements, financial information, and operating data in accordance with Section 6.1 hereof to each NRMSIR and each SID.

Section 6.3 **Limitations, Disclaimers, and Amendments.**

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

(b) The provisions of this Article are for the sole benefit of (and may be enforced by) the owners and beneficial owners of the Bonds of such Sponsoring Public Entity, 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 Sponsoring Public Entities undertake to provide only the financial information, operating data, financial statements, and notices which they have expressly agreed to provide pursuant to this Article and they do not hereby undertake to provide any other information that may be relevant or material to a complete presentation of their respective financial results, condition, or prospects, nor do they hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Sponsoring Public Entities make no representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(c) UNDER NO CIRCUMSTANCES SHALL ANY SPONSORING PUBLIC ENTITY 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 SPONSORING PUBLIC ENTITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

(f) The provisions of this Article may be amended by the Agency and the appropriate Sponsoring Public Entities 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 Agency or the appropriate Sponsoring Public Entities, 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 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 Agency or the appropriate Sponsoring Public Entities (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 Agency and the appropriate Sponsoring Public Entities so amend the provisions of this Article in connection with the financial or operating data which the Sponsoring Public Entities are required to disclose under Section 6.1 hereof, the appropriate Sponsoring Public Entities shall provide a notice of such amendment to be filed in accordance with Section 6.2(b) hereof; together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be so provided. The Agency and the

appropriate Sponsoring Public Entities 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 VII

COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS

Section 7.1 **Compliance with Federal, State and Local Laws.** In addition to the provisions of Section 8.8 hereof, this Contract is subject to all applicable federal and State laws and any applicable permits, ordinances, rules, orders and regulations of any local, state or federal government authority having or asserting jurisdiction. The Contract is specifically subject to the rules of the TCEQ, and the Agency shall have the right to terminate this Contract with respect to a Sponsoring Public Entity upon the Sponsoring Public Entity's non-compliance with the rules promulgated by the TCEQ. Pursuant to those rules the parties will comply with all of the applicable requirements in Section 7.2 hereof.

Section 7.2 **Recordkeeping and Reporting.** The Sponsoring Public Entities and the Agency shall maintain records relating to the Agency on site for a period of five (5) years.

(a) Records to be maintained by the Agency include:

- (i) copies of notifications made to the TCEQ concerning water projects;
- (ii) as applicable, copies of contracts made with each water user;
- (iii) records of volume of water delivered to each water user per delivery; and
- (iv) water quality analyses.

(b) Records to be maintained by each Sponsoring Public Entity include:

- (i) records of volume of water delivered to the Sponsoring Public Entity by the Agency;
- (ii) records of water quality analysis of the Sponsoring Public Entity's distribution system;
- (iii) calibration records for any check meters (as described in Section 4.2(e) above) owned, maintained, or controlled by the Sponsoring Public Entity; and
- (iv) maintenance records pertinent to each Agency delivery point to the Sponsoring Public Entity.

(c) The Agency shall report to the TCEQ on a monthly basis the following information on forms furnished by the Executive Director of the TCEQ:

- (i) volume of water delivered to each Sponsoring Public Entity.

(ii) quality of water delivered to the Sponsoring Public Entities reported as a monthly average for each quality criteria except those listed as “not to exceed,” which shall be reported as individual analyses.

Such reports are due to the TCEQ by the 20th day of the month following the reporting period.

The foregoing requirements of this Article VII shall be amended as necessary to comply with the rules of the TCEQ.

All costs of compliance with the rules of the TCEQ shall be paid by the Agency, but such costs shall be considered an Operation and Maintenance Expense.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.1 **Participation by the Parties.** Each party represents to the other parties that it is empowered by law to participate in the acquisition, construction, and financing of the Project, and to execute this Contract and other agreements and documents as are or may hereafter be required to accomplish the same; and that its participation in the Project and execution of this Contract have been duly authorized by action of its Governing Body at a meeting conducted in accordance with the Texas Open Meetings Act, as amended, Chapter 551, Texas Government Code. Each party agrees to furnish to the other parties such documentation or evidence of its authority to so participate and execute this Contract and other agreements and documents as the other parties may reasonably request, and to take and perform such other and further actions and execute such other agreements and documents as may be reasonably required to carry out the provisions of this Contract.

Section 8.2 **Insurance.**

(a) The Agency agrees to carry public liability insurance and environmental pollution insurance on the Project for purposes and in amounts which ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Agency shall not be required to carry liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Agency’s legal counsel, be potentially liable considering relevant governmental immunities of the Sponsoring Public Entities and the Agency. The Agency shall also carry property casualty insurance in the amount of the replacement value of all improvements and personal property connected with the Project (less a deductible comparable to the deductible on the Sponsoring Public Entities’ property insurance for their respective properties generally). All premiums for such insurance shall constitute an expense of the Project but may be paid out of the proceeds of the Bonds to the extent that such proceeds are available. In the event the Agency is required to pay a deductible with respect to a claim under any such policy, the amount of such deductible shall constitute an expense and shall be paid by the Sponsoring Public Entities.

(b) The Agency shall require the contractor or contractors employed for construction of the Project to carry insurance and bond coverages throughout the construction period in at least the following amounts: (1) workers’ compensation: State law limits; (2) general liability (including contractual liability) and automobile liability: one million dollars (\$1,000,000) per

person and two million dollars (\$2,000,000) per occurrence for bodily injury, and one million dollars (\$1,000,000) for property damage; (3) builder's risk: full replacement value of improvements; (4) performance and payment bond: full value of contract; (5) cost overrun insurance; and (6) timely completion insurance. The Agency shall secure from the contractor or contractors a certified copy of such effective policy of insurance, and original bonds, prior to commencement of construction, and the Agency shall furnish a copy of the policy and bonds to a Sponsoring Public Entity upon request. Such insurance policies shall name the Agency and the Sponsoring Public Entities as additional insureds, and the Agency shall require the contractor to provide a certificate of insurance to the Agency showing the required coverages, and providing that the policies may not be canceled, changed, or not renewed until the Agency has been given thirty (30) days prior written notice of such event.

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

Section 8.3 **Force Majeure.** If by reason of Force Majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of each of the Sponsoring Public Entities to make the payments required under Sections 3.5, and 5.2 of this Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other parties within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, 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, blue northers, 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, inability on the part of the Agency to deliver water for any reason, or any other causes not reasonably within the control of the party claiming such inability.

Section 8.4 **Unconditional Obligation to Make Payment.** Recognizing the fact that the Sponsoring Public Entities 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 utility system purposes, and recognizing the fact that the payments to be received from each of the Sponsoring Public Entities will be the primary source of funds available to the Agency and the Trustee to pay the Bonds and other Project Costs, and recognizing the fact that purchasers of the Bonds will rely on the obligation of the Sponsoring Public Entities to pay the Annual Payment Amounts with respect to their series of Bonds in accordance with the provisions of this Contract, each of the Sponsoring Public Entities hereby waives all rights of set-off, recoupment, counterclaim, suspension, deferment, reduction, and amendment against the Agency, the Trustee, and any other direct or indirect recipients of payments with respect to making the Annual Payment Amounts. Each of the Sponsoring Public Entities agrees that it shall make its appropriate Annual Payment Amounts even if no Bonds are issued for its benefit by the Agency

and, if any Bonds are issued, it shall be unconditionally obligated to pay the Annual Payment Amounts as provided and determined by this Contract, regardless of whether or not the Agency actually acquires, constructs, or completes the Project, or breaches any obligation on the Agency's part hereunder, and whether or not the Sponsoring Public Entity actually uses the Project, whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this Contract, or any other contract or agreement between any of the parties hereto. This covenant by each of the Sponsoring Public Entities shall be for the benefit of and enforceable by the owners of the Bonds and/or by the Agency.

By entering into this Contract and performing their obligations under any Section of this Contract, the Sponsoring Public Entities do not release any persons from or waive any claims against such persons that the Sponsoring Public Entities may have resulting from actions by such persons contrary to that person's legal obligations.

Section 8.5 **Term of Contract.** This Contract shall be effective from and after its date, and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of each Bond Resolution and thereafter continue in force and effect during the entire useful life of the Project. When the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of the Bond Resolution and all amounts owed to the Agency, the Trustee, or any other person hereunder have been paid, all money held by the Trustee or the Agency pursuant to the terms of the Bond Resolution shall be paid to the Agency. Upon the termination of this Contract, the Agency will charge each of the Sponsoring Public Entities a unit based charge (or other published rate) for water delivered to the Sponsoring Public Entities in accordance with the Agency's then existing rate schedule.

Section 8.6 **Modification.** No change, amendment, or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by each of the Sponsoring Public Entities under the terms of this Contract, and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

Section 8.7 **Addresses and Notice.** Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made, or accepted by any party to the other parties must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to the Agency:

Chair, Board of Directors

Hays Caldwell Public Utility Agency
121 West Center Street
Kyle, Texas 78640

If to one or more of the Sponsoring Public Entities:

City Administrator
City of Buda, Texas
121 North Main Street
Buda, Texas 78610

City Manager
City of Kyle, Texas
100 West Center Street
Kyle, Texas 78640

City Manager
City of San Marcos, Texas
630 East Hopkins
San Marcos, Texas 78666

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

The Agency and each Sponsoring Public Entity shall have the right from time to time and at any time to change its respective address and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties.

Section 8.8 **State or Federal Laws, Rules, Orders, or Regulations.** This Contract is subject to all applicable federal and State laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction. Each of the parties represents to the other parties that, to the best of its knowledge, no provisions of any applicable federal, State, or local law, including any Home Rule Charter of a Sponsoring Public Entity, nor any permit, ordinance, rule, order, or regulation of any party will limit or restrict its ability to carry out its respective obligations under or contemplated by this Contract.

Section 8.9 **Severability.** The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the

application of such actions, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause, or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 8.10 Remedies Upon Default. It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing that failure in the performance of the Sponsoring Public Entities' obligations hereunder could not be adequately compensated in money damages alone, each of the Sponsoring Public Entities agrees in the event of any default on its part that the Agency and the owners of the Bonds as third-party beneficiaries shall have available to them the remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to them. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Agency to receive the Annual Payment Amounts and the provision of Section 3.9 hereof, which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of the performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstances.

Section 8.11 Venue. All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Hays County, Texas, which is the County in which the principal administrative offices of the Agency are located. It is specifically agreed among the parties to this Contract that Hays County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Hays County, Texas.

Section 8.12 Statutory Authority. In entering into this Contract and performing all duties and obligations hereunder, the Sponsoring Public Entities and the Agency exercise their authority under and in accordance with the State Constitution and laws including, but not limited to, the Act; Chapter 1502, as amended, Texas Government Code; any Home Rule Charter of a Sponsoring Public Entity; Chapter 1371, as amended, Texas Government Code; and all other laws which may authorize this Contract, all of which provisions and laws, cited or not cited herein, shall cumulatively provide the authority for this Contract.

Section 8.13 Indemnification. FOR SO LONG AS THE BONDS ARE OUTSTANDING AND UNPAID, AND ALSO WITH RESPECT TO ANY CLAIM THAT MAY ARISE OUT OF THE OFFER AND SALE OF THE BONDS OF ANY SERIES OR THE ALLEGED MISSTATEMENT OR OMISSION OF A MATERIAL FACT IN OR FROM ANY SALE AND OFFERING DOCUMENT RELATING TO ANY OF THE SPONSORING PUBLIC ENTITIES USED IN CONNECTION THEREWITH, TO THE EXTENT PERMITTED BY LAW, EACH OF THE SPONSORING PUBLIC ENTITIES AGREES TO INDEMNIFY AND SAVE AND HOLD HARMLESS THE AGENCY, AND THE OTHER

SPONSORING PUBLIC ENTITIES, THEIR OFFICERS, DIRECTORS, AGENTS, FINANCIAL ADVISORS, ATTORNEYS, AND EMPLOYEES, AND THE UNDERWRITERS OF ANY SUCH OFFERING AND THEIR DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS, AND ALL PERSONS WHO CONTROL THE SAME WITHIN THE MEANING OF THE FEDERAL SECURITIES LAWS, FROM AND AGAINST ALL CLAIMS THAT MAY ARISE AS A RESULT OF ANY UNDERTAKING, ACT, OR OMISSION, WHETHER NEGLIGENT OR NOT, WHICH IS DONE OR OMITTED TO BE DONE BY THAT SPONSORING PUBLIC ENTITY OR ANY OF ITS OFFICERS, COUNCIL MEMBERS, AGENTS, ATTORNEYS, OR EMPLOYEES, RELATING TO THE PROJECT OR PROVIDING INFORMATION FOR INCLUSION IN THE SALE AND OFFERING DOCUMENTS. IF ANY SUCH CLAIM IS BROUGHT AGAINST ANY SUCH INDEMNIFIED PERSON, THE INDEMNIFYING SPONSORING PUBLIC ENTITY SHALL PAY ALL COSTS INCURRED BY SUCH PERSON IN DEFENDING AGAINST THE CLAIM, AND (SUBJECT TO APPLICABLE RULES OF ATTORNEY CONDUCT) MAY CONTROL THE DEFENSE OF SUCH CLAIM.

Section 8.14 **Contract not for Benefit of Third Parties.** This Contract is made for the exclusive benefit of the Sponsoring Public Entities, the Agency, the Trustee, the owners of the Bonds, the parties to any Credit Agreements, the underwriters of any offering of and remarketing agent and tender agent, if any, for any Bonds, and their respective successors and assigns herein permitted, and not for any third party or parties other than the Agency (including its officers, directors, employees, agents, and attorneys), the Trustee, the owners of the Bonds, the Sponsoring Public Entities, and the parties to any Credit Agreements, the underwriters of any offering of and remarketing agent and tender agent, if any, for any Bonds, the other persons indemnified by Section 8.13 hereof, and their respective successors and assigns herein permitted, any rights or remedies under or by reason of this Contract.

Section 8.15 **Succession and Assignment.** This Contract is binding on and inures to the benefit of the parties hereto and their respective successors, representatives, and assigns. This Contract may not be assigned by any party hereto without (i) complying with any provisions relating to the right of the parties to assign this Contract contained in the Bond Resolution and (ii) prior written notice to and approval by the other parties, which consent may be withheld without cause. The provisions of this Section do not affect the assignment of the Agency's rights under this Contract to the Trustee pursuant to Section 3.8.

Section 8.16 **Incorporation of Preamble Recitals.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Contract for all purposes and are adopted as a part of the judgment and findings of the Agency and the Sponsoring Public Entities.

Section 8.17 **Independent Contractor.** As among the parties, the Agency shall be solely responsible for the operation of the Project to produce, withdraw, or divert and treat water and to transport the water to the Sponsoring Public Entities pursuant to this Contract (except to the extent the Agency and a Sponsoring Public Entity enter into agreements for the Sponsoring Public Entity to operate parts of the Project); and the Agency shall be an independent contractor in the operation of the Project.

Section 8.18 **Financing Statement.** To the extent required by law, each of the Sponsoring Public Entities agrees it shall execute, at the request of the Agency or the Trustee, a

financing statement in a form satisfactory to the Agency or the Trustee and meeting the requirements of the Texas Uniform Commercial Code to perfect any security interest created hereby. To the extent required by law, each Sponsoring Public Entity further agrees to execute such continuation statements or other documents as may be necessary to maintain any such security interest.

Section 8.19 **Entire Agreement.** This Contract constitutes the entire agreement among the parties with respect to the matters described herein.

Section 8.20 **Applicable Law.** This Contract shall be governed by and construed in accordance with the laws of the State, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.

Section 8.21 **Counterparts.** This Contract may be executed in counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 8.22 **Reservation of Rights to Utilize the Texas Water Development Board's State Participation Account Program.** The Sponsoring Public Entities and the Agency hereby agree that the Agency may file an application with the TWDB to seek financial assistance pursuant to the TWDB Program. To the extent the Agency utilizes the TWDB Program to access funds to complete the Project, the TWDB Program's rules and regulations require that the TWDB take an undivided ownership interest in up to 50% of the infrastructure improvements comprising the Project. This undivided ownership interest is represented by a master agreement and other documents to be executed between the Agency and the TWDB to effectuate the Agency's financial participation in the TWDB Program. Under the TWDB Program, the Agency will be obligated (and the Sponsoring Public Entities will be obligated to pay the Annual Payment Amounts to reflect this financial obligation) to make lease or other rental payments to the TWDB to repay the TWDB's financial assistance which enabled the Agency to construct the Project in a manner in which excess capacity in the Project was implemented on a regional basis.

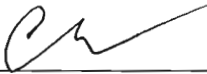
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IN WITNESS WHEREOF, the parties hereto acting under authority of their respective Governing Bodies have caused this Contract to be duly executed as of the day and year first above written.

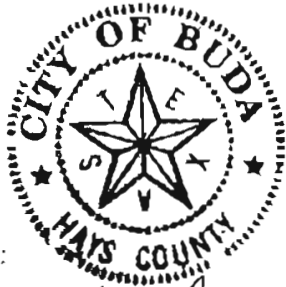
HAYS CALDWELL PUBLIC UTILITY AGENCY

Attest:

By: 
Chair, Board of Directors

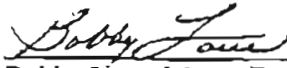
By: 
Secretary, Board of Directors

ADOPTED on January 15, 2008.

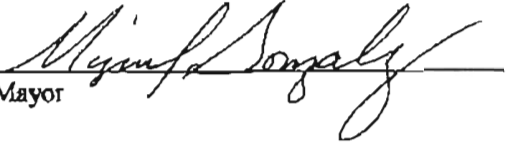


Attest:

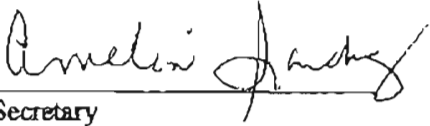

Toni Milam, City Secretary


Bobby Lane, Mayor Pro Tem

CITY OF KYLE, TEXAS

By: 
Mayor

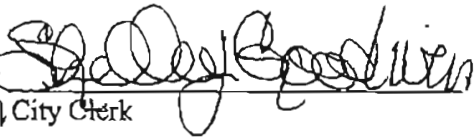
Attest:

By: 
City Secretary

CITY OF SAN MARCOS, TEXAS

By:  _____
City Manager

Attest:

By:  _____
Interim City Clerk

CANYON REGIONAL WATER AUTHORITY

By: Melvin E. Stray
President, Board of Trustees

Attest:

By: Mar Speed
Secretary, Board of Trustees

Part C52 – Water Contracts

**AMENDMENT #1 TO THE REGIONAL WATER
SUPPLY CONTRACT
October 31, 2009**

Part C52 – Water Contracts

**AMENDMENT NO. 1 TO
REGIONAL WATER SUPPLY CONTRACT**

This is Amendment No. 1 to the Regional Water Supply Contract (the "Contract") by and among the Hays Caldwell Public Utility Agency (the "Agency"), and the City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority. The Contract was dated and effective as of January 1, 2008. This Amendment is dated and effective as of October 31, 2009. The City of Buda, Texas, the City of Kyle, Texas, the City of San Marcos, Texas, and the Canyon Regional Water Authority are referred to in this Amendment collectively as the "Sponsoring Public Entities" and singularly each as a "Sponsoring Public Entity".

RECITALS:

1. The Sponsoring Public Entities formed the Agency as a public utility agency pursuant to Chapter 572 of the Local Government Code, and executed the Contract in order to jointly plan, finance, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water and wastewater, including plant sites, rights-of-way, and property, equipment, or rights of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of water and wastewater.

2. The Sponsoring Public Entities have decided to postpone the issuance of Bonds by the Agency, and they are financing the activities of the Agency through cash contributions until the time the Agency issues Bonds.

3. The Sponsoring Public Entities wish to revise the Contract to describe the Project more definitively, to modify the scope of the Project and the shares in the capacity of the Project to which each of them is entitled, to allow for future modifications to the scope and phasing of the Project, and to make other clarifying revisions to the Contract.

AMENDMENT:

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the sufficiency of which are hereby acknowledged, and upon and subject to the terms and conditions hereinafter set forth, the Sponsoring Public Entities and the Agency mutually undertake, promise, and agree that the Contract is amended as follows:

1. **Section 2.1 of the Agreement is amended as follows** (underlining indicates added text; ~~overstrike~~ indicates deleted text):

Section 2.1. General; Project Description.

(a) The Project will have a total capacity of 33,212 acre-feet/year. The Facilities will be constructed in two phases as described in the Engineering Report, the first phase having a capacity of 15,000 acre-feet/year, and the second phase having a capacity of 18,212 acre-feet/year. Prior to the issuance of Bonds by the Agency for each phase of construction of the Facilities, the Parties may, by written amendment to this Contract approved by all of the Parties, agree to revise the total capacity of the Project.

the phasing of the Project, or the capacity of each phase of the Project. After the Agency issues Bonds in connection with a phase of the construction of the Facilities, any revision to the capacity of that phase of the Facilities will be limited by, and subject to, the terms and provisions of the Bonds issued for that phase of the Facilities.

(b) Subject to the remaining terms and provisions of this Contract, the Agency agrees to issue the Bonds and to acquire and construct the Project as generally described in the Engineering Report. It is estimated that the first phase of the Project will be placed in operation on or before December 31, 2018, or as soon thereafter as practicable. The Authorized Representative of the Agency hereby represents that he is not aware of any reason that the first phase of the Project, as contemplated, cannot be completed on or before December 31, 2018. It is expressly understood and agreed that any obligations on the part of the Agency to finance, acquire, construct, and complete the Project and to provide the water to the Sponsoring Public Entities shall be (i) conditioned upon the Agency's ability to obtain all necessary permits, Land Interests, material, labor, and equipment, and upon the ability of the Agency to finance the cost of the Project through the actual sale of the Bonds, including any Bonds needed to complete the Project, and (ii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State, and any regulatory body having jurisdiction. The Project shall be acquired and constructed by the Agency with all reasonable dispatch, and the Agency will diligently pursue such acquisition and construction in order that it may be completed as soon as practicable, delays incident to events of Force Majeure only excepted; but if for any reason there should be delays in or the entire failure of such acquisition, construction, and improvement, there shall be no diminution in or postponement of the Annual Payment Amounts to be made by the Sponsoring Public Entities hereunder and no resulting liability on the part of the Agency; provided, however, that the Sponsoring Public Entities retain the right to pursue any legal remedy to the extent that delays in the Project are the result of negligence on the part of the Agency.

(c) The provisions of this Article II shall apply to each phase of the construction of the Facilities.

2. Section 2.15 of the Agreement is amended as follows (underlining indicates added text; ~~overstrike~~ indicates deleted text):

Section 2.15. Shares of Treated Water and Project Cost Quantity. The Sponsoring Public Entities' proportionate shares of the Project Costs and of the treated water produced by each phase of the Facilities constructed for the Project will be based on the capacity for each Sponsoring Public Entity out of the total Project capacity. The proportionate shares of Project Costs and treated water produced, and the capacity for each Sponsoring Public Entity out of the total Project capacity, are ~~is~~ as follows:

<u>Sponsoring Public Entity</u>	<u>Project Share of Project Costs and Treated Water</u>	<u>Acre-feet/year out of Total Project Capacity</u>
City of Buda, Texas	5.60 5.08%	1,687
City of Kyle, Texas	20.50 28.17%	9,355

City of San Marcos, Texas	39.70 <u>35.86%</u>	<u>11.910</u>
Canyon Regional Water Authority	34.20 <u>30.89%</u>	<u>10.260</u>

Prior to the issuance of Bonds by the Agency for each phase of construction of the Facilities, the Parties may, by written amendment to this Contract approved by all of the Parties, agree to revise the proportionate shares of the treated water to be produced by, and the proportionate shares of Project Costs for, that phase of the Facilities. After the Agency issues Bonds in connection with a phase of construction of the Facilities, any revision to the proportionate shares of the treated water to be produced by, and the proportionate shares of Project Costs for, that phase of the Facilities will be limited by, and subject to, the terms and provisions of the Bonds issued for that phase of the Facilities.

3. Section 2.19 of the Agreement is amended as follows (underlining indicates added text; ~~overstrike~~ indicates deleted text):

Section 2.19. Excess Capacity. With prior approval of all of the Parties, the Agency may acquire Water Rights and Land Interests, and may construct the Facilities, so that the capacity of the Project exceeds the total Project capacity as stated in Section 2.1(a). In the event the Project is constructed so that there is excess capacity in all or any portion of the Facilities, such excess capacity shall be owned by the Agency. Any such excess capacity may be used only with the written consent of the Agency Board of Directors, which may include conditions deemed appropriate by the Board.

4. Section 3.1 of the Agreement is amended as follows (underlining indicates added text; ~~overstrike~~ indicates deleted text):

Section 3.1. Issuance of Bonds.

(a) The Agency's acquisition of the Water Rights for the Project will be financed by the receipt of cash contributions from the Sponsoring Public Entities (which, as to a particular Sponsoring Public Entity, may be proceeds of a loan, bonds or other debt issued by that entity). The Agency's acquisition of other Land Interests needed for the Project, and the Agency's acquisition and construction of each phase of the Facilities ~~Project~~ and any other substantial improvements to the Facilities ~~Project~~ will be financed by (i) receipt of cash from a Sponsoring Public Entity, (ii) the Agency through the issuance of one or more series or issues of its Bonds by the Agency for a Sponsoring Public Entity, which Bonds are payable from and secured, in part, by an assignment of the Annual Payment Amounts made under this Contract by the designated Sponsoring Public Entity for which such series of Bonds are issued or (iii) any combination of (i) and (ii). It is expressly understood and agreed by the Agency and the Sponsoring Public Entities that any Bonds issued by the Agency shall be issued as separate series of each Sponsoring Public Entity requesting financing by the Agency. Each Sponsoring Public Entity shall be responsible solely for the Bond Payments on its series of Bonds. No Sponsoring Public Entity shall have any liability or responsibility for any Bond Payments on a series of Bonds issued for another Sponsoring Public Entity. In consideration of the covenants and agreements set forth in this Contract, and to enable the Agency to issue the Bonds to carry out the intents and purposes hereof, this Contract is executed to assure the

issuance of the Bonds and to provide for and ensure the due and punctual payment to the Agency or to the Trustee by each Sponsoring Public Entity for which the Agency has issued a series of Bonds, of amounts not less than the Annual Payment Amounts on a series of Bonds issued for a particular Sponsoring Public Entity. Each of the Sponsoring Public Entities hereby agrees to make, or cause to be made, its respective Annual Payment Amount, as and when due, for the benefit of the owners of the Bonds, as provided in the Bonds and the Bond Resolution.

(b) The proceeds from the sale of the Bonds, together with any cash received from a Sponsoring Public Entity, will be used for the payment of the Project Costs. The Bonds will be issued by the Agency in the amount anticipated to be required to acquire and construct the Project, including payment of all Project Costs advanced by one or more of the Sponsoring Public Entities and incurred by the Agency prior to the date of issuance of the Bonds, and to fund, to the extent deemed advisable by the Agency, a debt service reserve fund and interest on the Bonds during construction and for up to one year after the Completion Date. However, each Sponsoring Public Entity reserves the right to pay cash to the Agency for its share of the Project Costs rather than have the Agency issue Bonds on its behalf.

(c)

(i) Each Bond Resolution of the Agency shall specify the maximum principal amount of the Bonds to be issued thereunder. The Bonds shall mature not more than forty (40) years from the date of such Bonds and shall bear interest at not to exceed the maximum legal rate then permitted by law, and the Bond Resolution may create and provide for the maintenance of a revenue fund, an interest and sinking fund, a debt service reserve fund, and any other funds deemed prudent by the Agency, all in the manner and amounts as provided in such Bond Resolution.

(ii) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Agency's Board of Directors or the execution of an Approval Certificate by the Agency, a substantially final copy of the proposed Bond Resolution for the applicable Sponsoring Public Entity, the Approval Certificate, if any, any Credit Agreements and the Sale and Offering Documents shall be presented to the applicable Sponsoring Public Entity for review and approval.

(iii) Upon approval by the Sponsoring Public Entity for which the Agency issues a series of Bonds of (i) a Bond Resolution hereafter adopted by the Agency for the applicable Sponsoring Public Entity, including any Credit Agreements, (ii) any amendments to any Bond Resolution, (iii) an Approval Certificate authorized by a Bond Resolution, and (iv) the Sale and Offering Documents, and the delivery to the Agency of a certification signed by the Authorized Representative of the respective Sponsoring Public Entity to the effect that the Bond Resolution, including any Approval Certificate, and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution and the Approval Certificate, if any, in such final form by the Agency's Board of Directors or Authorized Representative, as the

case may be, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the respective Sponsoring Public Entity and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(iv) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, a Sponsoring Public Entity, shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the Sponsoring Public Entities so long as the Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the respective Sponsoring Public Entity to make, promptly when due, all payments specified in this Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the affected Sponsoring Public Entity, the Agency may enter into Credit Agreements for the purpose of achieving the lowest financing costs for the Project.

(d) The provisions of this Article III shall apply to the Bonds issued by the Agency with respect to each phase of the construction of the Facilities.

5. Defined Terms. All terms that are defined in the Contract will have those same definitions in this Amendment.

6. Remaining Provisions. All other provisions of the Contract remain in full force and effect.

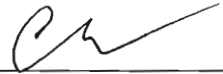
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IN WITNESS WHEREOF, the parties hereto acting under authority of their respective Governing Bodies have caused this Contract to be duly executed as of the day and year first above written.


HAYS CALDWELL PUBLIC UTILITY AGENCY

Attest:

By: 
Chair, Board of Directors

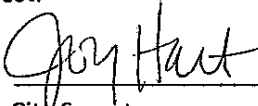
By: 
Secretary, Board of Directors

CITY OF BUDA, TEXAS

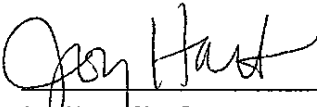
By: 
City Manager

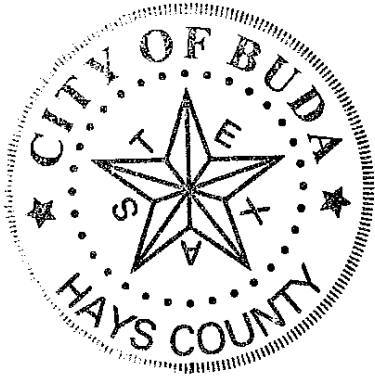
**Original Missing – Executed pursuant to City Council action on September 15, 2009. Effective Date October 31, 2009.

Attest:


By: 
City Secretary

I hereby certify that this agreement was passed by a majority of the City Council of the City of Buda on September 15, 2009, and further certify that the City has operated under the terms of this agreement since that date.

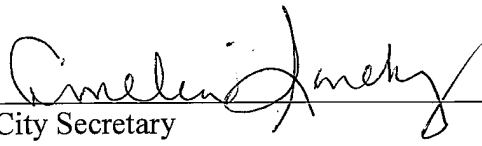

Joy Hart, City Secretary



CITY OF KYLE, TEXAS

By:  _____
Mayor

Attest:

By:  _____
City Secretary

CITY OF SAN MARCOS, TEXAS

By: *Neil Anderson*
City Manager

Attest:

By: *Sherry Mashburn*
City Clerk

CANYON REGIONAL WATER AUTHORITY

By: Melvin E. Strey
President, Board of Trustees

Attest:

By: Mark Spas
Secretary, Board of Trustees

Project Description

Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.): The project will provide new water supply to the cities of Buda, Kyle and San Marcos and the Canyon Regional Water Authority.

Provide a detailed description of the proposed project. The description should include a discussion of the current service area, existing system facilities; and an adequate description of all proposed project elements (include a bulleted list of new project elements/components): Detailed description is attached is an option document entitled "Project Description".

Water Made Available

New Supply: 15,000 (acre-feet/year)/\$213,000,000 (capital cost)

New Conservation Savings: 0 (acre-feet/year)/\$0 (capital cost)

New Reuse Supply: 0 (acre-feet/year)/\$0 (capital cost)

Maintenance of Current Supply: 0 (acre-feet/year)/\$0 (capital cost)

SWIFT

SWIFT Funding Type

Deferred: \$22053220.00

Low Interest Loan: \$122311510.00

Board Participation: \$69000000.00

Is this request for multi-year funding or phased commitments?: Y

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

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

HCPUA - Proposed Multi-Year Closing Dates					
Year	Low Interest	Deferred	Board Participation	TOTAL	Proposed Closing Date
2017	\$ 9,875,400	\$ 22,053,220	\$ -	\$ 31,928,620	12/7/2017
2019	\$ 53,380,000	\$ -	\$ 32,500,000	\$ 85,880,000	12/5/2019
2021	\$ 59,056,110	\$ -	\$ 36,500,000	\$ 95,556,110	12/2/2021
Total	\$ 122,311,510	\$ 22,053,220	\$ 69,000,000	\$ 213,364,730	

SAMPLE RESOLUTION*

RESOLUTION NO. _____

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY AUTHORIZING THE ISSUANCE OF HAYS CALDWELL PUBLIC UTILITY AGENCY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF _____), SERIES _____; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE AND DELIVERY OF SUCH BONDS

ADOPTED _____

* City will be replaced with Canyon Regional Water Authority in connection with any CRWA Bonds.

RESOLUTION NO. _____

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL
PUBLIC UTILITY AGENCY AUTHORIZING THE ISSUANCE OF HAYS CALDWELL
PUBLIC UTILITY AGENCY CONTRACT REVENUE BONDS (REGIONAL WATER
SUPPLY CONTRACT PROJECT – CITY OF _____), SERIES _; AND
RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE,
PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS**

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RESOLUTION NO. _____

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY AUTHORIZING THE ISSUANCE OF HAYS CALDWELL PUBLIC UTILITY AGENCY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF _____), SERIES ____; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS

WHEREAS, the Hays Caldwell Public Utility Agency (the "Agency") is a separate agency, constituted authority and instrumentality and political subdivision of the State of Texas (the "State"), created by the Cities of Buda ("Buda"), Kyle ("Kyle") and San Marcos, Texas ("San Marcos"), each Texas home rule municipalities, and the Canyon Regional Water Authority ("Canyon Regional"), a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (collectively, the "Sponsoring Public Entities" or singularly, a "Sponsoring Public Entity") and existing under the laws of the State, including Chapter 572, as amended, Texas Local Government Code (formerly Chapter 422, Texas Local Government Code, the "Agency Act"); and

WHEREAS, pursuant to the Agency Act, the Agency, is empowered to acquire and construct water facilities including water conservation, storage, transportation, treatment and distribution facilities and to deliver this water to the Sponsoring Public Entities; and

WHEREAS, the Agency Act also authorizes the Agency acting through its Board of Directors (the "Board") to issue revenue bonds to finance such water projects, payable solely from the revenues derived from payments to be made to the Agency by one or more of the respective Sponsoring Public Entities for which a series of bonds are issued for the purpose of defraying such Sponsoring Public Entity's share of the cost of financing, acquiring, and constructing the Project (as hereinafter defined); and

WHEREAS, the Agency initially expects to issue _____ series of such revenue bonds for _____, _____, _____ and _____, respectively, to finance their share of the _____ Project (as hereafter defined) costs, with each series payable from and secured solely by payments made by _____ and _____, respectively, under the Contract (as hereinafter defined); and

WHEREAS, pursuant to the Agency Act, the Agency and the Sponsoring Public Entities have entered into a "Regional Water Supply Contract" dated as of January 15, 2008, as amended by Amendment No.1 and as may be further amended (collectively, the "Contract") pursuant to which the Agency has agreed to design, finance, construct, own, acquire, maintain and operate the Project in a manner that will allow the Agency to deliver water to the Sponsoring Public Entities on a regional basis and under which each of the Sponsoring Public Entities agree to pay

their share of the Project Costs and to make payments to or on behalf of the Agency in amounts sufficient to meet all of the Agency's obligations under the Contract including those relating to a Sponsoring Public Entity's bonds issued to finance and refinance a Sponsoring Public Entity's share of the Project Costs and to own, operate and maintain the Project; and

WHEREAS, _____ has requested that the Agency issue a separate series of revenue bonds in the aggregate principal amount of \$_____ pursuant to the Contract to finance their share of the _____ Project costs (the "Bonds"); and

WHEREAS, the Sponsoring Public Entities and the Agency have approved the Contract; and

WHEREAS, this Resolution constitutes a Bond Resolution as that term is defined in the Contract; and

WHEREAS, the principal of the Bonds and the interest thereon are and shall be solely payable from and secured by a lien on and pledge of the portion of the Annual Payments designated as "Bond Payments" to be made by ____ pursuant to the Contract in amounts sufficient to pay and redeem, and provide for the payment of the principal of, premium, if any, and interest on the Bonds, when due, and the fees and expenses of the Paying Agent/Registrar and Escrow Agent for the Bonds, all as required by this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY THAT:

Section 1. DEFINITIONS. In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution (except as may be otherwise indicated in the FORM OF BOND) and not otherwise defined shall have the meanings given in Exhibit "A" to this Resolution attached hereto and made a part hereof.

Section 2. AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS. (a) *Amount and Designation.* The Agency's bonds issued pursuant to this Resolution shall be entitled "HAYS CALDWELL PUBLIC UTILITY AGENCY CONTRACT REVENUE BONDS (Regional Water Supply Contract Project – City of _____), Series _____" and are hereby authorized to be issued in the aggregate principal amount of \$_____.

(b) *Purpose.* The Bonds are to be issued for the following purposes: (i) PAYMENT OF PROJECT COSTS FOR CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS. (a) *Terms of Bonds.* The Bonds shall initially be issued, sold, and delivered hereunder as fully registered bonds, without interest coupons, numbered consecutively from R-1

upward (except the initial Bond delivered to the Attorney General of the State which shall be numbered T-1), dated the date of delivery, payable to the respective initial Registered Owners thereof in an Authorized Denomination, serially on August 15, in the years and in the principal amounts set forth below:

<u>YEARS</u>	<u>PRINCIPAL AMOUNTS</u>	<u>YEARS</u>	<u>PRINCIPAL AMOUNTS</u>
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(b) *In General.* The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

Section 4. INTEREST. The Bonds shall bear interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from their date of delivery at the rates set forth below:

<u>YEARS</u>	<u>RATES</u>	<u>YEARS</u>	<u>RATES</u>
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YEARS RATES YEARS RATES

Interest shall be payable to the Registered Owner of any such Bond in the manner provided and on the dates stated in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

Section 5. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION. (a) *Paying Agent/Registrar.* _____ is hereby appointed the Paying Agent/Registrar for the Bonds. The Agency Representative is authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Bonds in substantially the form and substance presented to the Board in connection with the approval of this Resolution with such changes as are acceptable to the Agency Representative.

(b) *Registration Books.* The Board shall keep or cause to be kept at the designated corporate trust office of the Paying Agent/Registrar in _____, Texas (the "Designated Trust Office") the Registration Books and the Board hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Board and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Board shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. A copy of the Registration Books shall be maintained in the State.

(c) *Ownership of Bonds.* The entity or person in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such Registered Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) *Payment of Bonds and Interest.* The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as

provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds. So long as the Purchaser owns the Bonds, the Paying Agent/Registrar shall provide a copy to the Purchaser and its designated trustee of all receipts documenting debt service payments.

(e) **Authentication.** The Bonds initially issued and delivered pursuant to this Resolution shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar's Authentication Certificate unless they have been approved by the Attorney General of the State and registered by the Comptroller of Public Accounts of the State, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate (the "Authentication Certificate"). The Authentication Certificate shall be in the form set forth in the FORM OF BOND in Exhibit "B" attached hereto.

(f) **Transfer, Exchange, or Replacement.** Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender of such Bond at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the Registered Owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the Registered Owner or such assignee or assignees, as appropriate, be exchanged for fully registered Bonds, without interest coupons, in the appropriate form prescribed in the FORM OF BOND set forth in Exhibit "B" to this Resolution, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall be of the same Series and have a single stated maturity date), as requested in writing by such Registered Owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same Series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same Series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered Bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution, and may again be exchanged or replaced. On each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed an Authentication Certificate, in the form set forth in Exhibit "B" to this Resolution. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided

in (e) above, no such Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by the Agency Representative. Pursuant to Subtitle D, Texas Government Code and particularly Section 1201.063, thereof, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which were originally issued pursuant to this Resolution. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, and exchanging any Bond or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Bond issued in an exchange, replacement, or transfer of a Bond will be delivered to the Registered Owner or assignee of the Registered Owner not more than three business days after the receipt of the Bonds to be canceled and the written request as described above.

(g) ***Substitute Paying Agent/Registrar.*** The Board covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the Board will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than ninety (90) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Board covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to

have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(h) **Notice of Redemption.** Each notice of redemption required in the FORM OF BOND shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate or rates, the maturity date, the CUSIP number, a reference to the certificate numbers and the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number. All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such Registered Owner.

(i) **Book-Entry-Only System.** The Bonds issued in exchange for the Bonds initially issued as provided in Section 5(l) shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co. as nominee of DTC and except as provided in subsection (f) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Agency and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Agency and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, but to the extent permitted by law, the Agency and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bonds, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person

other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the Agency to make payments of principal, premium, if any, and interest pursuant to the Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(j) ***Successor Securities Depository; Transfer Outside Book-Entry-Only System.*** In the event the Purchaser no longer owns the Bonds or the Purchaser consents to such action, the Agency may determine to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, the Agency shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owner transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(k) ***Payments to Cede & Co.*** Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Representation of the Agency to DTC.

(l) ***Initial Bond.*** The Bonds herein authorized shall be initially issued as fully registered bonds, being one bond for each maturity in the denomination of the applicable principal amount and the initial Bond shall be registered in the name of the Registered Owner. The initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Registered Owner. Immediately after the delivery of the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond delivered hereunder and exchange therefor Bonds in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and except as provided in Section 5(j), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

Section 6. FORM OF BOND. The form of the Bond, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State, with respect to the Bonds initially issued and

delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "B", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

Section 7. PLEDGE OF BOND PAYMENTS. (a) *Pledge.* The Agency hereby covenants and agrees that the Bond Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established on the books and records of the Agency for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Bond Payments and be valid and binding without any physical delivery thereof or further act by the Agency, and the lien created hereby on the Bond Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the Agency or the Project payable pursuant to the terms of the Contract. The Agency shall deposit the Bond Payments, as collected and received, into the Debt Service Fund (hereinafter defined), to be utilized pursuant to Section 9 hereof to pay the Bonds.

(b) *Perfection of Pledge.* Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Bond Payments granted by the Agency under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Bond Payments granted by the Agency is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

Section 8. RATES AND CHARGES. For the benefit of the Registered Owners of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State and in this Resolution, the Contract between the Agency and the City expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, the City will fix and collect such rates and charges for services to be supplied by the City's respective systems that will produce gross revenues at all times during the term of the Contract in an amount equal to pay all of the expenses of operation and maintenance of the respective systems including Annual Payments and Bond Payments under the Contract and all other amounts required by the laws and the provisions of the ordinances or resolutions authorizing the City's Outstanding System Obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the City's Systems, including the amounts required to pay all principal of and interest on the City's outstanding System bonds and other obligations. The Agency hereby expressly stipulates and agrees that it will take all appropriate action to enforce such terms of the Contract while any of the Bonds Similarly Secured are Outstanding.

The Registered Owner shall never have the right to demand payment for the Bonds out of any funds raised or to be raised from taxation by the City, other Participating Entities or the Agency.

Section 9. DEBT SERVICE FUND AND PROJECT FUND. (a) *Debt Service Fund.* For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the Agency agrees to maintain, at a Depository, a separate and special fund or account to be created and known as the "Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of _____), Debt Service Fund" (the "Debt Service Fund"). The Agency covenants that there shall be deposited into the Debt Service Fund prior to each principal and interest payment date solely from the available Bond Payments an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable.

Any accrued interest received from the Purchaser of the Bonds shall be deposited into the subaccount of the Debt Service Fund. In addition, any surplus proceeds from the sale of the Bonds, including investment income therefrom, not expended for authorized purposes shall be deposited into the Debt Service Fund, and such amounts (i.e., accrued and investment interest) so deposited shall reduce the sum otherwise required to be deposited in the Debt Service Fund from Bond Payments.

(b) *Project Fund.* The Agency hereby creates and establishes and shall maintain on the books and records of the Agency a separate fund or account to be entitled the "Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of _____), Project Fund" for use by the Agency for payment of the City's share of the Project Costs. The Agency shall deposit the net proceeds from the sale of the Bonds into the Project Fund as provided in this Resolution. Funds in the Project Fund shall be requisitioned for payment of the City's share of Project Costs in accordance with a requisition in substantially the form set forth in Exhibit "C" attached hereto with such changes as approved by the Agency Representative. Upon payment of all such costs, any moneys remaining on deposit in the Project Fund shall be transferred to the Debt Service Fund.

In the event the Project is not completed for any reason contemplated in the Contract or otherwise or any proceeds from the Bonds are not used for completion of the Project for any reason, any Bond proceeds and earnings therein not used for completion of the Project shall be utilized to pay principal and/or interest on the Bonds so as to reduce the Bond Payment.

Any surplus proceeds, including the investment earnings derived from the investment of monies on deposit in the Project Fund, from the Bonds remaining on deposit in the Project Fund after completing the Project and upon the completion of the final accounting as described in Section 37(c) hereof, shall be transferred to the Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by Purchaser, unless the Executive Administrator of Purchaser

approves the use of such surplus proceeds to pay eligible Project costs by funding projects that are a part of the State Water Plan.

Section 10. DEFICIENCIES - EXCESS BOND PAYMENTS. (a) *Deficiencies.* If on any occasion there shall not be sufficient Bond Payments to make the required deposits into the Debt Service Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Bond Payments and such payments shall be in addition to the amounts required to be paid into these Funds or accounts during such month or months.

(b) *Excess Bond Payments* Subject to making the required deposits to the Debt Service Fund when and as required by this Resolution or any resolution authorizing the issuance of Additional Bonds, any excess Bond Payments may be used by the Agency for any lawful purpose including, but not limited to, the redemption of any Bonds Similarly Secured.

Section 11. PAYMENT OF BONDS. While any of the Bonds Similarly Secured are Outstanding, the Executive Director of the Agency or other authorized Agency official, shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Debt Service Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the Business Day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

Section 12. INVESTMENTS. Funds held in any fund or account created, established, or maintained pursuant to this Resolution shall, at the option of the Agency, be invested in time deposits, certificates of deposit, guaranteed investment contracts, or similar contracting arrangements and/or as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law, and secured (to the extent not insured by the Federal Deposit Insurance Corporation) to the fullest extent required by the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code. All interest and income derived from deposits and investments in any fund shall immediately be credited to, and any losses debited from, the fund from which such funds were derived. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

Section 13. ISSUANCE OF ADDITIONAL BONDS. In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the Agency reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Bond Payments in the same manner and to the same extent as the Bonds and the Bonds Similarly Secured, and shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more Series provided, however, that no Additional Bonds, shall be issued unless and until the following conditions have been met:

(i) Except for a refunding to cure a default, the Agency is not then in default as to any covenant, condition or obligation prescribed in the resolutions authorizing the issuance of the

Bonds Similarly Secured or the Contract (including any amendment or supplement thereto) and the funds under the resolution authorizing the same contains the amounts then required to be therein;

(ii) The City shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such Additional Bonds is payable, in whole or in part, from the Bond Payments to be made to the Agency under and pursuant to the Contract;

(iii) The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Debt Service Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due; and

(iv) Based upon an opinion of legal counsel to the Agency that there is a legal, valid and binding contract then in effect pursuant to which the City is obligated to make payments to the Agency during each fiscal year (including periods when services of the Project may not be available to such contracting parties and others) in such amounts as shall be necessary to provide to the Agency sufficient funds to pay when due all principal and interest on all Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds.

The Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the Board of the Agency may deem to be in the best interest of the Agency.

Section 14. SPECIAL PROJECT BONDS. The Agency further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of utility facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or entities including the City, such bonds to be payable from and secured by the proceeds of such contract or contracts (other than the Contract). The Agency further reserves the right to refund such bonds and secure the payment of the debt service requirements on the refunding bonds in the same manner or as otherwise permitted by the laws of the State.

Section 15. MAINTENANCE OF PROJECT - INSURANCE. The Agency covenants, agrees, and affirms its covenants that while the Bonds Similarly Secured remain outstanding it will maintain and operate the Project with all possible efficiency and maintain casualty and other insurance on the properties of the Project and its operations of a kind and in such amounts customarily carried by municipal corporations in the State engaged in a similar type of business (which may include an adequate program of self insurance); and that it will faithfully and punctually perform all duties with reference to the Project required by the laws of the State. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the Registered Owners of the Bonds Similarly Secured until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or

repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses of the Project. Nothing in this Resolution shall be construed as: (i) requiring the Agency to expend any funds which are derived from sources other than the operation of the Project but nothing herein shall be construed as preventing the Agency from doing so or (ii) requiring the purchase of insurance until Facilities are constructed.

Section 16. RECORDS AND ACCOUNTS - ANNUAL AUDIT. The Agency covenants, agrees, and affirms its covenants that so long as any of the Bonds Similarly Secured remain outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the Project in which complete and correct entries shall be made of all transactions relating thereto as provided by applicable law. The Registered Owners of any Bonds or any duly authorized agent or agents of such Registered Owners shall have the right to inspect the Project and all properties comprising the same. The Agency further agrees that following (and in no event later than six (6) months after) the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Expenses incurred in making the annual audit of the operations of the Project are to be regarded as Operation and Maintenance Expenses of the Project.

Section 17. SALE OR ENCUMBRANCE OF SYSTEM. While any Bonds remain Outstanding, the Agency will not sell, dispose of or further encumber the Project or any substantial part thereof; provided, however, that this provision shall not prevent the Agency from (i) pledging the Bond Payments and Funds to Additional Bonds or Special Project Bonds as set forth in Sections 13 and 14 of this Resolution or (ii) disposing of any part of the Project which is being replaced or is deemed by the Agency to be obsolete, worn out, surplus or no longer needed for the proper operation of the Project. Any agreement pursuant to which the Agency contracts with a person, corporation, municipal corporation or political subdivision to operate the Project or to lease and/or operate all or part of the Project shall not be considered as an encumbrance of the Project; provided, however, no such agreement shall impair the pledge and lien on the Bond Payments and Funds.

Section 18. SPECIAL COVENANTS. The Agency further covenants and agrees that:

(a) **Title.** The Agency lawfully owns or will own and is or will be lawfully possessed of the lands, easements or other property rights (including leasehold interests) upon which its Project is and will be located, and has or will purchase good and indefeasible estate in such lands in fee simple, or has or will lawfully obtain any necessary easements or has or will lawfully obtain property rights (including leasehold interests to operate the Project, and it warrants that it has or will obtain and will defend, the title to all the aforesaid lands, easements and property rights for the benefit of the Registered Owners of the Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Bond Payments to the payment of the Bonds Similarly Secured, in the manner prescribed herein, and that it has lawfully exercised such rights.

(b) ***Liens.*** The Agency will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or its Project, and it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge upon its Project, provided, however, that no such tax, assessment, or charge, and that no such claims which might be or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the Agency.

(c) ***Performance.*** The Agency will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the resolutions authorizing the issuance of Bonds Similarly Secured, and in each and every Bond Similarly Secured and pay from the Bond Payments the principal of and interest on every Bond Similarly Secured on the dates and in the places and manner prescribed in such resolutions and Bonds Similarly Secured; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Bond Payments the amounts required to be deposited into the Debt Service Fund; and the Registered Owner of the Bonds Similarly Secured may require the Agency, its officials, agents, and employees to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Bonds Similarly Secured including, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Agency, its officials, agents, and employees.

(d) ***Legal Authority.*** The Agency is duly authorized under the laws of the State to issue the Bonds Similarly Secured; that all action on its part for the authorization and issuance of the Bonds Similarly Secured has been duly and effectively taken, and the Bonds Similarly Secured in the hands of the Registered Owners thereof are and will be valid and enforceable special obligations of the Agency in accordance with their terms payable solely from the Bond Payments.

(e) ***Budget.*** The Agency will prepare, adopt, and place into effect an annual budget (the "Annual Budget") for Operation and Maintenance Expenses of the Project for each Fiscal Year, including in each Annual Budget such items as are customarily and reasonably contained in a utility project budget under generally accepted accounting procedures and shall deliver such budget at least 90 days prior to adoption for review and comment by Canyon Regional.

(f) ***Permits.*** The Agency will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the Project and which have been obtained from any governmental agency; and the Agency has or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the Project.

Section 19. LIMITED OBLIGATIONS OF THE AGENCY. The Bonds Similarly Secured are limited, special obligations of the Agency payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments, and the Registered Owners thereof

shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by the City or the Agency.

Section 20. DEFAULT AND REMEDIES. (a) *Events of Default.* Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Agency, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Resolution, and, if such default is capable of cure, the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Agency; or

(iii) a default by the City under the Contract.

(b) *Remedies for Event of Default.*

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Agency, or any official, officer or employee of the Agency in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this Resolution, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies. The Registered Owners are third party beneficiaries to the Contract with the ability to enforce the provisions of the Contract for such period that a default exists under the Contract.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then Outstanding.

(c) *Remedies Not Exclusive.*

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Resolution, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Resolution.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Resolution, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Resolution do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Agency or the Board.

(iv) None of the members of the Board of Directors, nor any other official or officer, agent, or employee of the Agency, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Resolution, or because of any Event of Default or alleged Event of Default under this Resolution.

Section 21. AMENDMENT OF RESOLUTION. (a) *Amendments Without Consent.* This Resolution and the rights and obligations of the Board and of the Registered Owners of the Bonds may be modified or amended at any time without notice to or the consent of any Registered Owner of the Bonds or any Bond similarly secured, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Resolution;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Resolution, upon receipt by the Board of an opinion of counsel, that the same is needed for such purpose, and will more clearly express the intent of this Resolution;

(iii) To supplement the security for the Bonds, replace or provide additional Credit Agreement, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate the Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

(v) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds; or

(vi) To assign the Contract to a trustee.

(b) **Amendments With Consent.** Subject to the other provisions of this Resolution, the Registered Owners of Outstanding Bonds aggregating 51% in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Subsection (a) of this Section, to this Resolution which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Resolution or in the Bonds so as to:

- (1) Make any change in the maturity of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by the Outstanding Bonds;
- (3) Reduce the amount of the principal payable on the Outstanding Bonds;
- (4) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all Bonds then Outstanding; or
- (6) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

(c) **Notice.** (i) If at any time the Board shall desire to amend this Resolution other than pursuant to (a) above, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York or the State including in the Texas Bond Reporter once during each calendar week for at least two (2) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each Registered Owner of Bonds.

(d) **Receipt of Consents.** Whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in Outstanding Principal Amount of Bonds, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) ***Effect of Amendments.*** Upon the adoption by the Board of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the resolution and this Resolution, as amended.

(f) ***Consent Irrevocable.*** Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and the Board, but such revocation shall not be effective if the owners of 51% in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) ***Ownership.*** For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the Registration Books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

Section 22. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (a) ***Covenants.*** The Agency covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Agency covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Agency, with respect to such private business use, do not, under the terms of this Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and

not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;

(9) to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder; and

(10) the Agency will not acquire any of the Purchaser source series bonds in an amount related to the amount of Bonds acquired by the Purchaser.

(b) **Rebate Fund.** In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the Agency for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) **Proceeds.** The Agency understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations. It is the understanding of the Agency that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Agency will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Agency agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Agency hereby authorizes and directs the Executive Director to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Agency, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) **Allocation Of, and Limitation On, Expenditures for the Project.** The Agency covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Agency recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Agency recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth

anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Agency agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the agency shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) **Disposition of Project.** The Agency covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Agency of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Agency may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Agency shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) **Reimbursement.** This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

Section 23. RESOLUTION TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Board and the Registered Owners from time to time of the Bonds and the pledge made in this Resolution by the Board and the covenants and agreements set forth in this Resolution to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Registered Owners, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Resolution.

Section 24. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

Section 25. PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Except as provided to the contrary in the FORM OF BOND, whenever under the terms of this Resolution or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 26. LIMITATION OF BENEFITS WITH RESPECT TO THE RESOLUTION. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Registered Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Registered Owners, and the Paying Agent/Registrar as herein and therein provided.

Section 27. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND PREAMBLE. The Agency Representative is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State. The Agency Representative is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds as permitted by Chapter 1202, Texas Government Code, in which case the Agency Representative also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The approving legal opinion of the Board's Bond Counsel and the assigned CUSIP numbers may, at the option of the Board, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part of this Resolution for all purposes.

Section 28. CONTINUING DISCLOSURE UNDERTAKING. (a) *Annual Reports.* The Agency shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Agency, financial and operating data of the general type, being the information of the type described in Exhibit "D" hereto including financial statements of the Agency if audited financial statements of the Agency are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the Agency, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the generally accepted accounting principles for governmental units, or such other accounting principles as the Agency may be required to employ from time to time pursuant to state law or

regulation, and in substantially the form included in the official statement, and (ii) audited, if the Agency commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Agency shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

If the Agency changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Board 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 included by specific reference to any document that is available to the public on the MSRB's internet web site or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) ***Event Notices.*** The Agency shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material within the meaning of the federal securities laws;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- G. Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws;

- H. Bond calls, if material within the meaning of the federal securities laws and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the Board;
- M. The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, 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 within the meaning of the federal securities laws; and
- N. Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws.

The Agency shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) ***Limitations, Disclaimers, and Amendments.*** The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with Section 30 of this Resolution that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Agency in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Should the Rule be amended to obligate the Board to make filings with or provide notices to entities other than the MSRB, the Board hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

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

The provisions of this Section may be amended by the Board 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 Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the Board (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the Board so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure agreement 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.

Section 29. APPLICATION OF BOND PROCEEDS. (a) Proceeds from the sale of the Bonds shall, promptly upon receipt thereof, be applied by the Agency Representative as follows:

- (i) accrued interest, if any, for the Bonds shall be deposited as provided in Section 9(a);
- (ii) an amount sufficient to accomplish the purposes of Section 2(b) shall be deposited to the Project Fund; and
- (iii) any proceeds from the sale of the Bonds remaining after the deposits provided for in clauses (i) and (ii) above, shall be applied to pay expenses arising in connection with the issuance of the Bonds.

Any sale proceeds of the Bonds remaining after making all deposits and payments provided for above shall be applied to the payment of interest on the Bonds and deposited into the Debt Service Fund.

Section 30. DEFEASANCE PROVISIONS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Agency with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Bond Payments as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the Agency also be invested in Defeasance Securities, maturing in the amounts and at the times as

hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the Agency.

(c) Notwithstanding any provision of any other Section of this Resolution which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Agency shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) Notwithstanding anything elsewhere in this Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the Agency retains the right under State law to later call that Defeased Bond for redemption in accordance with the provisions of this Resolution, the Agency may call such Defeased Bond for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Section 31. SALE OF BONDS; USE OF PROCEEDS. (a) *Sale to the Texas Water Development Board ("Purchaser")*. That the Bonds are hereby sold to Purchaser for the price of par. The Bonds have been purchased by the Purchaser pursuant to its _____, adopted on _____ ("Purchaser Resolution No. _____"). The Bonds initially delivered shall be registered in the name of the Texas Water Development Board. The Private Placement Memorandum prepared in connection with the sale of the Bonds to the Purchaser in substantially the form attached to this Resolution is approved. The Agency has determined, based upon the advice provided by its financial advisors, that acceptance of the purchase price for the Bonds is on terms advantageous to, and in the best interests of, the Agency.

(b) **Notice from Purchaser of Sale of Bonds.** It is the intent of the parties to the sale of the Bonds that if Purchaser ever determines to sell all or a part of the Bonds, it shall notify the Agency at least 60 days prior to the sale of the Bonds of the decision to so sell the Bonds.

(c) **Proceeds.** The proceeds from the sale of the Bonds shall be used in the manner described in the letter of instructions executed by the Agency, or on behalf of the Agency by its financial advisor.

(d) **Payment by Wire Transfer.** Payment of amounts due and owing on the Bonds to the Purchaser shall be made by wire transfer, at no expense to the Purchaser, as provided in the FORM OF BOND.

(e) **Escrow Fund.** By agreeing to the purchase the Bonds, the Purchaser agrees that the Bond proceeds shall be deposited into the escrow fund established in the Escrow Agreement between the Agency and _____.

(f) **Investment of Bond Proceeds.** Proceeds from the sale of the Bonds shall be held at a depository or other properly chartered and authorized institution in accordance with Chapter 2256, Texas Government Code, and Chapter 2257, Texas Government Code.

Section 32. FURTHER PROCEDURES. The Agency Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith. The Agency Representative is authorized to sign this Resolution.

Section 33. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 34. PUBLIC NOTICE. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted; that this Resolution would be introduced and considered for adoption at said meeting; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

Section 35. NO PERSONAL LIABILITY. No covenant or agreement contained in the Bonds, this Resolution or any corollary instrument shall be deemed to be the covenant or agreement of any member of the Board or any officer, agent, employee or representative of the Board in his individual capacity, and neither the directors, officers, agents, employees or

representatives of the Board nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountability by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

Section 36. APPROVAL OF ESCROW AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT, BLANKET ISSUER LETTER OF REPRESENTATIONS WITH THE DEPOSITORY TRUST COMPANY AND CREDIT AGREEMENTS. (a) The Escrow Agreement by and between the Agency and _____ as Escrow Agent ("Escrow Agreement") in substantially the form and substance submitted to the Board is hereby approved, and the Agency Representative is hereby authorized to complete, amend, modify, and execute the Escrow Agreement, as necessary.

(b) The Paying Agent/Registrar Agreement by and between the Agency and _____ ("Paying Agent Agreement"), in substantially the form and substance submitted to the Board is hereby approved and the Agency Representative is hereby authorized and directed to complete, amend, modify, and execute the Paying Agent Agreement, as necessary.

(c) The Blanket Issuer Letter of Representations with the Depository Trust Company is hereby approved and the Agency Representative is hereby authorized and directed to complete, amend, modify and execute such letter, as necessary.

(d) To the extent permitted by law, the Agency reserves the right to enter into Credit Agreements in connection with the Bonds, upon the written opinion of the Agency Representative that such Credit Agreements are in the best interest of the Agency given the market conditions at the time. The Credit Agreements will constitute a Credit Agreement as defined in this Resolution. Credit Agreements and the obligations thereunder may, pursuant to their terms, constitute (i) debt secured by a pledge of the Bond Payments on parity with the Bonds Similarly Secured (ii) debt secured by an inferior lien secured by a pledge of the Bond Payments subordinate to the Bonds Similarly Secured or (iii) partially parity and partially inferior lien.

Section 37. ADDITIONAL COVENANTS. In connection with the sale of the Bonds to the Purchaser, the Agency covenants as follows:

(a) *Compliance with the Texas Water Development Board's Rules and Regulations.* The Agency covenants to comply with the rules and regulations of the Purchaser, and to maintain insurance on the Project in such amount as may be required by Purchaser, as further addressed in subsection (h) of this Section.

(b) **Audits.** For so long as the State of Texas owns any of the Bonds, the Agency shall mail a copy of the audit required by this Resolution to the Purchaser. In addition, monthly operating statements for the Project shall be maintained by the Agency and made available, on request, to the Purchaser as long as the State of Texas owns any of the Bonds, and the monthly operating statement shall be in such detail as requested by the Development Fund Manager of the Purchaser until this requirement is waived thereby.

(c) **Final Accounting.** The Agency shall render a final accounting to the Purchaser in reference to the total cost incurred by the Agency for the Project which were financed by the issuance of the Bonds, together with a copy of "as built" plans of such Project.

(d) **Defeasance.** Should the Agency exercise its right under this Resolution to effect the defeasance of the Bonds, the Agency agrees that it will provide the Purchaser with written notice of any such defeasance.

(e) **Segregation of Funds.** The Agency covenants that proceeds of the Bonds shall remain separate and distinct from other sources of funding from the date of the Purchaser commitment through costing and final disbursement.

(f) **Environmental Indemnity.** Proceeds from the Bonds shall not be used by the Agency when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the Agency agrees to indemnify, hold harmless, and protect the Purchaser from any and all claims, causes of action, or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the Agency, its contractors, consultants, agents, officials, and employees as a result of activities relating to the project funded with proceeds of the Bonds.

(g) **Environmental Determination.** In connection with the Project financed with the Bonds, the Agency agrees to implement any environmental determination issued by the Executive Administrator of Purchaser to satisfy the environmental review requirements set forth in 31 Texas Administrative Code 371.

(h) **Insurance.** The Agency agrees that it will maintain insurance on the Project in an amount sufficient to protect Purchaser's interest in the project financed with the proceeds of the Bonds. The Agency may self-insure in respect to satisfying this covenant.

(i) **No Purchase of Purchaser Bonds.** The Agency agrees that it, nor any related party to the Agency, will not purchase, as an investment or otherwise, bonds issued by Purchaser including, without limitation, bonds issued by Purchaser, the proceeds of which were used by Purchaser to purchase the Bonds.

(j) ***Compliance with Federal Contracting Laws.*** The Agency acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises.

(k) ***Compliance with State Contracting Laws.*** The Agency acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses and will report to the Purchaser the amounts of Project funds, if any, that are used to compensate historically underutilized businesses that work on the Project in accordance with 31 TAC ' 363.1312.

Section 38. APPROVAL CERTIFICATE. Pursuant to Section 3.1 of the Contract, the City has authorized the execution of an approval certificate attached hereto as Exhibit "F" which evidences the approval of the terms and provisions of the Bonds as set forth herein by the City.

[The remainder of this page intentionally left blank.]

SIGNED this _____, ____.

HAYS CALDWELL PUBLIC UTILITY AGENCY

Agency Representative

EXHIBIT A

DEFINITIONS

As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text in this Resolution specifically indicates otherwise.

The term *Additional Bonds* shall mean the obligations issued in accordance with the terms and conditions prescribed in Section 13 hereof.

The term *Agency* shall mean Hays Caldwell Public Utility Agency and any other public agency succeeding to the powers, rights, privileges and functions of the Agency and, when appropriate, the Board of Directors of the Agency.

The term *Agency Representative* shall mean the Chair or the Executive Director of the Agency or such other person authorized by the Board to act as a Agency Representative.

The term *Annual Payments* shall have the meaning given in each Contract.

The term *Authorized Denominations* shall mean shall mean the denomination of \$5,000 or any integral multiple thereof.

The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirements on all outstanding Bonds Similarly Secured when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirement by the number of Fiscal Years then remaining before Stated Maturity of such Bonds Similarly Secured. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from Bond proceeds shall be excluded in making the aforementioned computation.

The term *Bond Payments* shall mean the payments defined as "Bond Payments" within the Contract that the Agency expects to receive from the City of _____ pursuant to the terms of the Contract.

The term *Bonds* shall mean and include collectively the Bonds issued and delivered and all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term *Bond* shall mean any of the Bonds.

The term *Bonds Similarly Secured* shall mean the Bonds issued pursuant to this Resolution and any Additional Bonds hereafter issued by the Agency or bonds issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a lien on and pledge of the Bond Payments.

The term *Business Day* shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term *Certified Public Accountant* shall mean an independent certified public accountant or firm of independent certified public accountants.

The term *City* shall mean the City of _____.

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

The term *City Utility Bonds* shall mean the bonds, notes or other obligations issued by the City secured by a lien on and pledge of the net revenues of the City System or any part thereof regardless of lien priority including such bonds, notes or other obligations now or hereafter outstanding.

The term *Closing Date* shall mean the date of physical delivery of the Initial Bond issued pursuant to this Resolution for the payment in full by the Purchaser.

The term *Completion Date* shall mean when the Facilities have been substantially complete, the date specified in a certificate of the Agency and Project Engineer that the Project is substantially completed and ready to be placed in service.

The term *Contract* shall mean the Regional Water Supply Contract dated as of January 9, 2008, together with amendments and supplements thereto including Amendment No. 1 (which by the term of such instrument is designated as a supplement or amendment to such Contract) between the Agency and each Participating Entity, conformed copies of the Contract being attached hereto as Exhibit "E" for the purposes of identification.

The term *Credit Agreement* shall mean an Insurance Policy, a surety bond (including any supporting Insurance Agreement), a letter or line of credit or other type of enhancement issued in support of any Bonds or Additional Bonds by a Credit Agreement Provider at the request of the Agency.

The term *Credit Agreement Provider* shall mean (i) with respect to any Credit Agreement consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of scheduled debt service on governmental obligations such as any Series of Bonds or Additional Bonds, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds upon delivery of the Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Agreement consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of a series of Bonds or Additional Bonds and the interest thereon.

The term *Debt Service Fund* shall mean the special fund or account created and established by the provisions of Section 9(a) of this Resolution.

The term *Debt Service Requirements* shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Agency as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by (a) either (i) an interest rate equal to the average rate borne by such Bonds (or by comparable debt in the event that such Bonds have not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, (ii) if the Bonds bear interest at tax-exempt rates, an interest rate equal to the 24 month average of the Index (as most recently published in The Bond Buyer), unless such index is no longer published in The Bond Buyer, in which case the index to be used in its place shall be that index which the Agency Representative determines most closely replicates such index as set forth in a certificate of a Agency Representative, (iii) if the Bonds bear interest at taxable rates, an interest rate equal to the rate of the 30 day London Interbank Offered Rate, (iv) that interest rate which, in the judgment of the Agency Representative, based, to the extent possible, upon an accepted market index which corresponds with the provisions of the subject Bonds, is the average rate anticipated to be in effect with respect to such Bonds or (v) that interest rate which, in the judgment of the Agency Representative, based upon the interest rate methodology in the applicable Credit Agreement if calculating payments under a Credit Agreement, is the average rate anticipated to be in effect; and (b) that the debt service of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity,

the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

The term *Defeasance Securities* shall mean (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent, or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Depository* shall mean an official depository bank of the Agency.

The term *Designated Trust Office* shall have the meaning ascribed to said term in Section 5(b) of this Resolution.

The term *Engineering Report* shall mean the _____, as such report may be amended, modified and changed and superseded with the approval of the Agency and Sponsoring Public Entities, at any time prior to the execution of construction contracts for the Project or as modified and changed by change orders issued after the execution of such construction contracts; provided, however, no such change orders shall adversely affect any of the Sponsoring Public Entities without the consent of the Sponsoring Public Entities.

The term *Facilities* shall mean the facilities, wells, diversion structures, treatment plants, storage tanks, capacity rights, lines, booster pumps, and other appurtenances sufficient to produce, divert, treat and deliver the water to which the Sponsoring Public Entities are entitled under the Contract and any improvements, additions, or extensions to such Facilities hereafter acquired or constructed to deliver water between such places.

The term *Federal Securities* shall mean direct, non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

The term *Fiscal Year* shall mean the twelve month accounting period used by the Agency in connection with the operation of the Project, currently ending on September 30th of each year, which may be any twelve consecutive month period established by the Agency, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

The term *Fitch* shall mean Fitch Ratings, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agency.

The term *Funds* shall mean the Debt Service Fund and Construction Fund created and held pursuant to this Resolution.

The term *Government Securities* shall mean (i) direct non-callable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; (iii) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, while any of the Bonds remain Outstanding as set forth in the FORM OF BOND.

The term *IRS Code* shall mean the Internal Revenue Code of 1986, as amended.

The term *Land Interests* shall mean the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Facilities and the Water Rights for the Project.

The term *MSRB* means the Municipal Securities Rulemaking Board.

The term *Maturity* shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption or otherwise.

The term *Moody's* shall mean Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agency.

The term *Operation and Maintenance Expenses* shall mean all direct costs and expenses incurred by the Agency for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any person, including, but not limited to any federal, state, or local agency for the right to produce, withdraw or divert and use water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Agency's production, withdrawal or diversion of 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, any required costs of mitigation and land management incidental to Project operation, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above described costs to the extent such costs are paid pursuant to an agreement other than the Contract.

The term *Outstanding* shall mean when used in this Resolution with respect to Bonds means, as of the date of determination, all Bonds of any series issued and delivered pursuant to this Resolution, except:

- (1) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
- (2) those Bonds for which payment has been duly provided by the Agency in accordance with the provisions of Section 30 of this Resolution by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Resolution or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and
- (3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 5(f) of this Resolution.

The term *Overhead Expenses* shall mean the Agency's reasonable and necessary costs and expenses incurred at any time 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 Agency in connection with or attributable to the Project or the Bonds, including, but not limited to: (i) per diem and reimbursable expenses incurred by the Directors of the Agency for special meetings of the Agency's Board of Directors related to the Project; (ii) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Agency, other than Agency staff personnel, together with their reimbursable

expenses paid or required to be paid by the Agency; (iii) salaries of the Agency's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the President, Board of Directors of the Agency; (iv) 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; (v) the cost of property casualty and public liability insurance incurred prior to the Completion Date; including any insurance deductible charged to or required to be paid by the Agency; provided that if the Agency is unable to obtain such insurance on an occurrence basis, then any expense incurred by the Agency from and after the Completion Date for casualty and public liability insurance, including any insurance deductible, shall be paid by the Sponsoring Public Entities; (vi) all costs incurred in litigation involving or relating to the Project; and (vii) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Agency 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.

The terms *Paying Agent/Registrar*, *Paying Agent* or *Registrar* shall mean the agent appointed pursuant to Section 5 of this Resolution or any successor to such agent.

The term *Participating Entities* shall mean with respect to the Contract, Cities of Buda, Kyle and San Marcos and Canyon Regional Water Authority.

The term *Project* shall mean, collectively, the Land Interests and the Facilities as described in the recitals to the Contract and in the Engineering Report.

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

The term *Project Engineer* shall mean such engineer or engineering firm selected by the Agency.

The term *Purchaser* shall mean the initial purchaser of the Bonds, the Texas Water Development Board.

The term *Record Date* shall mean the Business Day of each month as set forth in the FORM OF BOND.

The term *Registration Books* shall mean the books or records relating to the registration, payment and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Resolution.

The term *Registered Owner* shall mean the entity or person in whose names any of the Bonds are registered in the Registration Books.

The term *Resolution* shall mean this resolution adopted by the Board on _____, _____.

The term *Rule* shall mean SEC Rule 15c2-12, as amended from time to time.

The term *SEC* means the United States Securities and Exchange Commission.

The term *Series* shall mean any designated Series of Bonds issued pursuant to this Resolution.

The term *Special Project Bonds* shall mean obligations which the Agency expressly reserves the right to issue in Section 14 of this Resolution.

The term *State* shall mean the State of Texas.

The term *Stated Maturity* shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption date of a series of the Bonds.

The term *Water Rights* shall mean the right to produce, withdraw or divert water, and transport the water from the location where it is produced, withdrawn, or diverted into Caldwell County, Guadalupe County, Hays County, and the surrounding counties. "Water Rights" are a component of "Land Interests."

EXHIBIT B
FORM OF BOND

**REGISTERED
NO. _____**

**REGISTERED
PRINCIPAL AMOUNT
\$ _____**

**UNITED STATES OF AMERICA
STATE OF TEXAS
HAYS CALDWELL PUBLIC UTILITY AGENCY
CONTRACT REVENUE BONDS
(REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF _____)
SERIES _____**

BOND DATE:

**STATED
MATURITY:**

INTEREST RATE:

CUSIP NO.:

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____
DOLLARS

The Hays Caldwell Public Utility Agency (the "Agency"), a separate agency, constituted authority and instrumentality and political subdivision of the State of Texas (the "State"), created by the cities of Buda, Kyle and San Marcos, Texas and the Canyon Regional Water Authority, a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and existing under the laws of the State, including Chapter 572, as amended, Texas Local Government Code for value received, hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on the unpaid principal amount hereof from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 of each year commencing _____.

Principal and premium, if any, of the Bond shall be payable to the Registered Owner hereof (the "Holder") upon presentation and surrender, at a corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. The foregoing notwithstanding, so long as the Texas Water Development Board is the registered owner of 100% in aggregate principal amount of the Bonds then outstanding, payment of principal and interest on the Bonds shall be made thereto by wire transfer, at no expense to the Texas Water Development Board. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Agency and the securities depository.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$_____ (the "Bonds") pursuant to a resolution adopted by the governing body of the Agency (the "Resolution"), (i) PAYING PROJECT COSTS FOR CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

The principal amount of a Term Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Agency, by the principal amount of any Term Bonds of such Stated Maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the Agency and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Agency with money in the Debt Service Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

The Bonds stated to mature on and after _____ may be redeemed prior to their Stated Maturities, at the option of the Agency, in inverse order of maturity on _____, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond is subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof,

upon the surrender of this Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Bond is called for redemption, in whole or in part, the Agency or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds of this series are special obligations of the Agency payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments received by the Agency from the City pursuant to the provisions of the Contract. In the Resolution, the Agency reserves and retains the right to issue Additional Bonds, without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Resolution or as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Agency or System, except with respect to the Bond Payments.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Reference is hereby made to the Resolution, copies of which are on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description and nature of the Special Payments pledged for the payment of the Bonds; the terms and conditions under which the Agency may issue Additional Bonds; the terms and conditions relating to the transfer or exchange of the Bonds; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Agency and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Resolution. Capitalized terms used herein have the same meanings assigned in the Resolution.

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Registration Books upon presentation and surrender at a corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly

authorized agent, and thereupon one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The Agency and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the Agency nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Agency. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Bond in order to render the same a legal, valid, and binding special obligation of the Agency have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a lien on and pledge of the Bond Payments and as otherwise provided in this Resolution. In case any provision in this Bond or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of the Agency has caused this Bond to be duly signed with the manual or facsimile signature of the Chair of the Board of the Agency and countersigned with the manual or facsimile signature of the Secretary of the Board of the Agency.

HAYS CALDWELL PUBLIC
UTILITY AGENCY

Chair, Board of Directors

ATTESTED:

Secretary, Board of Directors

C. Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond Only.

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

**OFFICE OF THE COMPTROLLER OF PUBLIC ACCOUNTS
THE STATE OF TEXAS** ' ' ' ' REGISTER NO. _____

I HEREBY CERTIFY that this Bond has been examined and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
Of the State of Texas

D. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds Only.

This Bond has been duly issued under the provisions of the within-mentioned Resolution; the Bond or Bonds of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: _____

_____ as Paying Agent/Registrar

By: _____
Authorized Signature

E. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number): _____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

Signature guaranteed:

F. The Initial Bond of each series shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

- i) immediately under the name of the Bond(s) the headings "Interest Rate" and "Stated Maturity" shall both be completed "as shown below";
- ii) the first two paragraphs shall read as follows:

Registered Owner: _____

Principal Amount: _____

The Hays Caldwell Public Utility Agency (the "Agency"), a non-profit corporation of the State of Texas, with its principal office located in San Marcos, Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the 15th day of August in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

Years of
Stated Maturity

Principal
Amounts (\$)

Interest
Rates (%)

(Information to be inserted from Sections 3 and 4).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the _____, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15, commencing _____ (the "Interest Payment Date").

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the Holder), upon its presentation and surrender, at a corporate trust office of _____, _____, Texas (the "Paying Agent/Registrar"). Interest shall be payable to the Holder of this Bond whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

EXHIBIT C

FORM OF PROJECT FUND REQUISITION

PROJECT FUND REQUISITION

DATE: _____

Hays Caldwell Public Utility Agency hereby makes this requisition pursuant to "A Resolution by the Board of Directors of the Hays Caldwell Public Utility Agency Authorizing the Issuance of Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of _____), Series _____; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale, and Delivery of Such Bonds" adopted by the Board on _____. The undersigned hereby authorizes disbursement from the Project Fund to pay Project Costs for the purposes and in the amounts as follows:

<u>Name of Payee</u>	<u>Nature of Disbursement</u>	<u>Amount</u>
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EXHIBIT D

CONTINUING DISCLOSURE

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 28 of this Resolution.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City of _____ to be provided annually in accordance with such Section 28 are audited financial statements of the City of _____.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to above.

EXHIBIT E

REGIONAL WATER SUPPLY CONTRACT

EXHIBIT F

APPROVAL CERTIFICATE

The undersigned Authorized Representative of the City of _____ pursuant to the resolution adopted on _____ (the "Resolution") authorizing the issuance of obligations designated as "Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of _____) Series _____," (the "Bonds") hereby approves the following terms of the Bonds:

- (i) the total principal amount of the Bonds of \$_____;
- (ii) the purchase price for the Bonds is \$_____ (representing the original principal amount of the Bonds);
- (iii) the interest rates and maturity schedule for the Bonds are as set forth below:

<u>Year of</u> <u>Stated Maturity</u>	<u>Principal</u> <u>Amounts (\$)</u>	<u>Interest</u> <u>Rates (%)</u>
--	---	-------------------------------------

<u>Year of</u> <u>Stated Maturity</u>	<u>Principal</u> <u>Amounts (\$)</u>	<u>Interest</u> <u>Rates (%)</u>
--	---	-------------------------------------

(iv) the Bonds are subject to redemption as set forth below:

The Bonds stated to mature on and after _____ may be redeemed prior to their Stated Maturities, at the option of the Agency, in inverse order of maturity on _____, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond is subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Bond is called for redemption, in whole or in part, the Agency or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

EXECUTED AND DELIVERED THIS _____ day of _____, 2017.

Title: _____

PRIVATE PLACEMENT MEMORANDUM DATED April 27, 2017

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Obligations (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in "APPENDIX C – FORM OF OPINION OF BOND COUNSEL."

**\$31,935,000
HAYS CALDWELL PUBLIC UTILITY AGENCY
CONTRACT REVENUE BONDS, SERIES 2017
(THE "OBLIGATIONS")**

Dated: _____, 20__

Due: August 15

Interest accrues from the Delivery Date shown below

Interest Date: Interest on the Obligations will be payable on August 15 and February 15 each year, commencing _____, 20__ (each an "Interest Payment Date"). The Obligations will bear interest at the rates per annum set forth in "APPENDIX A – MATURITY SCHEDULE."

Record Date: The fifteenth day of the calendar month next preceding each Interest Payment Date.

Date Interest Accrues: Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth, such interest payable semiannually on August 15 and February 15 of each year until the earliest of maturity or prior redemption, commencing on _____, 20__.

Redemption: The Obligations maturing on and after August 15, 20__, shall be subject to redemption prior to maturity, at the option of the Authority, in whole or in part, in inverse order of maturity if fewer than all, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar), on August 15, 20__, or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption. See "THE OBLIGATIONS – Redemption Provisions" herein.

Authorized Denominations: The Obligations are being issued as fully registered bonds in denominations of **\$5,000**, or any integral multiple thereof.

Paying Agent/Registrar/Registrar: The paying agent ("Paying Agent/Registrar/Registrar") for the Obligations is _____, _____, Texas.

Book-Entry-Only System Upon initial issuance, the ownership of the Obligations will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Obligations will be made. The purchasers of the Obligations will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Obligations will be payable at the designated office of the Paying Agent/Registrar in St. Paul, Minnesota as the same become due and payable.

Issuer: Hays Caldwell Public Utility Agency

Official Action: Resolution, dated _____, 2017.

Purpose: See "APPENDIX B – OFFICIAL ACTION."

Security for the Obligations: See APPENDIX B – OFFICIAL ACTION."

Ratings: See "OTHER INFORMATION – Ratings"

Delivery Date: _____, 2017.

See "APPENDIX A – MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

BOARD OF DIRECTORS

APPOINTED OFFICIALS

CONSULTANTS AND ADVISORS

Bond Counsel McCall, Parkhurst & Horton L.L.P.
Austin, Texas

Financial Advisor Specialized Public Finance Inc.
Austin, Texas

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PRIVATE PLACEMENT MEMORANDUM
relating to
\$31,935,000
HAYS CALDWELL PUBLIC UTILITY AGENCY
CONTRACT REVENUE BONDS, SERIES 2017
(the “Obligations”)

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Obligations” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Obligations. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Obligations. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Obligations. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE OBLIGATIONS

General Description

The Obligations are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Obligations are being issued as fully registered bonds in denominations of **\$5,000**, or any integral multiple thereof. The Obligations will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in “APPENDIX A – MATURITY SCHEDULE.”

Interest on the Obligations is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Obligations will be payable to the Owners upon presentation and surrender at the designated office of the Paying Agent/Registrar.

Purpose

See “APPENDIX B – FORM OF OFFICIAL ACTION.”

Authority for Issuance

The Obligations are issued pursuant to the Constitution and the general laws of the State of Texas, including the Texas Special District Local Laws Code, Chapter 8283 (the “Act”); Texas Government Code, Chapter 1371, as amended; and a bond resolution passed by the Board of Directors of the Authority, as amended, and the Official Action adopted by the Issuer.

Security for the Obligations

See “APPENDIX B – FORM OF OFFICIAL ACTION.”

Redemption Provisions

On August 15, 20__, or on any date thereafter, the Obligations maturing on and after August 15, 20__ may be redeemed prior to their scheduled maturities, upon the written direction of the Issuer, with funds provided by the

Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, in inverse order of maturity if fewer than all, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Obligations, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations and deposited with DTC. See “APPENDIX B – FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: “AAA.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Obligations substantially in the form as attached in “APPENDIX C – FORM OF OPINION OF BOND COUNSEL.”

OTHER INFORMATION

Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer’s expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Obligations have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer’s actual results could differ materially from those in such forward-looking statements.

Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Obligations for ratings or municipal bond insurance, respectively.

LITIGATION

General

On the date of delivery of the Obligations to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Obligations or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Obligations.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Obligations, the security for, or the validity of, the Obligations or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. See “APPENDIX B – FORM OF OFFICIAL ACTION.”

Compliance with Prior Undertakings

During the last five years, the Authority has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Obligations.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Obligations and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A

MATURITY SCHEDULE

August 15 Maturity	Principal Amount	Rate	Initial Yield	CUSIP Numbers
2019	\$ 225,000			
2020	230,000			
2021	235,000			
2022	235,000			
2023	820,000			
2024	825,000			
2025	840,000			
2026	865,000			
2027	885,000			
2028	915,000			
2029	940,000			
2030	970,000			
2031	1,015,000			
2032	1,040,000			
2033	1,085,000			
2034	1,125,000			
2035	1,165,000			
2036	1,215,000			
2037	1,275,000			
2038	1,320,000			
2039	1,370,000			
2040	1,425,000			
2041	1,490,000			
2042	1,550,000			
2043	1,630,000			
2044	1,695,000			
2045	1,770,000			
2046	1,850,000			
2047	1,930,000			

APPENDIX B

FORM OF OFFICIAL ACTION

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Project Location

County: Caldwell

Primary: N

County: Hays

Primary: Y

County: Guadalupe

Primary: N

County: Comal

Primary: N

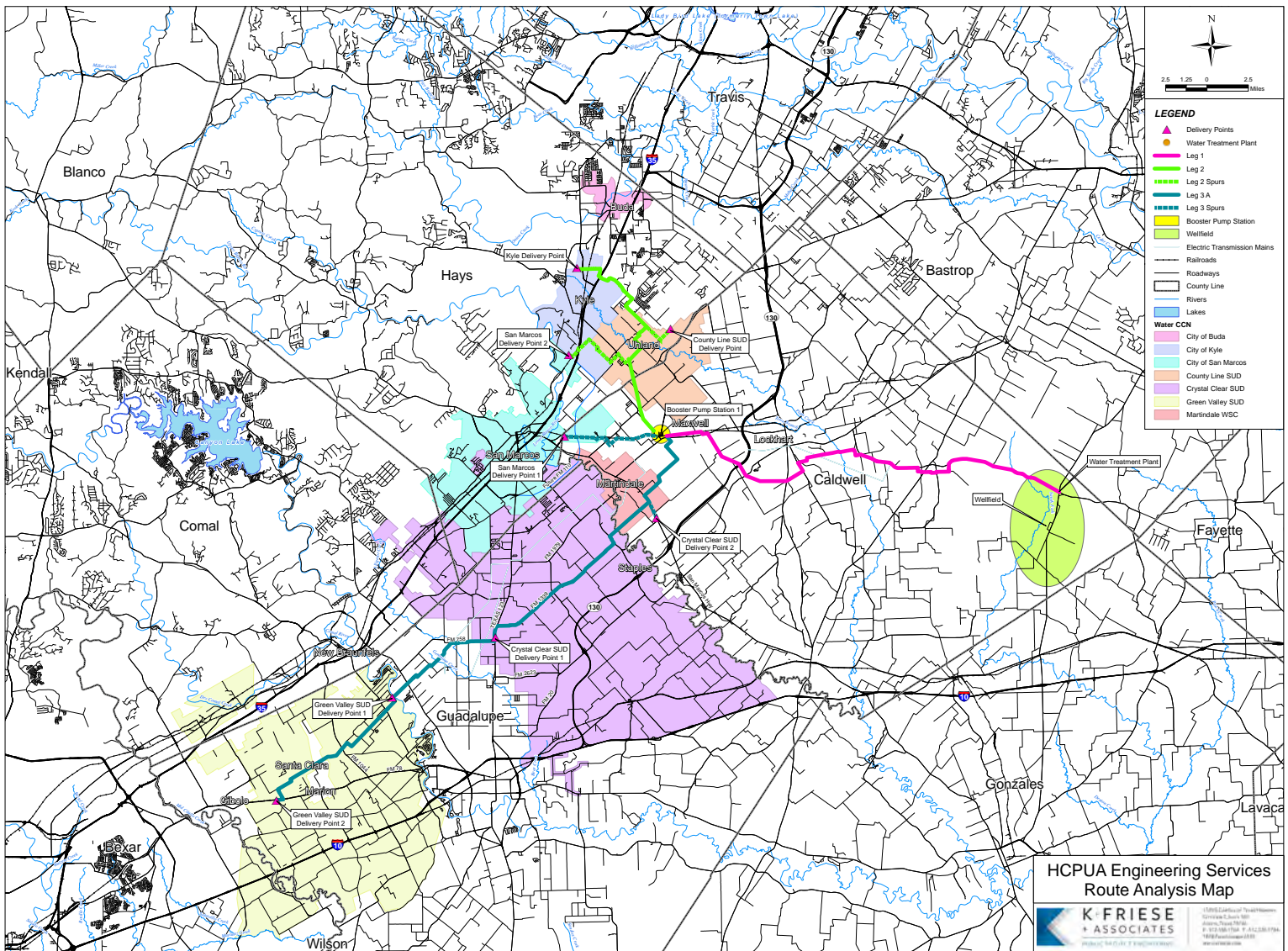
County: Bexar

Primary: N

Can you locate your project to a specific address?: N

Project Latitude: 29.822316

Project Longitude: -97.396485



Project Schedule

- a) Requested loan closing date: 12-07-2017
- b) Estimated date to submit environmental planning documents.: 08-02-2019
- c) Estimated date to submit engineering planning documents.: 12-13-2019
- d) Estimated date for completion of design.: 09-11-2020
- e) Estimated Construction start date for first contract.: 08-31-2020
- f) Estimated Construction end date for last contract: 06-09-2023

HCPUA Sponsor Population Projections

Sponsor	HCPUA Committed Need (AF/Y)				
	2020	2030	2040	2050	2060
Buda	11,489	16,316	22,195	29,543	37,848
Kyle	50,808	77,050	92,000	92,000	92,000
San Marcos	71,117	84,818	101,159	120,648	143,892
CRWA	44,621	53,512	62,856	72,523	82,580
<i>County Line SUD</i>	3,774	4,863	6,128	7,643	9,324
<i>Crystal Clear SUD</i>	17,691	21,014	24,554	28,271	32,172
<i>Green Valley SUD</i>	23,156	27,635	32,174	36,609	41,084
Total	178,035	231,696	278,210	314,714	356,320

HCPUA Sponsor Needs Schedule

Sponsor	HCPUA Committed Need (AF/Y)					%
	2020	2030	2040	2050	2060	
Buda	525	1,813	1,813	1,813	1,813	5.08%
Kyle	0	875	4,500	10,054	10,054	28.17%
San Marcos	0	0	465	2,780	12,798	35.86%
CRWA	0	2,155	7,388	11,025	11,025	30.89%
<i>County Line SUD</i>	0	155	1,138	1,138	1,138	10.32%
<i>Crystal Clear SUD</i>	0	1,500	4,250	6,093	6,093	55.27%
<i>Green Valley SUD</i>	0	500	2,000	3,794	3,794	34.41%
Total	525	4,843	14,166	25,672	35,690	

Cost Estimates

PROJECT BUDGET - Entity Name HCPUA - 2017 SWIFT ISSUANCES						
Uses	TWDB Funds Low Interest	TWDB Funds Deferred	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Construction	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Fees						
Planning +	\$0	\$1,000,000	\$0	\$1,000,000	\$0	\$1,000,000
Design	\$0	\$14,181,220	\$0	\$14,181,220	\$0	\$14,181,220
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$15,181,220	\$0	\$15,181,220	\$0	\$15,181,220
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$0	\$790,000	\$0	\$790,000	\$0	\$790,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$1,205,000	\$0	\$1,205,000	\$0	\$1,205,000
Geotechnical	\$0	\$885,000	\$0	\$885,000	\$0	\$885,000
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$1,000,000	\$0	\$1,000,000	\$0	\$1,000,000
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$0	\$3,880,000	\$0	\$3,880,000	\$0	\$3,880,000
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$8,535,400	\$0	\$0	\$8,535,400	\$0	\$8,535,400
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$8,535,400	\$0	\$0	\$8,535,400	\$0	\$8,535,400
Fiscal Services						
Financial Advisor	\$190,000	\$425,000	\$0	\$615,000	\$0	\$615,000
Bond Counsel	\$155,000	\$345,000	\$0	\$500,000	\$0	\$500,000
Issuance Cost	\$10,000	\$22,000	\$0	\$32,000	\$0	\$32,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$355,000	\$792,000	\$0	\$1,147,000	\$0	\$1,147,000
Contingency						
Contingency	\$985,000	\$2,200,000	\$0	\$3,185,000	\$0	\$3,185,000
Subtotal Contingency	\$985,000	\$2,200,000	\$0	\$3,185,000	\$0	\$3,185,000
TOTAL COSTS	\$9,875,400	\$22,053,220	\$0	\$31,928,620	\$0	\$31,928,620

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A				0
Category B				0
Category C				0
Category D				0
Total Planning Costs			0	0

PROJECT BUDGET - Entity Name HCPUA - 2019 SWIFT ISSUANCES						
Uses	TWDB Funds Low Interest	TWDB Funds Board Participation	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$40,984,000	\$31,343,000	\$0	\$72,327,000	\$0	\$72,327,000
Subtotal Construction	\$40,984,000	\$31,343,000	\$0	\$72,327,000	\$0	\$72,327,000
Basic Engineering Fees						
Planning +	\$0	\$0	\$0	\$0	\$0	\$0
Design	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$100,000	\$0	\$0	\$100,000	\$0	\$100,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$1,335,000	\$0	\$0	\$1,335,000	\$0	\$1,335,000
Permits	\$135,000	\$0	\$0	\$135,000	\$0	\$135,000
Inspection	\$2,700,000	\$0	\$0	\$2,700,000	\$0	\$2,700,000
O&M Manual	\$55,000	\$0	\$0	\$55,000	\$0	\$55,000
Project Management (by engineer)	\$850,000	\$0	\$0	\$850,000	\$0	\$850,000
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$5,175,000	\$0	\$0	\$5,175,000	\$0	\$5,175,000
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-in (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services						
Financial Advisor	\$1,000,000	\$620,000	\$0	\$1,620,000	\$0	\$1,620,000
Bond Counsel	\$830,000	\$505,000	\$0	\$1,335,000	\$0	\$1,335,000
Issuance Cost	\$53,000	\$32,000	\$0	\$85,000	\$0	\$85,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$1,883,000	\$1,157,000	\$0	\$3,040,000	\$0	\$3,040,000
Contingency						
Contingency	\$5,338,000	\$0	\$0	\$5,338,000	\$0	\$5,338,000
Subtotal Contingency	\$5,338,000	\$0	\$0	\$5,338,000	\$0	\$5,338,000
TOTAL COSTS	\$53,380,000	\$32,500,000	\$0	\$85,880,000	\$0	\$85,880,000

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A			0
Category B			0
Category C			0
Category D			0
Total Planning Costs		0	0

PROJECT BUDGET - Entity Name HCPUA - 2021 SWIFT ISSUANCES						
Uses	TWDB Funds Low Interest	TWDB Funds Board Participation	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$45,341,110	\$35,194,000	\$0	\$80,535,110	\$0	\$80,535,110
Subtotal Construction	\$45,341,110	\$35,194,000	\$0	\$80,535,110	\$0	\$80,535,110
Basic Engineering Fees						
Planning +	\$0	\$0	\$0	\$0	\$0	\$0
Design	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$100,000	\$0	\$0	\$100,000	\$0	\$100,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$1,500,000	\$0	\$0	\$1,500,000	\$0	\$1,500,000
Permits	\$150,000	\$0	\$0	\$150,000	\$0	\$150,000
Inspection	\$3,000,000	\$0	\$0	\$3,000,000	\$0	\$3,000,000
O&M Manual	\$60,000	\$0	\$0	\$60,000	\$0	\$60,000
Project Management (by engineer)	\$885,000	\$0	\$0	\$885,000	\$0	\$885,000
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$5,695,000	\$0	\$0	\$5,695,000	\$0	\$5,695,000
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-in (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services						
Financial Advisor	\$1,130,000	\$700,000	\$0	\$1,830,000	\$0	\$1,830,000
Bond Counsel	\$920,000	\$570,000	\$0	\$1,490,000	\$0	\$1,490,000
Issuance Cost	\$60,000	\$36,000	\$0	\$96,000	\$0	\$96,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$2,110,000	\$1,306,000	\$0	\$3,416,000	\$0	\$3,416,000
Contingency						
Contingency	\$5,910,000	\$0	\$0	\$5,910,000	\$0	\$5,910,000
Subtotal Contingency	\$5,910,000	\$0	\$0	\$5,910,000	\$0	\$5,910,000
TOTAL COSTS	\$59,056,110	\$36,500,000	\$0	\$95,556,110	\$0	\$95,556,110

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A			0
Category B			0
Category C			0
Category D			0
Total Planning Costs		0	0

Texas Water Development Board Water Project Information						
A. Project Name Hays Caldwell PUA		B. Project No. 12192		C. County Caldwell		D. Regional Planning Group (A-P) L
E. Program(s) SWIFT		F. Loan <input checked="" type="checkbox"/> : \$ <u>213,364,730</u> Principal Forgiveness <input type="checkbox"/> : \$ _____ Grant <input type="checkbox"/> : \$ _____		G. Loan Term: 30 years		
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc) Multiphase project with new Carrizo groundwater production wells, raw water collection lines, gravity sand filter treatment system, high service pump station, finished water transmission lines and an intermediate booster pump station.						
Attach map of service area affected by Project or other documentation.						
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input checked="" type="checkbox"/> <u>Gonzales County UWCD & Plum Creek Conservation District</u> No <input type="checkbox"/>			
K. Service Area Projected Population for at least a 20 year period: (if different from Planning Area, discuss in separate attachment)	Current Population		Projected Population			
	Year:	20	2020	2025	2030	2035
Population:		174856	201479	228102	251169	274235
Project Design Year: (Year for which project will be sized)		2040		Design Population: (Population served by project on the design year)		
L. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: <u>5.2.25</u>)						
M. What type of water source is associated directly with the proposed project? Surface Water <input type="checkbox"/> Groundwater <input checked="" type="checkbox"/> Reuse <input type="checkbox"/>						
N. Will the project increase the volume of water supply? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>						
O. What volume of water is the project anticipated to deliver/ treat per year? <u>15,000</u> Acre-Foot/Year						
P. Current Water Supply Information						
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit
N/A						
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit
N/A						
Q. Proposed Water Supply Associated Directly with the Proposed Project						
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit
Carrizo		Caldwell Co.		Caldwell Co.		15,000 acre-feet/year
R. Consulting Engineer Name			Telephone No.		E-mail address	
James Bene, PG			512-345-2379		james.bene@rwharden.com	
S. Applicant Contact Name, Title			Telephone No.		E-mail address	
Graham Moore, Executive Director			512-294-3214		gmoore@hcpua.org	

Property Rights

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

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

Type of Permit Water Right	Entity from which the right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.
Groundwater Permit	Gonzales County UWCD	Lease	11-13-2012	11121
Groundwater Permit	Plum Creek Conservation District	Lease	02-21-2017	2017001
Rights to Drill on Property	Private Landowners	Lease	11-30-2017	

Permits & Easements

Are any major permits necessary for completion of the project?: Y

Permits

Permit	Issuing Entity	Permit Acquired (Y/N)
Section 404, Nationwide Permit 12, Utility Line Activities	US Army Corps of Engineers	N

Has the applicant obtained all necessary land and easements for the project?: N

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)
Permanent & Temporary Pipeline Easements	Landowners	OWN	11-20-2020	Y
Water Treatment Plant Site	Landowners	OWN	03-30-2018	Y
Booster Pump Station Site	Landowners	OWN	03-29-2019	Y

Environmental Determination

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

CE/DNE

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

Adverse Environmental/Social Impacts

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

Associated PIF(s)

PIF number(s):

PIF ID #12192

Additional Attachments

The following documents are attached after this page:

The following documents are attached after this page:

C29 Top Ten Customers by Annual Usage.pdf

C30 Top Ten Customers by Annual Revenue.pdf

Project Description.pdf

PART C29 – CUSTOMERS BY ANNUAL USAGE

KYLE - TOP TEN CUSTOMERS BY ANNUAL USAGE

<u>Customer</u>	<u>Annual Usage (Gallons)</u>	<u>Percentage of Use</u>	<u>Bankruptcy</u>
Kyle Correction Center	24,953,600	2.54	N
Seton Medical Center - Hays	16,977,600	1.73	N
Vista at Plum Creek	10,858,800	1.10	N
Kyle Blue Bonnet MHC, LLC	8,434,000	0.86	N
Saddlecreek Apartments	5,998,000	0.61	N
Water Works Auto Spa	5,166,500	0.53	N
HCISD - Lehman HS	5,049,600	0.51	N
Aztec Village /Oakhill Comm.	4,290,600	0.44	N
TXXY Aztec Oakhill MHP LLC	3,953,600	0.40	N
Ratcliff Senior Care, LLC	3,386,000	0.34	N

SAN MARCOS - TOP TEN CUSTOMERS BY ANNUAL USAGE

<u>Customer</u>	<u>Annual Usage (Gallons)</u>	<u>Percentage of Use</u>	<u>Bankruptcy</u>
City of San Marcos	53,492,697	1.95	N
Copper Beech Townhomes 29 LLC	38,985,595	1.42	N
MTC Gary Jobs Corps	37,984,823	1.38	N
University Heights San Marcos	37,482,042	1.36	N
SMCISD	28,544,512	1.04	N
HRA Edge LLC	25,312,168	0.92	N
HRA Zone LLC	24,786,403	0.92	N
Texas State University	24,445,028	0.89	N
The Village on Telluride	23,867,998	0.87	N
San Marcos Factory Shops	23,828,231	0.86	N

BUDA - TOP TEN CUSTOMERS BY ANNUAL USAGE

<u>Customer</u>	<u>Annual Usage (Gallons)</u>	<u>Percentage of Use</u>	<u>Bankruptcy</u>
MFT Silverado Crossing, LLC	10,159,000	2.69	Unknown
Jardine's Texas Foods	3,848,000	1.02	Unknown
Nighthawk Frozen Foods	3,741,000	0.99	Unknown
BES Oaks Fund XI, LLC	3,737,000	0.99	Unknown
Industrial Asphalt Inc	3,156,000	0.83	Unknown
Hampton Inn & Suites Cabelas Drive	2,493,000	0.66	Unknown
Whispering Hollow HOA	2,468,000	0.65	Unknown
Wal-Mart Stores Texas, LP	2,012,000	0.53	Unknown
Comfort Suites	1,919,000	0.51	Unknown
Cracker Barrel #595	1,881,000	0.50	Unknown

PART C29 – CUSTOMERS BY ANNUAL USAGE

CRWA - TOP TEN CUSTOMERS BY ANNUAL USAGE

<u>Customer</u>	<u>Annual Usage (Gallons)</u>	<u>Percentage of Use</u>	<u>Bankruptcy</u>
San Antonio Water System	1,120,769,000	31.75	N
Green Valley SUD	512,167,000	14.51	N
City of Cibolo	509,227,000	14.42	N
Springs Hill WSC	355,942,866	10.08	N
East Central SUD	321,730,040	9.11	N
Crystal Clear WSC	221,223,400	6.27	N
Maxwell WSC	193,551,000	5.48	N
County Line SUD	162,586,000	4.61	N
City of Lavernia	81,680,700	2.31	N
City of Marion	51,605,544	1.46	N

PART C30 – CUSTOMERS BY ANNUAL REVENUE

KYLE - TOP TEN CUSTOMERS BY ANNUAL REVENUE

<u>Customer</u>	<u>Annual Revenue (\$)</u>	<u>Percentage of Revenue</u>	<u>Bankruptcy</u>
Kyle Correction Center	\$191,131.58	4.22	N
Seton Medical Center - Hays	\$134,802.15	2.98	N
Vista at Plum Creek	\$86,218.87	1.90	N
Kyle Blue Bonnet MHC, LLC	\$66,973.91	1.48	N
Saddlecreek Apartments	\$47,624.12	1.05	N
Water Works Auto Spa	\$41,022.01	0.91	N
HCISD - Lehman HS	\$40,093.83	0.89	N
Aztec Village /Oakhill Comm.	\$34,067.37	0.75	N
TXKY Aztec Oakhill MHP LLC	\$31,391.58	0.69	N
Ratcliff Senior Care, LLC	\$26,884.85	0.59	N

SAN MARCOS - TOP TEN CUSTOMERS BY ANNUAL REVENUE

<u>Customer</u>	<u>Annual Revenue (\$)</u>	<u>Percentage of Revenue</u>	<u>Bankruptcy</u>
City of San Marcos	\$466,894	2.96	N
MTC Gary Job Corps	\$350,314	2.22	N
Copper Beech Townhomes 29 LLC	\$293,681	1.86	N
University Heights San Marcos	\$280,159	1.78	N
SMCISD	\$242,611	1.54	N
Texas State University	\$217,601	1.38	N
HRA Edge LLC	\$190,449	1.21	N
HRA Zone LLC	\$187,187	1.19	N
San Marcos Factory Shops	\$179,816	1.14	N
The Village on Telluride	\$179,318	1.14	N

BUDA - TOP TEN CUSTOMERS BY ANNUAL REVENUE

<u>Customer</u>	<u>Annual Revenue (\$)</u>	<u>Percentage of Revenue</u>	<u>Bankruptcy</u>
MFT Silverado Crossing, LLC	\$137,418.83	5.83	Unknown
Jardine's Texas Foods	\$50,443.36	2.14	Unknown
Nighthawk Frozen Foods	\$26,937.52	1.14	Unknown
BES Oaks Fund XI, LLC	\$26,643.63	1.13	Unknown
Industrial Asphalt Inc	\$26,230.92	1.11	Unknown
Hampton Inn & Suites Cabelas Drive	\$19,385.79	0.82	Unknown
Whispering Hollow HOA	\$17,796.28	0.75	Unknown
Wal-Mart Stores Texas, LP	\$14,627.08	0.62	Unknown
Comfort Suites	\$13,980.73	0.59	Unknown
Cracker Barrel #595	\$13,394.67	0.57	Unknown

PART C30 – CUSTOMERS BY ANNUAL REVENUE

CRWA - TOP TEN CUSTOMERS BY ANNUAL REVENUE

<u>Customer</u>	<u>Annual Revenue (\$)</u>	<u>Percentage of Revenue</u>	<u>Bankruptcy</u>
San Antonio Water System	\$1,120,769,000	31.75	N
Green Valley SUD	\$512,167,000	14.51	N
City of Cibolo	\$509,227,000	14.42	N
Springs Hill WSC	\$355,942,866	10.08	N
East Central SUD	\$321,730,040	9.11	N
Crystal Clear WSC	\$221,223,400	6.27	N
Maxwell WSC	\$193,551,000	5.48	N
County Line SUD	\$162,586,000	4.61	N
City of Lavernia	\$81,680,700	2.31	N
City of Marion	\$51,605,544	1.46	N

PART D – PROJECT INFORMATION

Question 54: Description of Project

Description of Project

The Hays Caldwell Public Utility Agency (Agency) intends to design and construct its Phase 1B infrastructure that will produce, treat and delivery Carrizo water from eastern Caldwell County to the Agency’s following Sponsors:

- City of San Marcos
- City of Kyle
- City of Buda (delivery ties into Phase 1A system currently under design)
- County Line SUD (CRWA Member)
- Crystal Clear SUD (CRWA Member)
- Green Valley SUD (CRWA Member)

Ultimately the Agency’s Carrizo project is anticipated to yield 35,690 acre-feet per year of water to the Sponsors. The Agency currently has 15,000 acre-feet per year of water permitted in eastern Caldwell County between two different groundwater conservation districts. The Phase 1B project is anticipated to produce, treat and deliver approximately 5,500 acre-feet per year. The attached map indicates the approximate locations of the key major infrastructure components.

The raw water pipeline and treated water pipeline from the water treatment plant to Booster Pump Station #1 will be sized for 15,000 acre-feet per year with a 1.5 times peaking factor. These pipelines are anticipated to be paralleled in the future with a secondary pipeline to deliver the full 35,690 acre-feet per year.

The pipelines from Booster Pump Station #1 to the Sponsors Delivery Points will be sized for their share of the ultimate project (35,690 acre-feet per year) so that secondary pipelines are not needed through these more urban areas in the future.

The Water Treatment Plant and Booster Pump Station #1 will be sized for initial flows with key components (tanks, piping, etc.) sized for the future flows to make expansion easier. The well field will continue to be expanded through time as demand grows through the addition of new groundwater wells to increase the available yield in accordance with the Agency’s permits.

Project Need

Table 1 below summarizes the projected water shortages for the Agency’s Sponsors as developed by the Region K and L regional water planning groups. The table provides the projected water needs in the 2020 and 2060 decades according to the approved 2016 regional water plans.

The Sponsors maintain their own water projections separately from the state water planning process. Based on their own projections, the Sponsors collectively project a water need starting in 2023, with Buda having a need starting in 2018 that will be satisfied through the Phase 1A project.

TABLE 1 – PROJECTED WATER SHORTAGES

Entity	2016 Approved Regional Plan Data		
	2020 Shortage in acre/feet per year	2070 Shortage in acre/feet per year	Reference
City of Buda	0	6,088	2016 Lower Colorado Regional Water Plan, Vol. I, pp. 4-8.
City of Kyle	0	2,783	2016 South Central Texas Regional Water Plan, Vol. I, pp. 5.3-99
City of San Marcos	0	7,891	2016 South Central Texas Regional Water Plan, Vol. I, pp. 5.3-99
County Line SUD	0	641	2016 South Central Texas Regional Water Plan, Vol. I, pp. 5.3-99
Crystal Clear SUD	0	2,032	2016 South Central Texas Regional Water Plan, Vol. I, pp. 5.3-87
Green Valley SUD	82	1,391	2016 South Central Texas Regional Water Plan, Vol. I, pp. 5.3-87

List of Project Elements/Components

The Phase 1B Infrastructure is expected to include the following elements/components:

- Four (4) Carrizo groundwater wells
- 20,000 linear feet of 16”-36” raw water pipelines with isolation valves
- Water treatment plant with the following major units:
 - Lime Slaker
 - Raw Water Tank
 - Gravity Sand Filter units
 - Backwash Pumps
 - Polymer Injector
 - Plate Separator
 - Chlorination facilities including analyzers, tanks & injectors
 - Clearwell
 - High Service Pump Station with Vertical Turbine Pumps
 - Enclosed building for filtration & electrical with space for admin and meetings
 - Electrical system
 - SCADA controls
 - Detention pond, heavy duty pavement, fencing, site security, lighting and screening.
- Approximately 95 miles of 12”-36” pipeline with isolation valves
- Trenchless pipeline installation under any Waters of the U.S. and at significant roadway crossings
- Metering stations at all points of delivery with chlorine analyzers
- 20-foot wide permanent water line easement and 30-foot wide temporary easement where single lines are planned for the duration of the project and 35-foot wide permanent and 30-foot wide temporary for locations where two pipelines are ultimately anticipated
- Pump station site complete with the following:
 - Vertical turbine pumps
 - Ground storage tank(s)
 - Electrical system
 - Controls and SCADA
 - Chlorination facilities including analyzers, tanks & injectors
 - Electrical and chemical building
 - Metering station for storage tank inflow
 - Detention pond, heavy duty pavement, fencing, site security, lighting and screening.

Alternatives Considered

The Agency's Sponsors collectively rely on a few existing water resources: Edwards groundwater regulated by the Barton Springs/Edwards Aquifer Conservation District (BSEACD) and the Edwards Aquifer Authority (EAA), groundwater from the Trinity Aquifer and surface water from Canyon Lake purchased from the Guadalupe-Blanco River Authority (GBRA). The BSEACD and EAA have fully permitted the Edwards Aquifer and the Canyon Lake water rights are fully allocated. While there likely is some Trinity groundwater available in various locations, it is not expected to yield enough water to satisfy the future growth of the HCPUA Sponsors. So in 2007 the Sponsors formed the HCPUA to develop a Carrizo Aquifer project.

The development of the Carrizo groundwater project from eastern Caldwell County necessitates the construction of new facilities to deliver the new supply to the Sponsors, including tying into the Phase 1A project that will deliver the water to Buda.

The Agency has worked with each Sponsor to identify preferred water delivery locations and conditions within their systems. Each of these locations is indicated on the system map on the next page.

Associated PIF PDF

The following document is for associated PIF #12192

Texas Water Development Board

OLA ID 623351

PIF No. 12192

Entity Name: Hays Caldwell Public Utility
Agency

Project Name: Hays/Caldwell PUA Project

TABLE OF CONTENTS

General Information

Contact Information

Service Area

Project Description

Document - WaterSystemList

Readiness to Proceed to Construction

Estimated Costs

Document - AnticipatedCommitments

Submittal

General Information

Project Information

Funding Type: SWIFT

Contact Information

County: Hays

Entity Contact Information	Engineering Firm Contact Information
Name of Entity: Hays Caldwell Public Utility Agency	Name of New Entity:
Prefix: Mr.	Prefix:
First Name: Graham	First Name:
Last Name: Moore	Last Name:
Addr 1: 630 E Hopkins	Addr 1:
Addr 2:	Addr 2:
City: San Marcos	City:
State: TX	State:
Zip: 78666-6314	Zip:
Phone: (512) 294-3214	Phone:
Fax:	Fax:
Suffix: P.E.	Suffix:
OrgName:	OrgName:
DeptName:	DeptName:
Title: Executive Director	Title:
Email: gmoore@hcpua.org	Email:
	Firm Name:
Make Changes: Y	Make Changes: Y
No Entity TxWISE Id	No Engineering TxWISE Id

Service Area

Population Served: 135,000

Project Description

Project Name: Hays/Caldwell PUA Project

Where can Project be found in the most recent Regional Water Plan?

Project listed on page: : 5.2.25-1

Capital costs on page: : 5.2.25-11

Region: L - SOUTH CENTRAL TEXAS

Phase(s) Applied For

Planning: Y

Acquisition: Y

Design: Y

Construction: Y

Emergency

Applicant/entity's water supply will last less than 180 days.: N

Water Supply need occurs earlier than anticipated in the State Water Plan: Y

Applicant has received or applied for Federal emergency funding.: N

None of the above.: N

Agricultural Efficiency Project?: N

Estimated average annual residential water bill: \$908.21

Annual Median Household Income: \$45,500.35

Project will produce water: Y

Project will conserve water: N

Please provide the volume of water anticipated to be produced or conserved by the project per decade:

2020	2030	2040	2050	2060	2070
5488	15000	15000	15000	15000	15000

Project will address water loss: N

Project Long Desc: The Hays Caldwell Public Utility Agency (HCPUA) plans on designing and constructing the agency's Hays/Caldwell PUA Project Phase 1B Improvements with the funds from this 2017 SWIFT Application. The Phase 1B Improvements include:

- Multiple wells will be drilled and installed providing a capacity of 5,488 acre-feet of groundwater per year. Additionally, the primary collection line from the well field to the treatment plant will be installed along with the individual collection
- A sand filter water treatment plant including filters, disinfection equipment, high service pump station, and clearwell storage is proposed to be designed and constructed. The plant will be constructed in phases, this first phase providing a treatment capacity of 5 MGD, with an ultimate plant buildout of 35 MGD.

- Transmission mains from the water treatment plant to the Project's Phase 1A infrastructure (funded by 2015 SWIFT funds) will be designed and constructed. Most of the transmission mains will be sized for the ultimate Project buildout, with the exception being the main from the treatment plant to Pump Station No. 1 (see bullet below) which will have a capacity of approximately 15,000 acre-feet per year.
- An intermediate pump station will also be designed and constructed. The pump station will pump water to the north and Phase 1A infrastructure, and to the southwest to serve Crystal Clear SUD and Green Valley SUD, both Agency member entities.

Texas Water Development Board
State Water Implementation Fund for Texas (SWIFT)

Abridged Application Regional Project Worksheet

Applicant: **Hays Caldwell Public Utility Agency**

Project Name: **Hays/Caldwell PUA Project**

Instructions: List all entities (aside from the applicant) that will be served by the proposed project. Use the "Rural" column to indicate the entities serving populations of 10,000 or fewer.

Press "Tab" to add new rows as needed.

Entity Name	Rural
1. City of Buda	
2. City of Kyle	
3. City of San Marcos	
4. County Line Special Utility District	Yes
5. Crystal Clear Special Utility District	
6. Green Valley Special Utility District	

Readiness to Proceed to Construction

Preliminary planning or design work (30% of total project) has been completed or is not required.:
N

Applicant is prepared to begin implementation or construction within 18 months of application
deadline.: N

Applicant has acquired all water rights associated with the proposed project, or none will be
required.: Y

Estimated Costs

TWDB Requested Amount

Low-Interest Loan Amount: \$130818044.00

Deferred Loan Amount: \$13497820.00

Board Participation Amount: \$69048866.00

Local Contribution Amount: \$20225000.00

Other Amount:

Other Desc:

Total Estimated Project Costs: \$233589730.00

Submittal

I, NO SUBMITTED NAME ENTERED, as the designated authorized representative of the Hays Caldwell Public Utility Agency, hereby approve and authorize the submission of this project information form to the Texas Water Development Board. I certify that all information contained herein is true and correct to the best of my knowledge. I understand the failure to submit a complete project information form by the stated deadlines may result in the withdrawal of the form without review.

Submitted by: NO SUBMITTED NAME ENTERED

Telephone Number: NO SUBMIT PHONE NUMBER ENTERED

Submitted date: NO SUBMIT DATE ENTERED

Addendum: TWDB Technical Review Comments and Responses

Graham Moore

From: Dain Larsen <Dain.Larsen@twdb.texas.gov>
Sent: Tuesday, May 16, 2017 11:13 AM
To: Graham Moore (gmoore@hcpua.org); Patrick Lackey (palackey@rcetx.com); Carol Polumbo; Dan Wegmiller (dan@spubfin.com)
Cc: Joel Smith; Kristin Miller; Hector Estrada; Alexis Lorick
Subject: Hays Caldwell PUA- 2017 SWIFT Application- Technical Review Comments

Graham,

I'm sending to you the technical review comments for the Authority's 2017 SWIFT application. These are requests for clarification and, in some cases, additional information for each of the disciplines that review the application (environmental, engineering, legal, and financial).

As you know, we're on a quick schedule to get the SWIFT applications to our board members for review and consideration at a board meeting. Please provide responses to all of the requests below by **May 31, 2017**. You certainly may contact our individual team members and provide responses to them, but I'll also need a document or group of documents that shows your responses.

Please let me know if you have any questions.

Thanks.
Dain

Environmental- Kristin Miller

Environmental Review

Please note that a full environmental review will be required for this project including the preparation of an Environmental Data Form (EDF). Instructions on the preparation of an EDF for the State Water Implementation Fund for Texas (SWIFT) program can be found online (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0800.pdf>). If you have any questions, please contact me.

Project Schedule

To make sure that your timeline is adequate, please submit a revised project schedule that includes the submission of a complete EDF, EDF review (we generally recommend 30 days for state level reviews), issuance of an Environmental Determination (ED) by TWDB staff, approval of the Engineering Feasibility Report, completion of planning, and completion of design.

Project Budget

I noticed that you have 3 budgets (for years 2017, 2019, and 2021), in the amounts of \$790,000, \$100,000, and \$100,000 for Environmental Review. This amount is more than typically seen for an EDF of this scope. If you wish to decrease the amount allocated to environmental review, or move funds to contingency, please provide updated budgets that accurately reflect the cost of environmental review, including a breakdown of the specific costs for environmental tasks. For example, are you subcontracting for any special services, such as archeological or biological surveys?

Project Map

Please provide a project map with an aerial photograph background. Clearly label all features, such as roads, property boundaries, easements, and all proposed project elements to be funded by this loan.

Engineering- Joel Smith

TWDB Forms

Please provide:

- ED-103 and ED-104 signed by Authority
 - TWDB- 208B, Groundwater Affidavit, with all required submittals
 - Existing & proposed property Leases
 - All necessary groundwater permits.

Project Description

Existing System:

- Please submit site maps of all (5?) connection points of the lines taking water from the proposed booster pump station. If there are existing utility components at these sites, please describe them.

Proposed Improvements:

- Water lines; for each line that will be funded, including the new wellfield, please provide:
 - The project line name (i.e. Leg 1); Start/stop points.
 - Sizes and lengths of each different diameter pipe used for the line.
 - Proposed construction dates (begin/complete).
- Groundwater Treatment Plant; please provide:
 - The proposed size in MGD.
 - Proposed contract start and completion dates.
- Booster Pump Station; please provide:
 - The proposed size in MGD.
 - Proposed contract start and completion dates.
- Well Field:
 - Expected yield per well.
 - Average well depths in Carrizo.
 - Water characteristics.
 - Proposed contract start and completion dates.

Excess Capacity

Please provide excess capacity calculations for each of the waterline segments where Board Participation is being applied for.

- Please include all data and assumptions used to calculate the proposed Excess Capacity.
- Combine the four excess capacities from each of the transmission lines into an overall excess capacity for the components funded through Board Participation.

Expectation of Water Rights

This internal memo is not required until closing. However, with the accelerated SWIRFT closing schedule, I am asking you to provide it as part of the application process.

- The information requested is the same as that for TWDB-208B (above).
 - Include information for the leases that have not been negotiated indicating they are partially acquired, or can be acquired.
- Provide data on Carrizo wells in the immediate area of the proposed wellfield, justifying anticipated yields.

Component Funding Timeline

For each of the major project components, WTP, BPS, wellfield, and four transmission lines, indicate the funding source for construction and the associated release.

Requests/Questions

Please include the Kyle/Buda transmission line that is part of the phase 1A project funded with in the 2015 SWIFT funding round.

- What are the proposed construction dates of this contract?

Are the proposed construction contracts in this Application part of a larger capital improvements plan?

How many contracts are expected to be part of this funding request (Project)?

Financial/Legal- Hector Estrada (financial) and Alexis Lorick

Financial

Please revise the pro formas for each participant to include these characteristics:

- An existing debt service column
- 2 columns for proposed repayments- 1 column for annual principal payments and a 2nd for for the annual interest payments

Legal

Please submit ED-101 and the associated warranty deeds or easements needed for the project. If property is yet to be acquired, then a description of the status of acquisition is necessary for our files.

Dain Larsen

Texas Water Development Board

Team Manager, Central Texas Region

512-463-1618

Graham Moore

From: Graham Moore <gmoore@hcpua.org>
Sent: Wednesday, May 31, 2017 3:55 PM
To: 'Dain Larsen'; Joel Smith; 'Kristin Miller'; 'Hector Estrada'; 'Alexis Lorick'
Cc: Carol Polumbo (cpolumbo@mphlegal.com); Dan Wegmiller (dan@spubfin.com); Jennifer Douglas
Subject: RE: Hays Caldwell PUA- 2017 SWIFT Application- Technical Review Comments
Attachments: 2017-05-31 - HCPUA Implementation Schedule.pdf; TWDB Budget Form 2017-05-31.pdf; ED-103 and ED-104.pdf; TWDB-208B.pdf; 2017-05-31 Additional Project Description.pdf; HCPUA Excess Capacity Calculation.pdf; HCPUA_Hydrogeology_Report_31Mar2015.pdf

All,

Please find below in **red** responses to the questions posed by the reviewers. The attachments are referred to in the responses. I will provide a separate e-mail with a link to the detailed maps with aerial backgrounds. Specialized Public Finance will response to the request for additional financial information in a separate e-mail.

We appreciate your help in continuing to process the application, please let me know if you have any additional questions.

Thanks,
Graham

Graham Moore, PE
Executive Director
Hays Caldwell Public Utility Agency
1040 Highway 123
San Marcos, TX 78666
(512) 294-3214
www.hcpua.org
gmoore@hcpua.org

From: Dain Larsen [mailto:Dain.Larsen@twdb.texas.gov]
Sent: Tuesday, May 16, 2017 11:13 AM
To: Graham Moore (gmoore@hcpua.org) <gmoore@hcpua.org>; Patrick Lackey (palackey@rcetx.com) <palackey@rcetx.com>; Carol Polumbo <cpolumbo@mphlegal.com>; Dan Wegmiller (dan@spubfin.com) <dan@spubfin.com>
Cc: Joel Smith <Joel.Smith@twdb.texas.gov>; Kristin Miller <Kristin.Miller@twdb.texas.gov>; Hector Estrada <Hector.Estrada@twdb.texas.gov>; Alexis Lorick <Alexis.Lorick@twdb.texas.gov>
Subject: Hays Caldwell PUA- 2017 SWIFT Application- Technical Review Comments

Graham,
I'm sending to you the technical review comments for the Authority's 2017 SWIFT application. These are requests for clarification and, in some cases, additional information for each of the disciplines that review the application (environmental, engineering, legal, and financial).

As you know, we're on a quick schedule to get the SWIFT applications to our board members for review and consideration at a board meeting. Please provide responses to all of the requests below by **May 31, 2017**. You certainly may contact our individual team members and provide responses to them, but I'll also need a document or group of documents that shows your responses.

Please let me know if you have any questions.

Thanks.
Dain

Environmental- Kristin Miller

Environmental Review

Please note that a full environmental review will be required for this project including the preparation of an Environmental Data Form (EDF). Instructions on the preparation of an EDF for the State Water Implementation Fund for Texas (SWIFT) program can be found online (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0800.pdf>). If you have any questions, please contact me. **We understand the requirements of the EDF and will prepare and submit at the appropriate times.**

Project Schedule

To make sure that your timeline is adequate, please submit a revised project schedule that includes the submission of a complete EDF, EDF review (we generally recommend 30 days for state level reviews), issuance of an Environmental Determination (ED) by TWDB staff, approval of the Engineering Feasibility Report, completion of planning, and completion of design. **Attached is a detailed schedule for implementation of the HCPUA project (2017-05-31 – HCPUA Implementation Schedule.pdf) that includes the appropriate review times for each environmental review as you suggested.**

Project Budget

I noticed that you have 3 budgets (for years 2017, 2019, and 2021), in the amounts of \$790,000, \$100,000, and \$100,000 for Environmental Review. This amount is more than typically seen for an EDF of this scope. If you wish to decrease the amount allocated to environmental review, or move funds to contingency, please provide updated budgets that accurately reflect the cost of environmental review, including a breakdown of the specific costs for environmental tasks. For example, are you subcontracting for any special services, such as archeological or biological surveys? **We have updated the budget to reduce the Environmental services portion and re-allocated the funds. At this time we only have estimates for the environmental work based on our experience on similar projects. Attached are the revised budgets for the project. I have separated the 2019 and 2021 issuances into separate worksheets since each are anticipated to utilize both Low Interest and Board Participation funding.**

Project Map

Please provide a project map with an aerial photograph background. Clearly label all features, such as roads, property boundaries, easements, and all proposed project elements to be funded by this loan. **I will provide maps of the anticipated alignments via a separate e-mail as the files are extremely large.**

Engineering- Joel Smith

TWDB Forms

Please provide:

- ED-103 and ED-104 signed by Authority – **Attached are the executed forms.**
 - TWDB- 208B, Groundwater Affidavit, with all required submittals – **Attached is the executed form along with the proposed well leases, the permits from the two groundwater districts (Gonzales County Underground Water Conservation District and the Plum Creek Conservation District) and the applications submitted to each.**
 - Existing & proposed property Leases
 - All necessary groundwater permits.

Project Description - **The information is attached in the document titled “2017-05-31 Additional Project Description” except for “Excess Capacity” and “Expectation of Water Right” which are addressed separately.**

Existing System:

- Please submit site maps of all (5?) connection points of the lines taking water from the proposed booster pump station. If there are existing utility components at these sites, please describe them.

Proposed Improvements:

- Water lines; for each line that will be funded, including the new wellfield, please provide:
 - The project line name (i.e. Leg 1); Start/stop points.
 - Sizes and lengths of each different diameter pipe used for the line.
 - Proposed construction dates (begin/complete).
- Groundwater Treatment Plant; please provide:
 - The proposed size in MGD.
 - Proposed contract start and completion dates.
- Booster Pump Station; please provide:
 - The proposed size in MGD.
 - Proposed contract start and completion dates.
- Well Field:
 - Expected yield per well.
 - Average well depths in Carrizo.
 - Water characteristics.
 - Proposed contract start and completion dates.

Excess Capacity – **Attached is a file named “HCPUA Excess Capacity Calculation” describing how the excess capacity was calculated.**

Please provide excess capacity calculations for each of the waterline segments where Board Participation is being applied for.

- Please include all data and assumptions used to calculate the proposed Excess Capacity.
- Combine the four excess capacities from each of the transmission lines into an overall excess capacity for the components funded through Board Participation.

Expectation of Water Rights

This internal memo is not required until closing. However, with the accelerated SWIRFT closing schedule, I am asking you to provide it as part of the application process.

- The information requested is the same as that for TWDB-208B (above).
 - Include information for the leases that have not been negotiated indicating they are partially acquired, or can be acquired. **The leases for the well sites have not been acquired yet. Discussions have started with the landowners and the easements are anticipated to be acquired without any significant hurdles.**
- Provide data on Carrizo wells in the immediate area of the proposed wellfield, justifying anticipated yields. – **Refer to the attached hydrogeologist report entitled “HCPUA_Hydrogeology_Report_31Mar2015”**

Component Funding Timeline

For each of the major project components, WTP, BPS, wellfield, and four transmission lines, indicate the funding source for construction and the associated release.

Requests/Questions

Please include the Kyle/Buda transmission line that is part of the phase 1A project funded with in the 2015 SWIFT funding round.

- What are the proposed construction dates of this contract?

Are the proposed construction contracts in this Application part of a larger capital improvements plan?

How many contracts are expected to be part of this funding request (Project)?

Financial/Legal- Hector Estrada (financial) and Alexis Lorick

Financial **Will be submitted separately.**

Please revise the pro formas for each participant to include these characteristics:

- An existing debt service column
- 2 columns for proposed repayments- 1 column for annual principal payments and a 2nd for for the annual interest payments

Legal

Please submit ED-101 and the associated warranty deeds or easements needed for the project. If property is yet to be acquired, then a description of the status of acquisition is necessary for our files. **No property that is part of this phase of the project has been acquired. The funds that are being sought will be utilized to acquire the necessary well sites, treatment plant and booster pump station sites and the pipeline easements.**

Dain Larsen

Texas Water Development Board

Team Manager, Central Texas Region

512-463-1618

HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	2018				2019				2020				2021				2022				2023							
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
1	HCPUA 1B Schedule	309 wks	Mon 1/8/18	[Gantt bar spanning from Mon 1/8/18 to end of 2023]																											
2	Notice-to-Proceed	0 days	Mon 1/8/18	[Milestone diamond at 1/8]																											
3	Well Field & Raw Water Pipelines	258 wks	Mon 1/8/18	[Gantt bar spanning from Mon 1/8/18 to end of 2022]																											
4	Preliminary Engineering/30% Design	40 wks	Mon 1/8/18	[Gantt bar from Mon 1/8/18 to Q1 2019]																											
35	Final Design	56 wks	Mon 7/9/18	[Gantt bar from Q3 2018 to Q2 2019]																											
49	Real Estate Acquisition	86 wks	Mon 1/7/19	[Gantt bar from Q1 2019 to Q3 2020]																											
61	Permitting & Approvals	88 wks	Mon 5/7/18	[Gantt bar from Q2 2018 to Q3 2020]																											
62	Antiquities: Texas Historical Commission (THC) Approval	33 wks	Mon 5/7/18	[Gantt bar from Q2 2018 to Q1 2019]																											
68	Clean Water Act (USACE) & Endangered Species Act (USFWS) Permits	40.8 wks	Mon 9/3/18	[Gantt bar from Q3 2018 to Q2 2019]																											
74	Texas Water Development Board	56 wks	Mon 8/20/18	[Gantt bar from Q3 2018 to Q2 2020]																											
75	Environmental Assessment	44 wks	Mon 8/20/18	[Gantt bar from Q3 2018 to Q2 2019]																											
76	Prepare EA	8 wks	Mon 8/20/18	[Task bar from Q3 2018 to Q1 2019]																											
77	Agency Coordination	6 wks	Mon 2/18/19	[Task bar from Q1 2019 to Q2 2019]																											
78	Public Notification	4 wks	Mon 4/1/19	[Task bar from Q2 2019 to Q3 2019]																											
79	Prepare Final EA	4 wks	Mon 4/29/19	[Task bar from Q3 2019 to Q4 2019]																											
80	Submit to TWDB	0 wks	Fri 5/24/19	[Milestone diamond at 5/24]																											

HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	2018				2019				2020				2021				2022				2023			
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
81	TWDB Environmental Determination	4 wks	Mon 5/27/19																								
82	Engineering Feasibility Report	12 wks	Mon 6/24/19																								
83	Prepare EFR	8 wks	Mon 6/24/19																								
84	Submit to TWDB	0 wks	Fri 8/16/19																								
85	TWDB Approval of EFR	4 wks	Mon 8/19/19																								
86	Misc. Permits/Approvals	31 wks	Mon 6/10/19																								
90	Advertise/Bid/Award	18 wks	Mon 3/1/21																								
95	Construction	76 wks	Mon 7/5/21																								
99	Water Treatment Plant	276 wks	Mon 1/8/18																								
100	Preliminary Engineering/30% Design	30 wks	Mon 1/8/18																								
128	Final Design	60 wks	Mon 3/19/18																								
142	Real Estate Acquisition	48 wks	Mon 10/1/18																								
153	Permitting & Approvals	89 wks	Mon 4/30/18																								
154	Antiquities: Texas Historical Commission (THC) Approval	33 wks	Mon 4/30/18																								
160	Clean Water Act (USACE) & Endangered Species Act (USFWS) Permits	41.8 wks	Mon 8/27/18																								
166	Texas Water Development Board	59 wks	Mon 7/16/18																								

HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	2018				2019				2020				2021				2022				2023			
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
207	Draft Report and 30% P&P Sheets	4 wks	Mon 5/7/18																								
208	QA/QC and Reproduction	2 wks	Mon 6/4/18																								
209	Submit Draft Report & 30% Plans	0 days	Fri 6/15/18																								
210	HCPUA Review	4 wks	Mon 6/18/18																								
211	Sealed Report & 30% Plans	2 wks	Mon 7/16/18																								
212	QA/QC and Reproduction	1 wk	Mon 7/30/18																								
213	Submit Sealed Report & 30% Plans	0 days	Fri 8/3/18																								
214	TWDB Review	8 wks	Mon 8/6/18																								
215	Address Comments	2 wks	Mon 10/1/18																								
216	Final Report & 30% Plans	0 wks	Fri 10/12/18																								
217	Right of Entry	22 wks	Mon 5/7/18																								
222	Final Design	71 wks	Mon 7/9/18																								
236	Real Estate Acquisition	86 wks	Mon 4/8/19																								
248	Permitting & Approvals	88 wks	Mon 5/7/18																								
249	Antiquities: Texas Historical Commission (THC) Approval	33 wks	Mon 5/7/18																								
250	Permit Preparation & THC Review	6 wks	Mon 5/7/18																								
251	Cultural Resources Survey	2 wks	Mon 10/1/18																								

HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	2018				2019				2020				2021				2022				2023							
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
252	Reporting	4 wks	Mon 10/15/18																												
253	THC Review	6 wks	Mon 11/12/18																												
254	THC Concurrence	0 days	Fri 12/21/18																												
255	Clean Water Act (USACE) & Endangered Species Act (USFWS) Permits	40.8 wks	Mon 9/3/18																												
261	Texas Water Development Board	56 wks	Mon 8/20/18																												
262	Environmental Assessment	44 wks	Mon 8/20/18																												
263	Prepare EA	8 wks	Mon 8/20/18																												
264	Agency Coordination	6 wks	Mon 2/18/19																												
265	Public Notification	4 wks	Mon 4/1/19																												
266	Prepare Final EA	4 wks	Mon 4/29/19																												
267	Submit to TWDB	0 wks	Fri 5/24/19																												
268	TWDB Environmental Determination	4 wks	Mon 5/27/19																												
269	Engineering Feasibility Report	12 wks	Mon 6/24/19																												
270	Prepare EFR	8 wks	Mon 6/24/19																												
271	Submit to TWDB	0 wks	Fri 8/16/19																												
272	TWDB Approval of EFR	4 wks	Mon 8/19/19																												
273	Misc. Permits/Approvals	16 wks	Mon 9/23/19																												

HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	2018				2019				2020				2021				2022				2023			
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
279	Advertise/Bid/Award	18 wks	Mon 5/4/20																								
284	Construction	170 wks	Mon 9/7/20																								
288	Booster Pump Station & Admin Bldg	276 wks	Mon 1/8/18																								
289	Preliminary Engineering/30% Design	30 wks	Mon 1/8/18																								
317	Final Design	60 wks	Mon 3/19/18																								
331	Real Estate Acquisition	48 wks	Mon 10/1/18																								
342	Permitting & Approvals	89 wks	Mon 4/30/18																								
343	Antiquities: Texas Historical Commission (THC) Approval	33 wks	Mon 4/30/18																								
349	Clean Water Act (USACE) & Endangered Species Act (USFWS) Permits	41.8 wks	Mon 8/27/18																								
355	Texas Water Development Board	59 wks	Mon 7/16/18																								
356	Environmental Assessment	47 wks	Mon 7/16/18																								
357	Prepare EA	3 wks	Mon 7/16/18																								
358	Agency Coordination	4 wks	Mon 2/25/19																								
359	Public Notification	4 wks	Mon 3/25/19																								
360	Prepare Final EA	3 wks	Mon 4/22/19																								
361	Submit to TWDB	0 wks	Fri 5/10/19																								

HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	2018				2019				2020				2021				2022				2023				
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
362	TWDB Environmental Determination	4 wks	Mon 5/13/19																									
363	Engineering Feasibility Report	12 wks	Mon 6/10/19																									
364	Prepare EFR	8 wks	Mon 6/10/19																									
365	Submit to TWDB	0 wks	Fri 8/2/19																									
366	TWDB Approval of EFR	4 wks	Mon 8/5/19																									
367	Misc. Permits/Approvals	43 wks	Mon 3/18/19																									
370	Advertise/Bid/Award	18 wks	Mon 8/2/21																									
375	Construction	72 wks	Mon 12/6/21																									
379	Leg 2A	284 wks	Mon 1/8/18																									
380	Preliminary Engineering/30% Design	40 wks	Mon 1/8/18																									
381	Engineering Evaluation	17 wks	Mon 1/8/18																									
382	Base Mapping & Data Gathering	4 wks	Mon 1/8/18																									
383	Final Route Selection	13 wks	Mon 2/5/18																									
384	Cultural Resources Desktop Sur	4 wks	Mon 2/5/18																									
385	Natural Resources Desktop Sur	4 wks	Mon 2/5/18																									
386	Permit Evaluation	4 wks	Mon 2/5/18																									
387	Utility Research	4 wks	Mon 2/5/18																									

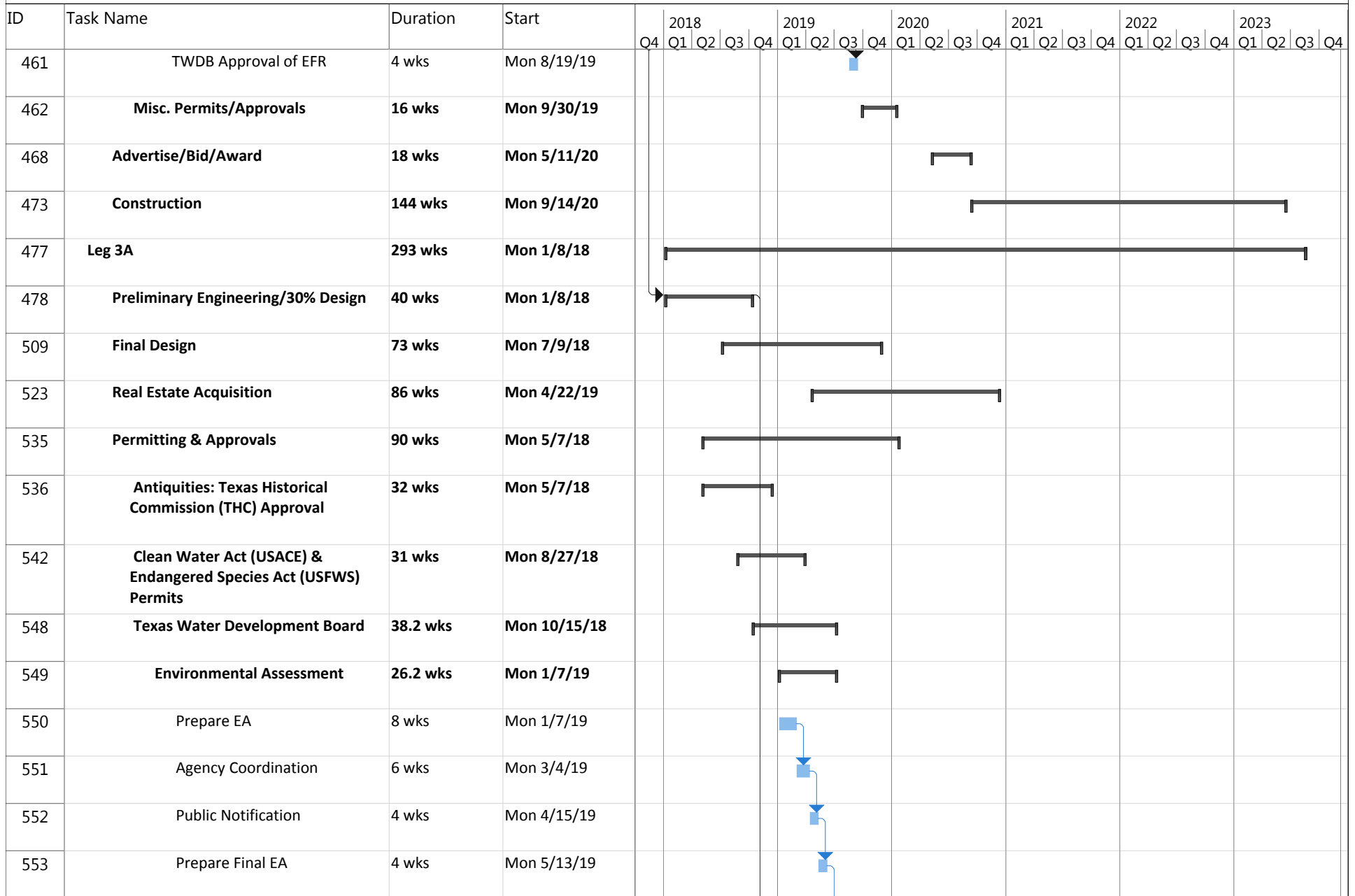
HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	2018				2019				2020				2021				2022				2023			
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
388	Road & Pipeline Crossing Coord	4 wks	Mon 2/5/18																								
389	Route Review	1 wk	Mon 3/5/18																								
390	Constructability Review	1 wk	Mon 3/12/18																								
391	Easement Evaluation	1 wk	Mon 3/12/18																								
392	Cost Estimates	2 wks	Mon 3/19/18																								
393	Route Selection	1 wk	Mon 4/2/18																								
394	HCPUA Route Concurrence	4 wks	Mon 4/9/18																								
395	Preliminary Engineering Design Repc	23 wks	Mon 5/7/18																								
406	Right of Entry	22 wks	Mon 5/7/18																								
407	Identify Owners and Approve ROE	4 wks	Mon 5/7/18																								
408	Initial ROE Attempt	5 wks	Mon 6/4/18																								
409	Final ROE Attempt	5 wks	Mon 7/9/18																								
410	Injunction	8 wks	Mon 8/13/18																								
411	Final Design	72 wks	Mon 7/9/18																								
425	Real Estate Acquisition	86 wks	Mon 4/15/19																								
437	Permitting & Approvals	89 wks	Mon 5/7/18																								
438	Antiquities: Texas Historical Commission (THC) Approval	33 wks	Mon 5/7/18																								

HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	2018				2019				2020				2021				2022				2023			
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
439	Permit Preparation & THC Review	6 wks	Mon 5/7/18			■																					
440	Cultural Resources Survey	3 wks	Mon 9/24/18				■																				
441	Reporting	4 wks	Mon 10/15/18				■																				
442	THC Review	6 wks	Mon 11/12/18				■																				
443	THC Concurrence	0 days	Fri 12/21/18							◆																	
444	Clean Water Act (USACE) & Endangered Species Act (USFWS) Permits	29 wks	Mon 9/10/18					┌───┐																			
450	Texas Water Development Board	56 wks	Mon 8/20/18					┌──────────┐																			
451	Environmental Assessment	44 wks	Mon 8/20/18					┌──────────┐																			
452	Prepare EA	8 wks	Mon 8/20/18			■																					
453	Agency Coordination	6 wks	Mon 2/18/19						■																		
454	Public Notification	4 wks	Mon 4/1/19							■																	
455	Prepare Final EA	4 wks	Mon 4/29/19							■																	
456	Submit to TWDB	0 wks	Fri 5/24/19																		◆						
457	TWDB Environmental Determination	4 wks	Mon 5/27/19																								
458	Engineering Feasibility Report	12 wks	Mon 6/24/19								┌───┐																
459	Prepare EFR	8 wks	Mon 6/24/19								■																
460	Submit to TWDB	0 wks	Fri 8/16/19																								

HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE



HCPUA - PHASE 1B
DESIGN AND CONSTRUCTION SCHEDULE

ID	Task Name	Duration	Start	2018				2019				2020				2021				2022				2023							
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
554	Submit to TWDB	0 wks	Mon 6/10/19																												
555	TWDB Environmental Determination	4 wks	Tue 6/11/19																												
556	Engineering Feasibility Report	12 wks	Mon 10/15/18																												
557	Prepare EFR	8 wks	Mon 10/15/18																												
558	Submit to TWDB	0 wks	Fri 12/7/18																												
559	TWDB Approval of EFR	4 wks	Mon 12/10/18																												
560	Misc. Permits/Approvals	16 wks	Mon 10/7/19																												
566	Advertise/Bid/Award	18 wks	Mon 5/18/20																												
571	Construction	152 wks	Mon 9/21/20																												

PROJECT BUDGET - HCPUA - 2017 SWIFT LOW INTEREST ISSUANCES							
Uses	TWDB Series 2017A CRWA	TWDB Series 2017B Kyle	TWDB Series 2017C San Marcos	TWDB Series 2017D Buda	Total TWDB Cost	Other Funds	Total Cost
Construction							
Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Fees							
Planning +	\$308,900	\$281,700	\$358,600	\$50,800	\$1,000,000	\$0	\$1,000,000
Design	\$4,380,579	\$3,994,850	\$5,085,385	\$720,406	\$14,181,220	\$0	\$14,181,220
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$4,689,479	\$4,276,550	\$5,443,985	\$771,206	\$15,181,220	\$0	\$15,181,220
Special Services							
Application	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$61,780	\$56,340	\$71,720	\$10,160	\$200,000	\$0	\$200,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$372,225	\$339,449	\$432,113	\$61,214	\$1,205,000	\$0	\$1,205,000
Geotechnical	\$273,377	\$249,305	\$317,361	\$44,958	\$885,000	\$0	\$885,000
Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$308,900	\$281,700	\$358,600	\$50,800	\$1,000,000	\$0	\$1,000,000
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$1,016,281	\$926,793	\$1,179,794	\$167,132	\$3,290,000	\$0	\$3,290,000
Other							
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$2,636,585	\$2,404,422	\$3,060,794	\$433,598	\$8,535,400	\$0	\$8,535,400
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$2,636,585	\$2,404,422	\$3,060,794	\$433,598	\$8,535,400	\$0	\$8,535,400
Fiscal Services							
Financial Advisor	\$189,974	\$173,246	\$220,539	\$31,242	\$615,000	\$0	\$615,000
Bond Counsel	\$154,450	\$140,850	\$179,300	\$25,400	\$500,000	\$0	\$500,000
Issuance Cost	\$9,885	\$9,014	\$11,475	\$1,626	\$32,000	\$0	\$32,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$354,308	\$323,110	\$411,314	\$58,268	\$1,147,000	\$0	\$1,147,000
Contingency							
Contingency	\$1,168,347	\$1,064,125	\$1,354,112	\$194,796	\$3,781,380	\$0	\$3,781,380
Subtotal Contingency	\$1,168,347	\$1,064,125	\$1,354,112	\$194,796	\$3,781,380	\$0	\$3,781,380
TOTAL COSTS	\$9,865,000	\$8,995,000	\$11,450,000	\$1,625,000	\$31,935,000	\$0	\$31,935,000

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A							0
Category B							0
Category C							0
Category D							0
Total Planning Costs					0	0	0

PROJECT BUDGET - HCPUA - 2019 SWIFT LOW INTEREST ISSUANCES							
Uses	TWDB Series 2019A CRWA	TWDB Series 2019B Kyle	TWDB Series 2019C San Marcos	TWDB Series 2019D Buda	Total TWDB Cost	Other Funds	Total Cost
Construction							
Construction	\$12,659,958	\$11,545,193	\$14,696,862	\$2,081,987	\$40,984,000	\$0	\$40,984,000
Subtotal Construction	\$12,659,958	\$11,545,193	\$14,696,862	\$2,081,987	\$40,984,000	\$0	\$40,984,000
Basic Engineering Fees							
Planning + Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Services							
Application	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$30,890	\$28,170	\$35,860	\$5,080	\$100,000	\$0	\$100,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$412,382	\$376,070	\$478,731	\$67,818	\$1,335,000	\$0	\$1,335,000
Permits	\$41,702	\$38,030	\$48,411	\$6,858	\$135,000	\$0	\$135,000
Inspection	\$834,030	\$760,590	\$968,220	\$137,160	\$2,700,000	\$0	\$2,700,000
O&M Manual	\$16,990	\$15,494	\$19,723	\$2,794	\$55,000	\$0	\$55,000
Project Management (by engineer)	\$262,565	\$239,445	\$304,810	\$43,180	\$850,000	\$0	\$850,000
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$1,598,558	\$1,457,798	\$1,855,755	\$262,890	\$5,175,000	\$0	\$5,175,000
Other							
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services							
Financial Advisor	\$308,900	\$281,700	\$358,600	\$50,800	\$1,000,000	\$0	\$1,000,000
Bond Counsel	\$256,387	\$233,811	\$297,638	\$42,164	\$830,000	\$0	\$830,000
Issuance Cost	\$16,372	\$14,930	\$19,006	\$2,692	\$53,000	\$0	\$53,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$581,659	\$530,441	\$675,244	\$95,656	\$1,883,000	\$0	\$1,883,000
Contingency							
Contingency	\$1,649,826	\$1,506,569	\$1,917,139	\$274,466	\$5,348,000	\$0	\$5,348,000
Subtotal Contingency	\$1,649,826	\$1,506,569	\$1,917,139	\$274,466	\$5,348,000	\$0	\$5,348,000
TOTAL COSTS	\$16,490,000	\$15,040,000	\$19,145,000	\$2,715,000	\$53,390,000	\$0	\$53,390,000

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A							0
Category B							0
Category C							0
Category D							0
Total Planning Costs					0	0	0

PROJECT BUDGET - HCPUA - 2019 SWIFT BOARD PARTICIPATION ISSUANCES							
Uses	TWDB Series 2019AA CRWA	TWDB Series 2019BB Kyle	TWDB Series 2019CC San Marcos	TWDB Series 2019DD Buda	Total TWDB Cost	Other Funds	Total Cost
Construction							
Construction	\$9,682,603	\$8,834,073	\$11,240,100	\$1,596,224	\$31,353,000	\$0	\$31,353,000
Subtotal Construction	\$9,682,603	\$8,834,073	\$11,240,100	\$1,596,224	\$31,353,000	\$0	\$31,353,000
Basic Engineering Fees							
Planning + Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Services							
Application	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other							
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services							
Financial Advisor	\$191,518	\$174,654	\$222,332	\$31,496	\$620,000	\$0	\$620,000
Bond Counsel	\$155,995	\$142,259	\$181,093	\$25,654	\$505,000	\$0	\$505,000
Issuance Cost	\$9,885	\$9,014	\$11,475	\$1,626	\$32,000	\$0	\$32,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$357,397	\$325,927	\$414,900	\$58,776	\$1,157,000	\$0	\$1,157,000
Contingency							
Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COSTS	\$10,040,000	\$9,160,000	\$11,655,000	\$1,655,000	\$32,510,000	\$0	\$32,510,000

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A							0
Category B							0
Category C							0
Category D							0
Total Planning Costs					0	0	0

PROJECT BUDGET - HCPUA - 2019 SWIFT LOW INTEREST ISSUANCES							
Uses	TWDB Series 2021A CRWA	TWDB Series 2021B Kyle	TWDB Series 2021C San Marcos	TWDB Series 2021D Buda	Total TWDB Cost	Other Funds	Total Cost
Construction							
Construction	\$14,005,870	\$12,772,591	\$16,529,322	\$2,303,328	\$45,611,111	\$0	\$45,611,111
Subtotal Construction	\$14,005,870	\$12,772,591	\$16,529,322	\$2,303,328	\$45,611,111	\$0	\$45,611,111
Basic Engineering Fees							
Planning + Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Services							
Application	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$30,890	\$28,170	\$35,860	\$5,080	\$100,000	\$0	\$100,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$463,350	\$422,550	\$537,900	\$76,200	\$1,500,000	\$0	\$1,500,000
Permits	\$46,335	\$42,255	\$53,790	\$7,620	\$150,000	\$0	\$150,000
Inspection	\$926,700	\$845,100	\$1,075,800	\$152,400	\$3,000,000	\$0	\$3,000,000
O&M Manual	\$18,534	\$16,902	\$21,516	\$3,048	\$60,000	\$0	\$60,000
Project Management (by engineer)	\$273,377	\$349,305	\$317,361	\$44,958	\$985,001	\$0	\$985,001
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$1,759,186	\$1,704,282	\$2,042,227	\$289,306	\$5,795,001	\$0	\$5,795,001
Other							
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services							
Financial Advisor	\$349,057	\$318,321	\$405,218	\$57,404	\$1,130,000	\$0	\$1,130,000
Bond Counsel	\$284,188	\$259,164	\$329,912	\$46,736	\$920,000	\$0	\$920,000
Issuance Cost	\$18,534	\$16,902	\$21,516	\$3,048	\$60,000	\$0	\$60,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$651,779	\$594,387	\$756,646	\$107,188	\$2,110,000	\$0	\$2,110,000
Contingency							
Contingency	\$1,828,165	\$1,568,740	\$1,851,805	\$305,178	\$5,553,888	\$0	\$5,553,888
Subtotal Contingency	\$1,828,165	\$1,568,740	\$1,851,805	\$305,178	\$5,553,888	\$0	\$5,553,888
TOTAL COSTS	\$18,245,000	\$16,640,000	\$21,180,000	\$3,005,000	\$59,070,000	\$0	\$59,070,000

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

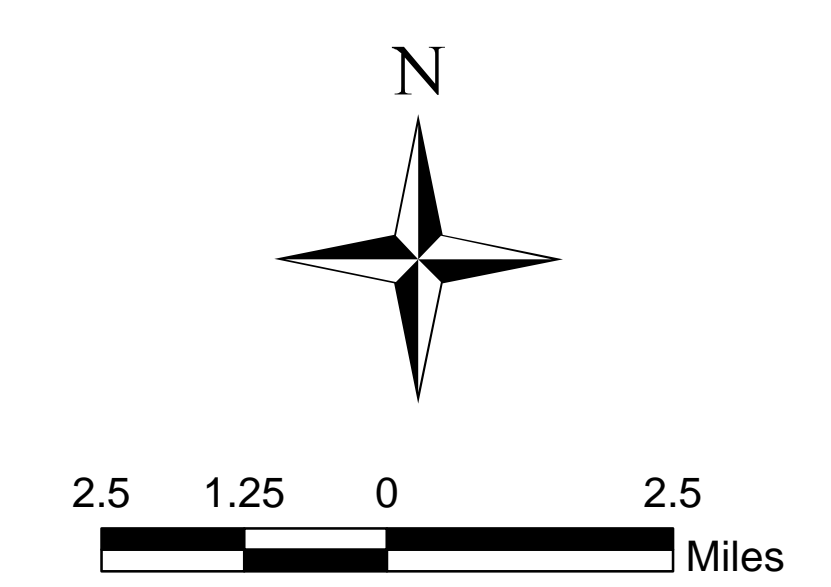
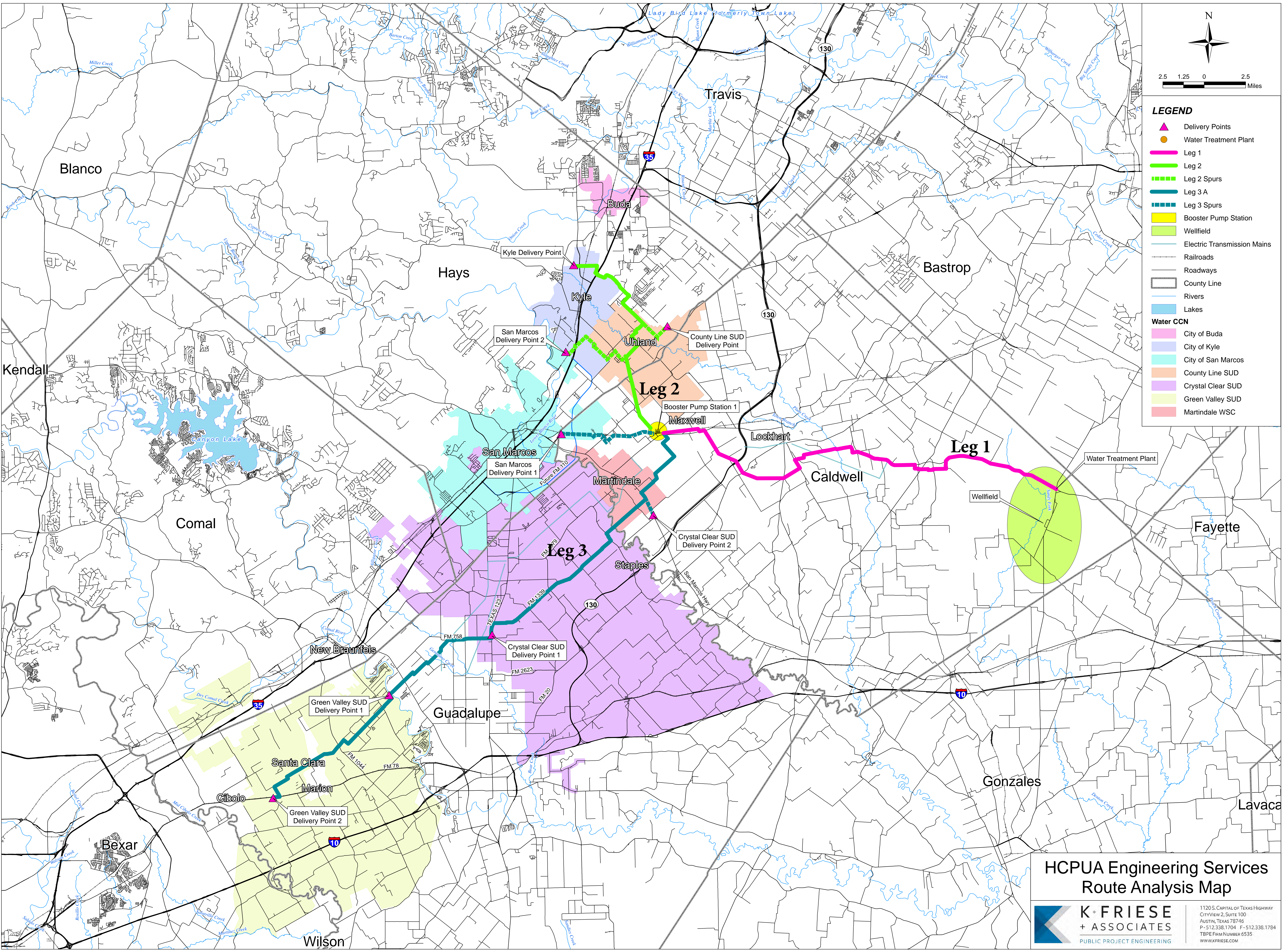
Category A							0
Category B							0
Category C							0
Category D							0
Total Planning Costs					0	0	0

PROJECT BUDGET - HCPUA - 2019 SWIFT BOARD PARTICIPATION ISSUANCES							
Uses	TWDB Series 2021AA CRWA	TWDB Series 2021BB Kyle	TWDB Series 2021CC San Marcos	TWDB Series 2021DD Buda	Total TWDB Cost	Other Funds	Total Cost
Construction							
Construction	\$9,686,577	\$8,837,100	\$11,241,668	\$1,598,655	\$31,364,000	\$0	\$31,364,000
Subtotal Construction	\$9,686,577	\$8,837,100	\$11,241,668	\$1,598,655	\$31,364,000	\$0	\$31,364,000
Basic Engineering Fees							
Planning + Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Services							
Application	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other							
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services							
Financial Advisor	\$216,230	\$197,190	\$251,020	\$35,560	\$700,000	\$0	\$700,000
Bond Counsel	\$176,073	\$160,569	\$204,402	\$28,956	\$570,000	\$0	\$570,000
Issuance Cost	\$11,120	\$10,141	\$12,910	\$1,829	\$36,000	\$0	\$36,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$403,423	\$367,900	\$468,332	\$66,345	\$1,306,000	\$0	\$1,306,000
Contingency							
Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COSTS	\$10,090,000	\$9,205,000	\$11,710,000	\$1,665,000	\$32,670,000	\$0	\$32,670,000

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A							0
Category B							0
Category C							0
Category D							0
Total Planning Costs					0	0	0



- LEGEND**
- ▲ Delivery Points
 - Water Treatment Plant
 - Leg 1
 - Leg 2
 - Leg 2 Spurs
 - Leg 3 A
 - Leg 3 Spurs
 - Booster Pump Station
 - Wellfield
 - Electric Transmission Mains
 - Railroads
 - Roadways
 - ▭ County Line
 - Rivers
 - Lakes
- Water CCN**
- City of Buda
 - City of Kyle
 - City of San Marcos
 - County Line SUD
 - Crystal Clear SUD
 - Green Valley SUD
 - Martindale WSC

HCPUA Engineering Services
Route Analysis Map



1120 S. CAPITAL OF TEXAS HIGHWAY
CITYVIEW 2, SUITE 100
AUSTIN, TEXAS 78746
P-512.338.1704 F-512.338.1784
TBPE FIRM NUMBER 6535
WWW.KFRIESE.COM



LEGEND

- ALIGNMENT
- - - COUNTY LINE
- - - PROPERTY LINE
- ||||| RAILROAD
- ~~~~~ RIVER
- ||||| FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE



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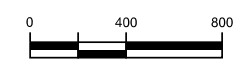
HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS
LEG 1
RECOMMENDED ROUTE

K FRIESE + ASSOCIATES
PUBLIC PROJECT ENGINEERING
(FIRM # 6535)



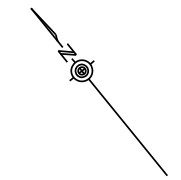
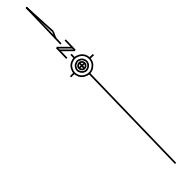
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AERIAL YEAR: 2015	
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DATE	4/21/2017
SHEET NUMBER	2 OF 10

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LEGEND

- - - - - ALIGNMENT
- - - - - COUNTY LINE
- - - - - PROPERTY LINE
- ==== RAILROAD
- ~~~~ RIVER
- ▨ FLOODPLAIN
- E - - - EXISTING ELEC TRANS MAIN
- G - - - EXISTING GAS LINE
- - - - - EXISTING CRUDE OIL LINE



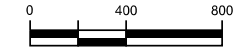
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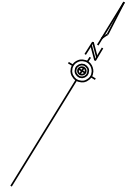
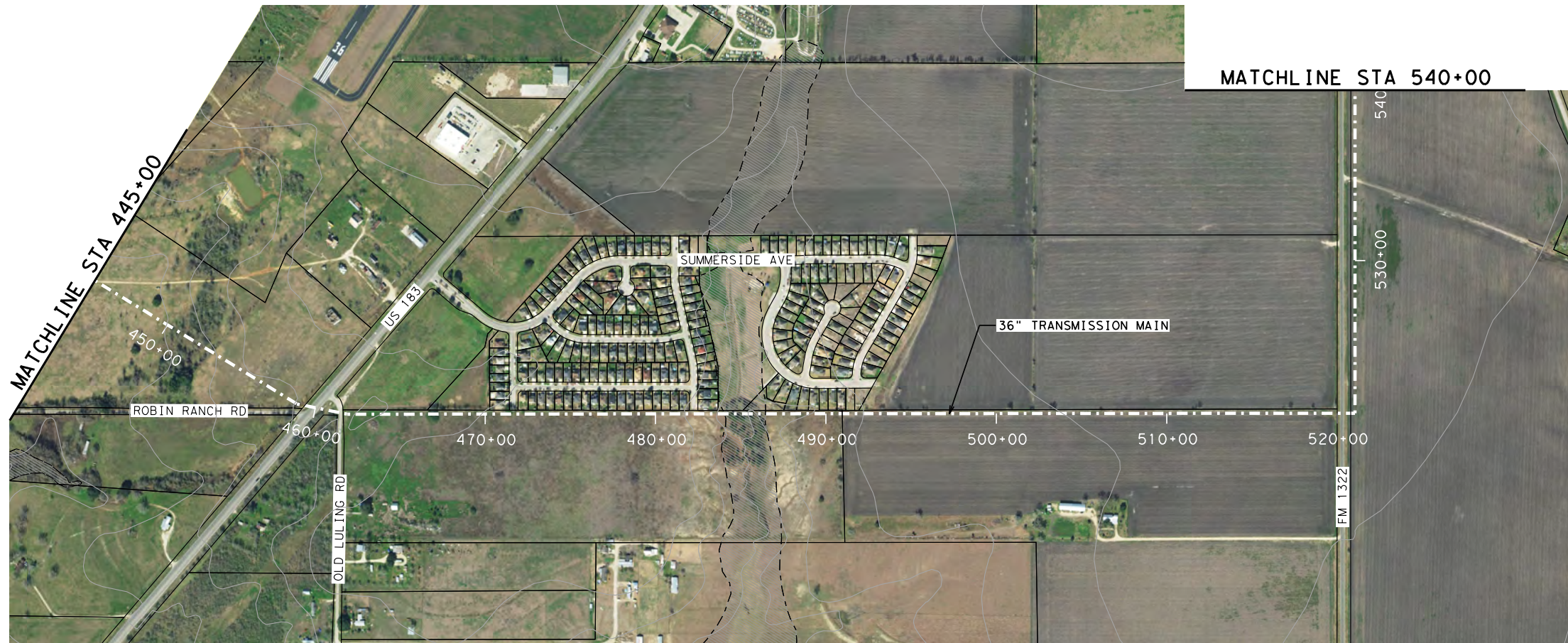
K FRIESE & ASSOCIATES, INC. 1120 S. CAPITAL OF TEXAS HIGHWAY, CITYVIEW II, SUITE 100, AUSTIN, TEXAS 78746	
HAYS CALDWELL PUBLIC UTILITY AGENCY PHASE 1B ROUTE ANALYSIS	
LEG 1	RECOMMENDED ROUTE

K FRIESE + ASSOCIATES PUBLIC PROJECT ENGINEERING (FIRM # 6535)	
HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	3 OF 10

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- LEGEND**
- ALIGNMENT
 - - - COUNTY LINE
 - PROPERTY LINE
 - |||| RAILROAD
 - ~~~~ RIVER
 - ▨ FLOODPLAIN
 - E - EXISTING ELEC TRANS MAIN
 - G - EXISTING GAS LINE
 - - - EXISTING CRUDE OIL LINE



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HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

LEG 1
RECOMMENDED ROUTE



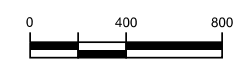
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AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	4 OF 10



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LEGEND

- - - ALIGNMENT
- - - COUNTY LINE
- - - PROPERTY LINE
- |||| RAILROAD
- ~~~~ RIVER
- ||||| FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE



K FRIESE & ASSOCIATES, INC. 1120 S. CAPITAL OF TEXAS HIGHWAY, CITYVIEW II, SUITE 100, AUSTIN, TEXAS 78746 HAYS CALDWELL PUBLIC UTILITY AGENCY PHASE 1B ROUTE ANALYSIS LEG 1 RECOMMENDED ROUTE	THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INTERNAL REVIEW UNDER THE AUTHORITY OF THOMAS M. LOWEN, P.E. 8464 4/21/2017 THIS DOCUMENT IS NOT INTENDED FOR BIDDING, PERMITTING AND/OR CONSTRUCTION PURPOSES																				
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	REV. NO.	BY	DATE	REVISION DESCRIPTION																	
 PUBLIC PROJECT ENGINEERING (FIRM # 6535)																					
 HCPUA AERIAL YEAR: 2015																					
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SCALE	1" = 800'																				
DATE	4/21/2017																				
SHEET NUMBER	5 OF 10																				

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LEGEND

- ALIGNMENT
- - - COUNTY LINE
- PROPERTY LINE
- |||| RAILROAD
- ~~~~ RIVER
- ▨ FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE

REVISION NO.	DATE	REVISION DESCRIPTION

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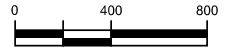
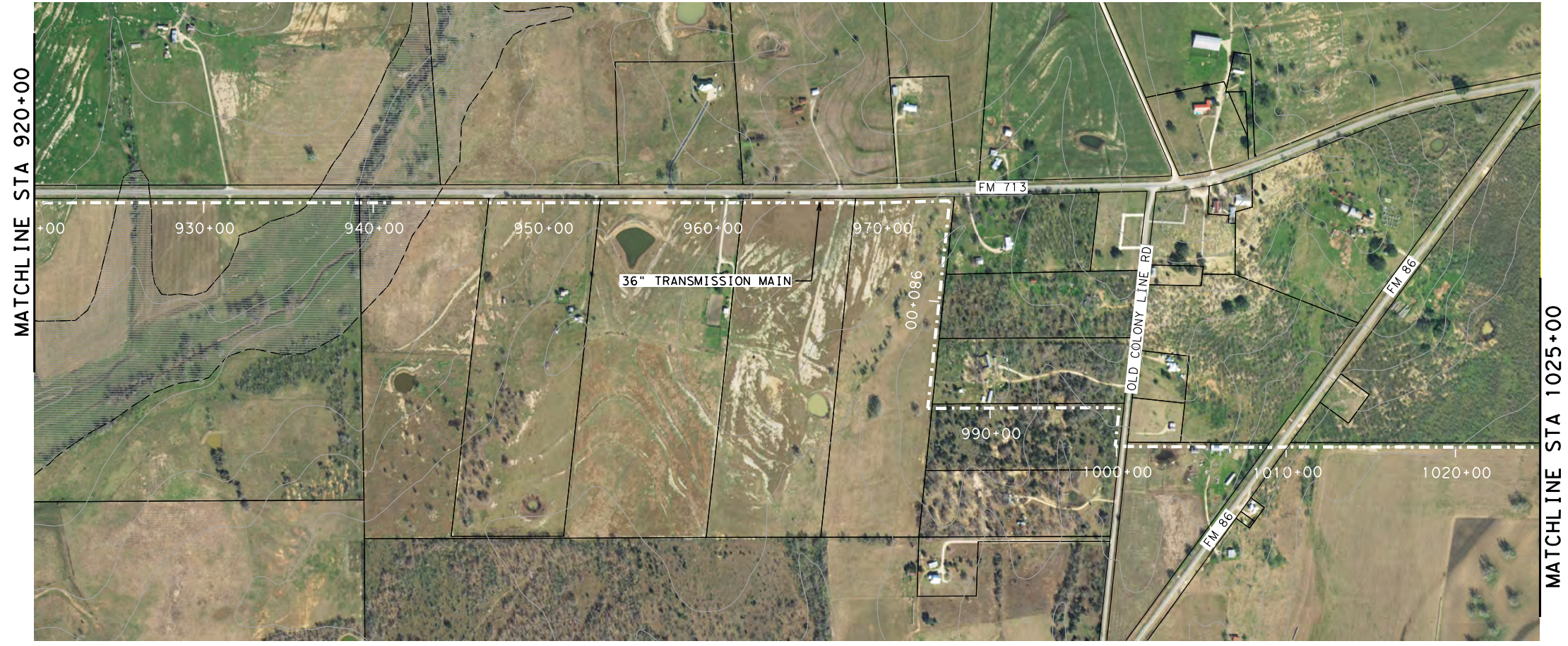
HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS

LEG 1
 RECOMMENDED ROUTE

K FRIESE + ASSOCIATES
 PUBLIC PROJECT ENGINEERING
 (FIRM # 6535)





HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	6 OF 10



LEGEND

- - - - - ALIGNMENT
- - - - - COUNTY LINE
- - - - - PROPERTY LINE
- ||||| RAILROAD
- ===== RIVER
- ▨ FLOODPLAIN
- E - - - - - EXISTING ELEC TRANS MAIN
- G - - - - - EXISTING GAS LINE
- - - - - EXISTING CRUDE OIL LINE

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 PUBLIC PROJECT ENGINEERING (FIRM # 6535)		
		
HCPUA		
AERIAL YEAR: 2015		
SCALE	1" = 800'	
DATE	4/21/2017	
SHEET NUMBER	7 OF 10	

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LEGEND

- ALIGNMENT
- - - COUNTY LINE
- PROPERTY LINE
- ==== RAILROAD
- ~~~~ RIVER
- ▨ FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE



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HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS

LEG 1
 RECOMMENDED ROUTE



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	8 OF 10

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LEGEND

- - - ALIGNMENT
- - - COUNTY LINE
- - - PROPERTY LINE
- ||||| RAILROAD
- RIVER
- FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE

REVISION NO.	BY	DATE	REVISION DESCRIPTION

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HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS

LEG 1
 RECOMMENDED ROUTE

K FRIESE + ASSOCIATES
 PUBLIC PROJECT ENGINEERING
 (FIRM # 6535)



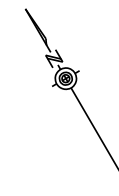
HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	9 OF 10

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LEGEND

- ALIGNMENT
- - - COUNTY LINE
- - - PROPERTY LINE
- ||||| RAILROAD
- RIVER
- FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE



REVISION NO.	BY	DATE	REVISION DESCRIPTION

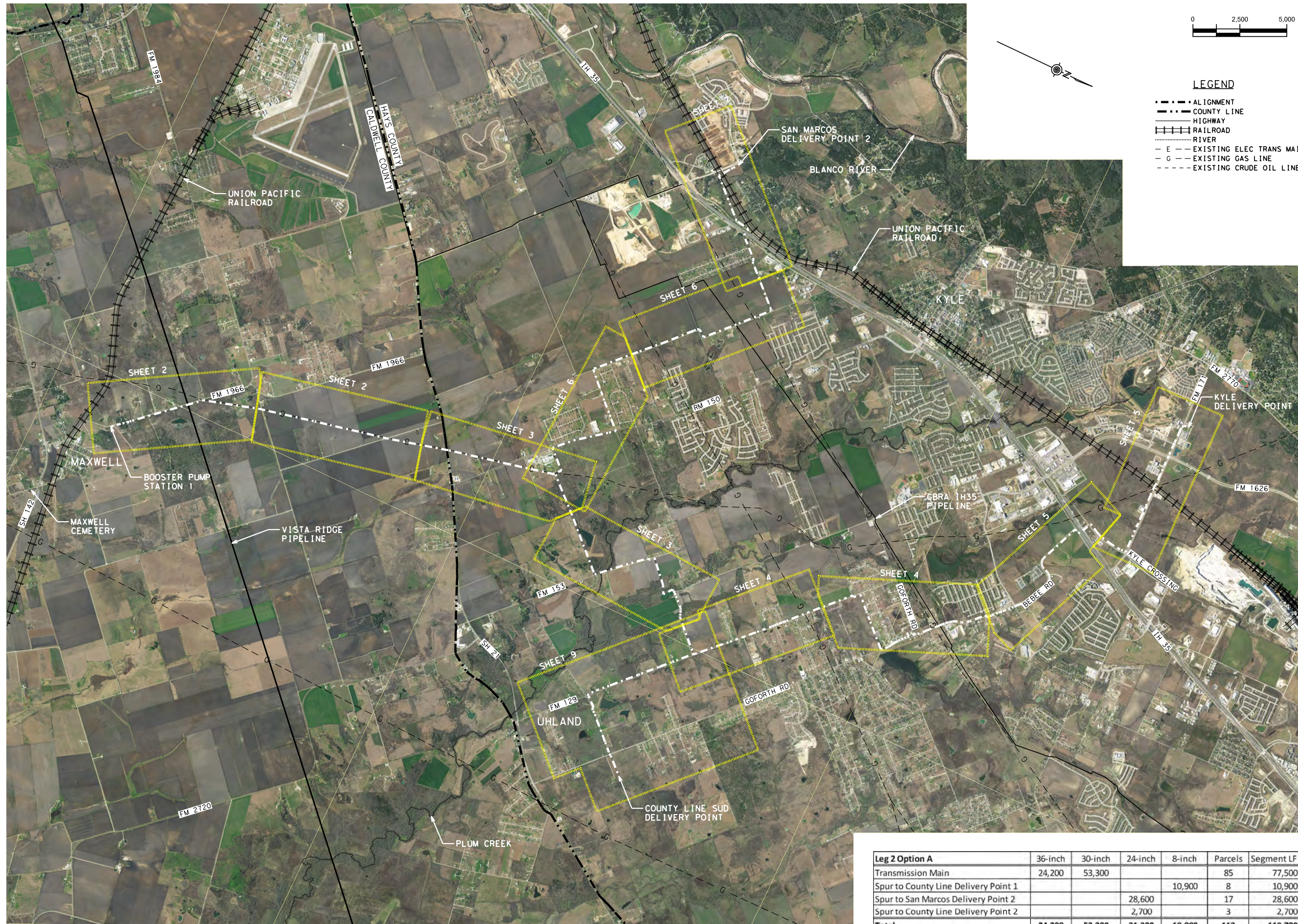
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HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS
 LEG 1
 RECOMMENDED ROUTE



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	10 OF 10

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Leg 2 Option A	36-inch	30-inch	24-inch	8-inch	Parcels	Segment LF
Transmission Main	24,200	53,300			85	77,500
Spur to County Line Delivery Point 1				10,900	8	10,900
Spur to San Marcos Delivery Point 2			28,600		17	28,600
Spur to County Line Delivery Point 2			2,700		3	2,700
Total	24,200	53,300	31,300	10,900	113	119,700

REV. NO.	BY	DATE	REVISION DESCRIPTION

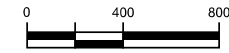
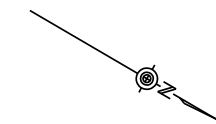
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HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS
 PROJECT LAYOUT
 LEG 2 - RECOMMENDED ROUTE



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 5,000'
DATE	4/21/2017
SHEET NUMBER	1 OF 8

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LEGEND

- ALIGNMENT
- - - COUNTY LINE
- PROPERTY LINE
- ||||| RAILROAD
- RIVER
- FLOODPLAIN
- E - - EXISTING ELEC TRANS MAIN
- G - - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE
- EXISTING KYLE WL

REV. NO.	BY	DATE	REVISION DESCRIPTION

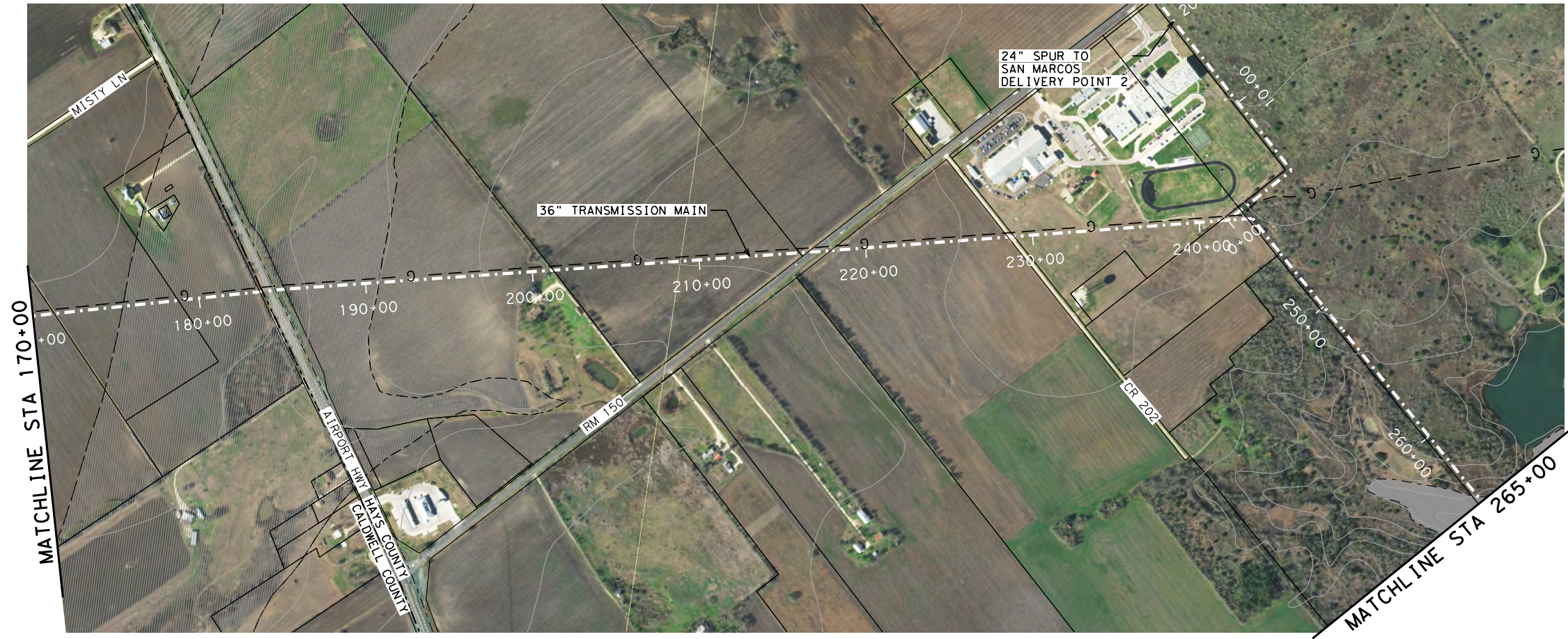
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HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS
 LEG 2
 RECOMMENDED ROUTE



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	2 OF 8

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LEGEND

- ALIGNMENT
- - - COUNTY LINE
- - - PROPERTY LINE
- |||| RAILROAD
- ~~~~ RIVER
- ▨ FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE
- EXISTING KYLE WL

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HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

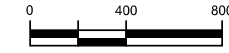
LEG 2
RECOMMENDED ROUTE

K FRIESE + ASSOCIATES
PUBLIC PROJECT ENGINEERING
(FIRM # 6535)

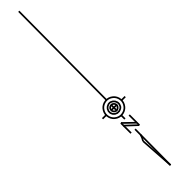


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AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	3 OF 8

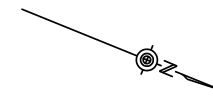
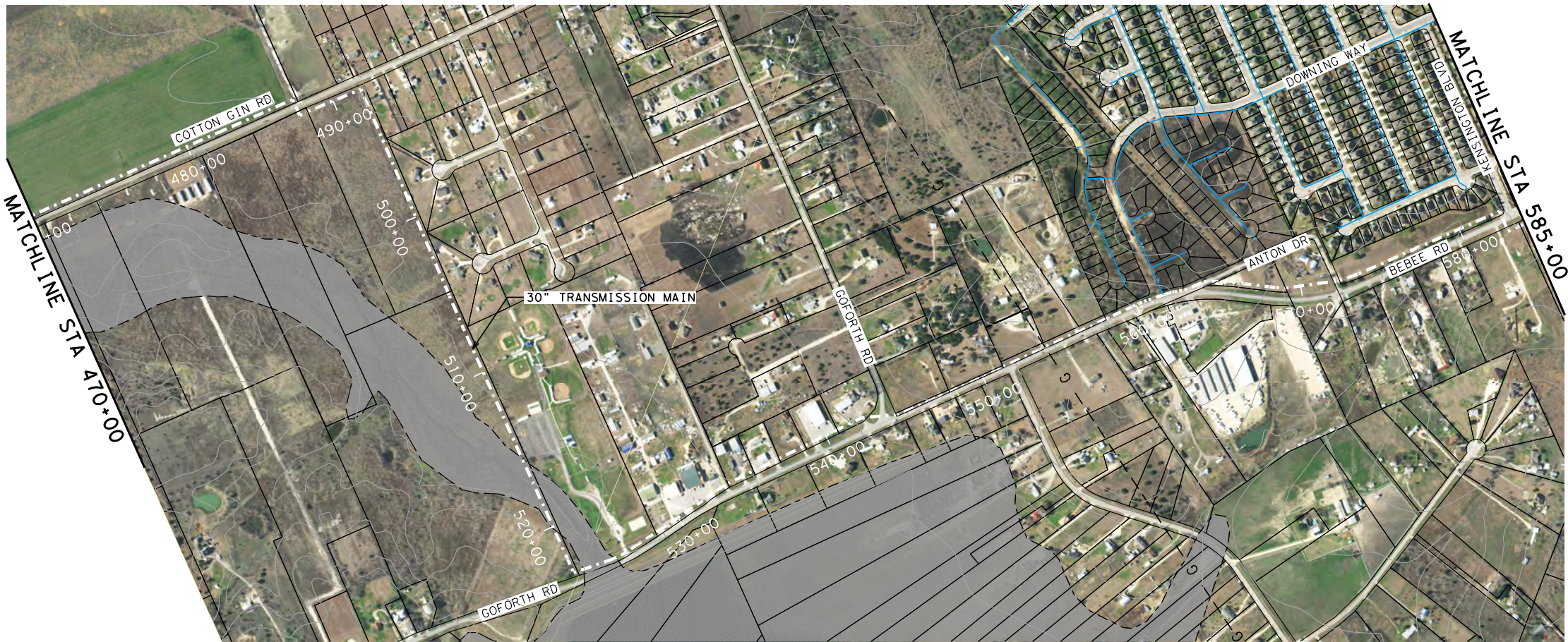
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- LEGEND**
- ALIGNMENT
 - - - COUNTY LINE
 - PROPERTY LINE
 - ==== RAILROAD
 - ~~~~ RIVER
 - FLOODPLAIN
 - E - EXISTING ELEC TRANS MAIN
 - G - EXISTING GAS LINE
 - - - EXISTING CRUDE OIL LINE
 - EXISTING KYLE WL



MATCHLINE STA 470+00



MATCHLINE STA 585+00

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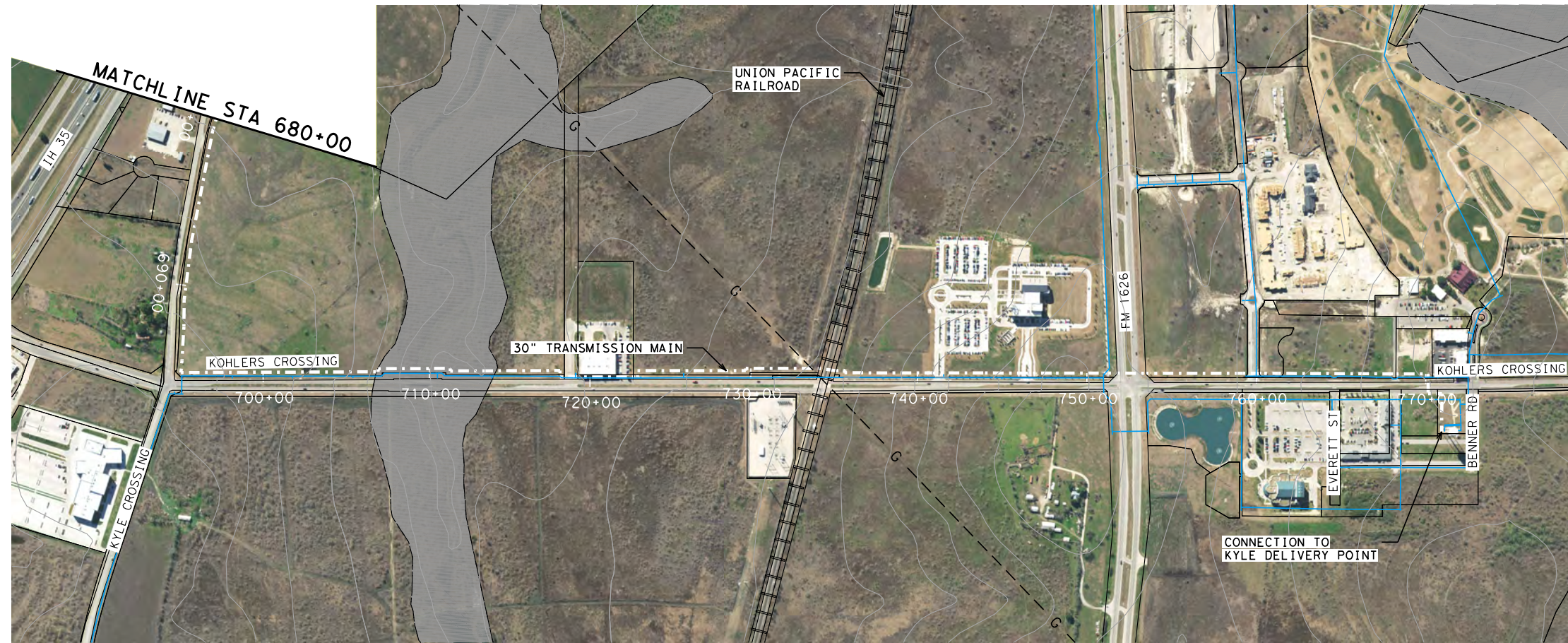
HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

LEG 2
RECOMMENDED ROUTE



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	4 OF 8

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LEGEND

- ALIGNMENT
- COUNTY LINE
- PROPERTY LINE
- RAILROAD
- RIVER
- FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE
- EXISTING KYLE WL

REV. NO.	BY	DATE	REVISION DESCRIPTION

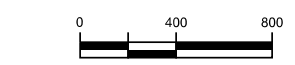
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HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS
 LEG 2
 RECOMMENDED ROUTE



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	5 OF 8

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- LEGEND**
- ALIGNMENT
 - - - COUNTY LINE
 - - - PROPERTY LINE
 - ==== RAILROAD
 - ~~~~ RIVER
 - FLOODPLAIN
 - E - EXISTING ELEC TRANS MAIN
 - G - EXISTING GAS LINE
 - - - EXISTING CRUDE OIL LINE
 - EXISTING KYLE WL



REVISION NO.	BY	DATE	REVISION DESCRIPTION

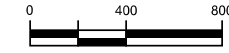
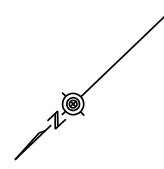
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---	--

HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	6 OF 8

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MATCHLINE STA 210+00



LEGEND

- ALIGNMENT
- - - COUNTY LINE
- PROPERTY LINE
- |||| RAILROAD
- RIVER
- ▨ FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE
- EXISTING KYLE WL

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HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS
 LEG 2 - SPUR 1
 TO SAN MARCOS DELIVERY POINT 2



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	7 OF 8

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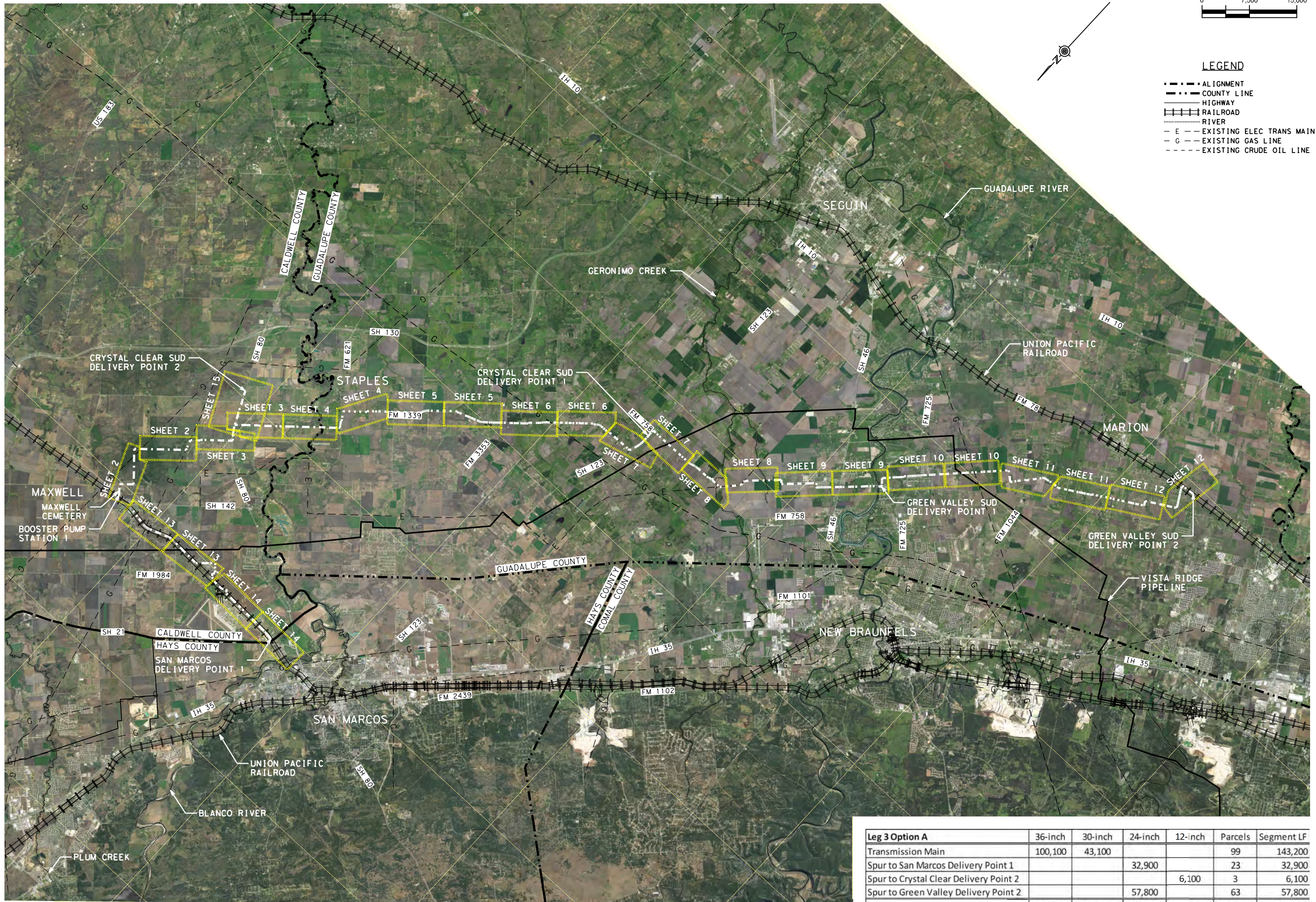
HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS

LEG 2 - SPUR 2
 TO COUNTY LINE SUD DELIVERY POINT



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	8 OF 8

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0 7,500 15,000

LEGEND

- ALIGNMENT
- COUNTY LINE
- HIGHWAY
- RAILROAD
- RIVER
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE

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HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

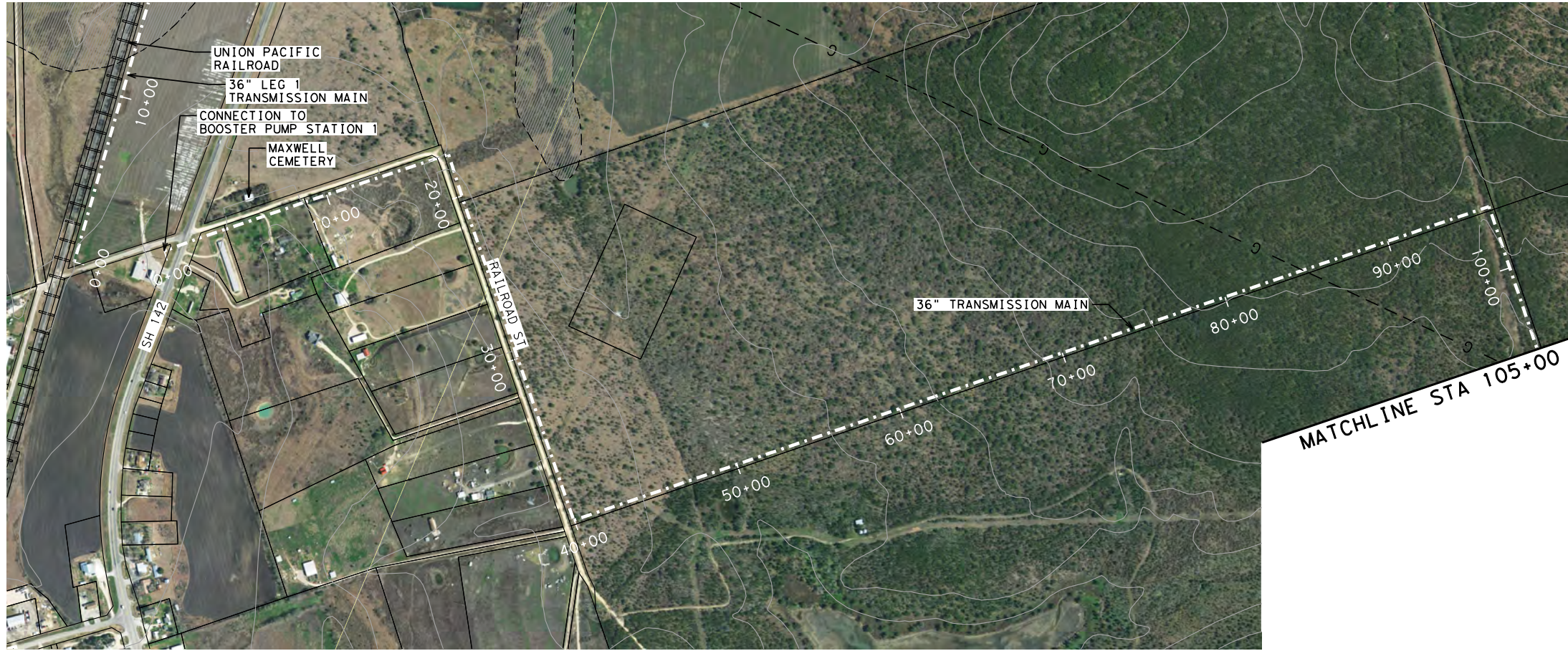
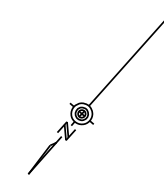
PROJECT LAYOUT
LEG 3 - RECOMMENDED ROUTE

K FRIESE + ASSOCIATES
PUBLIC PROJECT ENGINEERING
(FIRM # 6535)



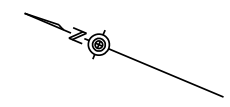
HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 15,000'
DATE	4/21/2017
SHEET NUMBER	1 OF 15

Leg 3 Option A	36-inch	30-inch	24-inch	12-inch	Parcels	Segment LF
Transmission Main	100,100	43,100			99	143,200
Spur to San Marcos Delivery Point 1			32,900		23	32,900
Spur to Crystal Clear Delivery Point 2				6,100	3	6,100
Spur to Green Valley Delivery Point 2			57,800		63	57,800
Total	100,100	43,100	90,700	6,100	188	240,000



LEGEND

- - - ALIGNMENT
- - - COUNTY LINE
- - - PROPERTY LINE
- ==== RAILROAD
- RIVER
- ▨ FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE



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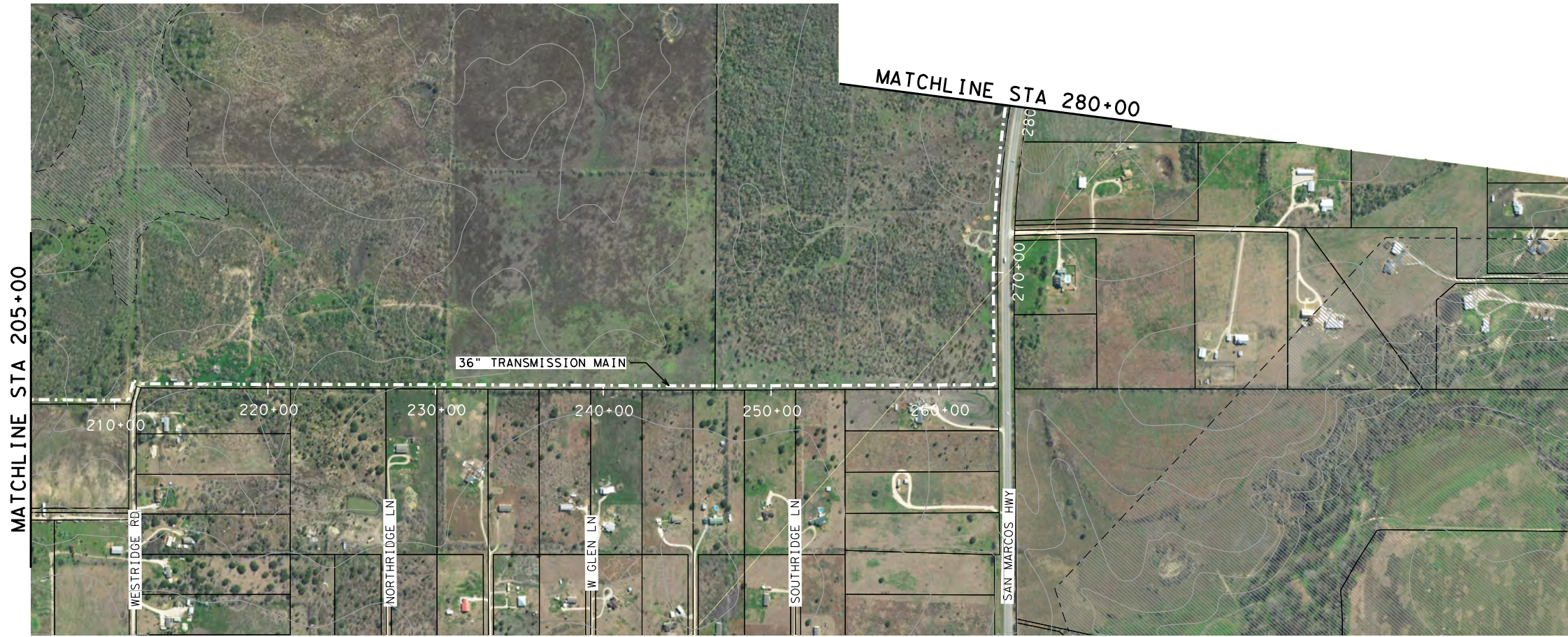
HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

LEG 3
RECOMMENDED ROUTE



HCPUA	
AERIAL YEAR : 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	2 OF 15

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HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

LEG 3
RECOMMENDED ROUTE

K FRIESE + ASSOCIATES
PUBLIC PROJECT ENGINEERING
(FIRM # 6535)



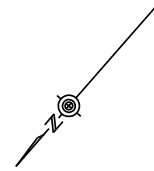
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AERIAL YEAR : 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	3 OF 15

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MATCHLINE STA 645+00



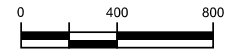
MATCHLINE STA 740+00



MATCHLINE STA 555+00



MATCHLINE STA 645+00



LEGEND

- ALIGNMENT
- COUNTY LINE
- PROPERTY LINE
- RAILROAD
- RIVER
- FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- C - EXISTING CRUDE OIL LINE

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HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

LEG 3
RECOMMENDED ROUTE



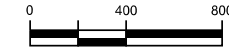
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AERIAL YEAR: 2015

SCALE	1" = 800'
DATE	4/21/2017

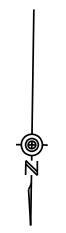
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LEGEND

- ALIGNMENT
- - - COUNTY LINE
- PROPERTY LINE
- |||| RAILROAD
- |||| RIVER
- FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE



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HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

LEG 3
RECOMMENDED ROUTE



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	7 OF 15

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HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS
 LEG 3
 RECOMMENDED ROUTE

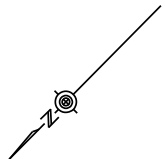
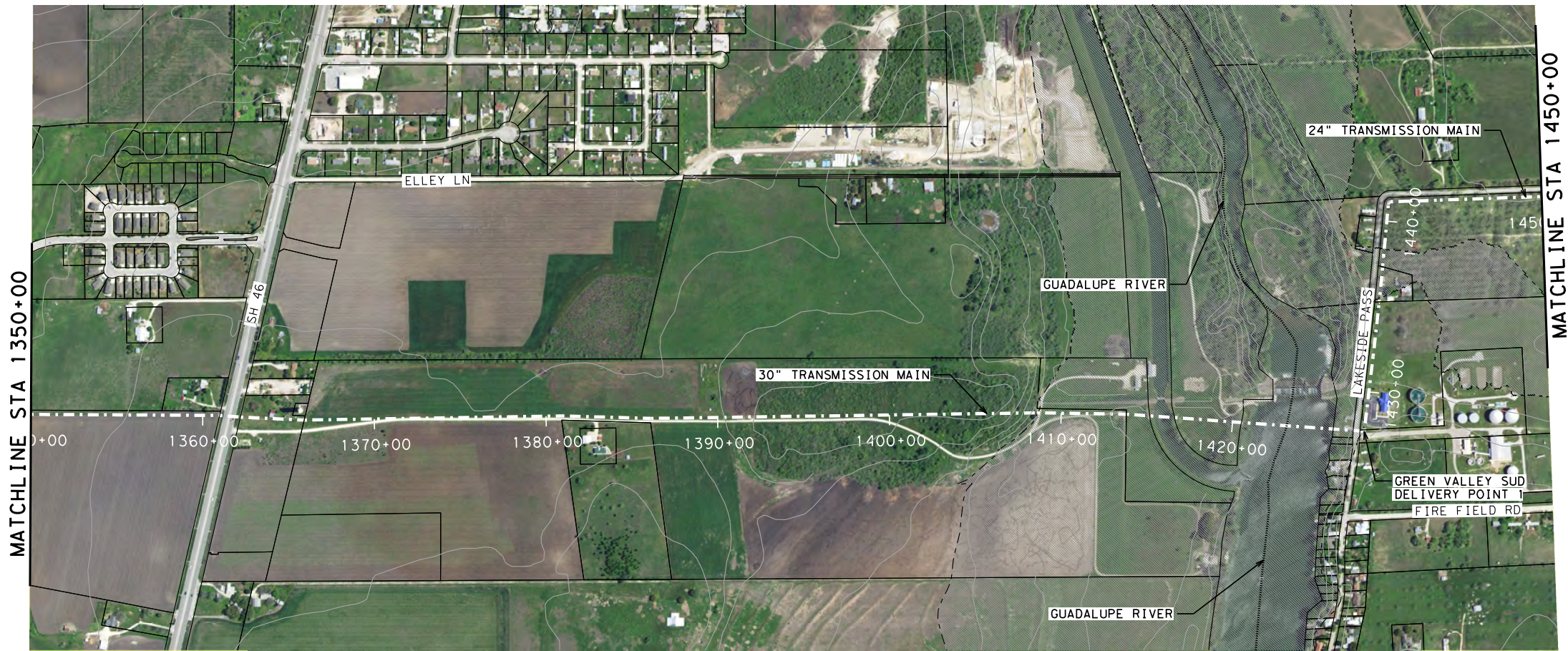
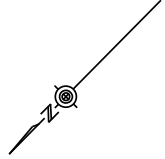


HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	8 OF 15

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- LEGEND**
- - - - - ALIGNMENT
 - - - - - COUNTY LINE
 - - - - - PROPERTY LINE
 - - - - - RAILROAD
 - - - - - RIVER
 - - - - - FLOODPLAIN
 - E - - - EXISTING ELEC TRANS MAIN
 - G - - - EXISTING GAS LINE
 - - - - - EXISTING CRUDE OIL LINE



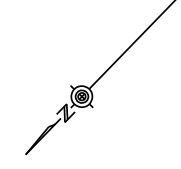
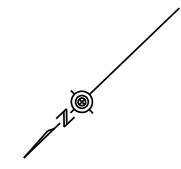
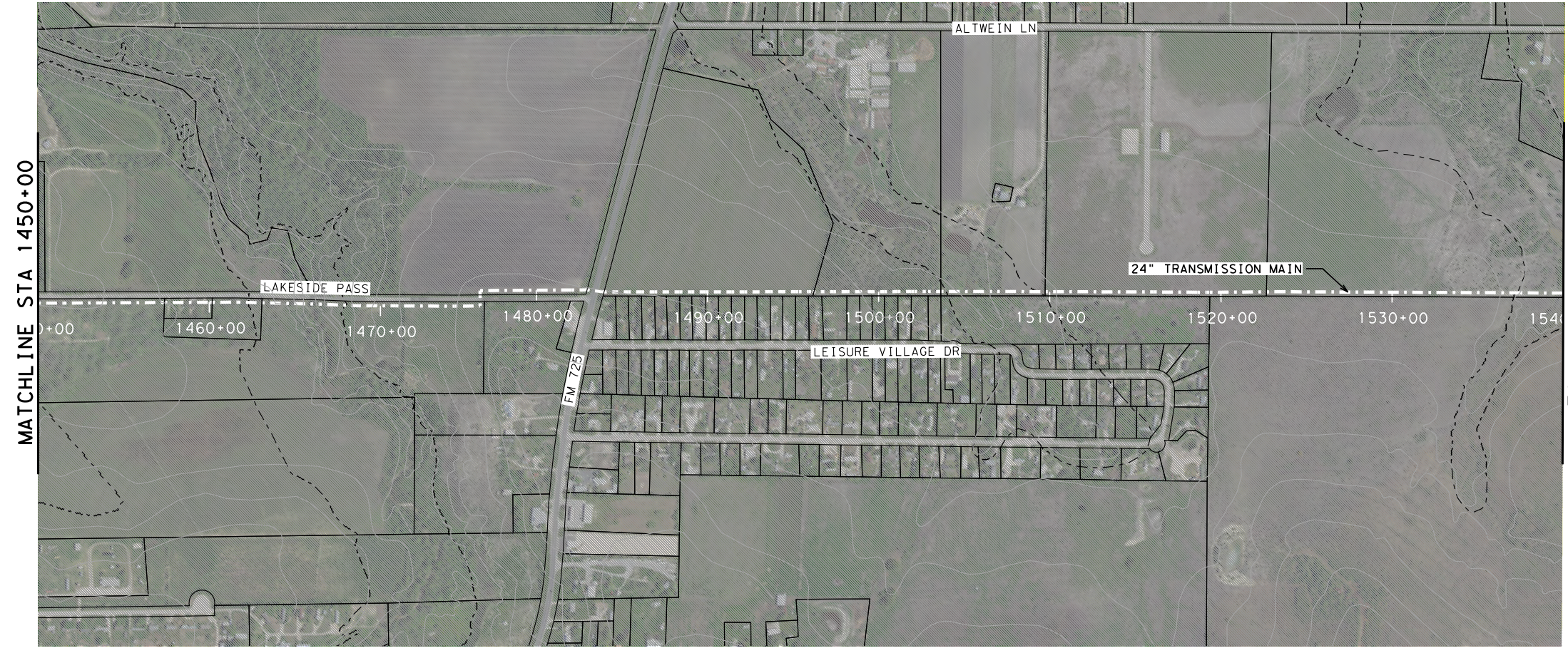
REV. NO.	BY	DATE	REVISION DESCRIPTION

THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INTERNAL REVIEW UNDER THE AUTHORITY OF THOMAS M. LOWENS, P.E. 8464 4/21/2017

THIS DOCUMENT IS NOT INTENDED FOR BIDDING, PERMITTING AND/OR CONSTRUCTION PURPOSES

K FRIESE & ASSOCIATES, INC. 1120 S. CAPITAL OF TEXAS HIGHWAY, CITYVIEW II, SUITE 100, AUSTIN, TEXAS 78746	HAYS CALDWELL PUBLIC UTILITY AGENCY PHASE 1B ROUTE ANALYSIS LEG 3 RECOMMENDED ROUTE
 <small>PUBLIC PROJECT ENGINEERING (FIRM # 6535)</small>	
 HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	9 OF 15

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- LEGEND**
- - - ALIGNMENT
 - - - COUNTY LINE
 - - - PROPERTY LINE
 - ||||| RAILROAD
 - ~~~~~ RIVER
 - ||||| FLOODPLAIN
 - E - - EXISTING ELEC TRANS MAIN
 - G - - EXISTING GAS LINE
 - - - EXISTING CRUDE OIL LINE

REVISION NO.	BY	DATE	REVISION DESCRIPTION

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4/21/2017
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K FRIESE & ASSOCIATES, INC.
1120 S. CAPITAL OF TEXAS HIGHWAY, CITYVIEW II, SUITE 100, AUSTIN, TEXAS 78746

HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

LEG 3
RECOMMENDED ROUTE

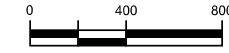
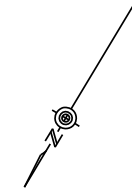
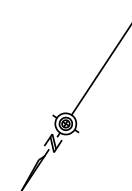
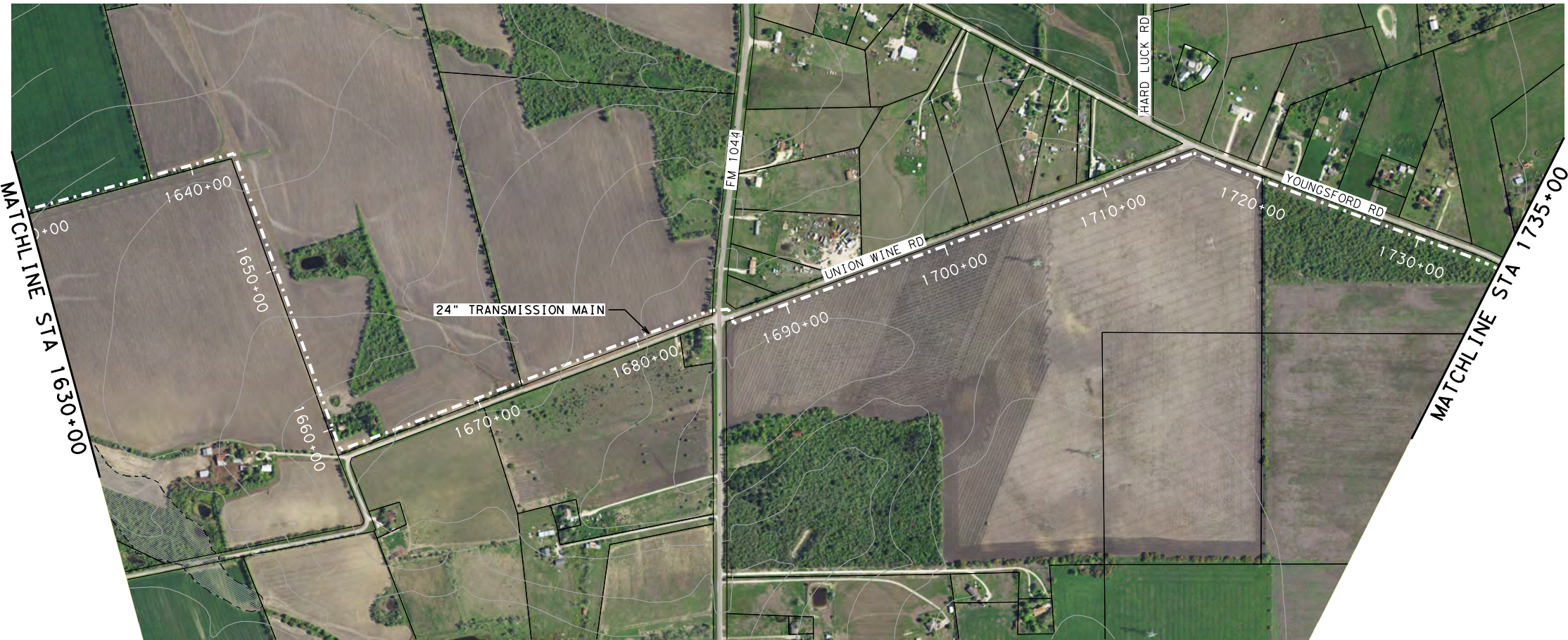
K FRIESE + ASSOCIATES
PUBLIC PROJECT ENGINEERING
(FIRM # 6535)

HCPUA

AERIAL YEAR: 2015

SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	10 OF 15

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- LEGEND**
- - - ALIGNMENT
 - - - COUNTY LINE
 - - - PROPERTY LINE
 - |||| RAILROAD
 - |||| RIVER
 - |||| FLOODPLAIN
 - E - EXISTING ELEC TRANS MAIN
 - G - EXISTING GAS LINE
 - - - EXISTING CRUDE OIL LINE

REV. NO.	BY	DATE	REVISION DESCRIPTION

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K FRIESE & ASSOCIATES, INC.
 1120 S. CAPITAL OF TEXAS HIGHWAY, CITYVIEW II, SUITE 100, AUSTIN, TEXAS 78746

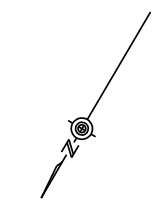
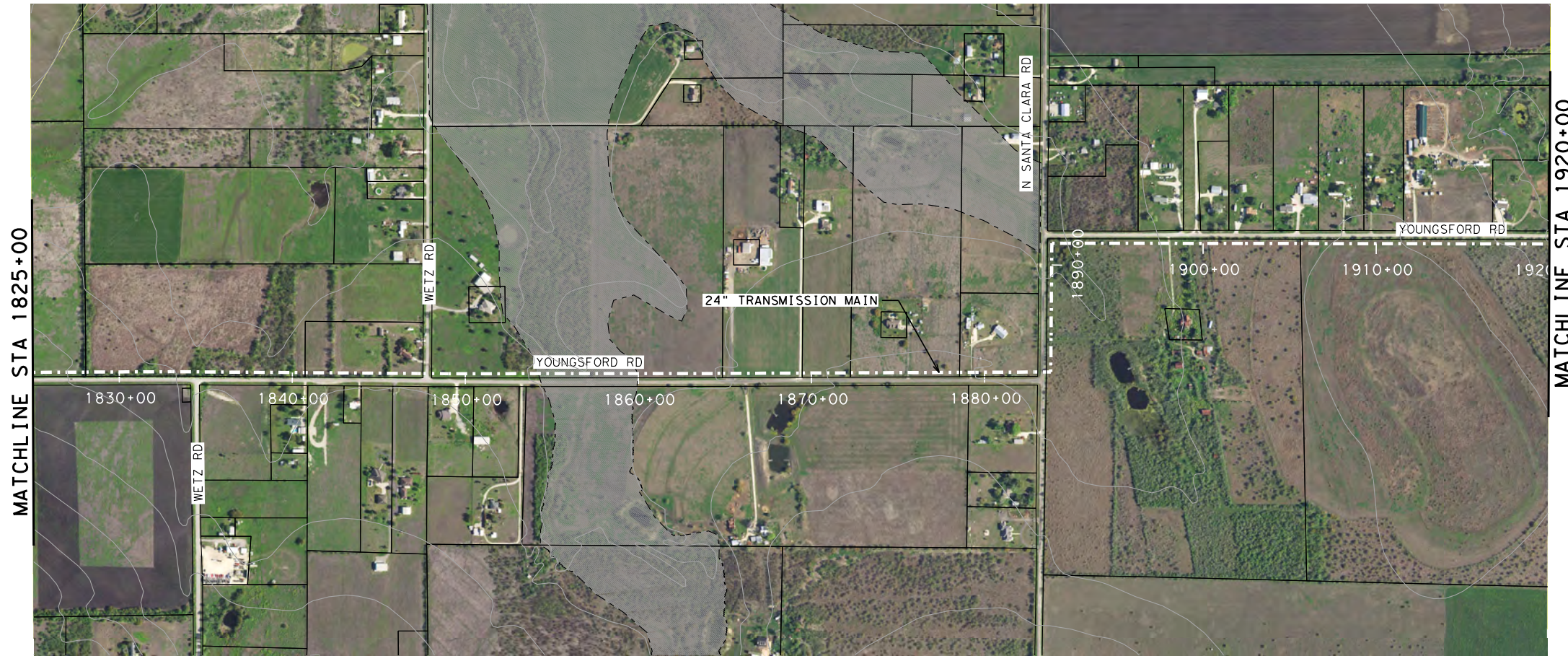
HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS

LEG 3
 RECOMMENDED ROUTE



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	11 OF 15

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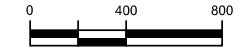
LEGEND

- ALIGNMENT
- COUNTY LINE
- PROPERTY LINE
- RAILROAD
- RIVER
- FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE



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<p>K FRIESE & ASSOCIATES, INC. 1120 S. CAPITAL OF TEXAS HIGHWAY, CITYVIEW II, SUITE 100, AUSTIN, TEXAS 78746</p> <p>HAYS CALDWELL PUBLIC UTILITY AGENCY PHASE 1B ROUTE ANALYSIS</p> <p>LEG 3 RECOMMENDED ROUTE</p>		<p>K FRIESE + ASSOCIATES PUBLIC PROJECT ENGINEERING (FIRM # 6535)</p> <p>HCPUA</p> <p>AERIAL YEAR: 2015</p> <p>SCALE: 1" = 800'</p> <p>DATE: 4/21/2017</p> <p>SHEET NUMBER: 12 OF 15</p>		

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- LEGEND**
- ALIGNMENT
 - COUNTY LINE
 - PROPERTY LINE
 - |||| RAILROAD
 - ~~~~ RIVER
 - /// FLOODPLAIN
 - E - EXISTING ELEC TRANS MAIN
 - G - EXISTING GAS LINE
 - - - EXISTING CRUDE OIL LINE



REV. NO.	BY	DATE	REVISION DESCRIPTION

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<p>K FRIESE & ASSOCIATES, INC. 1120 S. CAPITAL OF TEXAS HIGHWAY, CITYVIEW II, SUITE 100, AUSTIN, TEXAS 78746</p>	<p>HAYS CALDWELL PUBLIC UTILITY AGENCY PHASE 1B ROUTE ANALYSIS LEG 3 - SPUR 1 TO SAN MARCOS DELIVERY POINT 1</p>
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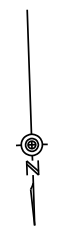
 PUBLIC PROJECT ENGINEERING (FIRM # 6535)	
 HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	13 OF 15

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LEGEND

- ALIGNMENT
- - - COUNTY LINE
- PROPERTY LINE
- |||| RAILROAD
- RIVER
- ▨ FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE



REV. NO.	DATE	REVISION DESCRIPTION

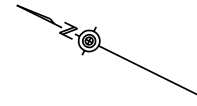
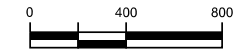
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K FRIESE & ASSOCIATES, INC.
 1120 S. CAPITAL OF TEXAS HIGHWAY, CITYVIEW II, SUITE 100, AUSTIN, TEXAS 78746
HAYS CALDWELL PUBLIC UTILITY AGENCY
 PHASE 1B ROUTE ANALYSIS
 LEG 3 - SPUR 1
 TO SAN MARCOS DELIVERY POINT 1



HCPUA	
AERIAL YEAR: 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	14 OF 15

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LEGEND

- ALIGNMENT
- - - COUNTY LINE
- PROPERTY LINE
- ++++ RAILROAD
- RIVER
- FLOODPLAIN
- E - EXISTING ELEC TRANS MAIN
- G - EXISTING GAS LINE
- - - EXISTING CRUDE OIL LINE

REVISION NO.	BY	DATE	REVISION DESCRIPTION

THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INTERIM REVIEW UNDER THE AUTHORITY OF THOMAS M. LOWEN, P.E. 8494
4/21/2017
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K FRIESE & ASSOCIATES, INC.
1120 S. CAPITAL OF TEXAS HIGHWAY, CITYVIEW II, SUITE 100, AUSTIN, TEXAS 78746

HAYS CALDWELL PUBLIC UTILITY AGENCY
PHASE 1B ROUTE ANALYSIS

LEG 3 - SPUR 2
TO CRYSTAL CLEAR SUD DELIVERY POINT 2



HCPUA	
AERIAL YEAR : 2015	
SCALE	1" = 800'
DATE	4/21/2017
SHEET NUMBER	15 OF 15

CONTRACTOR'S ACT OF ASSURANCE RESOLUTION

I hereby certify that it was RESOLVED by a quorum of the directors of the
Hays Caldwell Public Utility Agency (Name of Corporation),
meeting on the 24th day of May, 2017, that:

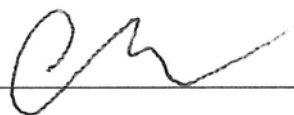
Authorized Representative(s):

Graham Moore

be, and hereby is/are authorized to act on behalf of Hays Caldwell Public Utility Agency
(Name of Corporation), as its representative in all business transactions conducted in the State of
Texas, and;

That all above resolution was unanimously ratified by the Board of Directors at said
meeting and that the resolution has not been rescinded or amended and is now in full forces and
effect; and;

In authentication of the adoption of this resolution, I subscribe my name and affix the seal
of the Corporation this 24th day of May, 2017.

 (Secretary)

[SEAL]

Attach a copy of a notice of intent to acquire property, a draft purchase agreement, an option to purchase property or other document showing that the applicant is in the process of acquiring the property on which the well Site(s) is to be located.

Item attached: Yes No

5. Does the applicant lease the proposed well site(s)?

Yes No

Attach a copy of the executed lease agreement(s) or other contractual arrangement documenting that the applicant has the right to drill for and produce groundwater at the project site(s).

Item attached: Yes No

6. Does the applicant intend to lease the proposed well site(s)?

Yes No

Attach a copy of the draft lease agreement(s) or other contractual arrangement documenting that the applicant is in the process of acquiring the contractual right to drill for and produce groundwater at the project site(s).

Item attached: Yes No

7. Is the project located within the boundaries of a groundwater conservation district?

Yes No


(a) Attach all groundwater district permits issued by the district authorizing groundwater production from the proposed groundwater well(s).

Item attached: Yes No

(b) Attach copies of all applications filed with a groundwater conservation district for any permit(s) required for the proposed groundwater well(s).

Item attached: Yes No

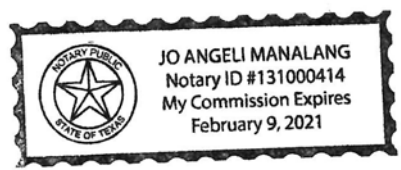
Signed the 31st day of May, 2017.

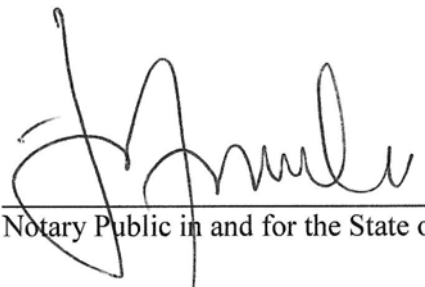

Name GRAHAM MOORE

EXECUTIVE DIRECTOR
Title

Sworn to and subscribed before me by GRAHAM MOORE

on MAY 31, 2017.




Notary Public in and for the State of Texas

[SEAL]

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

WELL SITE FACILITIES EASEMENT
HAYS CALDWELL PUBLIC UTILITY AGENCY
WELL #X – TITLE

STATE OF TEXAS

COUNTY OF CALDWELL

GRANTOR: XXXXX
 XXXXX

ADDRESS: XXXX
 XXXX
 XXXX

GRANTEE: HAYS CALDWELL PUBLIC UTILITY AGENCY

ADDRESS: 630 E. Hopkins, San Marcos, Texas 78666
 County of Hays

GRANT OF EASEMENT RIGHTS:

GRANTOR, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration in hand paid by HAYS CALDWELL PUBLIC UTILITY AGENCY, a political subdivision of the State of Texas created pursuant to Chapter 572 of the Texas Local Government Code, the receipt and sufficiency of which are acknowledged by GRANTOR, does grant sell and convey to GRANTEE, its successors and assigns, a Well Site Facilities Easement along with a permanent easement and right-of-way for the installation, construction, operation, maintenance, replacement, repair, upgrade and removal of one or more groundwater wells with pumps, structures, piping, valves, poles, fencing, roadways, electrical lines, communication systems and all other necessary and incidental above ground and below ground appurtenances, in, upon, over, under and across the following described real property situated in Caldwell County, Texas, and being more particularly described by metes and bounds on the attached Exhibit "A", (the "Property") together with a temporary construction easement in, upon, over and across GRANTOR's adjacent lands and along the Property, as shown on Exhibit "A". The easement granted herein is an easement appurtenant and is expressly assignable by GRANTEE. GRANTEE has the right to remove from the Property all trees, brush or vegetation and parts thereof, and any obstructions or encroachments, which may interfere with the exercise of the easement and rights granted to GRANTEE. GRANTOR expressly covenants and agrees for

itself, its successors and assigns, that no building or structure of any kind will be placed on the Property.

GRANTOR hereby grants and conveys to Grantee its successors and assigns, a perpetual, non-exclusive right of way and easement ("Easement") in, under, upon, about, over and through the property described on the attached Exhibit "A", hereto and incorporated herein by reference ("Property").

The easement granted hereby shall be for ingress and egress to, from, upon and over the Property described to provide access to utilities and other property owned by Grantee. The Grantee may construct a permanent street or road on the Property. Grantor shall not interfere with the Grantee's construction and maintenance of such Permanent Street or road within the Easement.

The consideration paid by GRANTEE to GRANTOR includes full and final payment for any and all damages, if any, to GRANTOR's remaining property and for any and all damages to growing crops, pasturage, timber (trees or brush), which result from the exercise of the rights herein granted during initial construction, and no other damages, rights, or remedies shall be enforceable, collectible or available to GRANTOR, his, her or their heirs, legal representatives, successors, or assigns or parties with whom GRANTOR is in privity of contract. Further, GRANTOR accepts said consideration as full payment for any and all such damages incurred during initial construction and hereby releases GRANTEE from any and all liability for such damages, and waives the right to collect any further or additional damages.

GRANTOR reserves the right to fully use and enjoy the Property so long as such uses and enjoyment do not interfere with and are not inconsistent with the easement and rights granted to GRANTEE.

In the event GRANTEE finds it necessary to cut or disturb any fence or fences, GRANTEE agrees that prior to cutting any such fence or fences, and in order to prevent sagging of the existing fence or fences, the fence shall be properly braced. Temporary gaps required for construction shall be installed and kept closed in order to prevent the passing of livestock through the same. Upon completion of construction, all such gaps shall be restored as part of the permanent fence, except, where necessary, GRANTEE may install permanent metal gates or cattle guards at road crossings and where necessary along said easement.

GRANTOR binds GRANTOR and GRANTOR's heirs and successors to warrant and forever defend all and singular the Property and the above described easements and rights to GRANTEE and GRANTEE's successors and assigns against every person whomsoever lawfully claiming, or to claim, the same or any part thereof.

EXECUTED as of the date of the acknowledgement below, to be effective the ____ day
of _____, 2017.

GRANTORS:

XXXXX

XXXXX

After recording return to:

Hays Caldwell Public Utility Agency
630 E. Hopkins
San Marcos, Texas 78666

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2017, by
XXXXX.

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2017, by
XXXXX.

Notary Public, State of Texas

Sanitary Control and Operational Easement

Date: XXXXX

Grantor: XXXXX

Grantor's Address: XXXXX
XXXXX

Grantee: Hays Caldwell Public Utility Agency

Grantee's Address: 630 E. Hopkins, San Marcos, Hays County, Texas
78666

Consideration: Ten and No/100 Dollars (\$10.00) and other good and
valuable consideration

Property: XXXXXXXX

Grantor grants, sells and conveys to Grantee an exclusive and permanent Sanitary Control and Operational easement and right-of-way, over, upon and across the Property, for the express and exclusive purpose(s) as set forth herein and for no other purpose(s), for the exclusive purpose of the sanitary protection of the well site, well and appurtenance piping, construction, operation, maintenance, replacement, and removal as may be necessary of water pumps and corresponding electrical equipment, together with one or more pipelines for the transportation of water together with service connections, communication system, pipeline drain valve assemblies, air releases, vacuum valve assemblies, cut off valves, and all other necessary or desirable above-ground and below-ground appurtenances on, under, over, and across the following described lands located in Caldwell County, Texas and more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, together with the right of ingress and egress to the well site consisting of the 150 foot Sanitary Control easement including ingress and egress right-of-way, as depicted on the attached Exhibit "A"; for the purpose of constructing, reconstructing, inspecting, patrolling, maintaining, replacing, relocating, and removing any tanks, pumps, pipeline(s) and appurtenances; the right to relocate and replace along the same general direction of said pipeline(s) and with the easement and right-of-way herein granted; the right

to remove from said lands by standard industry practices employed in any vegetation or obstructions which endanger or may interfere with the efficiency of said tanks, pumps, pipeline(s) or appurtenances thereto, and Grantor agrees that no building or structure of any kind will hereafter be erected or placed by Grantor or Grantor's heirs, legal representatives, successors, and assigns, on said Sanitary Control and Operational easement and right-of-way herein granted, so long as this easement remains in effect upon the following described lands located in Caldwell County, Texas, to wit:

[Land Description]

Said easement and right-of-way being more particularly described and shown by field notes and drawing marked Exhibits "A" and "B" attached hereto and made a part hereof. Exhibit "C" attached hereto specifies terms for the Sanitary Control of said easement.

Upon completion of the construction, Grantee agrees to restore the surface of the land to as near its condition as existed immediately prior to any such construction as is reasonably practicable. Grantee shall have the right to preserve and protect the surface area of the Sanitary Control easement from any livestock entry and application of any fertilizer or application of vegetation control products as well as place markers on said easement and the route of the pipeline as required by any governmental authority.

It is agreed and understood that from time to time additional temporary work space on Grantor's property, adjacent to the permanent Sanitary Control and Operational easement as described herein, may be necessary and used to fulfill Grantee's regulatory or other obligations set out herein including clean-up, fence restoration, and at critical locations such as, but not limited to, washes, rivers, creeks, ponds, lakes, steep slopes, and roads, where reasonable adjacent space is available and deemed necessary by Grantee. Upon completion of work or construction, Grantee shall restore the surface affected by such activities as reasonably practicable to the condition existing prior to said work or construction.

TO HAVE AND TO HOLD the above described Sanitary Control and Operational easement and rights unto Grantee, its successors and assigns, until the use of said permanent Sanitary Control and Operational easement by Grantee, its successors and assigns shall be permanently abandoned.

HCPUA Sanitary Control and Operational Easement
Single purpose document in lieu of separate documents

DATE

Page 2 of 3

And Grantor does hereby bind Grantor and Grantor's heirs, legal representatives, successors, and assigns, to warrant and forever defend all and singular the above-described easement and rights unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

FOR AND CONSIDERATION, the sum of Ten Dollars (\$10.00) and for other good and valuable consideration paid by the Grantee to the Grantor(s), the receipt of which is hereby acknowledged, the Grantor does hereby grant and convey to Grantee and to its successors and assigns the Sanitary Control and Operational Easement described in this Easement, including Exhibits "A", "B" and "C", including herein by reference. Witness our hand this _____ day of _____, _____.

GRANTOR(S)

STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on _____ day of _____, 2016 by _____.

Notary Public, State of Texas

After recording return to:
Hays Caldwell Public Utility Agency
630 E. Hopkins
San Marcos, Texas 78666

HCPUA Sanitary Control and Operational Easement
Single purpose document in lieu of separate documents

DATE
Page 3 of 3

ORDER OF THE GONZALES COUNTY UNDERGROUND WATER CONSERVATION DISTRICT REGARDING APPLICATIONS OF THE HAYS CALDWELL PUBLIC UTILITY AGENCY FOR PERMITS TO PRODUCE AND TRANSPORT WATER FROM THE CARRIZO AQUIFER IN CALDWELL COUNTY, TEXAS; AND RELATED AGREEMENTS.

WHEREAS, after providing the required mailed and published notices, the Board of Directors ("Board") of the Gonzales County Underground Conservation District ("District") held a public hearing on November 13, 2012 to consider the Applications of the Hays Caldwell Public Utility Agency ("HCPUA") for permits to drill, produce and transport 10,300 acre-feet of water from fifteen (15) wells in the Carrizo aquifer in Caldwell County.

WHEREAS, after considering the HCPUA Applications, the prefiled direct testimony, and the additional testimony and evidence provided at the hearing, the Board makes the following order and report.


NOW THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE GONZALES COUNTY UNDERGROUND WATER CONSERVATION DISTRICT THAT:

1. The Board of Directors hereby adopts the Findings of Fact and Conclusions of Law attached hereto as **Attachment 1**, and adopts such Findings of Fact and Conclusions of Law as its report pursuant to District Rule 24.L.
2. The Board of Directors hereby approves a permit in substantially the form attached hereto as **Attachment 2** authorizing HCPUA to drill fifteen (15) wells in Caldwell County, produce 10,300 acre-feet of water per year from the Carrizo aquifer, and transport said water outside of the boundaries of the District for municipal (public water supply) purposes, and authorizes Bruce Patteson, President, to sign such permit.
3. The Board of Directors hereby approves HCPUA's request to relocate PW-2 and PW-3 to the locations generally shown on **Attachment 3**.
4. The Board of Directors hereby approves a Mitigation Agreement in substantially the form attached hereto as **Attachment 4**, and authorizes Bruce Patteson, President, to execute such a Mitigation Agreement on behalf of the District.
5. The Board of Directors hereby approves a Monitoring Agreement in substantially the form attached hereto as **Attachment 5**, and authorizes Bruce Patteson, President, to execute such a Monitoring Agreement on behalf of the District.
6. The Board of Directors hereby approves a Negotiated Export Fee Agreement in substantially the form attached hereto as **Attachment 6**, and authorizes Bruce Patteson, President, to execute such a Negotiated Export Fee Agreement on behalf of the District.

7. This Order is effective immediately upon its passage.

PASSED AND APPROVED ON THIS THE 17th DAY OF December, 2012.

**GONZALES COUNTY
UNDERGROUND WATER
CONSERVATION DISTRICT**

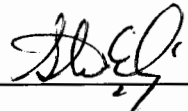
By: 

Printed Name Bruce Patteson

Title: Board President

Date: 12-17-12

ATTEST:

By: 

Printed Name: Steve Ehrig
Secretary

Date: 12-17-12

IN RE: APPLICATIONS OF THE HAYS §
CALDWELL PUBLIC UTILITY AGENCY §
FOR PERMITS TO PRODUCE AND §
TRANSPORT WATER FROM THE §
CARRIZO AQUIFER IN CALDWELL §
COUNTY, TEXAS §

BEFORE THE
GONZALES COUNTY
UNDERGROUND WATER
CONSERVATION DISTRICT

FINDINGS OF FACT AND CONCLUSIONS OF LAW

FINDINGS OF FACT

A. Production Permit

1. **Application Submittals.** On March 17, 2010 HCPUA initially filed the HCPUA Applications. *See* HCPUA APPLICATION at p. APP 000001¹, MOORE at p. 7, ll. 2-11; and BENÉ at p. 5, ll. 17-28. In response to comments from the District's General Manager, the HCPUA Applications were supplemented and/or revised by information submitted to the District on June 10, 2010 and August 5, 2010. *Id.*
2. **Application Fees.** In compliance with District Rule 10.E.4.g, the HCPUA Applications were accompanied by the required application fees. *See* HCPUA APPLICATIONS at p. APP 000007; and MOORE at p. 8, ll. 5-7.
3. **Administrative Completeness.** In accordance with District Rule 11.A, the District's General Manager notified HCPUA that the HCPUA Applications were administratively complete by letter dated December 6, 2010. *See* EXHIBIT HCPUA GM-5.
4. **Notice of Applications.** HCPUA mailed notice of its applications to well owners and landowners on December 13, 2012. *See* EXHIBIT HCPUA GM-6. HCPUA published notice of

¹ A complete copy of the HCPUA Applications, as supplemented and/or revised and with pages numbered using the following format "APP 0000XXX" is included in the prefiled direct testimonies of both Graham Moore (EXHIBIT HCPUA GM- 4) James Bené (EXHIBIT HCPUA JB-2). These exhibits are identical to each other. For the purpose of this document, all references to pages of the HCPUA Applications are referred to as "HCPUA APPLICATIONS at APP0000XXX."

its applications in the Gonzales *Inquirer* on December 14, 2010. *See* EXHIBIT HCPUA GM-7. HCPUA published notice of its applications in the Lockhart *Post Register* on December 16, 2010. *See* EXHIBIT HCPUA GM-8.

5. **Drilling and Production Application– In General.** Tex. Water Code § 36.113 and District Rule 10 set forth the items required to be included in an application to the District for a drilling and production permit. HCPUA has included in the HCPUA Applications all of the information required by Tex. Water Code 36.113 and District Rule 10, and the HCPUA has provided all of the information required by the District’s Rules. *See* EXHIBIT HCPUA GM-4 and EXHIBIT HCPUA JB-2.

6. **Drilling and Production Application– Well Size and Classification.** In compliance with District Rule 10.B., and as detailed more specifically below, the HCPUA Applications are classified under the District’s Rules as “Class B” wells and comply with the District’s well spacing and production limits applicable to “Class B” wells. District Rule 18.A classifies wells based on well pumping capacity as calculated based on a designated pumping rate per contiguous acre owned or leased and dedicated to the well site. *See* District Rule 18.A, Table 1. HCPUA’s leased acreage that is included in the HCPUA Applications totals approximately 11,215 acres, of which approximately 4,449 acres are located in the Northern Well Field, and 6,765 acres are located in the Southern Well Field. *See* HCPUA APPLICATIONS at Tab 1, Appendix B, p. APP 000029; Tab 3, p. APP 000037.1; Tab 8, pp. APP 000200 – APP 000309; MOORE at p. 9, ll. 2-14, p. 10 Table 1, and p. 11 Table 2; BENÉ at p. 11, l. 30 – p. 14, l. 3, p. 13 Table 1, p. 14, Table 2. HCPUA stated in the HCPUA Applications that it will limit the pumping capacities in its wells to not exceed 500 gpm, and the pumping rates for each well are individually specified in the well field map included in the HCPUA Applications. *See* HCPUA APPLICATIONS at Tab

1, p. APP 000009; Tab 3, p. APP 000037.1; MOORE at p. 9, ll. 16-19, p. 10 Table 1; BENÉ at p. 10, ll. 5-10, p. 13 Table 1. Therefore, HCPUA's proposed wells are classified under the District's Rules as "Class B" wells.

7. **Drilling and Production Application– Well Spacing – Distance from Existing Registered/Authorized Wells Owned by Non-Lessors.** HCPUA has designed its wellfield such that the proposed HCPUA well locations are at least 3,000 feet away from the nearest authorized or registered well. In addition, the proposed HCPUA wells are all located at least 6,000 feet from the nearest wells of a larger classification. HCPUA APPLICATIONS at Tab 3, p. APP 000037.1; MOORE at p. 9, ll. 17-22; BENÉ at p. 10, ll. 23-30, pp. 11, l. 19 – p. 14, l. 3. In order to facilitate a request from former Intervenor Tony McCorvey and Rancho de Sueños, LLC, HCPUA has requested that PW-2 be moved approximately 2,600 feet from the current boundary of those Intervenor's properties, as shown on EXHIBIT HCPUA JB-4. In addition, HCPUA is willing to reposition PW-3 approximately 1,000 feet to the southeast of the location submitted as part of the pending permit application. Moving PW-3 will ensure that all of the proposed HCPUA well locations comply with the District's well spacing rules with regard to a registered, but unused well on the Lang property (the "Lang Well"). Relocating PW-2 and PW-3 to the locations shown on EXHIBIT HCPUA JB-4 to accommodate the Intervenor and to address the Lang Well will not violate any of the District's spacing rules. BENÉ at p. 11, ll. 1-17. Therefore, HCPUA is willing, with the permission of the GCUWCD, to move PW-2 and PW-3 to the locations shown on EXHIBIT HCPUA JB-4. *See* MOORE at p. 9, ll. 21-22.

8. **Drilling and Production Application– Well Spacing – Distance from Property Boundaries.** The proposed locations of the HCPUA wells comply with District Rule 18.A.1 that wells be located a specified distance from the nearest property owned/controlled by another

person. The specified distance is determined based on the following formula: $\text{Offset Distance} = (\text{pumping capacity of the well}) \times (0.5 \text{ feet}) + (50 \text{ feet})$. See District Rule 18.A.1. The well locations proposed in the HCPUA Applications conform to this rule. See HCPUA APPLICATIONS at Tab 3, pp. APP 000037.1, and APP 000039 - APP 000046; BENÉ at p. 10, ll. 29-30; p. 11, ll. 13-16. EXHIBIT HCPUA JB-4 includes this information for the proposed new locations of PW-2 and PW-3.

9. Drilling and Production Application – Well Spacing – Distance from Larger Wells.

The proposed locations of the HCPUA wells comply with District Rule 18.A.3, which requires that if a proposed well is of a smaller classification than the nearest existing registered well, the proposed well must not be drilled closer than the distance allowed for the larger well. In compliance with District Rule 10.B, all HCPUA wells are located at least 6,000 feet from the nearest wells of a larger classification. See HCPUA APPLICATIONS at Tab 3, p. APP 000037.1, and pp. APP 000039- APP 000046; BENÉ at p. 10, ll. 29-27-29; MOORE at p. 9, ll. 17-21. EXHIBIT HCPUA JB-4 includes this information for the proposed new locations of PW-2 and PW-3.

10. Drilling and Production Application– Production Allocation Limits. In compliance with District Rule 10.B, the HCPUA Applications comply with the District's production allocation rules. District Rule 18.C. sets forth the District's production allocation rule, which restricts the total yearly production volume of water on a correlative basis. The total amount of water allowed to be produced per year is total of one (1) acre/foot of water per surface acre of land owned per year from the Carrizo Aquifer or combination of the allowable production from the Queen City and Sparta and Carrizo aquifers. See District Rule 18.C. HCPUA's leased acreage that is included in the HCPUA Applications totals 11,215.036 acres, of which 4,449.614

acres are located in the Northern Well Field, and 6,765.422 acres are located in the Southern Well Field. *See* HCPUA APPLICATIONS at Tab 1, Appendix B, p. APP 000029; Tab 3, p. APP 000037.1; Tab 8, pp. APP 000200 – APP 000309; *see also* MOORE p. 10 Table 1, and p. 11 Table 2; BENÉ p. 13 Table 1, p. 14, Table 2. The HCPUA Applications request authorization to produce 10,300 acre feet of water from the Carrizo Aquifer per year, of which 3,605 acre-feet/year is proposed to be produced from the Northern Well Field, and 6,695 acre-feet/year is proposed to be produced from the Southern Well Field. *See* HCPUA APPLICATIONS at Tab 1, pp. APP 000009, APP 000013; Tab 1, Appendix B, p. APP 000029; Tab 3, p. APP 000037.1; Tab 8, pp. APP 000200- APP 000309. Thus, the HCPUA Applications do not exceed the District's production allocation rule of one (1) acre foot per acre. MOORE p. 9, l. 3 – p. 11 l. 8; BENÉ p. 11, l. 19 – p. 14, l. 3 There are restrictions on the maximum pumping rate for each of HCPUA's wells, and HCPUA has not proposed pumpage in excess of the peaking limits in Rule 18.C. *See* HCPUA APPLICATIONS at Tab 1, p. APP 00009.

11. **Drilling and Production Application– Other Contents.** In compliance with District Rule 10.D.1 –D.8, D.10 –D.16, and 10.E.4 HCPUA had provided the required information in compliance with the District's Rules. . *See* HCPUA APPLICATIONS at Tab 1, p. APP 000008, and Tab 1, Appendix C, p. APP 000030, EXHIBIT HCPUA JB4 (the name and mailing address of the applicant and all landowners where the wells will be located); HCPUA APPLICATIONS at Tab 8, pp. APP 000200 – APP 000309, MOORE at p. 9, ll. 2-14, p. 11, ll. 10-16 (leased groundwater rights); HCPUA APPLICATIONS at Tab 1, p. APP 000009, EXHIBIT HCPUA JB4 (latitude/longitude of well locations); HCPUA APPLICATIONS at Tab 1, Appendix B, p. APP 000029; Tab 1, Appendix C; p. APP 000030; BENÉ at p. 10, ll. 12-21, EXHIBIT HCPUA JB4 (landowner and property location information); HCPUA APPLICATIONS at Tab 1, p. APP

000009, MOORE at p. 12, ll. 10-14 (nature, purpose, amount of water requested); HCPUA APPLICATIONS at Tab 1, p. APP 000009, Tab 3, p. APP 000037.1, MOORE at p. 9, ll. 17-18, p. 10 Table 1, BENÉ p. 10, ll. 8-9, p. 13 Table 1 (withdrawal rate); HCPUA APPLICATIONS at Tab 1, Appendix B, p. APP 000029, Tab 3, p. APP 000037.1; Tab 8, pp. APP 000200 – APP 000309, MOORE at p. 9, ll. 2-14, p. 10 Table 1, and p. 11 Table 2, BENÉ at p. 11, l. 30 – p. 14, l. 3, p. 13 Table 1, p. 14, Table 2, HCPUA APPLICATIONS at Tab 3, pp. APP 000038; pp. APP 000067 – APP 000073, MOORE at p. 9, ll. 9-14, BENÉ at p. 11, l. 19 – p. 14, l. 3 (leased surface acres); HCPUA APPLICATIONS at Tab 1, Appendix D, p. APP 000031 – APP 000033; Tab 3, pp. APP 000039 – APP 000046, BENÉ at p. 10, ll. 12-16 (adjacent property owners); HCPUA APPLICATIONS at Tab 1, Appendix D, p. APP 000031 – APP 000033, Tab 3, pp. APP 000039 – APP 000046, BENÉ at p. 10, ll. 1-8 (location of registered/permitted wells); HCPUA APPLICATIONS at Tab 1, p. APP 000011, MOORE p. 12, ll. 1-8, BENÉ at p. 15, ll. 1-8 (well completion information); HCPUA APPLICATIONS at Tab 5, pp. APP 000107 – APP 000151, MOORE at p. 12, l. 25 – p. 13, l. 2 (drought contingency plans); HCPUA APPLICATIONS at Tab 6, pp. APP 000152 – APP 000184, MOORE at p. 13, ll. 4-11 (water conservation plans); HCPUA APPLICATIONS at Tab 1, p. APP 000011, MOORE at p. 13, ll. 13-18 (well plugging and closure), HCPUA APPLICATIONS at Tab 3, p. APP 000037.1 and pp. APP 000039 – APP 000046, BENÉ at p. 10, l. 12 – p. 11, l. 17, EXHIBIT HCPUA JB4 (maps). HCPUA APPLICATIONS at Tab 7, pp. APP 000185 – APP 000199, BENÉ at p. 16, l. 17 – p. 20, l. 15, EXHIBIT HCPUA JB-5 (management plan conformance); HCPUA APPLICATIONS at Tab 3, p. APP 000037 – APP 000037.1. EXHIBIT HCPUA JB4, BENÉ at p. 11, ll. 1-17 (well location maps and information); HCPUA APPLICATIONS at Tab 3, p. APP 000038, HCPUA APPLICATIONS at pp. APP 000038; MOORE at p. 22, ll. 6-22, MOORE at p. 23, ll. 17-22

(pipeline information); HCPUA APPLICATIONS at Tab 10, pp. APP 000313 – 000335, MOORE at p. 15, l. 10 – p. 20, l. 14; EXHIBIT HCPUA GM-11; and EXHIBIT HCPUA GM-12, MOORE at p. 15, l. 14 – p. 17, l. 21; EXHIBIT HCPUA GM-11, MOORE at p. 17, l. 23 – p. 20, l. 2 (regional water plan compliance).

12. **Drilling and Production Application– Drilling Contractor.** According to District Rule 10.D.8, because the name and address of the drilling contractor is not known inclusion of the driller’s name and address is not required. The HCPUA Applications explain that the driller is currently unknown because, as a governmental entity, the award of the drilling contract by HCPUA must follow a public bidding process. *See* HCPUA APPLICATIONS at Tab 1, p. APP 000010; MOORE at p. 11, ll. 18-26. The District’s rules do not require the name and address of the driller to be supplied if that information is unknown. Therefore, the HCPUA Applications conform to this rule.

13. **Drilling and Production Application– Drilling Commencement Date.** In compliance with District Rule 10.D.9 and 11.G.2, the HCPUA Applications state the date the proposed drilling operations are to commence. District Rule 11.G.2 provides that “Large capacity well fields permitted to produce greater than or equal to 3,000 feet per year of groundwater may be provided special consideration for the timing of completion of wells. HCPUA has requested such “special consideration” in its application. Specifically, HCPUA has requested to extend the time allowed for drilling. *See* HCPUA APPLICATIONS at pp. APP 000002 – APP 000003; and APP 000010; MOORE p. 12, ll. 16-23. Thus, the HCPUA Applications state the date the proposed drilling operations are to commence in the manner allowed by District Rule 11.G.2. HCPUA has advised the District that the following production schedule would be acceptable as a permit condition:

PHASE	START	END	PRODUCTION (Acre-feet/year)
I	2012	2017	0
II	2017	2022	2,000
III	2022	2027	6,600
IV	2027	2032	10,300

HCPUA EXHIBIT 9, at p. 8, Slide 15.

14. **Drilling and Production Application-- Modeling** – In compliance with District Rule 10.E.1, the HCPUA Applications include the required groundwater modeling. Based on modeling inputs (pumpage schedule) provided by the District’s General Manager using the Southern Queen City and Sparta Groundwater Availability Model (*GAM*), as also instructed by the District’s General Manager in accordance with the procedure described in District Rule 10.E.1. BENÉ at p. 17, ll. 6 – 31; p. 16, ll. 1 – 28. HCPUA ran the required model and included the results in the HCPUA Applications. See HCPUA APPLICATIONS at Tab 7, pp. APP 000185- APP 000199; BENÉ at p. 18, l. 24 – p. 19, l. 31. The HCPUA’s modeling was reviewed by a third-party modeler and found to be in conformance with the rules of the District. BENÉ at p. 20, ll. 1 – 15; EXHIBIT HCPUA JB-5.

15. **Drilling and Production Application-- Production Limits (Drawdown).** The modeling performed by HCPUA pursuant to Rule 10.E.1 demonstrates that the drawdown associated with the HCPUA’s proposed permits will not significantly deviate from the production limits of 50/100 feet of drawdown outside of the HCPUA’s well fields over the next

50 years in compliance with District Rules 11.B.3 and 18.D. *See* HCPUA APPLICATIONS at Tab 7, pp. APP 000185- APP 000194; BENÉ at p. 18, l. 24 – p. 19, l. 31.

16. **Drilling and Production Application– Monitoring Plan.** In compliance with District Rule 10.E. 2, the HCPUA Applications include a monitoring plan to assess the effects of the project on the Aquifer(s). The HCPUA Applications originally proposed a monitoring plan consisting of three (3) wells to be placed in the locations chosen in conjunction with the District’s General Manager. *See* HCPUA APPLICATIONS at Tab 1, p. APP 000012. However, the GCUWCD’s General Manager has recently requested that HCPUA construct four (4) monitoring wells, and HCPUA has no objection to that request. Accordingly, HCPUA now anticipates installing three (3) monitoring wells in the Carrizo Aquifer and one (1) monitoring well in the Wilcox aquifer. Groundwater monitoring wells in these locations would allow the District to monitor the effects of HCPUA’s pumping in both the Carrizo and the Wilcox aquifers. The precise locations of the four (4) monitoring wells are to be determined in consultation with the District’s General Manager. In addition, the HCPUA agrees to request that its lease holders allow the conversion of any Queen City Formation rig supply wells utilized during drilling of HCPUA’s production wells into monitoring wells. BENÉ at. p. 14, ll. 4 – 18.

17. **Drilling and Production Application– Mitigation Plan.** In compliance with District Rule 10.E.3, the HCPUA Applications include a proposed mitigation plan. In compliance with District Rule 10.E.3, the HCPUA Applications included a proposed mitigation agreement between the HCPUA and the District. An updated proposed mitigation agreement is attached to Graham Moore’s prefiled testimony as EXHIBIT HCPUA GM-13. Under the updated mitigation plan/agreement proposed by HCPUA, HCPUA would deposit funds of \$309,000 with the District that the District would be empowered to use to mitigate adverse effects on wells

eligible for mitigation in the event that pumping causes the water level to drop to an unacceptable level. HCPUA is proposing to include wells owned by several of its former intervenors in addition to the wells that are eligible to receive mitigation funding under District Rule 10.E.3. *See* HCPUA GM-13. The mitigation measures that may be taken using funding provided to the District by HCPUA include deepening an existing well, drilling a new well, or lowering a pump. Therefore, the Mitigation Plan/Agreement proposed by HCPUA conforms to the District's Rules and is consistent with other Mitigation Agreements previously proposed by the District. *See* MOORE at p. 21, l. 17 – p. 22., l. 3; HCPUA GM-13.

18. **Avoiding Waste and Achieving Conservation.** HCPUA will use the water produced for a beneficial use. *See* HCPUA APPLICATIONS at Tab 1, p. APP 000009, Tab 6, pp. APP 000152 – APP 000184; Tex. Water Code § 36.001(9)(A); Tex. Water Code § 36.113(d)(6); District Rule 11.B.7. HCPUA has further committed to specific actions to avoiding waste, achieve conservation, and protect water quality.. *See* MOORE at p. 13, ll. 10-11; p. 25, l. 26 – p. 27, l. 10.

19. **Water Quality.** No degradation of water quality is likely to occur in the Carrizo aquifer as a result of HCPUA's proposed pumping.. BENÉ at p. 31, l. 19 – p. 33, l. 6.

20. **Well Plugging and Closure.** HCPUA has agreed that reasonable diligence will be used to protect groundwater quality and HCPUA will follow the District's well plugging Rules and will report well closures to the Texas Commission on Environmental Quality and the District as required by the District's Rules. *See* HCPUA APPLICATIONS at Tab 1, p. APP 000011; Tex. Water Code § 36.113(d)(7); District Rule 11.B.9; and MOORE at p. 13, ll. 13-18.

21. **Desired Future Condition.** The District is located in Groundwater Management Area 13, and the member-districts of GMA-13 (including the District) have adopted the following

Desired Future Condition (“DFC”): “Scenario 4” of GAM Run 09-034, and an average drawdown of 23 feet for the Sparta, Weches, Queen City, Recklaw, Carrizo and Wilcox Aquifers” for the entirety of GMA-13. HCPUA JB-6. The Resolution adopting the DFC does not state a specific DFC for just Carrizo aquifer within the boundaries of the District. BENÉ at p. 33, l. 28 – p. 34, l. 6; p. 34, ll. 29-30. Instead it expresses the DFC as an average of 6 different aquifers in 17 counties. BENÉ at p. 33, ll. 16-26. However, the simulated drawdown in the Carrizo aquifer in the District can be found through analysis of the “GR-09-034 Scenario 4” model outputs. Evaluation of these model results indicates that an average of about 97 feet of drawdown (combined artesian and water table drawdown throughout the area of the District) is predicted to occur in the Carrizo aquifer within the GCUWCD in the interval between 2002 and 2060. BENÉ at p. 34, ll. 2-6. The combined Carrizo aquifer drawdown output by the HCPUA Application model (proposed HCPUA pumpage plus pumpage specified by the GCUWCD) is about 89 feet, which is approximately 9% less than defined by the DFC model. BENÉ at p. 36, ll. 15-21.

22. **Modeled Available Groundwater.** The TWDB issued the final Modeled Available Groundwater (MAG) amount for the major aquifers in GMA-13 on August 2, 2012 with GAM Run 10-012 (the “Final MAG Report”), and the MAG is intended to be the amount of water that the executive administrator of the Texas Water Development Board determines may be produced on an average annual basis to achieve a Desired Future Condition (DFC). EXHIBIT HCPUA JB-7; BENÉ at p. 34, ll. 8 – 18. However, the Final MAG Report does not state the MAG for the Carrizo aquifer alone within the District. EXHIBIT HCPUA JB-7; BENÉ at p. 34, l. 31 – p. 35, l. 1. However, the total pumpage in each layer of the DFC model (GR 09-034 “Scenario 4”) within the GCUWCD is reported on page 17 of the TWDB’s Final MAG Report (EXHIBIT

HCPUA JB-7, and if the specific pumpage inputs included in GR 09-034 "Scenario 4" represent de facto MAG values, then the MAG for the Carrizo aquifer in the GCUWCD ranges from 45,884 acre-feet per year in 2010 to 69,371 acre-feet in 2060. EXHIBIT HCPUA JB-7; EXHIBIT HCPUA JB-9; BENÉ at p. 34, l. 29 – p. 35, l. 16.

23. **Exempt Water Use in the District.** Exempt water use in the District is not statistically significant and is expected to decline over time from about 1,456 acre-feet/year in 2010 to 861 acre feet per year in 2060, according to projections from the District's General Manager. EXHIBIT HCPUA JB-10, slide 15; BENÉ at p. 37, ll. 4-21.

24. **Water Permitted in the District.** The total amount of groundwater authorized by permits issued by the GCUWCD is 50,408 acre-feet/year, of which approximately 49,738 is authorized to be withdrawn from the Carrizo aquifer. See EXHIBIT HCPUA JB-10; EXHIBIT HCPUA JB-11; BENÉ at p. 37, l. 23 – p. 38, l. 3. However, according to the pumpage schedule provided by the District to HCPUA for purposes of the HCPUA Application modeling, not all of the currently permitted pumpage is anticipated by the GCUWCD to commence immediately. HCPUA APPLICATION at p. 000187; BENÉ at p. 38, ll. 9-24. Instead, pumping is projected by the District to increase slowly over several decades. *Id.*

25. **Water Used in the District.** The total amount of groundwater actually used by permittees is far less than the amount permitted. See EXHIBIT HCPUA JB-10. Since 2008, the actual amount of water used by permittees has been only about 15,000 acre-feet per year, which is approximately 30% of the total amount permitted. EXHIBIT HCPUA JB-10; EXHIBIT HCPUA JB-11; BENÉ at p. 39, ll. 1-7. Permittees in the District are collectively producing only about 15,000 acre-feet per year. EXHIBIT HCPUA JB-10; EXHIBIT HCPUA JB-11.

26. **Surface Water Impacts.** No adverse surface water impacts are expected to occur as a result of HCPUA's proposed pumping. EXHIBIT HCPUA JB- 16, EXHIBIT HCPUA JB-19; EXHIBIT HCPUA JB-20; BENÉ at p. 29, l. 8 – p. 30, l. 12.

27. **Precipitation.** The yearly precipitation and production patterns in the GCUWCD do not significantly influence the volume of water available from the Carrizo aquifer. BENÉ at p. 40, ll. 1-19. The Carrizo is a regional aquifer that contains approximately 58.09 Million acre-feet of water in storage just within the boundaries of the District. BENÉ at p. 28, ll. 3-18. Infiltration of precipitation on aquifer outcrops provides recharge to the system, but the process is relatively slow and the annual recharge volume accounts for only a small percentage of the water contained in the Carrizo aquifer. BENÉ at p. 40, ll. 5-8. Similarly, the rate of pumpage from the aquifer is very small in relation to the amount in aquifer storage. *Id.* Because they represent only small portions of the aquifer's water budget, short-term variations in rate of precipitation and discharge through wells have little effect on the total amount of groundwater in aquifer storage. Consequently, the Carrizo aquifer represents a remarkably reliable, drought-resistant groundwater resource. BENÉ at p. 40, ll. 8-11. In addition, there is no clear correlation between groundwater pumpage and precipitation within the District. The year 2011 was a very dry year, but the permittees still only used about 30% of the total amount of water permitted by the District. Some permittees used more water in 2011 than in 2010, which was a wetter year, but other used less water in 2011 than they did in 2010. Non-permitted registered water users did use more water in 2011 than in 2010, but the total amount of water used by all non-permitted registered well owners is only about 5,000 acre-feet per year, with about 75% of that amount being Carrizo aquifer water. See EXHIBIT HCPUA JB-10, EXHIBIT HCPA JB-11; BENÉ at p. 40, ll. 11-19.

B. Transportation Permit

28. **Transportation Application– In General.** On March 17, 2010 HCPUA initially filed the HCPUA Applications. *See* HCPUA APPLICATION at p. APP 000001², MOORE at p. 7 ll. 2-11; and BENÉ at p. 5, ll. 17-28. In response to comments from the District’s General Manager, the HCPUA Applications were supplemented and/or revised by information submitted to the District on June 10, 2010 and August 5, 2010. *Id.* Texas Water Code § 36.122 and District Rule 15 set forth the required contents of applications to transport water out of the District. HCPUA has provided all of the information required by Tex. Water Code § 36.122 and District Rule 15. EXHIBIT HCPUA GM-4; JB-2; EXHIBIT HCPUA JB-4, MOORE at p. 22, ll. 24-27, MOORE at p. 23, ll. 6-11, MOORE p. 12, ll. 1-8, BENÉ at p. 15, ll. 1-8; MOORE at p. 12, ll. 10-14, MOORE at p. 6, ll. 27-30; EXHIBIT GM-3, MOORE at p. 23, ll. 13-15, MOORE at p. 22, ll. 6-22, MOORE at p. 23, ll. 17-22, MOORE at p. 23, ll. 24-26.

29. **Transportation Application– Water Availability in the District.** In compliance with District Rule 15.C.10, the HCPUA Applications include information relating to availability of water in the District. *See* HCPUA APPLICATIONS at Tab 2, p. APP 000035; Tab 7, pp. APP 000185 – APP 000199. Because the HCPUA Applications do not exceed the District’s production limitations, do not unreasonably affect existing groundwater and surface water resources or existing permit holders or other groundwater users, and are consistent with the long term management of the aquifer to achieve the DFC, there is sufficient water available in the District. *See also* findings above.

² A complete copy of the HCPUA Applications, as supplemented and/or revised and with pages numbered using the following format “APP 0000XXX” is included in the prefiled direct testimonies of both Graham Moore (EXHIBIT HCPUA GM- 4) James Bené (EXHIBIT HCPUA JB-2). These exhibits are identical to each other. For the purpose of this document, all references to pages of the HCPUA Applications are referred to as “HCPUA APPLICATIONS at APP0000XXX.”

30. **Transportation Application– Water Availability in the Receiving Area.** In compliance with District Rule 15.C.10, the HCPUA Applications include information relating to availability of water in the proposed receiving area during the period for which the water supply is requested. See HCPUA APPLICATIONS at Tab 2, p. APP 000035; Tab 3, pp. APP 000052, APP. 000057 – APP 000063; Tab 10, pp. APP 000313. This information is consistent with 2006/2009 Region L Water Plan, which states that the member entities of HCPUA are facing both short term and long term shortages of water. The 2006/2009 Region L Water Plan indicates a total shortage of 25,525 AF/yr for the current HCPUA participants (Kyle, San Marcos, County Line WSC, Martindale WSC, Maxwell WSC and Crystal Clear WSC). These shortages do not include the City of Buda which is accounted for in the Region K Plan. In the HCPUA Applications filed with the District, HCPUA is requesting authority to produce and transport 10,300 acre feet per year of that water to meet a portion of the identified water supply needs in the receiving area. The amount of Carrizo groundwater being requested by HCPUA in the pending HCPUA Applications is much less than the amount identified as being available in the 2006/2009 Region L Water Plan and does not exceed the HCPUA member entities' supply deficiencies. MOORE at p. 15, l. 14 – p. 17, l. 21; EXHIBIT HCPUA GM-11. In addition, HCPUA's Applications are consistent with the 2011 Region L Water Plan. The 2011 Plan indicates that the member entities of HCPUA are facing both short term and long term shortages of water. The 2011 Region L Water Plan indicates a total shortage of 27,328 AF/yr for the current HCPUA participants (Kyle, San Marcos, County Line WSC, Martindale WSC, Maxwell WSC and Crystal Clear WSC). These shortages do not include the City of Buda which is accounted for in the Region K Plan. HCPUA is requesting authority to produce 10,300 acre feet per year of that water. The amount of Carrizo groundwater being requested by HCPUA is much

less than the amount identified as being available in the 2011 Region L Water plan and does not exceed the HCPUA member entities' supply deficiencies. MOORE at p. 17, l. 23 – p. 20, l. 2; EXHIBIT HCPUA GM-12.

31. **Effect of Proposed Transfer – Aquifer Conditions/Depletion.** The Carrizo is a regional aquifer that contains approximately 58.09 Million acre-feet of water in storage just within the boundaries of the District. BENÉ at p. 28, ll. 3-18. The Southern GAM calculates that HCPUA's proposed pumpage (considered alone) results in a decline in storage to approximately 57.92 million acre-feet in 2060. This decline represents less than 0.3 percent reduction in the amount of groundwater in storage in the District in the Carrizo aquifer over a fifty-year period. BENÉ at p. 28, ll. 8-11. The Southern GAM calculates that, for HCPUA's proposed pumpage plus the pumpage specified by the District's General Manager, there will be a reduction in storage of about 700,000 acre-feet after 50 years of pumping, which corresponds to a decline of only about 1.22% of the current volume in storage. BENÉ at p. 28, ll. 12-15. The Southern GAM calculates that, for all of the future pumpage included the GAM run used to calculate the adopted DFC (discussed below), there will be a 1.58% decline in Carrizo storage or a total of about 920,000 acre-feet in the year 2060. BENÉ at p. 28, ll. 16-18.

32. **Effect of Proposed Transfer – Subsidence.** HCPUA's proposed use of water will not cause subsidence. BENÉ at p. 31, ll. 6-17. *See also* the District's Management Plan, stating that, "Subsidence is not a factor with the aquifers in this District." District Management Plan at p. 27.

33. **Effect of Proposed Transfer – Existing Permit Holders and Other Groundwater Users.** The HCPUA Applications will not have unreasonable effects on existing permit holders or other groundwater users. *See* findings above, which are incorporated herein by reference.

34. **Regional Water Plan** -- In compliance with District Rule 15.D.3, the HCPUA Applications include information demonstrating that the proposed water to be produced is consistent with and included in the regional water plan approved by the Texas Water Development Board (TWDB) at the time the permit application was submitted (the 2006/2009 Region L Plan). HCPUA APPLICATIONS at Tab 10, pp. APP 000313 – 000335. Since submission of the HCPUA Applications to the District, the 2011 Region L Plan has been adopted and the HCPUA project is also included in the 2011 Region L Plan. Thus, the HCPUA project included in both the 2006/2009 and 2011 regional water plans. *See also* MOORE at p. 15, l. 10 – p. 20, l. 14; EXHIBIT HCPUA GM-11; and EXHIBIT HCPUA GM-12.

35. **District Management Plan** -- In compliance with District Rule 10.E.4.a, the HCPUA Applications include a demonstration that the proposed well field and production of 10, 300 acre-feet/year of water for municipal water supply purposes is consistent with the District's approved Management Plan. The District's Management Plan requires permit applicants to perform groundwater modeling demonstrating that drawdown will not significantly deviate from the standards in Rule 18.D. *See* District Management Plan, at p. 12. The HCPUA Applications include such modeling, which has been confirmed by the District's third-party modeler, and the modeling results demonstrate that pumping from HCPUA's proposed project will not cause drawdown levels that significantly deviate from the standards in Rule 18.D. or from the DFC. *See* HCPUA APPLICATIONS at Tab 7, pp. APP 000185 – APP 000199; BENÉ at p. 16, l. 17 – p. 20, l. 15. EXHIBIT HCPUA JB-5.

36. **Application Fees.** In compliance with District Rule 15.N, HCPUA Applications were accompanied by the required application fees. *See* HCPUA APPLICATIONS at p. APP 000007; and MOORE at p. 8, ll. 5-7.

CONCLUSIONS OF LAW

1. HCPUA, the applicant for the drilling, production and transportation permits, met its burden of proof on the merits of the applications.
 2. The drilling and production applications submitted by HCPUA contain all of the information required to be submitted to the District in Rule 10 and were accompanied by the prescribed fees.
 3. The transportation applications submitted by HCPUA contain all of the information required to be submitted to the District in Rule 15 and were accompanied by the prescribed fees.
 4. The permit applications are in conformance with the well spacing requirements of Rule 18.A.
 5. The modeling results do not significantly deviate from the production allocation requirements of Rule 18.C.
 6. The permit applications are in conformance with the production limits of Rule 18.D. based on the application of a public domain numerical groundwater availability model accepted by the General Manager.
 7. The proposed use of water will not unreasonably affect existing groundwater resources.
 8. The proposed use of water will not unreasonably affect existing surface water resources.
 9. The proposed use of water will not unreasonably affect existing permit holders.
 10. The proposed use of water is dedicated to a beneficial use.
 11. The proposed use of water is consistent with the 2009 District Management Plan.
 12. The applicant has agreed to avoid waste and achieve water conservation.
 13. The proposed use of the water will not result in significant subsidence.
 14. The applicant has agreed that reasonable diligence will be used to protect groundwater quality and that the applicant will follow well plugging guidelines at the time of well closure.
-

15. Considering the total groundwater production on a long-term basis, and the following factors, the requested permits should be issued by the District:

- a. issuance of the requested permits is consistent with achievement of the desired future condition.
- b. issuance of the requested permits is consistent with the modeled available groundwater issued by the TWDB.
- c. The estimated current and projected amount of groundwater produced under exemptions granted by district rules does not preclude issuance of the requested permits.
- d. The amount of groundwater authorized under permits previously issued by the District does not preclude issuance of the requested permits.
- e. A reasonable estimate of the amount of groundwater that is actually produced under permits issued by the District does not preclude issuance of the requested permits.
- f. Information regarding yearly precipitation and production patterns does not preclude issuance of the requested permits.

16. There is an insufficient supply of water available in the HCPUA service area during the period for which the water supply is requested.

17. There is water available in the District during the period for which the water supply is requested.

18. The proposed transfer of groundwater will not unreasonably affect aquifer conditions, deplete the aquifer, or cause subsidence.

19. The proposed transfer will not unreasonably affect existing permit holders or other groundwater users within the District.
20. The proposed transfer is consistent with the approved 2006/2009 Region L Water Plan, the 2011 Region L Water Plan, and the 2009 District Management Plan.
21. The drilling, production and transportation applications should be approved and the permits issued to HCPUA.



Bruce Patteson, President
Gonzales County Underground Water Conservation District

December 17, 2012

Date

Gonzales County Underground Water Conservation District

920 Saint Joseph Street
P.O. Box 1919
Gonzales, TX 78629
Phone: 830.672.1047
Fax: 830.672.1387

Production and Transportation Permit

Permit No.: 11-12-1

Permit Issued To: Hays Caldwell Public Utility Agency ("Permittee")

Mailing Address: c/o Lockwood, Andrews & Newnam, Inc.
400 W. Hopkins St, Suite 203
San Marcos, TX 78666
Attn: Graham Moore, Agency Manager

Phone: (512) 396-4040 x 5162

Date Application Filed: March 17, 2010

Date of Public Hearing: November 13, 2012

Date Permit Granted: November 13, 2012

Aquifer Production Allocation: Not to exceed 1.0 acre-foot per acre from the Carrizo Aquifer

Purpose of Use: Municipal Purposes (Public Water Supply).

Permitted Production Amount: Not to exceed 10,300 acre-feet per year, subject to Production Schedule (see below)

Capacity of Water Wells:

Well No.	Property Owner (Exhibit 1, Tab 1, Appendix C, p. APP 000030)		Avg. Pumping Rate (gpm) (Exhibit 1, Tab 3, p. APP 000037.1)	Avg. Pumping Amount (acre-feet/year)
PW-1	David P. Frerich	Northern	446.7	721
PW-2	Jonathan L. and Stephanie L. Poole	Northern	446.7	721
PW-3	Lester L. & Olmae Goodman Jacobs	Northern	446.7	721

PW-4	Leda Myers	Northern	446.7	721
PW-5	Mary S. Rabel	Northern	446.7	721
PW-6	Richard J. Burns	Southern	217.1	350.3717
PW-7	Richard R. & Barbara Ann Schroeder	Southern	217.1	350.3717
PW-8	Richard J. Burns	Southern	217.1	350.3717
PW-9	Richard J. Burns	Southern	499.5	806.2692
PW-10	Richard J. Burns	Southern	499.5	806.2692
PW-11	Ronald & Joan Beeman	Southern	499.5	806.2692
PW-12	Ronald & Joan Beeman	Southern	499.5	806.2692
PW-13	Richard J. Burns	Southern	499.5	806.2692
PW-14	Richard J. Burns	Southern	499.5	806.2692
PW-15	Richard J. Burns	Southern	499.5	806.2692

Production Schedule:

Permittee is authorized to produce and transport a total annual amount of 10,300 acre-feet per year of groundwater in accordance with the following production schedule:

A. Interim Stage I – During the period from November 13, 2012 through November 12, 2017 Permittee is authorized to produce and transport no more than 0 acre feet per year of groundwater.

B. Interim Stage II – During the period from November 13, 2017 through November 12, 2022 Permittee is authorized to produce and transport no more than 2,000 acre feet per year of groundwater.

C. Interim Stage III – During the period from November 13, 2022 through November 12, 2027 Permittee is authorized to produce and transport no more than 6,600 acre feet per year of groundwater.

D. Final Stage – During the period from November 13, 2027 through November 13, 2032, Permittee is authorized to produce and transport no more than 10,300 acre feet per year of groundwater.

In accordance with District Rule 11(G)(2), Permittee may time the drilling and completion of wells to match the above-stated Production Schedule. The Permittee may request from the General Manager a modification of the Production Schedule during any Interim Stage. Permittee's request for modification of the Production Schedule must include an explanation for the modification. If the Desired Future Condition is not in imminent danger of not being achieved or the Desired Future Condition is being achieved, the Board shall amend the Production Schedule and such action shall not be subject to a contested case hearing.

Term of Production Permit: 5 years

A permittee holding a drilling and production permit due to expire shall file a written request to reissue the permit to the General Manager no later than 30 days prior to the expiration date of the permit. The permit shall remain effective until final Board action on the reissue of the permit. Requests to reissue a permit shall be subject to review for substantial compliance with the rules of the District by the General Manager. (Rule 11.G.3)

Any permit subject to reissue shall after due consideration and an affirmative vote by the Board be reissued for a period of five years in accordance with the rules in effect at the time of reissue. (Rule 11.G.4)

Transport Permit Provisions: Transport of water from the District shall not exceed 10,300 acre-feet per year. The transportation of groundwater outside the District authorized by this permit is limited to the out-of-District service areas specified in Permittee's initial application for a production and transportation permit filed with the District.

Capacity of Transport System: The capacity of the transport facility has no bearing on the current permitted production or transportation volumes or on any future production or transportation volume requests.

Term of Transport Permit: 3/30 years

The term for the transportation permit shall be three years since construction of a conveyance system has not been initiated prior to permit issuance. If construction of a conveyance system is begun before the expiration of the permit, the term will be extended to a thirty year term from initial permit issuance.

A permittee holding a transportation permit shall submit an application to reissue the permit to the General Manager no later than thirty (30) days prior to the expiration of the permit. The permit shall remain effective until final Board action on the reissue of the permit. In its determination whether to reissue the transportation permit, the Board shall consider relevant and current data for the conservation of groundwater. Requests to reissue a permit shall be subject to the notice and hearing requirements applicable to permit applications. (Rule 15.K)

Additional Conditions Applicable to Production and Transportation Permit:

A. Special Provisions

This production and transportation permit was granted by the Board of Directors with the following special provisions:

- 1 Execution of a Mitigation Agreement.
2. Execution of a Monitoring Well Agreement.
3. Execution of a Negotiated Export Fee Agreement.

B. General Conditions

Acceptance of the permit by the person to whom it is issued constitutes acknowledgment of and agreement to comply with all of the terms, provisions, conditions, limitations, and restrictions of these rules including, but not limited to, the following:

1. Permits are granted in accordance with the provisions of the Texas Water Code and the Rules, Management Plan and Orders of the District, and acceptance of the permit constitutes an acknowledgment and agreement that the permittee will comply with the Texas Water Code, the District Rules, Management Plan, Orders of the District Board, and all the terms, provisions, conditions, requirements, limitations and restrictions embodied in a permit. (Rule 11.F.2.a; Rule 15.E.2.a)
2. A permit confers no vested rights in the holder, and it may be revoked or suspended, or its terms may be modified or amended pursuant to the provisions of the District's Rules. (Rule 11.F.2.b; Rule 15.E.2.b)
3. The operation of a well for the authorized withdrawal must be conducted in a non-wasteful manner. In the event the groundwater is to be transported a distance greater than one-half mile from the well, it must be transported by pipeline to prevent waste caused by evaporation and percolation. (Rule 11.F.2.c; Rule 15.E.2.c)
4. A well site must be accessible to District representatives for inspection, and the permittee agrees to fully cooperate in any reasonable inspection of the well and well site by District representatives. (Rule 11.F.2.e; Rule 15.E.2.e)
5. Applications for which a permit is issued are incorporated in the permit and thus permits are granted on the basis of and contingent upon the accuracy of the information supplied in the application and any amendments to the application. A finding that false information has been supplied is grounds for immediate revocation of a permit. In the event of conflict between the provisions of a permit and the contents of the application, the provisions of the permit shall control. (Rule 11.F.2.f ; Rule 15.E.2.f)
6. Suspension or revocation of a permit may require immediate cessation of all activities granted by the permit. (Rule 11.F.2.g; Rule 15.E.2.g)
7. Violation of a permit's terms, conditions, requirements or special provisions is punishable by civil penalties provided by the District's Rules. (Rule 11.F.2.h; Rule 15.E.2.h)
8. Where ever special provisions in a permit are inconsistent with other provisions or District Rules, the special provisions prevail. (Rule 11.F.2.i; Rule 15.E.2.i)
9. Changes in the amount of water transported or the wells associated with the transportation facility may not be made without the prior approval of a permit amendment issued by the District. (Rule 15.E.2.j)
10. The owner of a transportation facility shall be responsible for the prevention of pollution and waste, and with protecting the public's health in relation to water produced from such facility as required by District rules, and by reason of operations of said facility. (Rule 15.G)

C. Transportation Facility Requirements

All transportation facilities subject to registration or permitting shall be equipped with flow monitoring devices approved by the District and shall be available at all reasonable times for inspection by District personnel. The operator of a transportation facility shall be required to keep records and make reports to the District as to the operation of the transportation facility as indicated below:

1. Permitted transportation facilities shall submit reports to the District on a monthly basis, beginning at the time a permit is issued to operate. Monthly reports are due in the District office by the 15th day of the following month. (Rule 15.F.1)
2. Such reports shall include the volume of water transported during the preceding month and the production for each well associated with the transportation facility. (Rule 15.F.2.d; Rule 15.E.2.d)
3. Immediate written notice must be given to the District in the event production or transport exceeds the quantity authorized by this permit, or a well is either polluted or causing pollution of the aquifer. (Rule 11.F.2)

The District may, every five (5) years, review the amount of water that may be transferred out of the District under a permit and may limit the amount of water which may be transferred, after a consideration of the factors set forth in applicable District Rules and all relevant and current data for conservation of groundwater resources in the District. At any time during the term of a transportation permit, the District may revise or amend the permit if the use of water unreasonably affects existing groundwater and surface water resources or existing Permit Holders. (Rule 15.J)

D. Fees

Permitted shall pay the District fees in accordance with the Negotiated Export Fee Agreement.

E. Change of Ownership

A drilling or production permit may be transferred to another person through change of ownership of the well provided all permit conditions remain in compliance with District Rules and the District is notified, in advance, of the proposed change in ownership. The General Manager is authorized to effectuate the permit transfer. (Rule 11.E)

F. Fines

Permitted transportation facilities which fail to comply with District rules may be subject to a civil penalty to be determined by the Board not to exceed \$10,000 per day of violation and each day of continued violation constitutes a separate violation. (Rule 27.G)

G. Production Limits

The total amount of production authorized under this permit, or production authorized under any Interim Stage, may be reduced by the Board if the Board finds that the Desired Future

Condition for the District is not being achieved or is in imminent danger of not being achieved and that the Permittee has caused or significantly contributed to the non-achievement or imminent non- achievement of the Desired Future Condition.

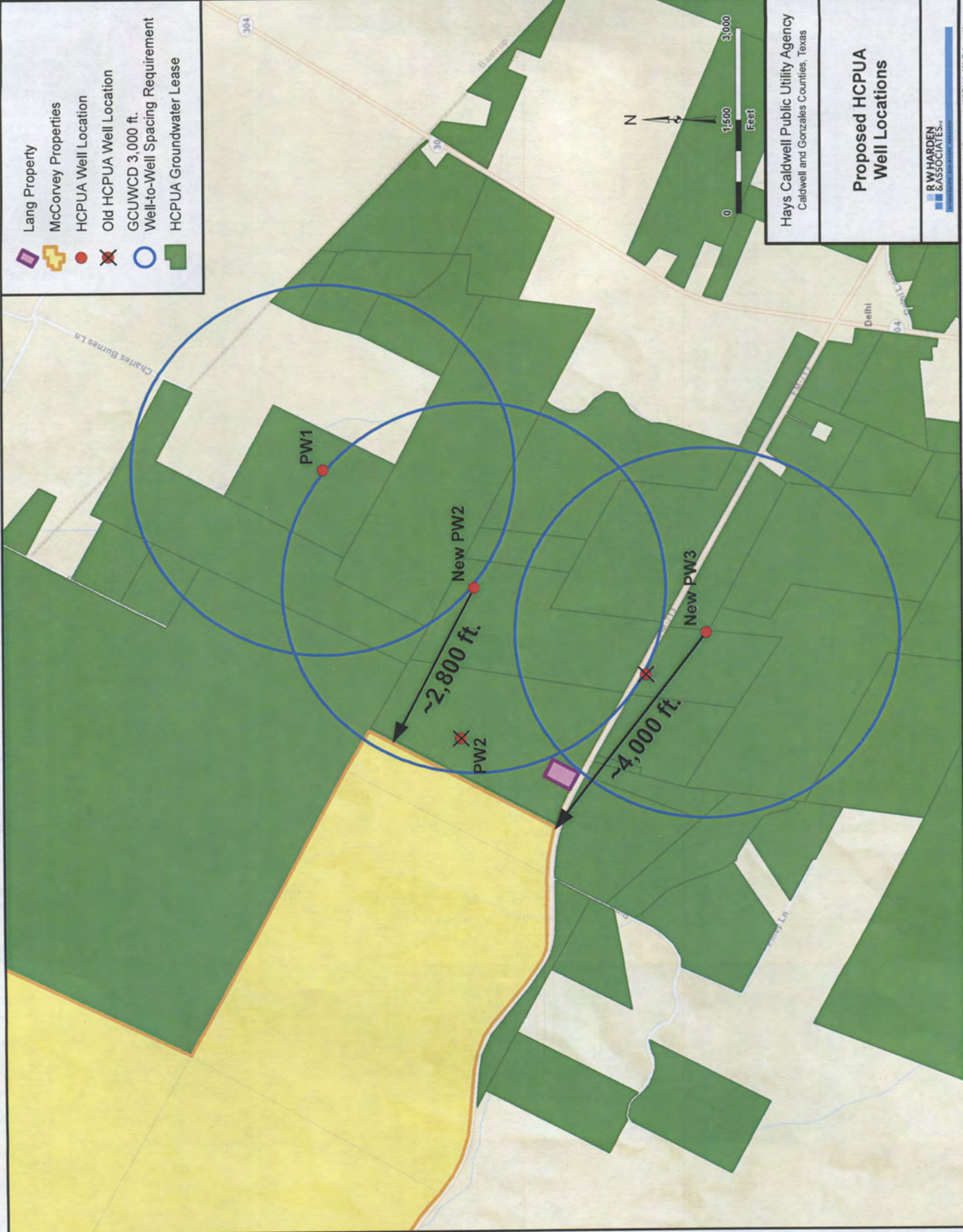


Bruce Patteson, President
Gonzales County Underground Water Conservation District

12-17-12
Date

Attachments:

- Mitigation Agreement
- Monitoring Well Agreement
- Negotiated Export Fee Agreement



**HAYS CALDWELL PUBLIC UTILITY AGENCY
AND
GONZALES COUNTY UNDERGROUND WATER CONSERVATION DISTRICT
PARTICIPATION AGREEMENT IN THE
EASTERN GONZALES COUNTY DEDICATED MITIGATION FUND**

The Parties:

This Agreement is effective this 17th day of December, 2012 (the "Effective Date") by and between the Gonzales County Underground Water Conservation District ("GCUWCD" or the "District"), a groundwater conservation district, created and operating pursuant to Article XVI, Section 59 of the Constitution of Texas and Chapter 36 of the Texas Water Code ("Chapter 36"), and the Hays Caldwell Public Utility Agency ("HCPUA" or the "Permittee"), a political subdivision of the State of Texas formed under Chapter 572 of the Texas Local Government Code. GCUWCD and HCPUA are collectively referred to herein as the "Parties."

Recitals

1. HCPUA is a political subdivision of the State of Texas. HCPUA intends to own and operate facilities to capture, produce, store, transport and deliver water to its current and future customers.
2. GCUWCD has been charged by the Texas Legislature with conserving and protecting the groundwater in Gonzales County, Texas and portions of Caldwell County, Texas. To that end, and pursuant to its enabling legislation and Chapter 36, the GCUWCD has promulgated a District Management Plan and Rules governing the issuance of permits for drilling, production and transportation of groundwater underlying GCUWCD's boundaries.
3. GCUWCD has adopted Rules relating to a well owner's responsibility to mitigate adverse impacts upon other water well users. The Parties acknowledge and desire to contractually adopt principles contained in such Rules and do so by this Agreement.
4. In the course of certain permitting actions, including contested case hearings, certain applicants and permittees, including HCPUA, have agreed to assist the GCUWCD in creating a dedicated fund that would be used by the GCUWCD for the purpose of investigating and evaluating mitigation claims and implementing mitigation measures for qualifying wells in Eastern Gonzales County in lieu of a permittee's obligations to perform its own mitigation under the District's Rules (the "Eastern Gonzales County Dedicated

Mitigation Fund” or the “Fund”). A permittee’s payment of the specified amount shall satisfy that permittee’s obligations concerning mitigation for qualifying water wells pursuant to the Rules of the District.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

1. Each participating permittee’s share of the Initial Fund Principal shall equal \$30.00 per acre foot of water authorized to be produced and transported by such permittee in accordance with permits issued by the District. Inasmuch as HCPUA has been issued permits to produce 10,300 acre feet per year of water, HCPUA’s initial payment to the Fund shall be \$309,000.00.

2. Participating permittees shall make payment of their share of the Initial Fund Principal to the District for deposit by the District into the Eastern Gonzales County Dedicated Mitigation Fund within 180 days following permittee’s receipt of a final and non-appealable permit authorizing production requested by the permittee’s application.

3. In order to ensure the continued viability of the Fund, HCPUA shall pay the District a negotiated export fee surcharge. Such export fee surcharge shall commence January 15th on the first full calendar year following the creation of the Fund and continue thereafter as provided herein. HCPUA shall pay an export fee surcharge in the amount of \$0.0175 per one thousand (1,000) gallons of water exported during the previous calendar year. Provided, however, such negotiated export fee surcharge shall not be imposed or collected during the first three (3) years of this Agreement when the Fund balance remains at or above \$250,000 as of July 1st of the previous year. Where payment of the surcharge is required by this Agreement, HCPUA shall make a lump sum payment to the District on January 15th of the applicable year. After the three (3) year period referenced herein, such negotiated export fee surcharge shall not be imposed or collected in any year when the Fund was at or above \$400,000 on July 1st of the previous year. When the District has determined no more mitigation is required, the District shall consider termination of the Fund and return the Fund balance to HCPUA and other participating permittees on the basis of each permittee’s share of the total pro-rata payments into the Fund.

4. Wells that qualify for mitigation by the Fund shall be limited to wells located in Eastern Gonzales County east of the middle of the San Marcos Arch that:

- a. were drilled on or before November 13, 2012;
- b. do not produce water for a public water supply; and
- c. meet the criteria for mitigation under the District’s Rules and Policies.

Provided, however, HCPUA consents to the District deciding that the following wells qualify for mitigation by the Fund should the District choose to do so even though such wells may not have been timely registered with the District and may not produce water from the Carrizo Aquifer:

1. Siebert. The three (3) wells located on the property owned by Bruce and Joan Siebert existing as of December 7, 2011, such property being 450 acres, more or less, consisting of 124.174 acres out of the Ned Weddington Survey, Abstract No. 421, in Caldwell County, Texas and 309.47 acres as described in a deed from Gus W. Walla and Barbara Walla to Bruce L. Siebert and Joan Siebert, dated December 4, 1998 and filed in volume 809, page 720 of the deed records of Gonzales County, these wells being further described as District Well Nos. H239, H268, and H240 and further described on Exhibit 1, which is attached hereto and incorporated herein by reference.

2. Rancho de Sueños, L.L.C./McCorvey/McCorvey Real Estate Holdings, Ltd. Seven (7) wells located on the property owned by Tony McCorvey and/or Rancho de Sueños, LLC and/or McCorvey Real Estate Holdings, Ltd. existing as of May 18, 2012, such property being 1,833.793 acres more or less situated in Caldwell County as described in the deeds recorded in the Official Records of Caldwell County at Volume 289, Page 882 (4/30/2001 – 844.596 acres); Volume 501, Page 316 Document No. 073539 (7/16/2007 – 482.098 acres); Vol. 501, Page 321, Document No, 073540 (7/16/2007 – 17.44 acres); Vol. 501, Page 316 Document No. 073539 (7/16/2007 – 62.519 acres); and Document No. 112376 (4/12/2011 – approx. 430 acres), and further described on Exhibit 2, which is attached hereto and incorporated herein by reference.

3. Boriack. The three wells located on the property owned by Ted Boriack existing as of May 18, 2012, such property being generally described as a 301.35 acres, more or less consisting of 300.35 acres out of the Prospect McCoy 1/3 League Abstract No. 342, in Gonzales County, Texas and 1.35 acres out of the Frederick Kistler League Abstract No. 33, in Gonzales County, Texas and further described on Exhibit 3, which is attached hereto and incorporated herein by reference.

4. LePori. One (1) well located on the property owned by Wayne LePori existing as of January 12, 2012, such property being 116.569 acres more or less situated in Gonzales County as described in the instrument dated September 15, 2008, recorded at Volume 989, Page 537 in the Official Records of Gonzales County, Texas, said well being further described as District Well No. G087 and further described on Exhibit 4, which is attached hereto and incorporated herein by reference.

Wells located on land leased or owned in fee simple determinable by the permit holders contributing to the Fund shall qualify for mitigation from the Fund, but wells located on land leased or owned in fee simple determinable by permit holders who do not contribute to the Fund shall not qualify for mitigation from the Fund.

5. If the District uses the Fund to deepen an existing well drilled into or producing water from the Carrizo formation or to drill a new well into the Carrizo formation or to lower a pump further into the Carrizo formation then the well will be drilled or deepened or the pump lowered so that the well owner may produce water from the Carrizo formation even if a drawdown in the Carrizo exceeds 200 feet, where practicable.

6. Permittee recognizes and acknowledges that the District may utilize monies in the Fund for investigating, evaluating and/or implementing mitigation by either contractors or employees and that the Fund may be used to cover administrative expenses, contractor costs, and equipment costs associated with such contractors or employees. By January 31st of each year following the creation and initial funding of the Fund, the District shall provide all participating permittees an accounting of Fund revenues and expenses and a report summarizing the mitigation claims that were inspected, evaluated or mitigated. Noncompliance with the terms of the Fund agreement by HCPUA shall be deemed noncompliance with HCPUA's permits issued by the District.

7. The duration of this Agreement shall be from the Effective Date and for as long thereafter as HCPUA, its successors or assigns, conducts water production operations within the boundaries of the GCUWCD. For purposes hereof, the term "water production operations" means any activity related or incidental to obtaining or maintaining permits or authority necessary for HCPUA to drill, test, produce or transport groundwater from within the boundaries of the GCUWCD.

8. All notices given hereunder must be in writing. Any written notice must be given by sending the same by United States certified mail, return receipt requested, or by personal delivery. Either party may change its address by written notice to the other and either party may confirm notice by electronic means.

The address for GCUWCD for all purposes under this Agreement and for all notices herein shall be:

Greg Sengelmann, General Manager
Gonzales County Underground Water Conservation District
P.O. Box 1919
920 St. Joseph St., Rm. 129
Gonzales, TX 78629
TEL/FAX: 830/672-1047
EMAIL: gcuwcd@gvec.net

The address for HCPUA for all purposes under this Agreement and for all notices herein shall be:

Hays Caldwell Public Utility Agency
c/o Lockwood, Andrews & Newnam, Inc.
Attn: Graham Moore
400 W. Hopkins, Suite 203
San Marcos, TX 78666
TEL: 512/396.4040 x 5162
EMAIL: gmmoore@lan-inc.com

9. This Agreement is being executed, delivered, and is intended to be performed in the State of Texas. Texas law shall govern the validity, construction, enforcement, and interpretation of this Agreement, unless otherwise specified herein. Gonzales County, Texas shall be the sole venue for any action or proceeding related to this Agreement.

10. This Agreement shall be binding upon and inure to the benefit of GCUWCD and HCPUA and their respective successors and assigns and shall be construed without respect to which entity was the drafter of this Agreement.

*(The remainder of this page is intentionally left blank.
Signature pages follow.)*

POSTED on October 31, 2012 and APPROVED on November 13, 2012, pursuant to Agenda Item 7 by Gonzales County Underground Water Conservation District.

**GONZALES COUNTY
UNDERGROUND WATER
CONSERVATION DISTRICT**


By 

Printed Name Bruce Patteson

Title: Board President

Date: 12-17-12

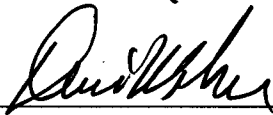
ATTEST:

By: 

Printed Name: Steve Ehrig
Secretary

Date: 12-17-12

HAYS CALDWELL PUBLIC
UTILITY AGENCY

By: 

Printed Name: David Wilson

Title: Board Chair

Date: NOVEMBER 28, 2012

ATTEST:

By: 

Printed Name: Chris Betz

Title: Board Secretary

Date: NOVEMBER 28, 2012

This page is a placeholder for information submitted with the application that may contain confidential information. Please contact Cindy Deprato at 512 463-8420 to request reviewing this information.

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Monitoring Well Agreement

Hays Caldwell Public Utility Agency

and

Gonzales County Underground Water Conservation District

THE PARTIES

This agreement is effective this 17th day of December, 2012 (the "Effective Date") by and between the Gonzales Underground Water Conservation District and the Hays Caldwell Public Utility Agency.

AGREEMENT

The Hays Caldwell Public Utility Agency agrees to install three (3) Carrizo Aquifer monitoring wells and one (1) Wilcox Aquifer monitoring well at locations designated by the General Manager of the Gonzales County Underground Water Conservation District. Work on the monitoring wells shall begin within 180 days from the General Manager's written directive to install the monitoring wells.

The Hays Caldwell Public Utility Agency also agrees that if they install either Queen City Aquifer or Sparta Aquifer rig supply wells for use in drilling their public supply wells the rig supply wells will be left in place for monitoring wells and the Gonzales County Underground Water Conservation District will be allowed to access the wells for use in the District's water level and water quality monitoring programs.

POSTED on October 31, 2012 and APPROVED on November 13, 2012, pursuant to Agenda Item 8 by Gonzales County Underground Water Conservation District.

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Signature pages follow.)*

**GONZALES COUNTY
UNDERGROUND WATER
CONSERVATION DISTRICT**

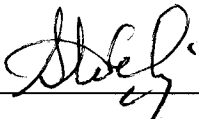
By 

Printed Name Bruce Patteson

Title: Board President

Date: 12-17-12


ATTEST:

By: 

Printed Name: Steve Ehrig
Secretary

Date: 12-17-12

HAYS CALDWELL PUBLIC
UTILITY AGENCY

By: 

Printed Name: David Wilson

Title: Board Chair

Date: NOVEMBER 28, 2012

ATTEST:

By: 

Printed Name: Chris Betz

Title: Board Secretary

Date: NOVEMBER 28, 2012

**NEGOTIATED EXPORT FEE AGREEMENT BY AND BETWEEN
HAYS CALDWELL PUBLIC UTILITY AGENCY
AND
GONZALES COUNTY UNDERGROUND WATER CONSERVATION DISTRICT**

The Parties

This Agreement is effective this 17th day of December, 2012 (the "Effective Date") by and between the Gonzales County Underground Water Conservation District ("GCUWCD" or "District"), a groundwater conservation district created and operating pursuant to Article XXI, Section 59 of the Constitution of Texas and Chapter 36 of the Texas Water Code ("Chapter 36") and Hays Caldwell Public Utility Agency ("HCPUA"). GCUWCD and HCPUA are collectively referred to as "the Parties."

Recitals

1. HCPUA is a political subdivision of the State of Texas formed under Chapter 572 of the Texas Local Government Code.

2. GCUWCD has been charged by the Texas Legislature with conserving and protecting the groundwater in Gonzales County, Texas and portions of Caldwell County, Texas. To that end and pursuant to its enabling legislation and Chapter 36, the GCUWCD has promulgated a District Management Plan and Rules governing the issuance of permits for drilling, production and transportation of groundwater underlying GCUWCD's boundaries.

3. GCUWCD is authorized by Chapter 36 to negotiate export fees with permittees.

4. In the course of certain permitting actions, certain applicants and permittees, including HCPUA, have agreed to negotiated export fees to assist the District in defraying costs of its annual budget. HCPUA in conjunction with the Canyon Regional Water Authority ("CRWA") and Texas Water Alliance Limited ("TWA") have each agreed to pay negotiated export fees, based on their respective proportionate shares of the total amount of water authorized to be produced each year by HCPUA, CRWA, and TWA under Permits Nos. ~~11-12-1~~, ~~11-12-2~~ and _____ to defray that portion of the District's budget not supplemented by ad valorem taxes and export fees from other entities with existing authorizations to transport water out of the District.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

1. HCPUA agrees to make an annual payment to the District in the amount of 31.5% ("HCPUA's Percentage Share") of the District's annual budget, less the amount of export fees due for that budget year from exporters whose permits or authorizations were issued or approved by the District prior to November 12, 2012 ("Existing Permittees"), and less ad valorem taxes

due for that budget year. This amount is the negotiated export fee between HCPUA and the District (the "HCPUA Export Fee").

2. Beginning in 2013 and continuing annually during the term of this Agreement, the District will notify HCPUA no later than August 31 of each calendar year of the amount of the HCPUA Export Fee. HCPUA will remit payment of the HCPUA Export Fee to the District on or before October 1st of each calendar year.

3. The District agrees that HCPUA's Percentage Share may be decreased in the future if any of the Existing Permittees (and/or any future exporters) agree to enter into a negotiated export fee agreement with the District based on their pro rata share of the total amount of water authorized to be exported outside the District's boundaries. The District agrees that in such event, HCPUA's Percentage Share shall be reduced proportionately.

4. Except as otherwise provided in Section 8 of this Agreement, the District agrees that the amount of the HCPUA Export Fee will not increase more than ten percent (10%) from the preceding year's HCPUA Export Fee.

5. Non-compliance with the terms of this Agreement by HCPUA shall be deemed non-compliant with HCPUA's Permit No. 11-12-1 for 10,300 acre feet/year issued by the District.

6. The Agreement shall continue for so long as Permit No. 11-12-1 is in effect and shall automatically terminate on the expiration or termination of said Permit.

7. The District agrees to use its best efforts to, within two (2) years of the Effective Date, finalize a negotiated export fee agreement, on similar terms to this Agreement, with the Existing Permittees.

8. The Parties acknowledge and agree that if any permittee who is a party to a negotiated export fee agreement relinquishes its right to produce and transport water out of the District, the pro rata share among remaining permittees to a negotiated export fee agreement will be reallocated.

9. All notices given hereunder must be in writing. Any written notice must be given by sending the same by United States certified mail, return receipt requested, or by personal delivery. Either party may change its address by written notice to the other and either party may confirm notice by electronic means.

The address for GCUWCD for all purposes under this Agreement and for all notices herein shall be:

Greg Sengelmann, General Manager
Gonzales County Underground Water Conservation District
P.O. Box 1919
920 St. Joseph St., Rm. 129
Gonzales, TX 78629
TEL: 830/672-1047
FAX: 830/672-1387
EMAIL: greg.sengelmann@gcuwcd.org

The address for HCPUA for all purposes under this Agreement and for all notices herein shall be:

Hays Caldwell Public Utility Agency
c/o Lockwood, Andrews & Newman, Inc.
Attn: Mr. Graham Moore
400 W. Hopkins, Suite 203
San Marcos, TX 78666
TEL: 512/396-4040, ext. 5162
EMAIL: gmmoore@lan-inc.com

11. This Agreement shall be binding upon and inure to the benefit of GCUWCD and HCPUA and their respective successors and assigns and shall be construed without respect to which entity was the drafter of this Agreement.

POSTED on October 31, 2012 and APPROVED on November 13, 2012, pursuant to Agenda Item 9 by Gonzales County Underground Water Conservation District.

POSTED on Nov. 28, 2012, 2012 and APPROVED on Nov. 28, 2012, 2012, pursuant to Agenda Item 7 by Hays Caldwell Public Utility Agency.

*The remainder of this page is intentionally left blank.
Signature pages follow.)*

**GONZALES COUNTY
UNDERGROUND WATER
CONSERVATION DISTRICT**


By: 

Printed Name Bruce Patteson

Title: Board President

Date: 12-17-12

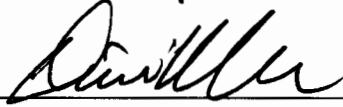
ATTEST:

By: 

Printed Name: Steve Ehrig
Secretary

Date: 12-17-12

HAYS CALDWELL PUBLIC
UTILITY AGENCY

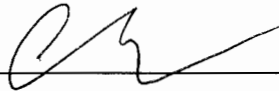
By: 

Printed Name: David Wilson

Title: Board Chair

Date: NOVEMBER 28, 2012

ATTEST:

By: 

Printed Name: Chris Betz

Title: Board Secretary

Date: NOVEMBER 28, 2012

HAYS CALDWELL PUBLIC UTILITY AGENCY (HCPUA) APPLICATION FOR WATER WELL DRILLING AND PRODUCTION PERMITS FOR WELLS IN EASTERN CALDWELL COUNTY

RULE 10 Application for Drilling and Production Permits

D. Permit Application:

1. Name and mailing address of the applicant and the owner of land on which the well will be located.

**Hays Caldwell Public Utility Agency (HCPUA)
400 W. Hopkins, Suite 203
San Marcos, TX 78666**

Numerous landowners have entered into lease agreements with the HCPUA associated with this application. A complete list of landowners is provided in Appendix B under Tab 1.

2. If the applicant is other than the owner of the property, documentation establishing the applicable authority to construct and operate a well for the proposed use.

Memorandums of lease for the water rights associated with this application are provided under Tab 8.

3. The location of the well expressed in Latitude and Longitude in degrees of arc and minutes of arc and seconds of arc to the first decimal place.

Fifteen wells are proposed to be constructed and produced as part of this project. The locations of the wells are provided in the table below.

This page is a placeholder for information submitted with the application that may contain confidential information. Please contact Cindy Deprato at 512 463-8420 to request reviewing this information.

The HCPUA currently leases the groundwater rights associated with more than 10,300 contiguous acres in the GCUWCD.

8. The name and address of the driller or contractor, if known.

The selection of a drilling contractor is to be determined following a public bidding process.

9. The date proposed drilling operations are to commence.

The proposed groundwater production and transmission facilities represent a substantial financial and technical undertaking by a public agency, which requires the expenditure of a significant amount of time to complete various required tasks including: due diligence evaluations, bond issuance, finalization of facility plans, public bidding and award of the construction contract(s), acquisition of easements for transportation facilities, and construction of extensive facilities. For this reason, the HCPUA requests that special consideration or an exception to policy be given for the timing of the completion of the proposed wells, and that the time allowed for construction of the facilities be extended to five years from the date that any issued permits become final.

10. The name and address of adjacent property owners as shown on the County Tax Roles as of the date the application is filed or alternatively, the name and address of all adjacent property owners in the original survey(s).

The names and addresses of adjacent property owners are provided in Appendix D under Tab 1.

11. The name and address of all existing and registered and permitted well owners within one-half mile of the proposed well as shown in the records of the district.

Ten existing wells are located within one-half mile of the proposed wells, and are listed in the table below. As shown, nine wells are owned by HCPUA lessors, and one well (Lang) is unused.

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A map of property and well locations is included under Tab 3.

E. Additional requirements for permit applications from the same producer or producers connected or to be connected to a common gathering/transportation piping system capable of producing greater than or equal to 3,000 acre-feet of groundwater per calendar year.

1. Include in the application a public-domain numerical groundwater availability model accepted by the General Manager of the District. The model shall demonstrate the effects of the proposed groundwater development upon the water table or artesian pressure of the Carrizo, Wilcox, Queen City and Sparta aquifers, as applicable, within and outside of the proposed well field over a 50 year modeling period.

As requested by the GCUWCD, groundwater modeling was conducted showing the simulated aquifer response to future pumpage by the HCPUA and other users in the region. Model results for the total drawdown due to HCPUA pumpage and proposed regional pumpage (rates and schedules provided by the GCUWCD) are provided under Tab 7.

2. Include in the application a monitoring plan to assess the effects of the project on the aquifer(s).

HCPUA will construct up to three (3) new, dedicated monitoring wells. These wells will be constructed by the HCPUA at locations determined by the GCUWCD General Manager in consultation with HCPUA's groundwater consultant.

3. In order to ensure no unreasonable effects on existing groundwater and surface water resources or existing permit holders, the District shall require a mitigation plan, acceptable to the General Manager, to be included in the application to mitigate the effects of the drawdown of artesian pressure or the level of the water table upon the registered or permitted well owners potentially affected by that well or wells. The mitigation plan, at permit issuance, shall be incorporated into a binding agreement between the permittee and the District.

A proposed mitigation agreement including the information discussed in Rule 10-E-3 is included under Tab 9.

4. Include in the application:
 - a. A demonstration that the proposed well field is consistent with the District's approved management plan.

The results of groundwater modeling completed is part of these applications are included under Tab 7. The simulations indicate that the amount of groundwater associated with the proposed withdrawals is available and that the aquifer response to the pumpage is consistent with the District's management plan.

- b. A map indicating the proposed area in which the other wells in the proposed well field will be drilled.

A well location map is provided under Tab 3. The locations of all wells conform to all property offset and spacing rules of the District.

- c. The existing or proposed general route of the pipeline transporting the water.

A map of the proposed route of the pipeline is provided under Tab 3.

- d. A demonstration that the proposed water to be produced is consistent with the regional water plan that has been approved by the TWDB at the time the permit application is submitted.

The HCPUA project was included within the approved 2006 Region L Regional Water Plan. The Region L HCPUA Water Management Strategy summary is included under Tab 10.

- e. The proposed ultimate production of the wells connected to the well field for which a permit application has been filed.

The fifteen wells will produce a maximum of about 10,300 acre-feet annually from Gonzales County.

G. Application Fee

Each application for a drilling and production permit shall be accompanied by a check, certified check or postal money order in the amount of \$1.00 per acre/foot proposed to be produced annually payable to the District for the permit application processing fee. This fee is in addition to the fee the applicant paid for an application fee pursuant to Rule 9 for a test well to be converted to a permanent well.

A check in the amount of \$10,300 will be submitted to the District for the required drilling and production application fees.

HAYS CALDWELL PUBLIC UTILITY AGENCY (HCPUA) APPLICATION FOR TRANSPORTATION PERMIT FOR WELLS IN EASTERN CALDWELL COUNTY

RULE 15 *Transportation of Groundwater from the District*

C. The following information will be provided to the General Manager with a registration of an existing facility or an application for a permit to transport water.

1. The name and address of the owner and/or operator of the transportation facility.

Graham Moore, P.E.
Agency Manager
Hays Caldwell Public Utility Agency
400 W. Hopkins, Suite 203
San Marcos, TX 78666

2. The legal description of the location of the well or wells from which water to be transported is to be produced.

See Appendix C under Tab 1

3. The name and address of the water right owner of the proposed or existing well or wells used to produce the water to be transported.

Hays Caldwell Public Utility Agency
400 W. Hopkins, Suite 203
San Marcos, TX 78666

4. The permit number or registration number of the well or wells used to produce water to be transported.

Information pertaining to the proposed wells will be submitted pending approval of drilling and production permits.

5. A technical description of the well or wells that are producing water for transportation and the formation they are producing from including, but not limited to:

- a. A copy of the driller's log.
- b. A completion record showing the depth of the well, the casing diameter, type and setting, and the perforated interval.
- c. The size of the pump or pumps used to produce water to be transported.
- d. The date the well was drilled.
- e. Electric logs including a spontaneous potential log and a resistivity log.

The wells will produce groundwater from the Carrizo aquifer. Information pertinent to well construction and production will be supplied as it becomes available.

6. The use of the water transported.

The HCPUA well field will produce groundwater in the total amount of 10,300 acre-feet per year in the northeastern portion of the GCUWCD, to be used as public water supply. This water will be used to augment current public supplies for the HCPUA member entities: the City of Buda, the City of Kyle, the City of San Marcos, and Canyon Regional Water Authority.

7. The volume of water transported during the previous calendar year.

No water was transported from this project during the previous calendar year.

8. A technical description of the facilities used to transport water.

A map and description of the water transportation facilities are included under Tab 3.

9. The proposed volumes of water to be transported outside the District, on a per annum basis for a thirty (30) year period commencing upon (expected) permit issuance.

HCPUA is requesting a permit to transport 10,300 acre-feet of water per year outside the District during the 30-year period following initial permit issuance.

10. The availability of water in the District and in the proposed receiving area during the period for which the water supply is requested.

As requested by the GCUWCD, groundwater modeling simulations were completed to estimate the aquifer response to the proposed withdrawals. The model results are included under Tab 7 and indicate that the amount of groundwater associated with the proposed withdrawals is available within the District.

11. The projected effect of the proposed transfer on aquifer conditions, depletion, subsidence, or effects on existing permit holders or other groundwater users within the District.

As requested by the GCUWCD, groundwater modeling was conducted showing the simulated aquifer response to future

pumpage by the HCPUA and other users in the region. Model results for the total drawdown due to HCPUA pumpage and proposed regional pumpage (rates and schedules provided by the GCUWCD) are provided under Tab 7.

N. An application for a transportation permit shall be accompanied by a certified check or postal money order in the amount of \$1.00 per acre/foot requested to be transported in a year payable to the District for a permit application processing fee.

A check in the amount of \$10,300 will be submitted to the District for the required transportation application fees.

This page is a placeholder for information submitted with the application that may contain confidential information. Please contact Cindy Deprato at 512 463-8420 to request reviewing this information.

- a. Phase 1: Drilling and completion of HCPUA Well # 1 is authorized to occur from January 1, 2022 through January 1, 2024. The Permittee may request from the District's Executive Manager a modification to the schedule which must include an explanation for the modification.
- b. Phase 2: Drilling and completion of HCPUA Well # 2 is authorized to occur from January 1, 2029 through January 1, 2031. The Permittee may request from the District's Executive Manager a modification to the schedule which must include an explanation for the modification.

8. The general conditions applicable to this Permit are:

- a. This Permit is granted subject to the District Rules, the orders of the District Board, the District Management Plan, and Chapter 36 of the Texas Water Code.
- b. Acceptance of this Permit by Permittee constitutes an acknowledgement and agreement that Permittee will comply with the terms, conditions, and limitations set forth in this Permit, the District Rules, the orders of the District Board, and the District Management Plan.
- c. Water withdrawn under the Permit must be put to beneficial use at all times, and operation of the Permitted Wells in a wasteful manner is prohibited.
- d. The Permitted Wells are to be maintained in accord with this Permit and the information and representations submitted with the Permit application, including all correspondence related to the application.
- e. Subject to the terms and conditions of this Permit, the Permitted Wells are to be maintained in accord with the District Rules as those rules now exist or as they may be amended.
- f. The Permitted Wells are to be maintained and continuously equipped in accord with this Permit and the water well driller's completion report for the Permitted Wells.
- g. The Permitted Well sites must be accessible to the District for inspection at any reasonable time, and Permittee agrees to cooperate in any reasonable inspection of the Permitted Wells and Permitted Well sites by the District.
- h. Permittee will use reasonable diligence to protect groundwater quality.
- i. Permittee will follow well plugging guidelines at the time of closure of the Permitted Wells.
- j. Permittee's permit application is hereby incorporated in this Permit by reference, and this Permit is granted on the basis of and contingent upon the accuracy of the information provided in that application. A finding that false or inaccurate

information has been provided in the permit application is grounds for correction, alteration, reduction, or possibly revocation of the Permit, after notice and an opportunity for hearing.

- k. Violation of the Permit's terms, conditions, requirements, or special provisions, including pumping amounts in excess of authorized withdrawals, may subject the Permittee to enforcement action under District Rules.

9. The special conditions applicable to this Permit are:

a. Logging, Sampling, Metering, Water Level Measurements, and Reporting:

- (i) Well Logs. Permittee shall submit to the District copies of the open hole well logs created at the time of drilling of the Permitted Wells and any newly constructed monitoring wells that Permittee installs pursuant to Section 9(c) of this Permit. The well logs shall be in the form of a resistivity induction array, natural gamma ray, and sonic log plotted with 1", 2" and 5" scale runs for all logs. The log data shall be provided on disk in LAS and image file format.
- (ii) Drill Cuttings Samples. Drill cuttings samples from the Permitted Wells and any newly constructed monitoring wells that Permittee installs pursuant to Section 9(c) of this Permit shall be taken at ten foot (10') intervals, saved in containers furnished by the District, and provided to the District for their use.
- (iii) Meter Readings and Water Level Measurements. Permittee shall read the totalizer meters on the Permitted Wells on a regular monthly basis and provide the results to the District in a monthly production report within ten (10) days after the end of each calendar month for the preceding calendar month. Permittee shall also submit to the District copies of meter readings it submits to the Gonzales County Underground Water Conservation District (GCUWCD).
- (iv) Other Permits. Permittee shall notify the District if a new production permit is granted to Permittee by another groundwater conservation district located in Groundwater Management Area 13 or 10 after the Effective Date of this Permit.
- (v) Notification of Changes. Permittee shall notify the District of any changes to the landowner information set forth in Tab 1, Appendix A of the Permit application (relating to Groundwater Lease Landowners) or Tab 1, Appendix B of the application (relating to Well Information) within thirty (30) days following the Permittee's receipt of notice of the change from the landowners.
- (vi) Restriction on Credit for Leased Acreage. The Permittee shall not use any of the Leased Acreage associated with this Permit, including the acreage

located outside of the District which has been included in the production limit calculation referenced in the technical report accompanying the Permit application per Section 20(D) and (E) of the District Rules as supportive of the quantity of water allowed to be produced under this Permit, in any other District permit applications, or in pools and/or calculations for production permit applications to any groundwater conservation district outside of the District.

b. Permitted Wells:

- (i) Authorized Production Zone: The Permitted Wells shall be completed in the Carrizo Aquifer only.
- (ii) Well Screening. Gravel packed or Pre-pack stainless steel screens and blanks shall be installed across the producing interval in each Permitted Well.
- (iii) Metering. Each Permitted Well shall be equipped with a totalizer meter.
- (iv) Change in Permitted Well Location. If Permittee wishes to move either or both of the Permitted Wells up to two hundred feet (200') from the locations set forth in Section 2 of this Permit to accommodate conditions in the field or surface owner preferences, Permittee shall provide written notice to the District at least thirty (30) days prior to drilling stating: (1) the latitude and longitude of the final Permitted Well location(s); (2) the name(s) and address(es) of the surface owners, and (3) the distances from the final Permitted Well location(s) to the nearest property line and to other registered Carrizo Aquifer wells in the District. Upon the District's confirmation that the adjusted Permitted Well location(s) still meet the well spacing requirements set forth in the District's Rules, no notice or hearing are required and the permit amendment changing the Permitted Well location(s) (and making any other changes incidental thereto) shall be issued administratively by the District's General Manager.

c. Monitoring Wells:

- (i) Number. Permittee shall utilize two (2) monitoring wells to monitor water levels in the Carrizo Aquifer in the vicinity of the Permitted Wells.
- (ii) Monitoring Well Meeting. Specific monitoring well locations, and finalizing sizes and standards listed below will be determined by the District's technical consultant after a meeting/s between the Permittee and District representatives, with such meeting/s to be held at least one hundred twenty (120) days prior to the commencement of drilling operations to agree upon the drilling, and completion procedures for all monitoring wells.

- (iii) Location. The monitoring wells required by Section 9(c)(i) of this Permit shall be in locations mutually agreed upon by the Permittee and the District after considering such factors as whether site access and all other rights necessary to install and use the monitoring wells are available at a reasonable cost, location of existing or future planned monitoring wells (either in District or outside the District), suitability of the locations for monitoring well purposes, and other factors. In locating the monitoring wells, existing wells already being used as Carrizo Aquifer monitoring wells by the District or the GCUWCD, or reasonably suitable for being used as such, shall be evaluated. On approval by the District, Permittee may utilize existing well(s) as a monitoring well.
 - (iv) Size and Completion Zone. Except as otherwise mutually agreed after the meeting required by Section 9(c)(ii) of this Permit, new monitoring wells shall be six inches (6") in diameter and completed in the Carrizo Aquifer.
 - (v) Equipping. Except as otherwise mutually agreed after the meeting required by Section 9(c)(ii) of this Permit, the monitoring wells shall be initially equipped with an In-Situ or Schlumberger Diver transducer or, if different, another transducer approved by the District, at the expense of the Permittee. Each transducer must be compatible with the downhole pressures.
 - (vi) Schedule for Installation/Equipping. Except as otherwise mutually agreed after the meeting required by Section 9(c)(ii) of this Permit, the monitoring wells shall be installed and/or equipped on the same schedule as set forth in Section 7(a)(i) of this Permit pertaining to HCPUA Well #1.
 - (vii) Data Collection. Other than the well logs for newly constructed monitoring wells (which shall be provided to the District by Permittee per Section 9(a)(i) of this Permit), the District shall be responsible for collecting monitoring well data.
 - (viii) Ownership. After completion of the monitoring wells by the Permittee, including equipping them with the required transducers, Permittee shall transfer or assign its rights to the monitoring wells to the District.
- d. Transportation, transfer or export of water out of the District:
- (i) Transport Authorized. Permittee shall be allowed to transport water produced pursuant to this Permit to delivery points located in the following counties: Caldwell, Hays, Gonzales, Guadalupe, and Comal.
 - (ii) Flow Monitoring. All transportation facilities shall be equipped with flow monitoring devices that comply with the Texas Commission on Environmental Quality requirements for public water supply wells at 30 Tex. Admin. Code § 290.41(c)(3)(N) (as the same may be amended from

time to time by the TCEQ), and shall be accessible at any reasonable time for inspection by the District.

(iii) Negotiated Transportation Fee. The District acknowledges that Permittee's member entities have both in-District and out-of-District service areas; specifically, as of the Effective Date, approximately 76% of Permittee's service areas are out-of-District and 24% of Permittee's service areas are in-District. For that reason, District and Permittee acknowledge and agree that it is not feasible to determine precisely how much water is used in-District (and not subject to the District's export or transportation fees) and how much water is used out-of-District (and subject to the District's export or transportation fees). Therefore, pursuant to Texas Water Code §36.122(e)(1), Permittee and the District hereby agree that seventy six percent (76%) of the total produced groundwater from the Permitted Wells will be subject to the District's export fees (the "Negotiated Transportation Fee"). The Negotiated Transportation Fee shall be paid on a monthly basis within thirty (30) days of the end of the month.

- e. Special conditions relating to mitigation are attached hereto as Attachment A.
- f. Effective on the effective date of Permittee's conversion to a Regional Water Authority having the powers of a conservation and reclamation district pursuant to Section 59, Article XVI, Texas Constitution, this Permit shall be automatically transferred to said Regional Water Authority with no other action required by the District.

- 10. Whenever the terms of this Permit or Attachment A are inconsistent with the District Rules, the Permit terms will prevail.
- 11. This Permit is valid for thirty (30) years after the Effective Date of this Permit. The Effective Date is the Date Issued, stated below on the line accompanying the signature of the District's authorized representative.

**PLUM CREEK CONSERVATION
DISTRICT**

2-21-2017
(Date Issued) (Effective Date)

By: Johnie Halliburton

Printed Name: Johnie Halliburton

Title: Executive Manager

For: Plum Creek Conservation District

Attachments:

Attachment A: Mitigation Agreement

ATTACHMENT A: MITIGATION AGREEMENT

HAYS CALDWELL PUBLIC UTILITY AGENCY AND PLUM CREEK CONSERVATION DISTRICT MITIGATION AGREEMENT

The Parties:

This Agreement is by and between the Plum Creek Conservation District (“PCCD” or the “District”), a special law district operating in portions of Caldwell and Hays County, Texas created by special legislative act formerly codified as Article 8280-194, TEX. REV. CIV. STAT. ANN., as amended, and operating pursuant to Article XVI, Section 59 of the Constitution of Texas and Chapter 36 of the Texas Water Code, and Hays Caldwell Public Utility Agency (“HCPUA”), a political subdivision of the State of Texas created under Chapter 572 of the Texas Local Government Code. PCCD and HCPUA are collectively referred to herein as “the Parties.”

Recitals:

HCPUA is a political subdivision of the State of Texas created in 2007 under Chapter 572 of the Texas Local Government Code by the City of Kyle, the City of Buda, the City of San Marcos, and the Canyon Regional Water Authority. Pursuant to the laws and resolutions under which it was created, HCPUA’s purpose is to jointly finance, plan, acquire, construct, own, operate, or maintain facilities necessary for the conservation, storage, transportation, treatment, or distribution of water.

PCCD has been charged by the Texas Legislature with, among other things, conserving and protecting the groundwater in the boundaries of the District located in portions of Caldwell County, Texas. To that end, and pursuant to its enabling legislation and Chapter 36, the PCCD has promulgated a District Management Plan and Rules governing the issuance of permits for drilling, production and transportation of groundwater underlying PCCD’s boundaries.

PCCD has issued PCCD Permit No. 2017-PPT-001 to HCPUA granting HCPUA the authority to produce and transport 4,700 acre feet per year from the Carrizo Aquifer.

As of the Date Issued of PCCD Permit No. 2017-PPT-001, there are no registered or permitted Carrizo Aquifer wells in the District.

As of the Date Issued of PCCD Permit No. 2017-PPT-001, the District has not adopted final orders or rules pertaining to a well owner’s responsibility to mitigate adverse impacts of a permittee’s production wells upon other water well users.

Although the District anticipates adopting a mitigation rule in the near future, no such rule has been finalized, so the Permittee and the District have agreed to address certain mitigation principles by agreement.

Although PCCD has not adopted Rules relating to a well owner's responsibility to mitigate adverse impacts upon other water well users, the Parties acknowledge and desire to contractually adopt principles that shall be considered in the adoption and enforcement of any future such Rules and do so by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

Agreement:

1. The Parties agree that the foregoing Recitals are true and correct and they are each incorporated herein by reference for all purposes as if set forth in full.
2. Wells that qualify for potential mitigation by HCPUA under future rules, orders, policies or guidelines adopted or utilized by PCCD during the term of PCCD Permit No. **2017-PPT-001** shall be limited to those wells that meet all of the following criteria:
 - a. Are registered or permitted wells located in the boundaries of the District as those boundaries exist as of the Effective Date (defined herein);and
 - b. Were registered with the District on or before the completion of HCPUA Well #1; and
 - c. Do not produce water for a public water supply; and
 - d. Are completed in the Carrizo Aquifer; and
 - e. Are not located on the Leased Acreage as described in Paragraph 6 of PCCD Permit No. **2017-PPT-001** issued to HCPUA; and
 - f. Are found, after notice and opportunity for hearing, to meet the criteria for mitigation by HCPUA under the District's Rules.
3. The District shall make the application and PCCD Permit No. **2017-PPT-001** available to any future applicant for a production well from the Carrizo Aquifer in the District so that they may take notice of same.
4. The duration of this Agreement shall be from the Effective Date and for as long thereafter as HCPUA, its successors or assigns, conducts water production operations within the boundaries of the PCCD. For purposes hereof, the term "water production operations" means any activity related or incidental to obtaining or maintaining permits or authority necessary for HCPUA to drill, test, produce or transport groundwater from within the boundaries of the PCCD.
5. All notices given hereunder must be in writing. Any written notice must be given by sending the same by United States certified mail, return receipt requested, or by personal delivery. Either party may change its address by written notice to the other and either party may confirm notice by electronic means.

The address for PCCD for all purposes under this Agreement and for all notices herein shall be:

Johnie Halliburton, Executive Manager
Plum Creek Conservation District
P.O. Box 328 Lockhart, TX 78644
TEL: (512) 398-2383
FAX (512) 398-7776
Email: jhalliburton@pccd.org

The address for HCPUA for all purposes under this Agreement and for all notices herein shall be:

Mr. Graham Moore, Executive Director
Hays Caldwell Public Utility Agency
630 E. Hopkins
San Marcos, TX 78666
TEL: (512) 294-3214
Email: gmoore@hcpua.org

9. This Agreement is being executed, delivered, and is intended to be performed in the State of Texas. Texas law shall govern the validity, construction, enforcement, and interpretation of this Agreement, unless otherwise specified herein.

10. This Agreement shall be binding upon and inure to the benefit of PCCD and HCPUA and their respective successors and assigns and shall be construed without respect to which entity was the drafter of this Agreement.

POSTED on February 15, 2017 and APPROVED on February 21, 2017, pursuant to Agenda Item V by the PCCD Board of Directors.

POSTED on February 17, 2017 and APPROVED on February 22, 2017, pursuant to Agenda Item F.7 by the HCPUA Board of Directors.

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Signature pages follow.)*


**PLUM CREEK CONSERVATION
DISTRICT**

By: James A. Holt, Jr.
Printed Name: JAMES A. HOLT
President
Title: Board President
Date: 4-17-2017

ATTEST:

By: Lucy Knight
Printed Name: Lucy Knight
Secretary
Date: 4-17-2017

HAYS CALDWELL PUBLIC
UTILITY AGENCY

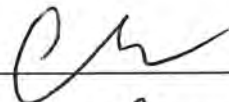
By: 

Printed Name: David Wilson

Title: Board Chair

Date: 2/22/2017

ATTEST:

By: 

Printed Name: CHRIS BETZ

Title: Board Secretary

Date: 2/22/2017

This page is a placeholder for information submitted with the application that may contain confidential information. Please contact Cindy Deprato at 512 463-8420 to request reviewing this information.

4. A statement of the nature and purpose of the existing/proposed use and the amount of water to be used for each purpose. Multiple uses of the same quantity of water to be permitted by the District may be requested, provided that the total cumulative volume used annually does not exceed the amount authorized by the permit or exemption issued by the District or authorized by these Rules; provided, however, that groundwater produced from any exempt well(s) may only be used for domestic and livestock purposes; [Rule 11]

These permit application submittals pertain to a well field project consisting of two wells proposed to be constructed within the Plum Creek Conservation District (PCCD or District). The two proposed PCCD wells will be part of the HCPUA's larger project, which includes additional wells permitted by the GCUWCD. In these applications to PCCD, HCPUA is requesting permits to construct two groundwater wells within the PCCD, produce a total of 4,700 ac-ft/yr of groundwater from the Carrizo aquifer, and transport the groundwater for use by HCPUA and its member entities for public water supply purposes both within and outside the PCCD boundaries.

5. The proposed rate at which water is or will be withdrawn from a new well, or the actual production rate for an Existing Well;

The proposed average production rates for the two wells within the PCCD are as follows:

Well No. 1 – 1,040 gallons per minute (1,678.5 ac-ft/yr)

Well No. 2 – 1,872 gallons per minute (3,021.5 ac-ft/yr)

6. The name and address of the driller or contractor;

The drilling contractor will be selected through a future public bidding process, consistent with the bidding and procurement laws applicable to public utility agencies and/or their member entities.

7. The date proposed drilling operations are to commence for a new well(s), or the date on which the well(s) was completed for an Existing Well;

As allowed by Rule 15.B., HCPUA is requesting a variance from the 120-day drilling commencement deadline contained in Rule 15.A. As a public agency with multiple public participants, HCPUA needs time to complete its due diligence, secure financing for facilities for the issuance of bonds, finalize construction plans for its facilities, and acquire easements for transport facilities. HCPUA has commenced construction of its transportation facilities, but the scale and construction

schedule of the entire project will not allow drilling for the production wells to commence within 120 days from granting of the permit. Therefore, the tables below presents the actual or anticipated start date for construction of the wells and the transportation system along with the date operations will commence for each:

Infrastructure Component	Construction Commences:	Operations Commence:
Phase 1A Transportation <i>(Pipeline and Pump Station connecting Kyle and Buda)</i>	October 29, 2015	May 2017
Phase 1B Transportation <i>(Collection Lines, Treatment, Pump Station & Transmission Lines)</i>	December 2018	May 2023
Plum Creek Well #1	January 2022	May 2023
Plum Creek Well #2	May 2029	May 2030

8. A statement of the location of all permitted or registered wells within the Area of Influence of the proposed well(s) location, together with the names and addresses of the owners of the Property on which such wells are located based upon the most current tax rolls, and the district well number associated with each such well identified;

A map showing the boundary of the Area of Influence and the location of all permitted and/or registered wells within the Area of Influence is provided under Tab 3. A list of the names and addresses of landowners within the Area of Influence is included in Appendix C, under Tab 1. There are no wells that produce from the Carrizo aquifer that are permitted or registered by the PCCD within the Area of Influence.

The Theis Method was used to calculate the Area of Influence utilizing the following parameters:

Simulation Duration: 7 days

Transmissivity: 70,000 gal/day/ft

Storativity: 0.0002 (unitless)

Well No. 1 Pumpage: 1,560 gpm (peak rate)

Well No. 2 Pumpage: 2,808 gpm (peak rate)

9. An acknowledgment by the applicant/registrant that required information will be furnished to the District by the applicant/registrant upon completion of the well(s) and prior to production of water therefrom;

HCPUA acknowledges that it shall furnish the required information to the District upon completion of the wells and prior to production of water therefrom.

10. A water conservation and drought contingency plan, or a declaration that the applicant/registrant will comply with the District's Groundwater Management Plan, including any water conservation and drought contingency plans;

Drought contingency plans are included under Tab 5 and water conservation plans are included under Tab 6 for the HCPUA and its member entities. As a wholesale water supplier, the HCPUA's ability to enforce end-user water use restrictions and to offer conservation incentives is limited, so the plans of its member entities are an important component of HCPUA's overall drought and conservation plans.

11. A list of landowners as listed on the tax rolls of Caldwell or Hays County, as applicable of all tracts of land not owned by the applicant within the Area of Influence of the proposed well;

A list of all landowners within the Area of Influence, per the tax rolls for the applicable county, is included in Appendix C, under Tab 1. Landowners who have leased their groundwater rights to HCPUA are indicated with a "yes" in the column entitled "HCPUA Lessor."

12. A water well closure plan, or a declaration that the applicant/registrant will comply with well plugging guidelines and report closure to the TCEQ and the District;

HCPUA will comply with all District and State well plugging guidelines (16 TAC §76.702) and will furnish well plugging records to the District and the TCEQ, if any well is abandoned.

13. A representation that the well(s) was, or will be, drilled, equipped and completed in accordance with District Rules;

HCPUA represents that it will comply with all District and TCEQ public water supply well construction, drilling, and equipping rules.

14. Acknowledgment that the well(s) will be properly plugged in accordance with District Rules;

If any of the proposed wells are to be abandoned, HCPUA will ensure that each abandoned well is plugged in accordance with both District and Texas Department of Licensing and Regulation (TDLR) standards.

15. A mitigation plan for a Tier II well;

The proposed wells will produce groundwater from the Carrizo aquifer. The available hydrogeologic information indicates that groundwater flow in the Carrizo aquifer is vertically confined by the relatively impermeable, clay-rich formations in eastern Caldwell County. Consequently, the impacts associated with the proposed HCPUA pumpage will be confined to the Carrizo aquifer. Other than wells located on land leased by HCPUA, there are no registered or permitted wells within the PCCD portion of the Area of Influence that produce from the Carrizo aquifer. However, there are registered wells with the GCUWCD portion of the Area of Influence that produce from the Carrizo aquifer. HCPUA's obligations regarding mitigation of wells within the GCUWCD is governed by the terms of HCPUA's GCUWCD permit, the Mitigation Agreement between HCPUA and GCUWCD, and GCUWCD's Mitigation Fund Procedure Manual. Should any permitted Carrizo wells be installed in the PCCD prior to approval of HCPUA's production permit application by the District Board, HCPUA will follow the general well investigation and mitigation procedures described in the GCUWCD Mitigation Fund Procedure Manual.

16. A mitigation plan for a Tier I well when required by the Executive Manager pursuant to Rule 4 and 20 or a statement that the applicant will comply with any mitigation plan promulgated by the District;

Not applicable – The proposed wells are to be Tier II wells.

17. Well testing requirements associated with public drinking water supply wells and subject to requirements of provisions contained in 30 TAC 290 governing Public Drinking Water Systems shall include interval-time drawdown data and calculations of producing formation characteristics shall include transmissivity, hydraulic conductivity, and storage coefficients.

The results of the test drilling and aquifer testing program conducted by HCPUA are included in the hydrogeologic report, provided under Tab 7. HCPUA affirms that it will comply with all 30 TAC Ch. 290 requirements for construction, testing, and use of public supply wells.

18. Well testing requirements for Tier II wells not used for public drinking water supply purposes shall include information allowing the District to verify its calculations of the Area of Influence of the well.

Not applicable – The proposed wells are to be used as a source of public drinking water.

19. Any other additional information deemed necessary by the District and authorized by Chapter 36, Texas Water Code.

HCPUA will provide, upon written request from the District, any additional information deemed necessary by the District and authorized by Chapter 36 of the Texas Water Code.

Rule 7 – Production Well Permit Applications

- A. An application for a “Water Well Production Permit” for a new non-Exempt well or for a Test Well that is to be converted into a monitor well or into a non-Exempt Production Well must include all of the following additional information:

1. Copies of any either (i) other applications for permits previously submitted to, and/or (ii) permits issued by the District for the subject well;

No permits have been previously submitted for the wells included in this permit application.

2. All information required in 4.J of these Rules to the extent such information has not been previously supplied;

The information required by Rule 4.J is provided above.

3. The drilling, lithologic or geophysical log(s) (in Tiff format if available) prepared during the drilling of the subject well;

The logs generated during well construction shall be furnished to the District upon completion of each well. Hardcopies of geophysical logs recorded during the test drilling and aquifer testing program conducted by HCPUA are provided in Attachment A, under Tab 7. In addition, digital (.tif) format copies of the logs will be provided to the District.

4. Identification of the aquifer(s) from which water will be produced and the screening or perforation interval(s);

The proposed wells will produce from the Carrizo aquifer. The screened intervals of the wells will be selected through analysis of formation samples and geophysical logs collected and

recorded during the drilling of the pilot hole at each well site. The current estimated screened intervals are provided in the following table:

<i>Well Name</i>	<i>Screen Top (Feet below ground level)</i>	<i>Screen Base (Feet below ground level)</i>
Well No. 1	400 410	760 770
Well No. 2	610	970

5. The proposed use of the well(s);

The proposed wells will be used for public water supply.

6. The total number of gallons per minute the pump(s) is capable of producing;

It is anticipated that the production rates of the proposed wells will vary in response to variations in demand and potential outages of other wells in HCPUA's well field. However, the total average annual production from the proposed wells will be limited to 4,700 acre-feet per year. The proposed average and peak production rates for the two proposed wells are provided in the following table:

<i>Well Name</i>	<i>Average Production Rate (GPM)</i>	<i>Peak Production Rate (GPM)</i>
Well No. 1	1,040	1,560
Well No. 2	1,872	2,808

Please note that the peak rates equal 1.5 times the average rate, and the peak production rates listed above were used to determine the extent of the Area of Influence associated with the proposed wells.

7. The rate at which the well(s) is going to be produced in gallons per minute;

See above response to Rule 7.A.6.

8. The volume of water to be produced annually;

The proposed wells will produce a total of 4,700 acre-feet (about 1,531,497,000 gallons) annually.

9. The number of contiguous acres owned or leased for water production by the applicant/registrant from which groundwater is to be produced as recorded in the Caldwell or Hays County Deed Records;

HCPUA has leased the groundwater rights to 2,948.975 contiguous acres within the District’s boundaries, from which groundwater is to be produced.

HCPUA has also leased a total of 13,845.744 acres of groundwater rights in the Caldwell County portion of GCUWCD, of which 2,630.708 acres are not tied to the 10,300 ac-ft/yr production permit issued by the GCUWCD to the HCPUA.

In total, HCPUA has leased 4,705.061 acres of water rights in Caldwell County which can be associated with this permit application.

10. The number of acres owned or leased for water production by the applicant in the Area of Influence;

The total number of acres within the Area of Influence is approximately ~~28,830~~ 38,483.94. HCPUA has leased approximately ~~8,960~~ 9,230 of those acres. The following table compares the HCPUA leased areas within the PCCD, GCUWCD, and total acreage encompassed by the Area of Influence (AOI):

	<i>Within PCCD (Acres)</i>	<i>Within GCUWCD (Acres)</i>	<i>Total (Acres)</i>
AOI Area	3,930 2,967	24,900 7,736	28,830 10,703
AOI Area (Leased by HCPUA)	2,800 2,967	6,160 6,265	8,960 9,231

11. Additional information that may be required by the Board, and authorized by Chapter 36, Texas Water Code.

HCPUA will provide, upon written request of the District, any additional information deemed necessary by the Board and authorized by Chapter 36 of the Texas Water Code.

Rule 14 – Issuance of Permits

- B. Before granting or denying any permit, the District will consider whether:
1. The application contains all the information required to be submitted to the District pursuant to these Rules;

HCPUA affirms that these application submittals provide full and accurate responses to the information requirements set forth in the PCCD rules and application forms.

2. The application is in conformance with any applicable spacing requirements established by the District or, if any deviation from those requirements is requested, whether there are measured data supporting the request for deviation in accord with the provisions of Rule 20.D of these Rules;

The proposed well locations are more than 3,000 feet from neighboring Carrizo wells. Consequently, the application is in conformance with applicable spacing regulations established by the District. ~~For proposed Well No.2, HCPUA is proposing a de minimus variance from the “default” well spacing of 3,000 feet for the Carrizo aquifer to a spacing of 2,740 feet based on the results of aquifer testing. A report of the field testing program and subsequent well field modeling supporting the spacing request is included under Tab 7. A discussion of the well spacing and production rates pertaining to the proposed wells is provided in Appendix D, under Tab 1.~~

3. The proposed use of groundwater unreasonably affects existing groundwater or surface water resources;

The proposed use of groundwater will not unreasonably affect existing groundwater or surface water resources. The predicted aquifer response to the proposed pumpage is described in the hydrogeologic report included under Tab 7. As described in the report, the proposed pumpage can be maintained for at least 50 years without unreasonably affecting existing groundwater resources. Appendix D, under Tab 1, contains additional discussions of the potential aquifer response to the proposed pumpage.

The Guadalupe and San Marcos Rivers represent the primary surface water features near the proposed HCPUA well field that may potentially be affected by the proposed pumpage. From March 2005 through April 2012, the mean daily flow of the Guadalupe River through Seguin ranged from about 27,000 gallons per minute (gpm) to over 7 million gpm, averaging about 385,000 gpm during that period. In contrast, the estimates of total potential Carrizo-Wilcox baseflow influx to the Guadalupe River range from about 31 gpm to 322 gpm (*TWDB: Final Report - Groundwater Availability Models for the Queen City and Sparta Aquifers, 2004, pg. 8-9*).

Long-term records of the flow in the San Marcos River indicate that, similarly to the Guadalupe River, Carrizo groundwater baseflow is small compared to the total river flow. Measurements recorded at the USGS gage in Luling show that the daily flow of the San Marcos River ranged from a low of

about 19,000 gpm to over 40 million gpm in the interval between 1940 and 2012. The average flow during that period was approximately 185,000 gpm. Current estimates of the total contribution of Carrizo-Wilcox groundwater to the San Marcos River range up to a maximum of about 93 gpm, which represents only about 0.48 percent of the flow during the driest conditions recorded since 1940.

In summary, Carrizo-Wilcox baseflow contributions to the Guadalupe and San Marcos Rivers account for only small portions of the overall flows, and any reductions in groundwater influx due to pumpage in the District will be below rates that can be accurately measured.

4. The proposed use will allow the District to manage total groundwater production on a long term basis to achieve desired future conditions when considering:

- (a) the modeled available groundwater determined by the Executive Administrator,

The proposed use conforms to State water planning criteria, including current Modeled Available Groundwater (MAG) values established for the Carrizo-Wilcox aquifer in Caldwell County. Appendix D, under Tab 1, discusses the relationship between proposed pumpage and the MAG.

- (b) the Executive Administrator's estimate of the current and projected amount of groundwater being produced under exemptions granted under Rule 11 of these Rules and Section 36.117 of the Texas Water Code,

The local, exempt-use needs for Carrizo groundwater are predicted to be small. In December 2010, the Texas Water Development Board (TWDB) listed estimates of exempt use in Table 8 of Draft GAM Run 10-012, which indicates that exempt use in the PCCD will decline from the current rate of about 110 ac-ft/yr to 72 ac-ft/yr in 2060. However, there are currently no known Carrizo wells in the District, so the actual exempt use is zero (0) ac-ft/yr.

- (c) the amount of groundwater authorized under permits previously issued by the District, and

To date, the PCCD has not issued any permits for production from the Carrizo aquifer.

- (d) a reasonable estimate of the amount of groundwater that is actually produced under permits issued by the District; and

To date, the PCCD has not issued any permits for production from the Carrizo aquifer.

(e) yearly precipitation and production patterns.

Precipitation amounts typically cycle on an annual basis, with less precipitation during the summer months and greater precipitation during other times of the year. The amount of groundwater production also typically oscillates throughout the year, but on a schedule that is inversely related to precipitation: pumpage amounts are generally greater during summer months, while less pumpage is required during winter months.

As described in the hydrogeologic report, provided under Tab 7, historical measurements demonstrate that water table levels have been remarkably stable through time, indicating that the amount of water in aquifer storage is not meaningfully influenced by yearly precipitation or production patterns.

Relatively rapid changes in artesian pressure can result from the annual oscillation in groundwater production in downdip, artesian aquifer zones. However, these changes are generally short-lived, do not significantly affect the availability of groundwater, and do not affect the District's management of total groundwater production on a long-term basis.

5. The proposed use of groundwater is a beneficial use consistent with District's Approved Groundwater Management Plan;

The groundwater produced from the proposed wells will be used as a public water supply by HCPUA and its member entities.

6. The applicant has agreed to avoid waste and achieve water conservation;

HCPUA agrees to avoid waste and achieve water conservation.

7. The proposed use of the groundwater will result in subsidence;

Subsidence occurs where reductions in artesian pressure associated with pumping promotes compaction of clay layers in contact with an aquifer. The thickness of the clay layers is reduced, causing a lowering of the land surface. The amount of subsidence is typically modest (a few feet), and is generally only a concern where reductions in land surface allows unwanted or unmanageable flooding to occur, such as low-lying coastal lands. The land surface in eastern Caldwell County PCCD lies at several hundred feet of elevation; consequently, potential

subsidence associated the proposed HCPUA pumpage will likely have no discernible impact.

8. The applicant has agreed that reasonable diligence will be used to protect groundwater quality, and that the applicant will follow well plugging guidelines at the time of well closure;

HCPUA agrees to use reasonable diligence to protect groundwater quality and will comply with District and State requirements for well closure.

9. The Board may consider information related to the applicant’s efforts to address landowner concerns in the Area of Influence of any proposed well or for renewals of permits of existing wells.

HCPUA is committed to good-faith efforts to address concerns of landowners within the Area of Influence of the proposed wells.

Rule 20 – Classification, Spacing and Production Provisions

- B. Tier II rules apply to permits for wells producing more than 300 acre feet per year of water and to non-agricultural use or to municipal use wells of any producing quantity. As of the effective date of these Rules, the following spacing and production requirements are established:

<i>Aquifer</i>	<i>Setback of Property Lines (feet)¹</i>	<i>Permit Limits (GPM/Well)²</i>	<i>Permit Limits (Ac-Ft/Yr/Ac)³</i>	<i>Permit Spacing (feet, minimum)⁴</i>
Carrizo	500	Dependent upon drawdown test results, well field design and proposed operations	½ ac ft/ac/year	3,000 or, alternatively, dependent upon drawdown test results, well field design and proposed operations

- E. The Board may allow deviation from the limits for production rates, annual production limits or spacing requirements for Tier I and for Tier II wells upon application based on data developed by measurements in and data produced from test wells, production wells and observation wells demonstrating production capacity and impacts for the well or wells on land within the area of influence of the proposed well or wells.

Pursuant to Rules 20.B. and 20.E., the HCPUA requests the following deviations from the “default” ~~spacing and~~ production limits based on the credible scientific evidence and data developed by measurements in and data produced from test wells:

<i>Site</i>	<i>Aquifer</i>	<i>Setback of Property Lines (feet)¹</i>	<i>Permit Limits (GPM/Well)²</i>	<i>Permit Limits (Ac-Ft/Yr/Ac)³</i>	<i>Permit Spacing (feet, minimum)⁴</i>
Well No. 1	Carrizo	500	1,040	1.0	2,740 3,000
Well No. 2	Carrizo	500	1,872	1.0	3,000

- 1) Setback is from nearest property not leased by the HCPUA.
- 2) “Permit Limits (GPM/Well)” is the average rate of production from the well in gallons per minute
- 3) “Permit Limits (Ac-Ft/Yr/Ac)” is the annual production from the well in acre-feet per year divided by the number acres of groundwater rights leased in eastern Caldwell County.
- 4) “Permit Spacing (minimum)” is the minimum well-to-well spacing (feet).

The hydrogeologic report, included under Tab 7, and the ~~spacing and~~ production report data, provided in Appendix D, under Tab 1, support, with measured data, HCPUA’s ~~spacing and~~ production limit requests.

TRANSPORTATION PERMIT APPLICATION INFORMATION – HAYS CALDWELL PUBLIC UTILITY AGENCY (HCPUA)

Rule 8 Transportation Permit Applications

A. An application to obtain a “Transportation Permit” for water produced from a well or from a group of wells in a Well Field must include all of the information described in 4.J of these Rules as well as the following information to the extent it has not been furnished in any other application:

1. The name and address of the owner(s) and/or operator(s) of the transportation facility;

**Applicant: Hays Caldwell Public Utility Agency
630 E. Hopkins
San Marcos, TX 78666
Attn: Graham Moore, Executive Director**

2. The legal description of the location of the well(s), including the longitude and latitude coordinates, from which groundwater to be transported is to be produced;

This information is provided in Appendix B, under Tab 1.

3. A map reflecting the location of the well(s) and the transportation facilities;

Maps showing the well locations and the transportation facilities are included under Tab 3. It should be noted that a portion of the proposed production conveyed through the transportation facilities will be used within the boundaries of the Plum Creek Conservation District (PCCD or District).

4. The name(s) and address(es) of the owner(s) of the land(s) upon which the well(s) from which water is to be produced and transported is located including the names and addresses of water rights owners if there has been a severance or lease of water production rights on the lands where the well or well field is located;

This information is provided in Appendix A, under Tab 1.

5. The permit number(s) of the well(s) used to produce water to be transported;

The permit numbers for the proposed wells will be assigned pending approval of production permits (production permit application submittals are included with this packet).

6. A technical description of the well(s) that are producing water for transportation including, but not limited to all of the following:

- (a) a copy of the driller’s log, lithologic and geophysical log(s) (in Tiff format if available) for each well anticipated to contribute groundwater to the transportation facilities;

Hard copies of the logs recorded during the testing program recently conducted by HCPUA are included with the hydrogeologic report submitted under Tab 7. In addition, digital (.tiff) format copies of the logs will be provided to the District. The HCPUA plans to construct the two proposed production wells near the two test wells drilled for the testing program. Any lithologic and/or geophysical logs recorded during the construction of the two new wells that will contribute to the transportation facilities will be provided to the District.

- (b) a completion record showing the depth of the well(s), the casing diameter, type and setting, and the perforated or screened interval(s);

The material settings for the two wells within the PCCD that will contribute to the transportation facilities will be selected through analysis of formation samples and geophysical logs collected/recorded during the drilling of the pilot hole at each well site. Currently, it is anticipated that the wells will consist of 18-inch carbon steel casing with interior 12-inch stainless steel liner and screen assemblies. The current estimated casing seats and screened intervals are provided in the following table:

<i>Well Name</i>	<i>Casing Base (Feet below ground level)</i>	<i>Screen Top (Feet below ground level)</i>	<i>Screen Base (Feet below ground level)</i>
Well No. 1	400 410	400 410	760 770
Well No. 2	610	610	970

- (c) the size of the pump(s) used to produce groundwater to be transported; and the date the well(s) was drilled;

The proposed wells will be constructed in the future pending District approvals. It is anticipated that the production rates of the wells will vary in response to variations in demand and potential outages of other wells in HCPUA’s well field. The proposed average and peak production rates for the two proposed wells are provided in the following table:

<i>Well Name</i>	<i>Average Production Rate (GPM)</i>	<i>Peak Production Rate (GPM)</i>
Well No. 1	1,040	1,560
Well No. 2	1,872	2,808

7. The proposed use of groundwater transported;

The HCPUA well field will produce groundwater to be used as public water supplies for the HCPUA, its member entities, and their customers.

8. The volume of groundwater transported, if any, during the previous calendar year;

No water was transported from this project during the previous calendar year.

9. A description of the facilities used to transport groundwater;

Descriptions and maps of the water transportation facilities are included under Tabs 2 and 3, respectively.

10. The names and addresses of the property owner(s) within the “Area of Influence” from which water to be transported is to be produced, and the location of any well(s) on those properties;

A list of landowners within the PCCD that are covered by the Area of Influence is included in Appendix C under Tab 1. A map showing the location of all permitted and/or registered wells within the Area of Influence is provided under Tab 3. There are no permitted and/or registered wells within the portion of the Area of Influence covered by the PCCD.

11. The time schedule for construction and/or operation of any new transportation facilities;

As allowed by Rule 15.B., HCPUA is requesting a variance from the 120-day drilling commencement deadline contained in Rule 15.A. As a public agency with multiple public participants, HCPUA needs time to complete its due diligence, secure financing for facilities for the issuance of bonds, finalize construction plans for its facilities, and acquire easements for transport facilities. HCPUA has commenced construction of its transportation facilities, but the scale and construction schedule of the entire project will not allow drilling for the production wells to commence within 120 days from granting of the permit. Therefore, the table below presents the actual or

anticipated start date for construction of the wells and the transportation system and for commencement of operations.

Infrastructure Component	Anticipated Construction Commencement	Anticipated Operation Commencement
Phase 1A Transportation (Pipeline and Pump Station connecting Kyle and Buda)	October 29, 2015	May 2017
Phase 1B Transportation (Collection Lines, Treatment, Pump Station & Transmission Lines)	December 2018	May 2023
Plum Creek Well #1	January 2022	May 2023
Plum Creek Well #2	May 2029	May 2030

12. A copy of the construction and operation plans, including but not limited to, all of the following:

- (a) A description of the existing or proposed well(s) and production facilities, including depth of the well(s) the casing diameter, type and setting, the perforated or screened interval(s), and the size of pump(s);

The material settings for the two wells within the PCCD that will contribute to the transportation facilities will be selected through analysis of formation samples and geophysical logs collected/recorded during the drilling of the pilot hole at each well site. Currently, it is anticipated that the wells will consist of 18-inch carbon steel casing with interior 12-inch stainless steel liner and screen assemblies. The current estimated casing seats and screened intervals are provided in the following table:

Well Name	Casing Base (Feet below ground level)	Screen Top (Feet below ground level)	Screen Base (Feet below ground level)
Well No. 1	400 410	400 410	760 770
Well No. 2	610	610	970

It is anticipated that the production rates of the wells will vary in response to variations in demand and potential outages of other wells in HCPUA’s well field. The proposed average and peak production rates for the two proposed wells are provided in the following table:

<i>Well Name</i>	<i>Average Production Rate (GPM)</i>	<i>Peak Production Rate (GPM)</i>
Well No. 1	1,040	1,560
Well No. 2	1,872	2,808

Descriptions and maps of the water transportation facilities are included under Tabs 2 and 3, respectively.

- (b) A technical description of the facilities to be used for transportation of water;

The transportation facilities will consist of four primary components: well field collection pipelines, a water treatment plant, treated water pipelines, and treated water pump stations. The water produced from the wells within the District will be collected into an estimated 36-inch diameter pipeline which will transport the water to the treatment plant. The treatment plant will be located either within Caldwell or Gonzales County. The water will be transported from the treatment plant via an estimated 36-inch diameter pipeline. Two booster pump stations will be required along the pipeline to deliver the water to the HCPUA member entities and customers. The Agency commenced construction of the transportation system on October 29, 2015. Pipeline excavation began for the portion of the project that will deliver water to the City of Buda. Maps included under Tab 3 show the project infrastructure layout and the location where the construction commenced.

- (c) Information showing the effect, if any, of the proposed transportation on the quantity and quality of water available within the District;

The estimated aquifer response to the proposed well field and associated transportation facilities is included in the hydrogeologic report provided under Tab 7. Appendix D under Tab 1 provides additional discussions of the potential impacts associated with HCPUA pumpage.

13. A discussion about any other water sources, including treated effluent, brackish water and grey water, that could be substituted for the fresh groundwater and possible sources of such water sources including quantity and quality;

Prior to the official formation of the HCPUA, the member entities conducted a study of water sources, availability, quality and cost-effectiveness of various water development options. The Carrizo water ranked the highest in this study. Smaller amounts of water were noted to be available from the Trinity Aquifer, but

the long-term reliability of the supply was a concern. No other feasible groundwater supplies were identified.

The cities of San Marcos, Kyle and Buda currently use treated effluent for non-potable water supplies and each city is intent on expanding these supplies. Separately, all three cities and Canyon Regional Water Authority are formulating or have strategies to consider making use of direct potable reuse, or using treated effluent for potable uses. Up to 35,000 acre-feet per year may be utilized under these strategies by the year 2070.

There are no public studies available for brackish water quantity or quality that can be relied upon to determine the viability and cost effectiveness of brackish production in the HCPUA area.

14. Credible scientific evidence that the proposed operation will not cause pollution, waste, or subsidence;

The produced water is to be sold to the customers of the HCPUA's member entities; consequently, HCPUA is incentivized to curtail waste. The proposed well field and water transmission infrastructure will be designed and operated in a manner that reduces waste to the maximum extent feasible and practical. In addition, all project infrastructure will be constructed and maintained in accordance with Texas Commission on Environmental Quality (TCEQ) standards for public water supplies and pollution emissions.

Subsidence occurs where reductions in artesian pressure associated with pumping promote compaction of clay layers in contact with an aquifer. The thickness of the clay layers is reduced, causing a lowering of the land surface. The amount of subsidence is typically modest (a few feet), and is generally only a concern where reductions in land surface allow unwanted or unmanageable flooding to occur, such as low-lying coastal lands. The land surface in eastern Caldwell County lies at several hundred feet of elevation above sea level, consequently, potential subsidence associated the proposed HCPUA pumpage will likely have no discernible impact.

15. A Mitigation Plan, to the extent there is no such plan associated with the wells producing water for the transportation facility; and

The proposed wells will produce groundwater from the Carrizo aquifer. The available hydrogeologic information indicates that groundwater flow in the Carrizo aquifer is vertically confined by the relatively impermeable, clay-rich formations in eastern

Caldwell County. Consequently, the impacts associated with the proposed HCPUA pumpage will be confined to the Carrizo aquifer. Other than wells located on land leased by HCPUA, there are no registered or permitted wells within the PCCD portion of the Area of Consideration that produce from the Carrizo aquifer. However, there are registered wells with the GCUWCD portion of the Area of Consideration that produce from the Carrizo aquifer. HCPUA's obligations regarding mitigation of wells within the GCUWCD is governed by the terms of HCPUA's GCUWCD permit, the Mitigation Agreement between HCPUA and GCUWCD, and GCUWCD's Mitigation Fund Procedure Manual. Should any Carrizo wells be installed in the PCCD prior to approval of HCPUA's production permit application by the District Board, HCPUA will follow the general well investigation and mitigation procedures described in the applicable portions of the GCUWCD Mitigation Fund Procedure Manual.

16. Additional information that may be required by the District, and authorized by Chapter 36, Texas Water Code.

HCPUA will, on written request from the District, provide any additional information required by the Board and authorized by Chapter 36 of the Texas Water Code.

Rule 14 – Issuance of Permits

C. For Transportation Permits, the Board shall also consider:

1. The availability of water in the District and in the proposed receiving area during the period for which the water supply is requested;

AVAILABILITY OF WATER IN THE DISTRICT:

Surface Water. The projected surface water supplies in the District are stated in Appendix A of the District's Management Plan. As can be seen from that document, there are no significant sources of surface water within the District. According to the District's Management Plan, most of the permitted surface water rights in the vicinity of the District are from the San Marcos River, which is not in the boundaries of the District. (Management Plan, p. 4) There are some permitted surface water rights from Plum Creek for agricultural uses (Management Plan, p. 4), but none sufficient for public water supply purposes.

Groundwater. Regarding availability of groundwater in the District, groundwater modeling simulations were completed to estimate the aquifer response to the proposed withdrawals. The model results are included under Tab 7 and indicate that the amount of groundwater associated with the proposed withdrawals is available within the District. Additional discussions of groundwater availability and the potential impacts associated with the proposed HCPUA pumpage are included in Appendix D under Tab 1.

The District has three aquifer groups in its boundaries. According to the TWDB's models, given the District's current Desired Future Condition of an average of 23 feet of drawdown across the Sparta, Weches, Queen City, Reklaw, Carrizo and Wilcox Aquifers within the entirety of Groundwater Management Area 13, the modeled available groundwater is as follows:

<i>Modeled Available Groundwater (Ac-Ft/Yr)</i>	<i>Applicable Area</i>	<i>Reference</i>
3,498 (2010- 2060)	Carrizo only; within the District only	Management Plan, p. 20; GAM Run 10-012, p 18
18,122 acre (2010) – 17,138 (2060)	Carrizo-Wilcox, Queen City, and Sparta combined; within the District	GAM Run 10-012, p. 15.
43,951 (2010) – 42,967 (2060)	Carrizo-Wilcox, Queen City, and Sparta combined; Caldwell County, Guadalupe River Basin	GAM Run 10-012, p. 11.

As required by Texas Water Code Section 36.018(d) the TWDB has calculated the total estimated recoverable storage (i.e., the estimated amount of groundwater within an aquifer that accounts for recovery scenarios that range between 25% and 75% of the specific yield-adjusted aquifer volume). The total estimated recoverable storage for the Carrizo-Wilcox Aquifer within the District is 7,000,000 acre feet. 25% of that storage is 1,750,000 acre feet and 75% is 5,250,000 acre feet. See TWDB Report "GAM Task 13-036 (revised): Total Estimated Recoverable Storage for Aquifers in Groundwater Management Area 13 (July 15, 2013), p. 16.

The 2016 Region L IPP included under Tab 9 shows that there are no projected shortages in the rural area residential,

industrial/manufacturing, steam-electric power, mining, irrigation or livestock uses over the planning horizon extending from 2020 to 2070 in Caldwell County. There are some water shortages predicted in Caldwell County for some water municipal user groups over the next 50-year planning horizon, but water management strategies from sources other than the Carrizo aquifer have been identified for those users (e.g., from GBRA surface water sources for Goforth WSC, Lockhart, Luling, and Niederwald, or from the local Wilcox for Polonia WSC), or from the HCPUA project (for County Line WSC, and the City of Martindale). See Region L 2016 IPP Vol 1, § 5.3.3 (pp. 5.3-41 – 5.3-48). Only the Gonzales WSC is expected to satisfy its future needs of 63 ac-ft/yr in 2070 from local Carrizo groundwater.

AVAILABILITY OF WATER IN THE RECEIVING AREA

2012 STATE WATER PLAN

The HCPUA project is included in the 2012 State Water Plan, which adopts the 2011 Region L Water Plan. The consensus of the members of Region K and L and the TWDB is that there are predicted shortages of water in all planning years in the receiving areas of the proposed HCPUA project. The information contained in the 2011 Region L Water Plan, which was adopted into the 2012 State Water Plan, is summarized in the tables below:

Water Availability/Shortage in the Proposed Receiving Area 2011 Regional L State Water Plan – 2012 State Water Plan				
Entity	2010 Availability or (Shortage) Ac- Ft/Yr	2060 Availability or (Shortage) Ac-Ft/Yr	Comments	Reference
City of Kyle (Hays County)	764	(1,699)	HCPUA project is identified as a Water Management Strategy for 9,355 acre feet/year	2011 South Central Texas Regional Water Plan, Vol. I, pp. 4B.2-133, 4B.2-137- 4B.2-138.
City of San Marcos (Hays County)	5,014	(11,387)	HCPUA project is identified as a Water Management Strategy for 11,910 acre feet/year	2011 South Central Texas Regional Water Plan, Vol. I, pp. 4B.2-133, 4B.2-142- 4B.2-143.

Water Availability/Shortage in the Proposed Receiving Area 2011 Regional L State Water Plan – 2012 State Water Plan				
Entity	2010 Availability or (Shortage) Ac- Ft/Yr	2060 Availability or (Shortage) Ac-Ft/Yr	Comments	Reference
Canyon Regional Water Authority	(7,920)	(40,400)	HCPUA project is identified as a Water Management Strategy for 10,260 acre feet/year	2011 South Central Texas Regional Water Plan, Vol. I, pp. 4B.3-1, 4B.3-7-4B.3-8.
Martindale WSC (Caldwell County)	(42)	(182)	HCPUA project is identified as an alternate water strategy	2011 South Central Texas Regional Water Plan, Vol. I, pp. 4B.2-55, 4B.2-62- 4B.2-63.
City of Buda (Hays County)	0	(1,869)	HCPUA project is recommended strategy	2011 Region K Water Plan, Vol 1, Sec. 4.2.7, Table 4.6; Sec. 4.3.3, Table 4.17

The 2011 Region L Plan indicated a total demand from the HCPUA Project of 35,000 ac-ft/yr (§ 4C.20). Specifically this demand was divided in the following manner:

- Kyle – 9,355 ac-ft/yr (§ 4B.2.12.3)
- San Marcos – 11,910 ac-ft/yr (§ 4B.2.12.7)
- Canyon Regional Water Authority – 10,260 ac-ft/yr (§ 4B.3.3)

This does not include the City of Buda which is accounted for in the Region K Plan at the level of 1,869 ac-ft/yr.

The 2011 South Central Texas Regional Water Plan concluded that there are no projected water shortages in Gonzales County (§ 4B.2.10) and some water projected water shortages in Caldwell County (§ 4B.2.3) and Hays County (§ 4B2.12) for the 2010 through 2060 period.

One of the entities identified as having water shortages in Caldwell County is participating in the HCPUA project, Martindale WSC (§ 4B.2.3.6). Other entities in Caldwell County with projected shortages by 2060 are Aqua WSC (362 ac-ft/yr),

Creedmoor-Maha WSC (477 ac-ft/yr), City of Lockhart (2,512 ac-ft/yr), City of Luling (506 ac-ft/yr), City of Mustang Ridge (213 ac-ft/yr), Maxwell WSC (689 ac-ft/yr) and Polonia WSC (265 ac-ft/yr). (§ 4B 2.3, Table 4B.2.3-1). Various other water management strategies are identified in the 2011 Regional Plan to address these shortages. Aqua is not within the boundaries of the District, and other non-Carrizo water management strategies are identified for the other entities with expected shortages.

In Hays County, Crystal Clear Special Utility District (formerly Crystal Clear WSC) (§ 4B2.11.2), County Line Special Utility District (formerly County Line WSC) (§4B.2.12.1), the City of Kyle (§ 4B.2.12.3), and the City of San Marcos (§ 4B.2.12.7), are projected to have a water shortage during the planning period. They are participants in the HCPUA project. In addition, Buda is expected to have a shortage of 1,869 ac-ft/yr.

Primarily in Guadalupe County, Green Valley SUD (§ 4B2.11.3) is projected to have a water shortage of 640 ac-ft/yr.

HCPUA's Applications are consistent with the 2011 Regions K and L Water Plans. The plans indicate that the member entities of HCPUA are facing both short term and long term shortages of water. The 2011 Region L Water Plan indicates a total shortage of 27,328 ac-ft/yr for the current HCPUA participants (Kyle, San Marcos, County Line SUD, Martindale WSC, Crystal Clear SUD and Green Valley SUD). These shortages are in addition to the shortages envisioned for the City of Buda which is accounted for in the Region K 2011 Plan with a shortage of 1,869 ac-ft/yr. HCPUA is requesting authority to produce 4,700 ac-ft/yr. The amount of Carrizo groundwater being requested by HCPUA is much less than the amount identified as being available in the 2011 Region K and L Plans and does not exceed the HCPUA member entities' supply deficiencies.

REGIONS K AND L 2016 INITIALLY PREPARED PLANS (IPPs)

The HCPUA project is included in the 2016 IPPs for Region L. The consensus of the members of Region L is that there are predicted shortages of water in some or all of the planning years in the receiving areas of the proposed HCPUA project.

The Region L 2016 IPP identifies HCPUA as a wholesale water provider predicted to suffer water shortages in its service areas ranging from 3,182 ac-ft/yr in 2020 to 21,833 ac-ft/yr in 2070. See South Central Texas IPP, Vol. 1, Section 2.10.7, Table 2-16 (pp. 2-23 – 2-24); Section 4.2 (pp. 4-14 and 4-16); Section 5.4, Table

5.4-1 (p. 5.4-1); and Section 5.4.5 (pp. 5.4-15). The HCPUA project is a recommended water management strategy for addressing these shortages. See South Central Texas IPP, Vol. 2, Section 5.2.25 (pp. 5.2.25-1 – 12).

The needs of Buda are addressed in the Region K 2016 IPP. In that plan, Buda is predicted to suffer water shortages ranging from 667 ac-ft/yr in 2030 to 6,088 ac-ft/yr in 2070 (p. 4-8). The HCPUA project is a recommended water management strategy for addressing Buda's water shortages. See Region K 2016 IPP, Vol. 1, Section 5.2.4.3.2 (pp. 5-90- 5-91).

Thus, there is water available in the area from which the water is being requested, and a shortage of water available in the proposed receiving areas.

2. The availability of feasible and practicable alternative supplies to the applicant;

Of the projects in the 2011 Region L Plan that have the capacity to provide up to 35,000 acre-feet of water to the service area of the HCPUA, the HCPUA Carrizo project is projected to be the least costly on a per acre-foot basis. This is inclusive of projects such as the GBRA Mid-Basin project (multiple scenarios), the joint HCPUA-Texas Water Alliance project and others. Therefore, the HCPUA Carrizo project is the most feasible and practicable alternative.

3. The amount and purposes of use in the proposed receiving area for which water is needed;

HCPUA proposes to produce and transport 4,700 ac-ft/yr from the Carrizo aquifer in the District and to use the water for public water supply purposes in the receiving area. As noted previously, a portion of the proposed production conveyed through the transportation facilities will be used within the boundaries of the District.

4. The projected effect of the proposed transfer on aquifer conditions, depletion, subsidence, or effects on existing permit holders or other groundwater users within the District; and

The estimated aquifer response to the proposed well field and associated transportation facilities is included in the hydrogeologic report provided under Tab 7. Additional discussions of groundwater availability, aquifer depletion, and the potential impacts associated with the proposed HCPUA pumpage are included in Appendix D under Tab 1.

Subsidence occurs where reductions in artesian pressure associated with pumping promotes compaction of clay layers in contact with an aquifer. The thickness of the clay layers is reduced, causing a lowering of the land surface. The amount of subsidence is typically modest (a few feet), and is generally only a concern where reductions in land surface allows unwanted or unmanageable flooding to occur, such as low-lying coastal lands. The land surface in eastern Caldwell County lies at several hundred feet of elevation above mean sea level; consequently, potential subsidence associated the proposed HCPUA pumpage will likely have no discernible impact.

5. The approved State Water Plan, regional water plan and Certified District Groundwater Management Plan.

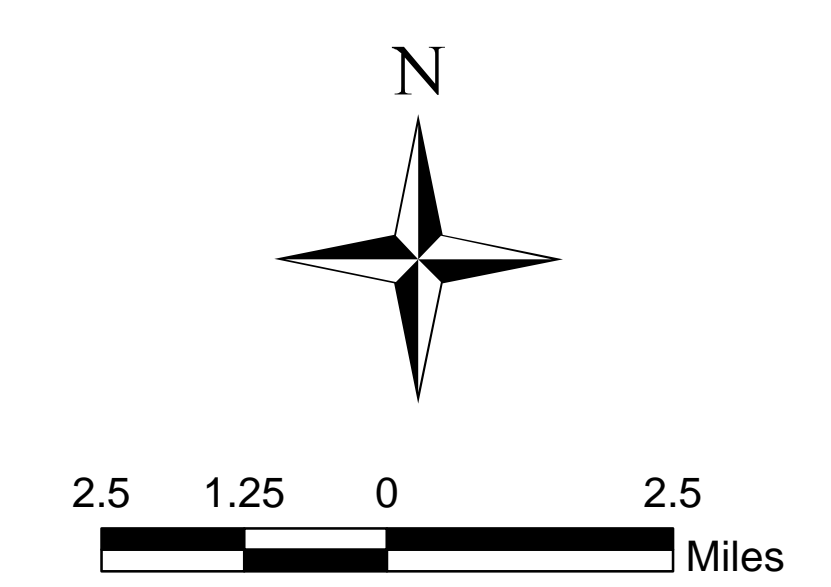
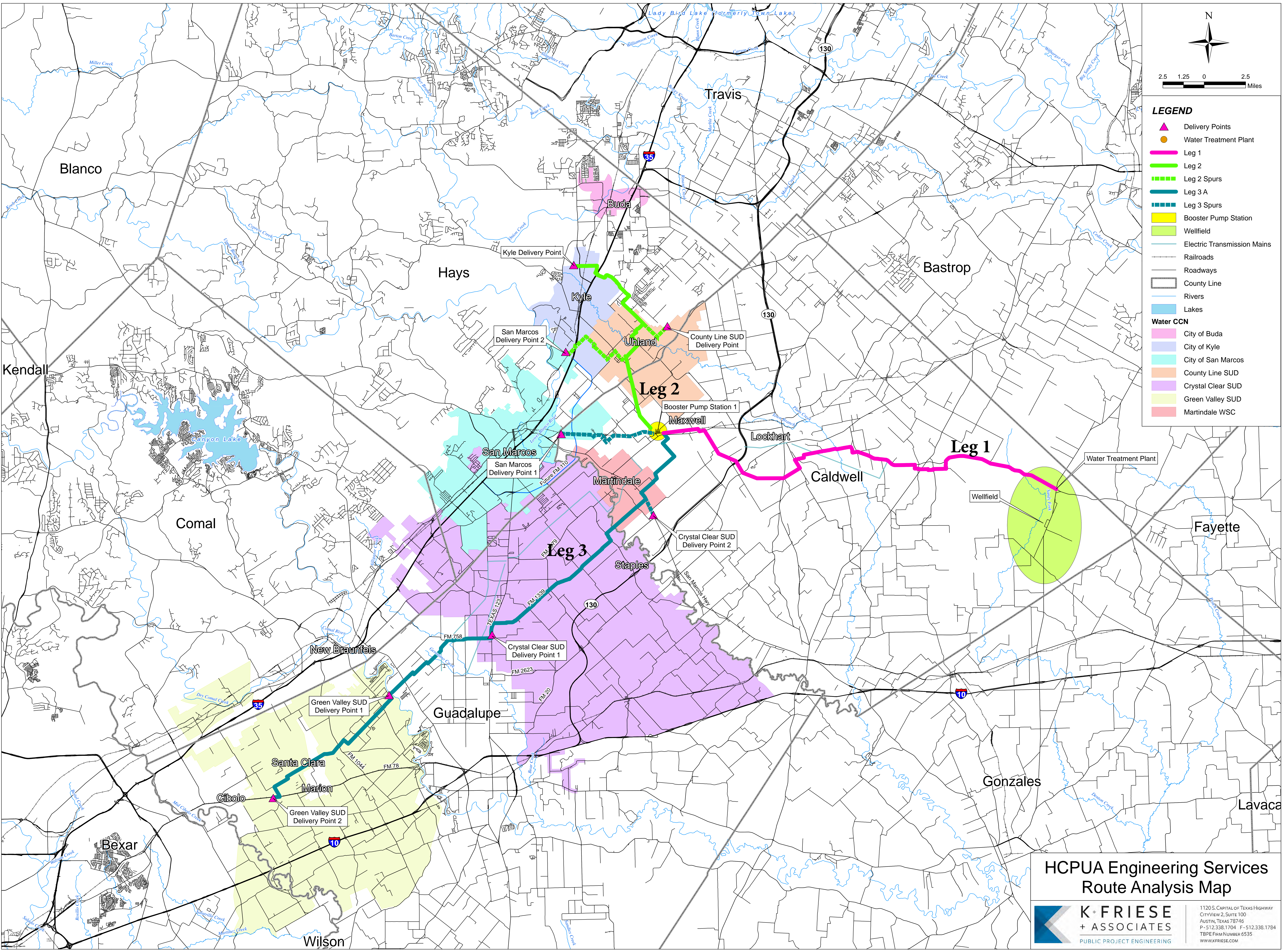
Copies of the HCPUA water management strategy that are included in the 2011 Region L Regional Water Plan, current State Water Plan, and 2016 Initially Prepared Plan for Region L are provided under Tab 9.

This page is a placeholder for information submitted with the application that may contain confidential information. Please contact Cindy Deprato at 512 463-8420 to request reviewing this information.

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- LEGEND**
- ▲ Delivery Points
 - Water Treatment Plant
 - Leg 1
 - Leg 2
 - Leg 2 Spurs
 - Leg 3 A
 - Leg 3 Spurs
 - Booster Pump Station
 - Wellfield
 - Electric Transmission Mains
 - Railroads
 - Roadways
 - ▭ County Line
 - Rivers
 - Lakes
- Water CCN**
- City of Buda
 - City of Kyle
 - City of San Marcos
 - County Line SUD
 - Crystal Clear SUD
 - Green Valley SUD
 - Martindale WSC

HCPUA Engineering Services
Route Analysis Map



1120 S. CAPITAL OF TEXAS HIGHWAY
CITYVIEW 2, SUITE 100
AUSTIN, TEXAS 78746
P-512.338.1704 F-512.338.1784
TBPE FIRM NUMBER 6535
WWW.KFRIESE.COM

HCPUA Project Description

PROPOSED IMPROVEMENTS

Below is additional information on the infrastructure anticipated to be funded by the HCPUA as part of the SWIFT program in 2017, 2019 and 2021. At this time we anticipate six different construction contracts (three pipe segments, the well field, treatment plant and booster pump station), though the number may increase as the project moves through the more detailed planning phase. The Agency's Capital Improvements Plan consists of the projects noted below to develop and deliver the Carrizo water to the Sponsors. The plan also includes expansions of the well field and water treatment plant to be able to deliver the permitted 15,000 acre-feet per year of Carrizo water.

Phase 1A (Kyle/Buda Transmission) – Funded through 2015 SWIFT Low Interest Loans

In 2015 the HCPUA closed on loans from the TWDB for the Kyle to Buda Transmission Main and Pump Station which is referred to as the Phase 1A project. The loan included planning, design, acquisition and construction funding. The project is anticipated to have three construction projects, two pipeline segments and the pump station. The HCPUA has an agreement whereby Buda will purchase excess water from Kyle and San Marcos to meet their needs until the HCPUA Carrizo project is able to deliver water to Buda. The Phase 1A infrastructure will be utilized as a delivery option for this water and will ultimately convey the Carrizo water to Buda. The design plans are approximately at 90% complete, with right-of-way acquisition ongoing. Below are the estimated construction start and completion dates for each project:

- Phase 1A Segment A
 - Construction Start: August 28, 2017
 - Construction Completion: May 4, 2018
- Phase 1A Booster Pump Station
 - Construction Start: October 30, 2017
 - Construction Completion: November 9, 2018
- Phase 1A Segment B
 - Construction Start: December 18, 2017
 - Construction Completion: December 28, 2018

Well Field

The HCPUA conducted a well field testing program for two Carrizo wells in far eastern Caldwell County as part of the Agency's effort to get production and transport permits from the Plum Creek Conservation District. The information provided below is based largely on the results of the testing program.

The HCPUA anticipates initially drilling and equipping four Carrizo wells. The following parameters are anticipated for the wells:

- Average well yields will range from 840 – 1,700 acre-feet per year with peak production rates of 780 – 1,560 gpm
- Well depths are anticipated to range from 700-900 feet to the bottom of the Carrizo aquifer
- The untreated Carrizo water is expected to have total dissolved solids ranging from 160 – 250 milligrams per liter (mg/l), far below the TCEQ standard for fresh water. The pH for the water is relatively low ranging from 5.5-6.5 and will need to be raised during the treatment process to reduce impacts to infrastructure. Finally, iron and manganese are anticipated to be elevated as

HCPUA Project Description

compared to the TCEQ standard with dissolved iron ranging from 2.5 – 8.0 mg/l and manganese from 0.05 – 0.2 mg/l.

- Below are the proposed construction start and completion dates for the Well Field system which includes the raw water collection pipelines to get the water from the wells to the treatment plant:
 - Construction Start – July 5, 2021
 - Construction Completion – December 16, 2022
- Funding Source: Combination of Low Interest Loans and Board Participation loans from 2019 and 2021

Water Treatment Plant

The Water Treatment Plant will be constructed to initially treat 4.5 million gallons per day (MGD) of water with a peak treatment of 6.75 MGD. The plant waterlines and treatment components will be sized for the future anticipated average daily flow of 13.42 MGD (20.1 MGD) with provisions made for an ultimate average daily flow of up to 32 MGD (48 MGD peak flow).

- Below are the proposed construction start and completion dates for the water treatment plant project:
 - Construction Start – June 6, 2021
 - Construction Completion – April 21, 2023
- Funding Source: Combination of Low Interest Loans and Board Participation loans from 2019 and 2021

Booster Pump Station

The Water Treatment Plant will be constructed to initially treat 4.5 million gallons per day (MGD) of water with a peak treatment of 6.75 MGD. The plant waterlines and treatment components will be sized for the future anticipated average daily flow of 13.42 MGD (20.1 MGD) with provisions made for an ultimate average daily flow of up to 32 MGD (48 MGD peak flow).

- Below are the proposed construction start and completion dates for the booster pump station project:
 - Construction Start – December 6, 2021
 - Construction Completion – April 21, 2023
- Funding Source: Combination of Low Interest Loans and Board Participation loans from 2019 and 2021

Leg 1 Transmission Main

Leg 1 of the Transmission Main will start at the Water Treatment Plant which is currently anticipated to be near the intersection of SH-304 and FM-713 in far eastern Caldwell County and will end at the Booster Pump Station which is anticipated to be near the town of Maxwell. Below are some additional details:

- 27.5 miles of 36-inch pipe
- Construction Start – September 7, 2020
- Construction Completion – December 8, 2023
- Funding Source: Combination of Low Interest Loans and Board Participation loans from 2019 and 2021

HCPUA Project Description

Leg 2 Transmission Main

Leg 2 of the Transmission Main will start at the Booster Pump Station located near Maxwell. The pipeline will have multiple delivery locations including to County Line SUD, to City of Kyle and the secondary delivery point to the City of San Marcos. Below are some additional details:

- 4.6 miles of 36-inch pipe
- 10.1 miles of 30-inch pipe
- 5.4 miles of 24-inch pipe
- 2.1 miles of 8-inch pipe
- Construction Start – September 14, 2020
- Construction Completion – June 16, 2023
- Funding Source: Combination of Low Interest Loans and Board Participation loans from 2019 and 2021

Leg 3 Transmission Main

Leg 3 of the Transmission Main will start at the Booster Pump Station located near Maxwell. The pipeline will have multiple delivery locations including the primary delivery to San Marcos, the primary and secondary deliveries to Crystal Clear SUD, and the primary and secondary deliveries to Green Valley SUD. Below are some additional details:

- 18.9 miles of 36-inch pipe
- 8.1 miles of 30-inch pipe
- 17.1 miles of 24-inch pipe
- 1.1 miles of 12-inch pipe
- Construction Start – September 21, 2020
- Construction Completion – August 18, 2023
- Funding Source: Combination of Low Interest Loans and Board Participation loans from 2019 and 2021

HCPUA – Excess Capacity Calculation

The anticipated excess capacity of the HCPUA Phase 1B project was calculated based on the ratio of the total water that will be produced to the capacity of the transmission system. The HCPUA is targeting water delivery beginning in the year 2023, so the ten-year period for calculating excess capacity will run through 2033.

The HCPUA has permitted average day water rights of 15,000 acre-feet per year that allows for each well to peak at a maximum of 150% of the average day production. The HCPUA anticipates that it will build two-phases to the well field by 2033 as indicated below in Table 1, with a total average day production of 9,797 acre-feet per year. Utilizing the allowed peaking factor yields a total production of 14,695 acre-feet per year.

Table 1 – Well Field Capacity				
<i>Phase</i>	<i>Year Online</i>	<i>No. of Wells</i>	<i>Average Day Production (ac-ft/yr)</i>	<i>Peak Production (ac-ft/yr)</i>
1B	2023	4	5,084	7,627
1C	2029	3	4,713	7,069
TOTAL		7	9,797	14,695

The HCPUA project will utilize four line segments to transport the Carrizo water from the well field to the Sponsors systems. The four line segments are: Raw Water, Leg 1 (water treatment plant to pump station), Leg 2 (pump station to County Line, Buda and Kyle) and Leg 3 (pump station to San Marcos, Crystal Clear SUD and Green Valley SUD).

The HCPUA is set to design the Raw Water and Leg 1 pipelines to a capacity of 22,500 acre-feet per year. This is the Phase 1 capacity of the HCPUA project which matches the amount of permitted water (15,000 acre-feet per year) times a peaking factor of 1.5. Leg 2 and Leg 3 will be designed for the 50-year average day demands of the Sponsors times the 1.5 peaking factor, which equates to 17,460 acre-feet per year and 22,500 acre-feet per year, respectively.

The Raw Water segment and Leg 1 will transport the entire peak capacity from Table 1. Table 2 below calculates the flow that will be conveyed through Legs 2 and 3 based on the Sponsors contracted percentages with the HCPUA.

Table 2 - Leg 2 and Leg 3 Flow		
Sponsor	Contract %	Flow
<i>Peak Capacity</i>		14,695
Buda	5.08%	747
Kyle	28.17%	4,140
County Line	3.19%	468
Total (Leg 2)		5,355
San Marcos	35.86%	5,270
Crystal Clear	17.07%	2,508
Green Valley	10.63%	1,562
Total (Leg 3)		9,340

HCPUA – Excess Capacity Calculation

Table 3 calculates the Excess Capacity in the project. The calculation determines the percentage flow that will be transmitted through each segment of the system in 2033 (ranges from 30.7% to 65.3%). These averages are then combined into a single overall percentage of 50.7%, which is the overall projected capacity of the projected that will be utilized in the first ten years. The unutilized capacity is therefore 49.3% (100% - 50.7%).

Table 3 - Excess Capacity Calculation				
Pipeline Segment	Raw Water	Leg 1	Leg 2	Leg 3
Pipeline Capacity (af/yr)	22,500	22,500	17,460	22,500
2033 Flow (af/yr)	14,695	14,695	5,355	9,340
Ratio 1st 10 Years to Capacity	65.3%	65.3%	30.7%	41.5%
Capacity Utilized in 10 Years				50.70%
Unutilized Capacity				49.3%
Total Construction Cost				\$181,475,000
Max. Excess Capacity Cost (Unutilized Cap. X Const. Cost)				\$89,466,798

The Total Construction Cost for the project is \$181,475,000. Therefore the amount eligible for Board Participation funding is \$89,466,798 (49.3% times \$181,475,000). At this time the HCPUA is requesting a maximum Board Participation amount of \$69,015,000, well below the maximum amount available.

HCPUA Groundwater Evaluation

Caldwell County, Texas

Prepared for

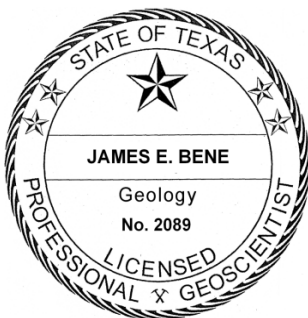
The Hays Caldwell Public Utility Agency



Prepared by



April 2015



A handwritten signature in black ink, appearing to read "James E. Bené".

The seal appearing on this document was authorized by James E. Bené, P.G. 2089, on March 31, 2015.
TBPG Firm Registration Number: 50033

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HCPUA Groundwater Evaluation Caldwell County, Texas

Introduction

The Hays Caldwell Public Utility Agency (HCPUA) is in the process of developing Carrizo aquifer groundwater supplies in eastern Caldwell County, Texas. As currently planned, the initial phase of the project involves pumping 15,000 acre-feet per year (ac-ft/yr) from wells within the Gonzales County Underground Water Conservation District (GCUWCD) and the Plum Creek Conservation District (PCCD). The HCPUA has obtained permits to produce and transport 10,300 ac-ft/yr from leases within the GCUWCD. This evaluation is focused on the general availability of Carrizo groundwater in eastern Caldwell County and the potential aquifer response to development of the additional 4,700 ac-ft/yr needed to fulfill the demands of the HCPUA's project.

Since 2009, RWH&A has conducted ongoing investigations of the groundwater conditions in the eastern Caldwell County region. This evaluation represents a continuation of previous work and includes the evaluation of site-specific hydrogeologic data obtained through test drilling and aquifer testing. This data was incorporated into groundwater flow models that were used to determine the general availability of groundwater from the HCPUA lease areas associated with the PCCD application. The results of this evaluation indicate that at least 4,700 ac-ft/yr of groundwater may be reliably produced from wells on the HCPUA's PCCD leases for 50 years without causing a significant reduction in the amount of groundwater stored in the Carrizo aquifer. This report provides:

- An overview of the regional hydrogeology;
- The results of a test drilling and aquifer testing program conducted to document site-specific aquifer characteristics;
- A discussion of groundwater availability, both regionally and from the HCPUA's leases within the PCCD;
- A description of the proposed well field layout;
- A discussion of groundwater modeling performed to estimate the aquifer response to pumpage in the PCCD;
- Estimates of potential impacts associated with the proposed production.

For this evaluation, RWH&A compiled and reviewed available information pertaining to the geological structure, composition, productivity, and water quality of the Carrizo aquifer. The information reviewed includes published and unpublished reports, maps, well construction records, water quality analyses, well testing records, and geophysical logs. During this study, RWH&A evaluated data distributed by the Texas Water Development Board, the Bureau of Economic Geology, the Railroad Commission of Texas, commercial geophysical log libraries, and RWH&A files.

Hydrogeology

The Carrizo Formation (Carrizo) is a prolific source of groundwater in central and southern Texas. The aquifer is a comparatively homogeneous, sand-rich formation that supports moderate to large well production rates. The following discussion provides more detailed information regarding the Carrizo

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aquifer properties in the eastern Caldwell County area.

Carrizo Aquifer Overview

The Carrizo is primarily comprised of beds of sand, silt, and clay that dip toward the Gulf Coast at a rate of about 100 to 200 feet per mile. In the eastern Caldwell County area, a submarine erosional trough, known as the Yoakum Channel, removed Wilcox Group sediments from the shelf margin, which facilitated the later deposition of relatively thick sequences of sand-rich beds that comprise the Carrizo (Hoyt, 1959). The thickness of the Carrizo ranges from about 200 to 500 feet in the Gonzales-Caldwell Counties region (Follett, 1966). The Carrizo crops out in a northeast-southwest trending band and is recharged through infiltration of precipitation in outcrop areas. After recharge enters the aquifer, it travels slowly toward downdip zones through the pore spaces between the individual sediment grains that make up the formation. Because of the long travel times associated with this downdip flow and the relatively large amount of water in storage (discussed below), deeper aquifer zones are generally unaffected by short-term precipitation fluctuations. Consequently, the Carrizo represents a drought-resistant, long-term supply of groundwater.

The productive aquifer zones within the Carrizo are generally composed of coarser-grained sediments, such as sand and gravel. The non-productive zones within the Carrizo consist of clay and silt-rich zones that inhibit flow and typically act as barriers to groundwater flow. The term “transmissivity” is a measure of the aquifer’s ability to conduct water to wells, and can be used to gage the relative productivity of an aquifer. In general, the Carrizo is highly productive, with transmissivities ranging from about 30,000 gallons per day per foot (gal/day/ft) to more than 100,000 gal/day/ft in central and southern Texas. Consequently, typical well yields range from a few hundred gallons per minute (gpm) near outcrop zones to over 2,000 gpm for wells completed in more-transmissive downdip zones.

Major faulting in the region occurs along the Luling-Mexia-Talco Fault Zone, which extends throughout central and northeastern Texas, offsetting aquifer sediments by hundreds of feet in some areas. Mapped portions of the Luling-Mexia-Talco are generally limited to areas east of Caldwell County (BEG, 1974) and are not expected to significantly affect groundwater flow in the eastern Caldwell County area.

Regional Carrizo Groundwater Quality

The groundwater quality of the Carrizo aquifer in Caldwell County was evaluated using information obtained from the Texas Water Development Board (TWDB, 2014) and RWH&A files. The minimum, maximum, and average concentrations for most of the reported chemical constituents and parameters are shown in Table 1. Table 1 also lists the primary and/or secondary state drinking water standards for public supplies, as established in the Texas Administrative Code (30 TAC, Chapter 290, Subchapter F), where applicable.

As discussed above, groundwater recharge to the Carrizo occurs primarily through downward percolation of precipitation from outcrop areas to deeper zones. Typically, groundwater becomes more mineralized as it travels through the aquifer, although this process is strongly influenced by various factors including the chemical makeup of the sediments, the hydraulic properties of the aquifer, and hydraulic boundary conditions. As a result, the quality of the groundwater produced can vary significantly depending on the location and depth of the well.

The concentration of total dissolved solids (TDS) is often used as a general indicator of groundwater mineralization. For reference, water with TDS concentrations of less than 1,000 mg/L are labeled “fresh” by the Texas Commission on Environmental Quality (TCEQ), concentrations of 1,000 to 3,000 mg/l are typically considered brackish to moderately saline, while seawater contains about 35,000 mg/L TDS.

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Carrizo groundwater in the Caldwell County area is generally fresh and is within most standards for drinking water supplies. However, iron and manganese concentrations in excess of State standards are common in the Carrizo, and treatment for these constituents is typically required before the groundwater can be used as a public supply. Elevated levels of these elements are not considered a health hazard, but can result in aesthetically objectionable effects such as staining of cloths or household fixtures.

Table 1: Carrizo Groundwater Quality (Caldwell County)

Constituent	Min	Max	Average	No. of Samples	TCEQ Standard
TDS (mg/L)	69	1,445	402	20	1,000
pH	4	8.31	6.4	16	6.5 - 8.5
Temperature (°F)	68	75	73	11	-
Silica (mg/L)	10	95	37	13	-
Calcium (mg/L)	0.2	305	52	20	-
Magnesium (mg/L)	0.1	58	14	20	-
Sodium (mg/L)	9.0	174	56	20	-
Potassium (mg/L)	4.0	16	9	9	-
Bicarbonate (mg/L)	0.0	334	70	25	-
Sulfate (mg/L)	1.0	700	162	25	300
Chloride (mg/L)	17.0	1,100	120	25	300
Fluoride (mg/L)	0.0	1.1	0.3	13	2
Nitrate (mg/L)	0.0	83	5	24	10
Total Alkalinity (mg/L)	0.0	274	58	25	-

Historical Carrizo Use and Declines

The most reliable indicator of how an aquifer may respond to future groundwater use is to examine changes in aquifer conditions that have occurred in the past as a result of pumping stresses. Significant pumpage of Carrizo groundwater has already occurred to supply various demands (primarily irrigation and municipal) over the past several decades.

Since 1980, the total groundwater pumpage in South Texas varied on an annual basis but generally ranged from about 200,000 to 320,000 acre-feet per year (ac-ft/yr). Corresponding declines in water table and artesian pressure levels have been recorded in several wells in South Texas over the past 50 years. Plate 1 shows Carrizo aquifer drawdown contours and selected water level hydrographs for several wells in the region. The hydrographs shown on Plate 1 include both recorded well bore water level measurements (blue lines with markers) and levels simulated by the GAM (red lines without markers) for the model cell associated with the well.

Drawdown in outcrop (water table) areas occurs through drainage of aquifer pore spaces, while drawdown in downdip (artesian) areas results from reduced groundwater pressure. Consequently, much more pumpage is required to cause one foot of water table drawdown than is needed to cause one foot of artesian pressure drawdown. In other words, a one foot drawdown in outcrop water table levels generally represents a much greater decline in the volume of water stored in an aquifer than a one foot decline in artesian pressure levels over an equivalent area. This is significant because it illustrates the relative importance of each of the types of drawdown in the region. In general, water table levels provide an accurate measure of the rate of depletion of groundwater resources, while artesian pressure levels do not.

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Historical measurements of well bore water levels indicate that several hundred feet of artesian pressure drawdown has occurred in the Carrizo in southern Texas over the past several decades. Wells 77-14-904 and 78-20-101 are completed in the artesian portion of the Carrizo and have exhibited relatively large and rapid changes in artesian pressure levels in response to seasonal and yearly fluctuations in pumpage. The simulated curves suggest that the model reasonably matched measured artesian pressure levels in these areas throughout much of the later portion of the 20th Century. In contrast, long-term records of well bore water level measurements indicate that little water table drawdown has occurred in the Carrizo since 1960. The modest historical declines observed in water table levels indicate that the pumpage that has occurred over the past 50 years has not significantly affected the availability of groundwater from the Carrizo in southern Texas.

Aquifer Testing Program

A test drilling and aquifer testing program conducted during the summer of 2014 at two locations within the PCCD. Plates 2 and 3 show the locations and vertical completions of the test wells. The site-specific aquifer data compiled during testing confirms that the hydraulic characteristics of the aquifer beneath that area are consistent with documented regional values.

At each site, the initial phase of the program consisted of drilling a test hole through the entire thickness of the Carrizo and several hundred feet into the underlying sediments. Drilling fluid properties were monitored and drill cutting samples were collected as potential aquifer zones were penetrated during drilling. The formation samples obtained during test drilling were subsequently analyzed to determine distribution of aquifer grain sizes at various depths. Once drilling had progressed through the Carrizo, a geophysical log was recorded in each hole utilizing 16-inch and 64-inch resistivity, natural gamma, and spontaneous potential tools.

Following the completion of test drilling and geophysical logging at each site, the test hole was reamed to a larger diameter and a temporary well was constructed in the Carrizo. The well was screened across a section of the productive sands and a submersible test pump was installed in the well. During the test periodic adjustments to the discharge assembly were made to maintain a constant pumping rate throughout the test and measurements of well bore water levels were recorded using both a transducer/data logger and with a water level measuring tape (e-line) inserted into the well through PVC measuring pipes strapped to the pump column pipe. The screen settings and pumping rates used during testing are shown in Table 2.

Table 2: Test Well Information

<i>Description</i>	<i>Test Well 1</i>	<i>Test Well 2</i>
Ground Level Elevation (ft msl)	531	488
Depth to Carrizo Top (ft)	420	590
Depth to Carrizo Base (ft)	780	950
Total Depth of Test Hole (ft)	1,170	1,230
Depth to Test Well Screen Top (ft)	664	858
Depth to Test Well Screen Base (ft)	750	943
Depth to Static Water Level	139.5	96.2
Test Pumping Rate (gpm)	414 / 376	695

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The transmissivity of an aquifer is defined as the product of the permeability of aquifer sediments and the total saturated thickness of the aquifer. From a practical standpoint, transmissivity is a measure of the ability of an aquifer to transmit water. The overall transmissivity of an aquifer plays a key role in determining the overall availability of groundwater and the magnitude and extents of potential impacts associated with pumping. In general, groundwater level declines (drawdown) are approximately inversely proportional to aquifer transmissivity. In other words, about twice as much drawdown can be expected in an aquifer that is half as transmissive, all other factors being equal. For this evaluation, the transmissivity of the screened Carrizo aquifer sediments was interpreted from the slope of the drawdown and recovery curves recorded during each test using the Cooper-Jacob Method (Cooper and Jacob, 1946).

Evaluation of the formation samples and geophysical logs recorded at the test sites indicates that the Carrizo is not vertically homogenous. The total thickness of the aquifer (~350 feet) is comprised of several thick quartz sand beds that are vertically separated by thin, clay-rich horizons. In general, the clay layers impede vertical flow between the sand beds. This is important because the screen lengths of the test wells were limited to about 85 feet in order to achieve groundwater velocities in the screen/gravel pack that are needed for proper well development. Consequently, the artesian pressure drawdown (“cone of depression”) due to pumping the test wells is not evenly distributed throughout the entire thickness of the aquifer. Instead, the cone of depression begins in the zone screened by the well and must be transmitted vertically through the clay-rich interbeds before impacting the full thickness of the aquifer. Consequently, the aquifer transmissivities calculated from the test results likely represent only a fraction of the total transmissivity of the Carrizo. The actual portion of the overall Carrizo transmissivity accessed during the tests is dependent on several factors, including the extents and properties of the clay interbeds within the Carrizo and the relative characteristics of the screened sand zones versus the un-screened sand zones.

It should be noted that the behavior of a well or well field over a span of years or decades can only be estimated from short-term aquifer tests. In order to gauge likely regional impacts resulting from long periods of pumpage, the historic trends in artesian pressure and water table levels should be examined. See the section above titled “*Historical Carrizo Use and Declines*” for a discussion of the correlation between regional pumpage and documented changes in Carrizo water table and artesian pressure levels in southern Texas.

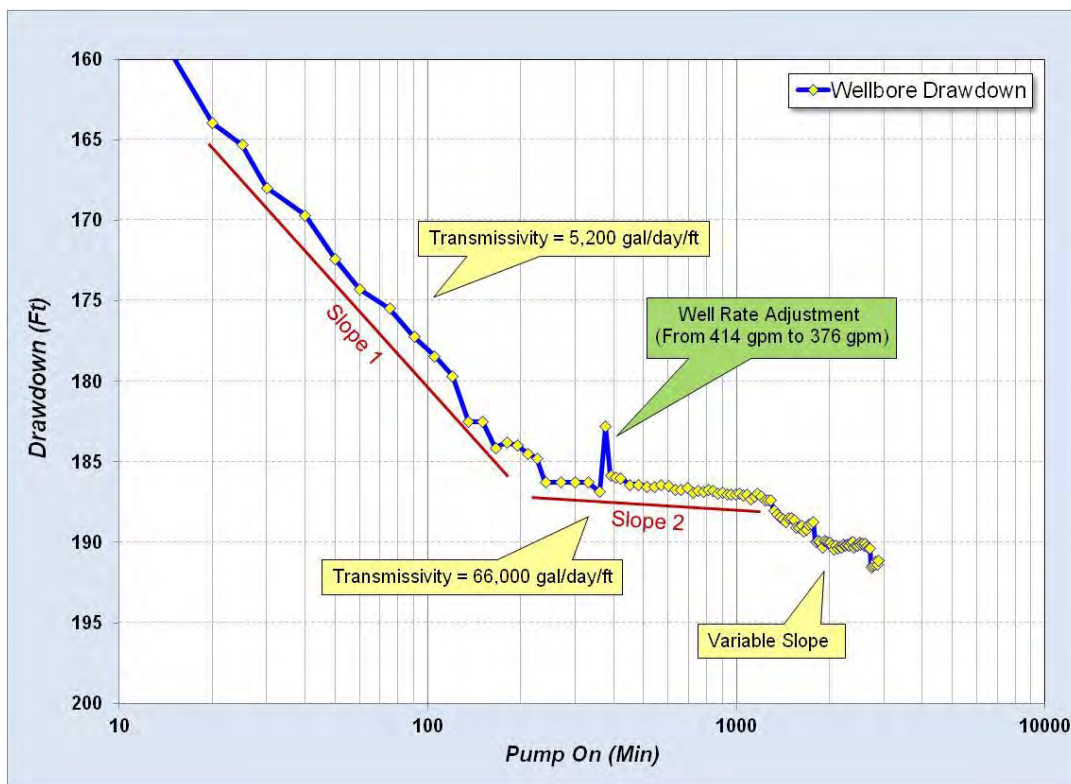
Aquifer Test of Well No. 1

Figure 1 graphs the well bore water level decline (drawdown) measured during pumping of Test Well No. 1. The production rate from the well was continuously monitored during the 48-hour pumping portion of the test using an orifice weir/plate assembly. Immediately prior to running the test, the accuracy of the orifice assembly was verified by measuring the amount of time needed to fill a known volume.

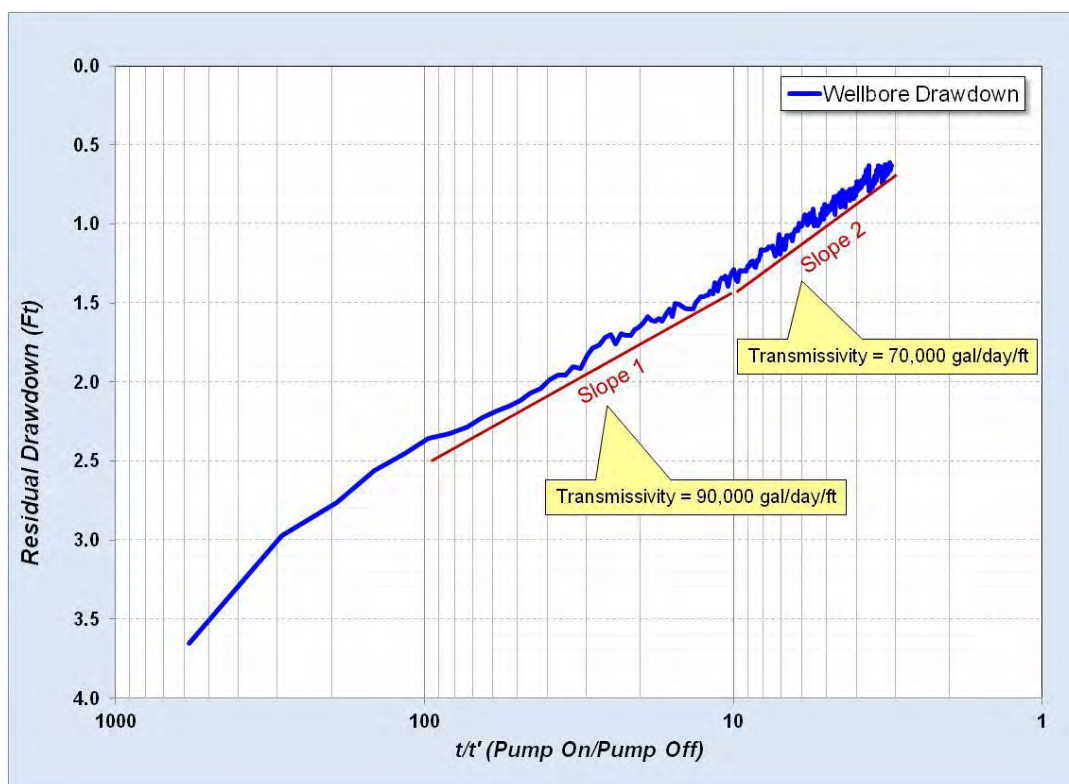
A constant rate of 414 gpm was maintained during the initial portion of the test. At approximately 360 minutes the pumping rate was adjusted from 414 gpm to 376 gpm in order to ensure that adequate pump submergence was maintained throughout the test. The recovery due to this adjustment was mathematically subtracted from the later-time drawdown curve utilizing the Theis Method (Theis, 1935). As shown, there are distinct bends in the drawdown curve through time. The rate of decline characterized by Slope 1 in Figure 1 indicates that the portion of the aquifer near the test site that is accessed by the well exhibits a transmissivity of about 5,200 gallons per day per foot (gal/day/ft). This transmissivity is considered uncharacteristically low for the generally well-sorted, coarse to medium-grained sand logged during test hole drilling. The cause of the low value is not known, but may be due to restricted flow through a relatively small portion of the aquifer near the well, which can occur either because of blockages in the screen/gravel pack or local heterogeneities in the structure of the Carrizo.

Slope 2 indicates that the cone of depression associated with the well began interacting with a portion of the aquifer with a transmissivity value of about 66,000 gal/day/ft at approximately three hours into the test. Towards the end of the pumping phase for Test Well No. 1, the rate of decline varies significantly and the aquifer transmissivity cannot be accurately established. Measurements of the well’s discharge rate through time indicate that the variable slope observed during the later stages of the test were not due to changes in the pumpage rate. The cause of the variations is not known, but may be due to changes in efficiency of the well (settling of gravel pack, continued development, etc.) during the test or potential interference drawdown from other wells in surrounding areas.

Figure 1: Test Well No. 1 Pumping Drawdown Curve



For recovery data, the horizontal axis (t/t') represents the ratio of the amount of time that has elapsed since the start of an aquifer test (t) divided by the amount of time that has elapsed since the pump was turned off (t'). As a result, the horizontal axis values are inverted to show early recovery data on the left with later measurements on right side of the recovery curve shown in Figure 2. As shown, the early-time recovery slope (Slope 1) corresponds to an aquifer transmissivity of about 90,000 gal/day/ft, while later recovery measurements (Slope 2) show a lower transmissivity of about 70,000 gal/day/ft. The initial six hours of recovery ($t/t' > 9$) was recorded by both e-line and transducer; the later measurements (6 to 23 hours recovery, where $t/t' < 9$) were recorded using only a pressure transducer/data logger. The cause of the small variations in later measurements is unknown, but may be due to changes in barometric pressure, potential interference effects from neighboring wells, and/or electronic fluctuations in the transducer/data logger.

Figure 2: Test Well No. 1 Recovery Curve

Aquifer Test of Well No. 2

Figure 3 shows the pumping drawdown curve for Test Well No. 2. The production rate from the well (695 gpm) was continuously monitored during the 48-hour pumping portion of the test using a calibrated orifice weir/plate assembly. As shown, the rate of water level decline was relatively stable throughout the test. Generally, the absence of distinct bends in a drawdown curve is an indication that the cone of depression propagated through a relatively homogenous portion of the aquifer that is not influenced by positive or negative hydraulic boundary conditions. There is a small change in the rate of drawdown about one day into the test; Slope 1 indicates that the portion of aquifer near Test Site No. 2 exhibits a transmissivity of about 65,000 gal/day/ft. The flattening of the drawdown curve later in the test indicates that the transmissivity of the aquifer beds that are transmitting the cone of depression is about 87,000 gal/day/ft. The moderate increase in apparent transmissivity is likely due to the following: 1) increased aquifer saturated thickness and/or permeability of sediments in outlying areas, 2) vertical propagation of the drawdown cone through clay interbeds into overlying aquifer beds, or 3) a combination of the two.

Figure 4 depicts Slope 1 and Slope 2 with transmissivity values of about 73,000 gal/day/ft and about 87,000 gal/day/ft, respectively. These transmissivities generally agree with the estimates calculated from the pumping drawdown curve and with estimates derived from the data recorded during testing of Well No. 1.

Figure 3: Test Well No. 2 Pumping Drawdown Curve

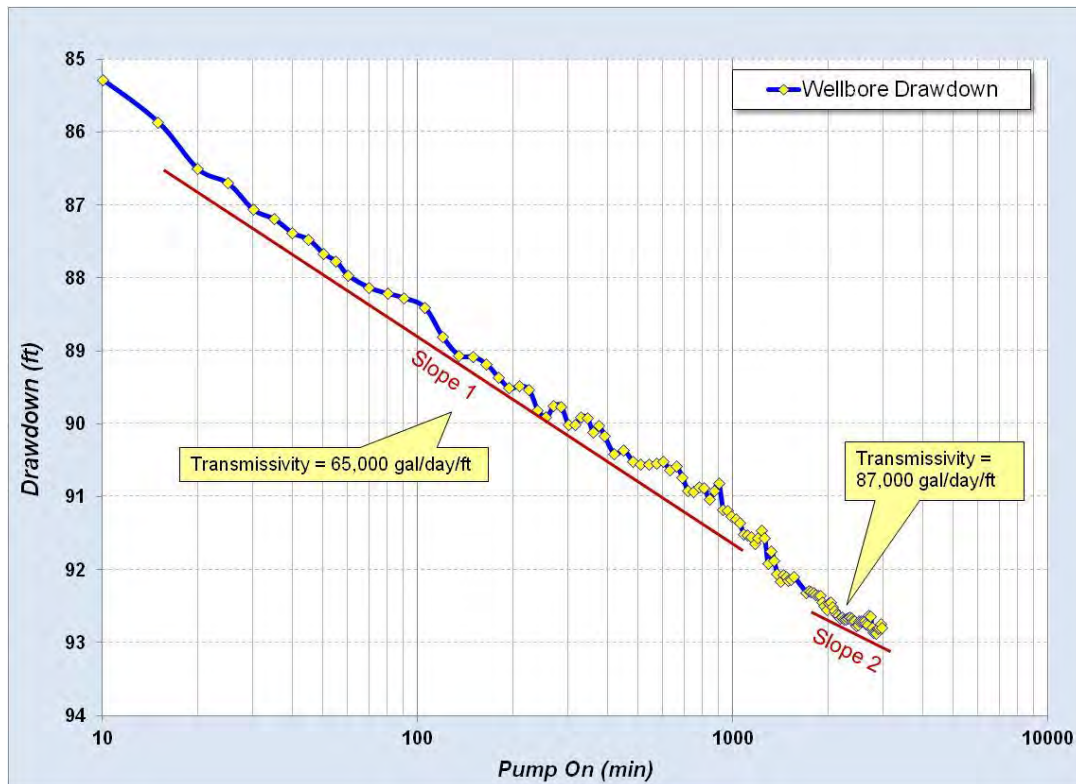
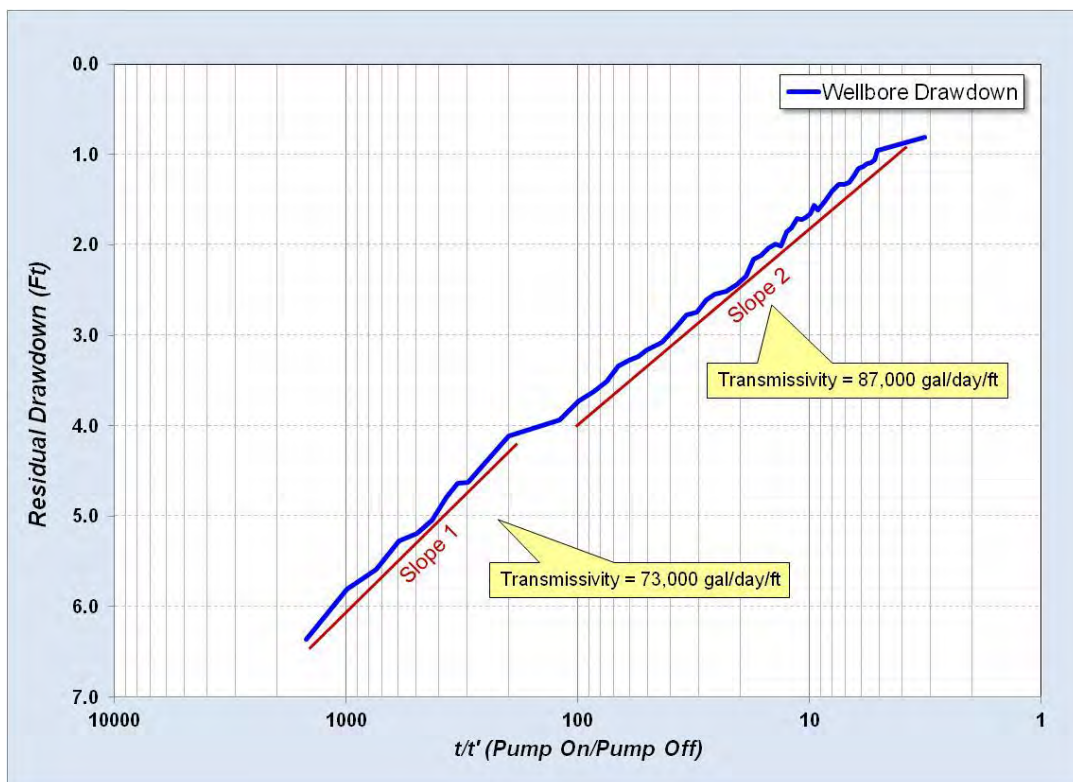


Figure 4: Test Well No. 2 Recovery Curve



Test Well Groundwater Quality Analyses

Chemical analyses performed on samples collected during testing indicate that the Carrizo beneath the test sites contains fresh water that, with the exception of pH, iron, and manganese, meets all TCEQ standards for public supplies. Elevated iron and manganese concentrations are not toxic but may cause tinting of the water and/or staining of fixtures and clothing. Table 3 lists water quality results from samples collected at the end of the 48-hr aquifer tests and includes, for comparison, average constituent values for Carrizo wells in Caldwell County area as listed in Table 1. It is expected that the water quality will remain relatively constant throughout the life of any properly constructed Carrizo aquifer well in the eastern Caldwell County area.

Table 3: Test Wells - Groundwater Quality

Constituent	Test Site 1	Test Site 2	Area Average	TCEQ Standard
TDS (mg/L)	172.5	235.5	402	1,000
pH	5.7	6.5	6.4	6.5 - 8.5
Temperature (°F)	75.6	77.8	73	-
Silica (mg/L)	3.1	55.4	37	-
Calcium (mg/L)	8.9	13.2	52	-
Magnesium (mg/L)	4.5	7.4	14	-
Sodium (mg/L)	22.5	26.3	56	-
Potassium (mg/L)	6.8	9.2	9	-
Bicarbonate (mg/L)	15.2	28.9	70	-
Sulfate (mg/L)	32.1	54.6	162	300
Chloride (mg/L)	38.6	48.0	120	300
Fluoride (mg/L)	ND	0.5	0.3	2
Nitrate (mg/L)	ND	ND	5	10
Total Alkalinity (mg/L)	15.2	28.9	58	-
Diss. Iron (mg/l)	2.7	7.7	NA	0.3
Diss. Manganese (mg/l)	0.07	0.2	NA	0.05

Note: ND is "None Detected"; NA is "Not Available"

Groundwater Availability

RWH&A's evaluation of the data obtained during the testing program and geophysical logs recorded in petroleum test holes in the study area suggests that the Carrizo in the eastern Caldwell County area will be at least as productive as previously developed areas in Gonzales and Wilson Counties. The following sections provide discussions of various issues that affect long-term groundwater availability and the results of groundwater modeling for the proposed HCPUA well field.

Groundwater Modeling

Groundwater modeling was conducted to estimate groundwater availability in the HCPUA well field area and the likely aquifer response to the proposed pumpage. Two types of models were utilized for this evaluation: 1) an analytical, Theis-based (Theis, 1935) model developed by RWH&A was used to predict the well-to-well interference drawdown and well bore pumping levels that may be experienced within the well field itself and 2) a finite-difference model (Deeds et al, 2003) (McDonald and Harbaugh, 1983) that

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was used to predict regional fluctuations in water table levels and artesian pressure.

As a first step in evaluating production from the HCPUA well field, a preliminary well field layout was generated through analytical modeling. The model simulated 50-year well bore pumping levels and incorporates the hydraulic characteristics of the Carrizo, as well as hydraulic boundaries associated with outcrops and fault zones. The model simulates the full HCPUA production of 15,000 ac-ft/yr (4,700 ac-ft/yr from two wells in the PCCD and 10,300 ac-ft/yr from wells in the GCUWCD) from the eastern portion of Caldwell County.

The finite-difference model used for this evaluation is the Southern Carrizo-Wilcox Groundwater Availability Model (GAM), which is distributed by the Texas Water Development Board. Predicted regional pumpage locations and amounts were obtained from model inputs compiled by Groundwater Management Area 13 (GMA-13) during development of the Desired Future Conditions (DFCs) of the aquifers in South Texas. For this study, three GAM simulations were performed to estimate the magnitude and extent of the aquifers' response to the proposed HCPUA pumpage:

- ***Proposed HCPUA Pumpage in PCCD*** – Simulation of artesian pressure and water table declines predicted to occur in the Carrizo due only to the proposed 4,700 ac-ft/yr production within the PCCD for a 50-year period.
- ***Total HCPUA Pumpage*** – Simulation of artesian pressure and water table declines predicted to occur in the Carrizo due only to the production of 15,000 ac-ft/yr by HCPUA from wells in the GCUWCD and the PCCD for a 50-year period.
- ***Regional Pumpage plus Total HCPUA Pumpage*** – Simulation of artesian pressure and water table declines predicted to occur in the Carrizo due to regional pumpage and total HCPUA pumpage (15,000 ac-ft/yr) for a 50-year period.

As shown in Plate 4, the 50-year model results indicate that the proposed 4,700 ac-ft/yr production from wells in the PCCD will create about 25 feet of decline in artesian pressure near the well field. The contours on Plate 5 show the extent of the simulated drawdown after 50 years of 15,000 ac-ft/yr HCPUA pumpage. Plate 6 shows the drawdown simulated to occur in response to the total HCPUA well field pumpage and the regional pumpage included in the model used by GMA-13 during adoption of the current DFC/MAGs (Simulation No. 4 – PCS10). As indicated by the contours on Plate 6, the GAM predicts that approximately 140 to 150 feet of artesian pressure decline will occur in the eastern Caldwell County area after 50 years of combined pumpage.

Analysis of the GAMs water budget suggests that the simulated drawdown represents a relatively small decline in the volume of water stored in the Carrizo. Cell-by-cell calculations using GAM inputs and results indicates that there is approximately 69.5 million acre-feet of groundwater contained in the Carrizo in Caldwell and Gonzales counties. At the end of the third simulation performed for this evaluation (regional pumpage plus 15,000 ac-ft/yr HCPUA pumpage), the GAM predicts that about 803,000 acre-feet will be removed from storage, which represents about 1.2% of the total storage.

It should be noted that the groundwater storage volumes reported above include only drainable (specific yield) amounts, which the GAM conservatively estimates at 15% of the total volume of the Carrizo. While it may not be practical to develop the majority of the stored groundwater, the sizable volume in storage suggests that relatively large rates of withdrawal can be sustained for long periods of time (many generations) without significantly depleting the resource.

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Conclusions

Analysis of the available regional and site-specific information indicates that production of 15,000 ac-ft/yr from the Carrizo aquifer in eastern Caldwell County can be sustained for at least 50 years. The Carrizo is one of the most extensive and productive aquifers in the state, with a footprint that overlies much of eastern and southern Texas. The Carrizo aquifer contains a very large volume of groundwater that is recharged by slow, downward percolation of water through aquifer sediments. The large storage capacity of the aquifer limits the effect of short-term fluctuations in precipitation on deeper aquifer zones. As a result, the Carrizo represents a reliable, drought-resistant supply in eastern Caldwell County.

Data collected during test drilling and aquifer testing indicate that the Carrizo is approximately 350 feet thick and is comprised primarily of quartz sand beds that are vertically separated by thin, clay-rich layers. Aquifer testing performed using test wells completed at two sites indicates that the Carrizo is very productive, with transmissivities ranging from about 70,000 gal/day/ft to about 90,000 gal/day/ft. These values likely represent only a portion of the transmissivity associated with the entire thickness of the Carrizo because the test wells were completed only in the lowermost of the several sand beds that comprise the aquifer.

Two types of groundwater flow models were used for this evaluation. An analytical, Theis-based model was used to estimate interference effects and individual pumping levels for wells in the HCPUA well field. The results of this modeling indicate that artesian conditions will be sustained at each well bore throughout the simulated 50-year production. The Southern Carrizo-Wilcox GAM was utilized to estimate the regional aquifer response to the HCPUA well field. The model results suggest that up to approximately 65 feet of artesian pressure decline will occur in eastern Caldwell County as a result of the 15,000 ac-ft/yr HCPUA well field alone. The portion of the drawdown due to production of 4,700ac-ft/yr from HCPUA wells within the PCCD is predicted to be about 25 feet in the well field area.

The predicted drawdowns actually represent a small portion of the groundwater stored in the Carrizo aquifer. Analysis of the model's water budget suggests that this pressure decline represents a storage depletion of approximately 1.2% in Caldwell and Gonzales counties. Therefore, very little change in groundwater availability is projected to occur over the next 50 years with the addition of the proposed HCPUA production.

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Plate 1: Historical Carrizo Aquifer Artesian Pressure and Water Table Drawdown

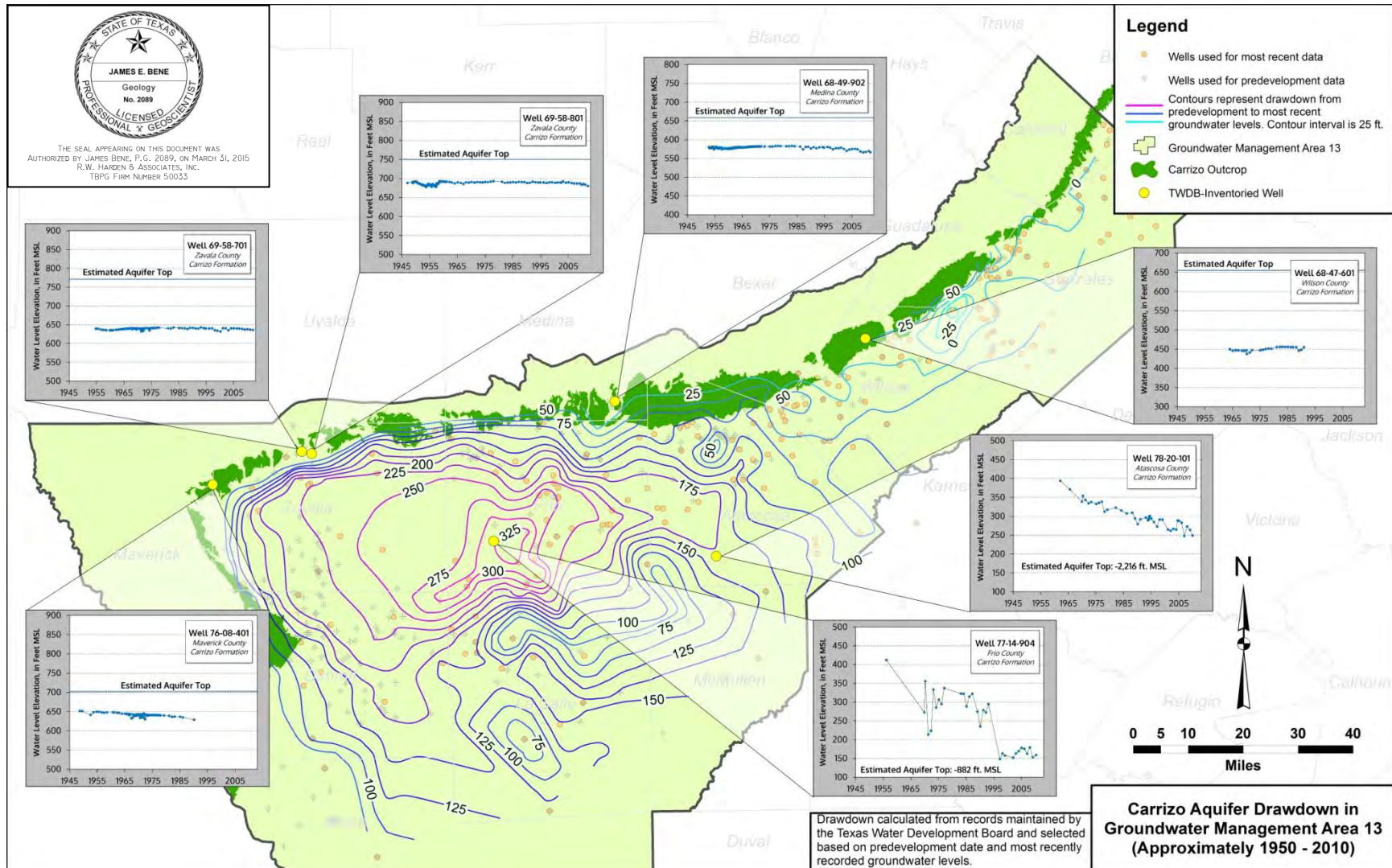
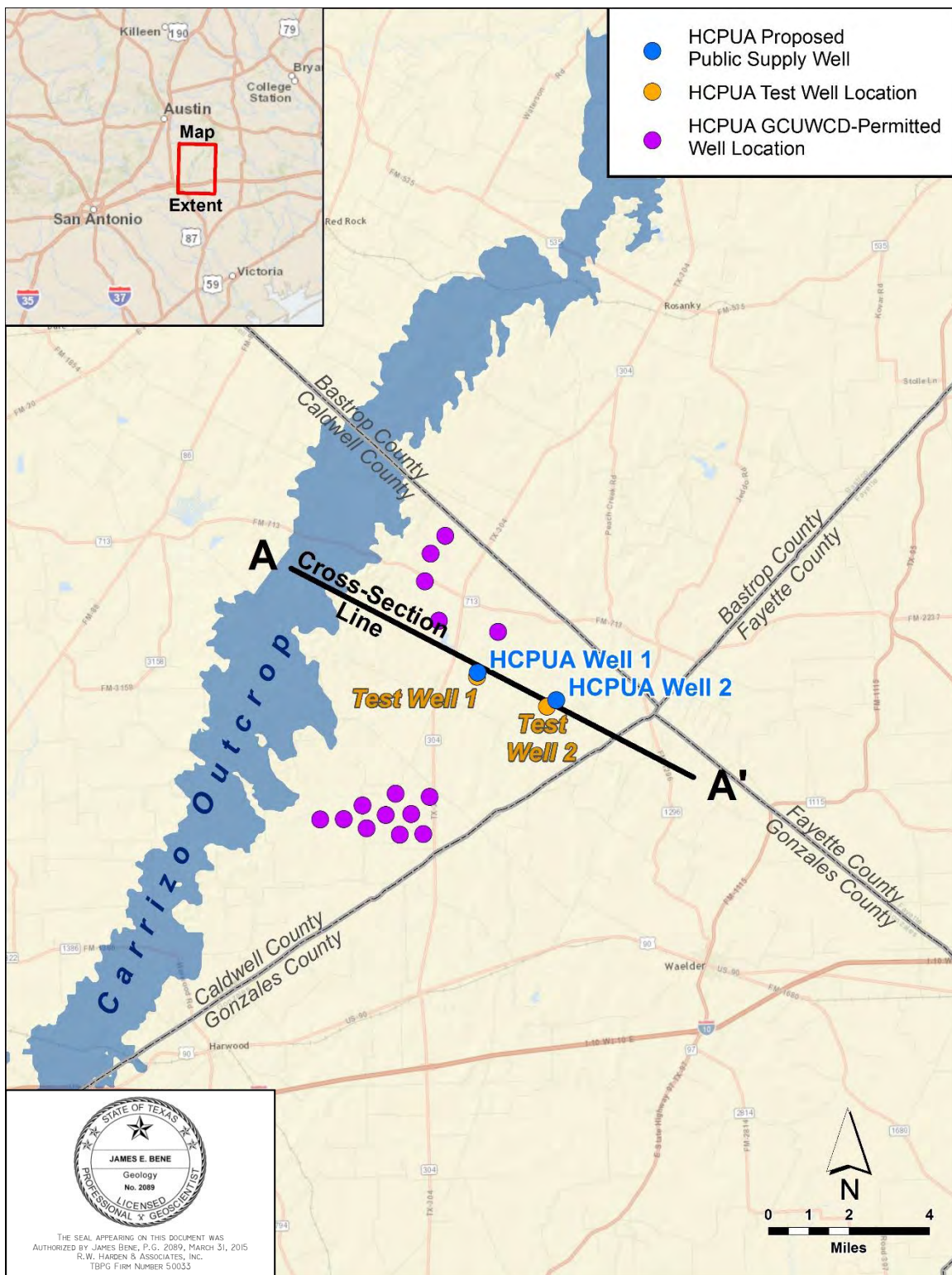
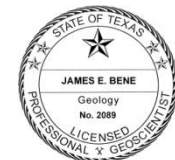
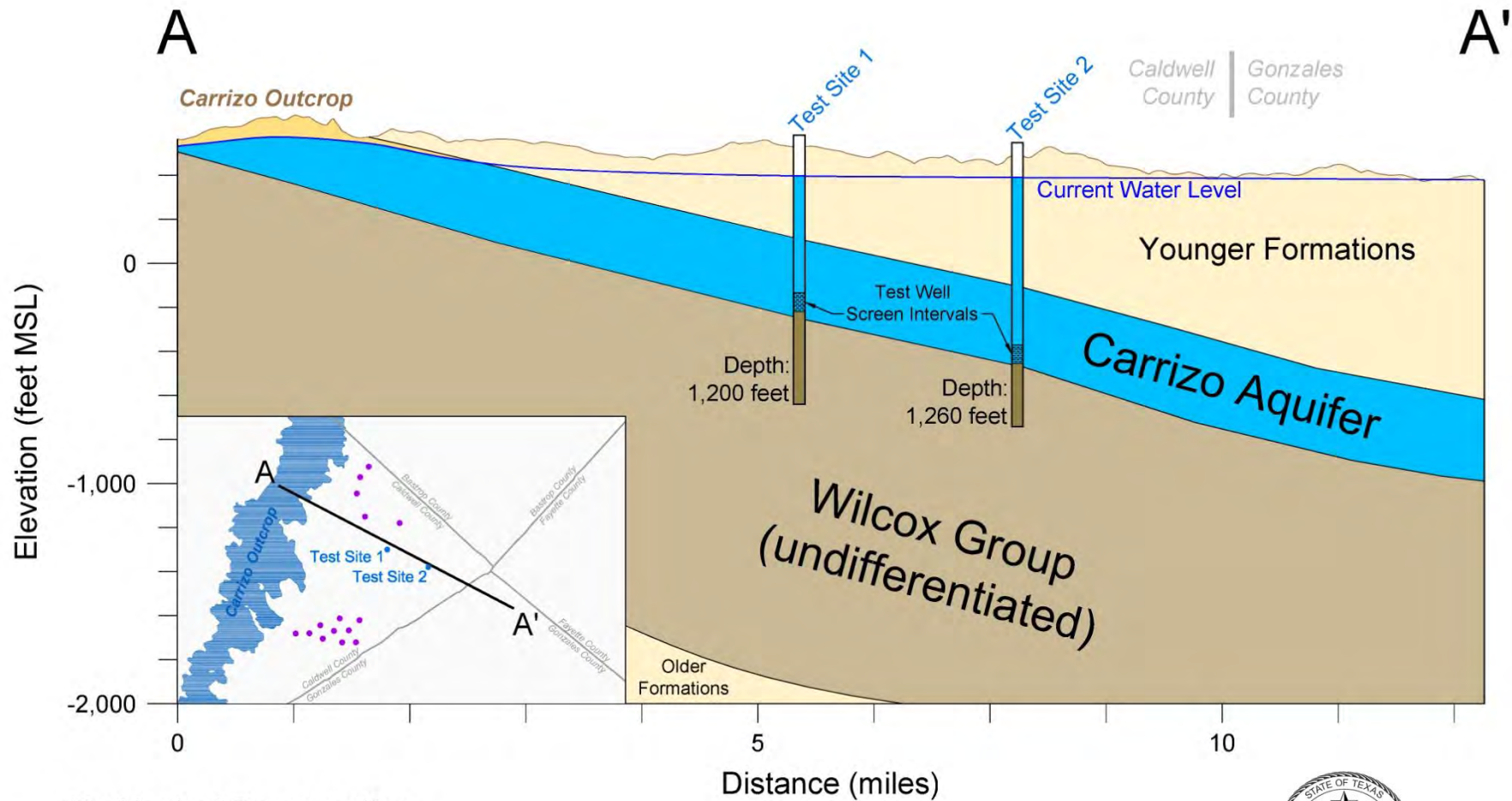


Plate 2: Well Field Location Map



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Plate 3: Cross Section



THE SEAL APPEARING ON THIS DOCUMENT WAS AUTHORIZED BY JAMES BENE, P.G., 2089, ON MARCH 31, 2015. R.W. HARDEN & ASSOCIATES, INC. TBPG FIRM NUMBER 50023

Plate 4: Carrizo 50-Year Drawdown due to 4,700 Ac-ft/Yr HCPUA Pumpage in PCCD

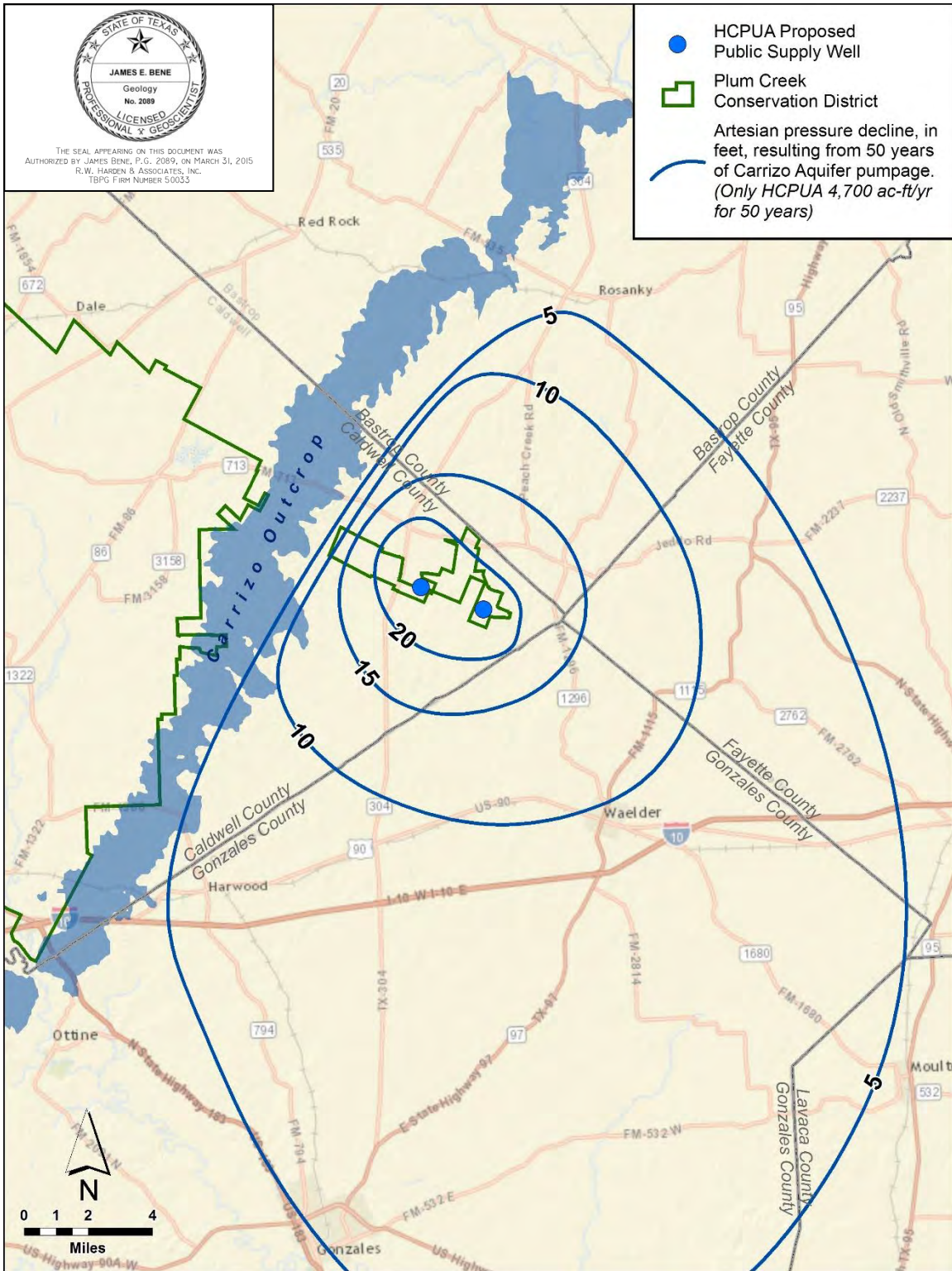
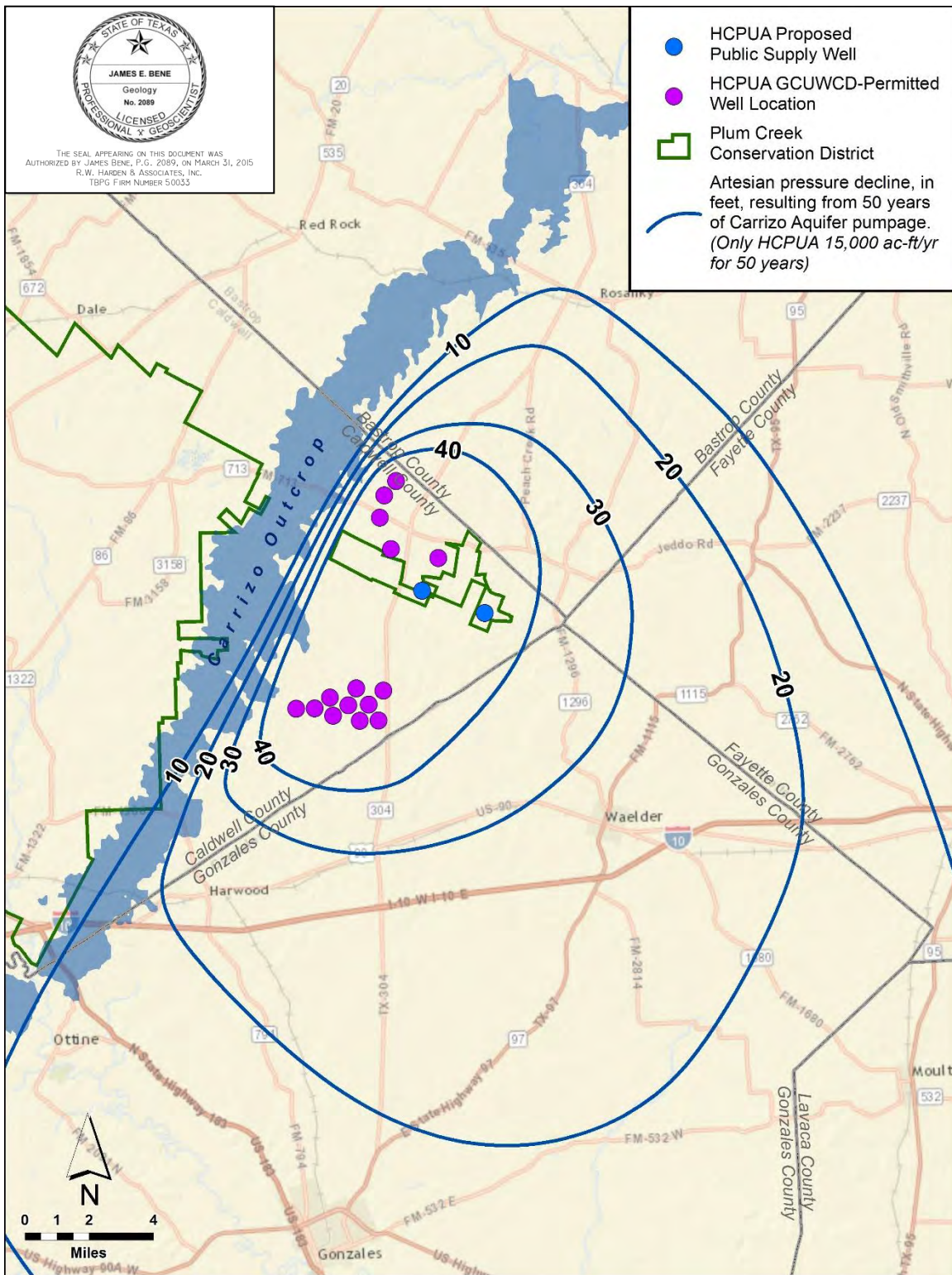
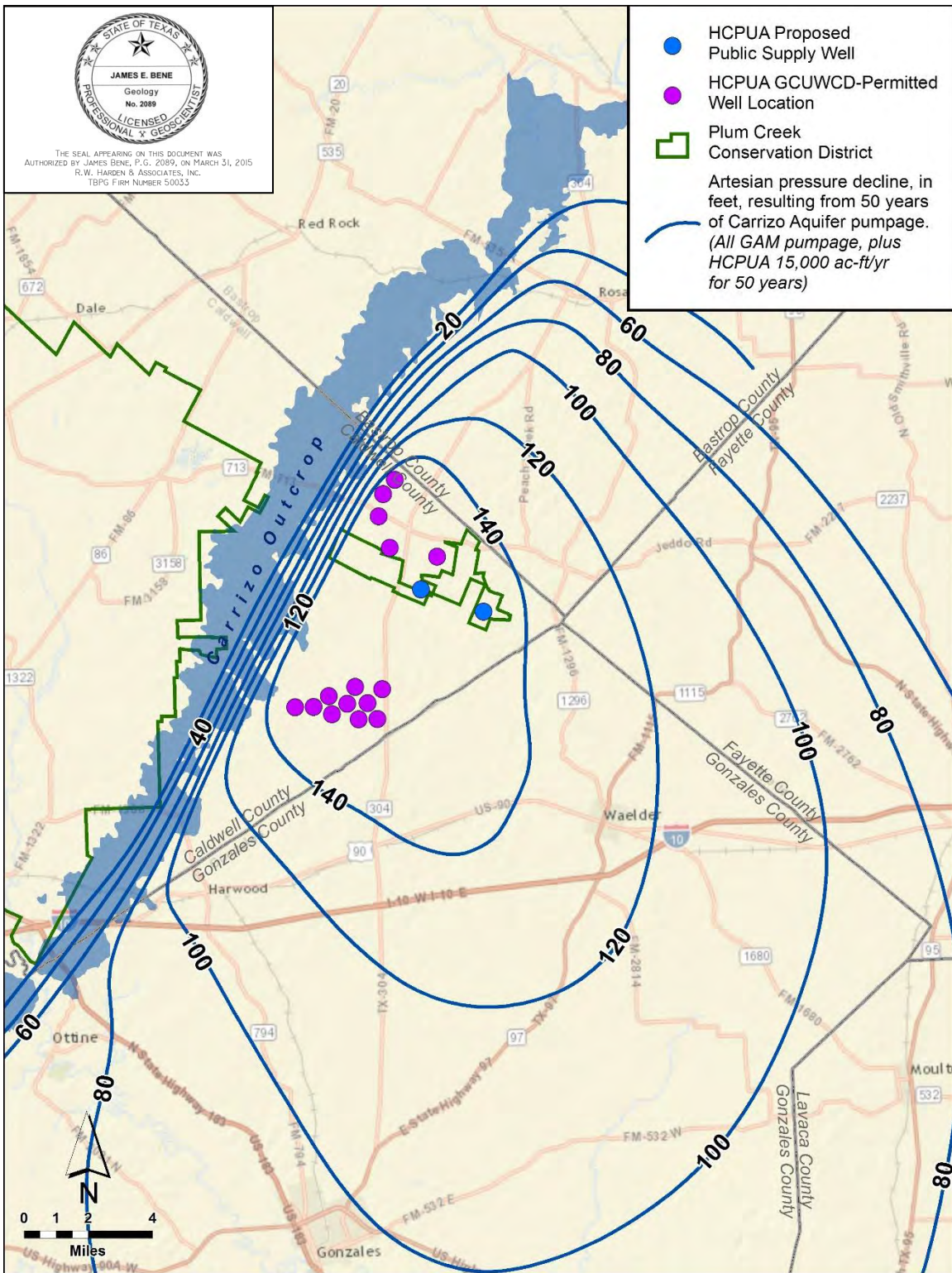


Plate 5: Carrizo 50-Year Drawdown due to 15,000 Ac-ft/Yr HCPUA Pumpage



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Plate 6: Carrizo 50-Year Drawdown due to Regional Pumpage plus 15,000 Ac-ft/Yr HCPUA Pumpage



STATE OF TEXAS
COUNTY OF Hays

§
§
§

**SITE
CERTIFICATE**

Before me, the undersigned notary, on this day personally appeared Graham Moore, a person whose identity is known to me or who has presented to me a satisfactory proof of identity. After I administered an oath, this person swore to the following:

- (1) My name is Graham Moore. I am over 18 years of age and I am of sound mind, and capable of swearing to the facts contained in this Site Certificate. The facts stated in this certificate are within my personal knowledge and are true and correct.
- (2) I am an authorized representative of Hays Caldwell Public Utility Agency, an entity that has filed an application for financial assistance with the Texas Water Development Board for a (water) (wastewater) project.

Please complete only those sections that apply to your project:

LEGAL CERTIFICATION – LEASE/CONTRACT

I certify that: _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed a written lease or other contractual agreement to use the property needed for this (water)(wastewater) project that extends through _____ (date), the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of this lease or agreement is attached hereto.

LEGAL CERTIFICATION – PROPERTY EASEMENT

I certify that: _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed an express easement to use the property needed for this (water) (wastewater) project that extends through the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. The express easement to use the property needed for this (water) (wastewater) project extends through _____ (date). A copy of the express easement agreement is attached hereto.

LEGAL CERTIFICATION – OWNERSHIP INTEREST

I certify that Hays Caldwell Public Utility Agency
(Legal Name of Applicant, e.g. City, District, etc.)

Option A: has acquired the necessary real property interest, as evidenced by fee simple purchase, deed, fully executed earnest money contracts, or completion of eminent domain proceedings; that such acquisition will guarantee access and egress; and such interest will contain the necessary easements, rights of way, or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below.

Option B: is in the process of acquiring the necessary real property interest, as evidenced by earnest money contracts, contracts for sale, firm option agreements to purchase the subject property, or the initiation of eminent domain procedures; that such acquisition will guarantee access and egress; and such interest will contain the necessary easements, rights of way, or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below. The anticipated date of acquisition is: December 11, 2020.

The property has been/will be acquired with the use of eminent domain: True False

Location and Description of Property Interests acquired for Project:

HCPUA will acquire fee simple title to the water treatment plant and pump station properties, with permanent and temporary easements for all the well sites & pipelines. The property interests will be located in Caldwell, Hays and Guadalupe counties.


Any deeds or other instruments required to be recorded to protect the title(s) held by Hays Caldwell Public Utility Agency (Legal Name of Applicant) have been recorded or filed for the record in the County deed records or other required location. The following documents are attached hereto:

N/A.

Description of documents that were used or will be used to acquire the property:

Fee simple acquisitions will utilize Special Warranty Deeds. Individual pipeline easements will be recorded in the respective county's real property records.

EXECUTED this 7th day of June, 2017.



(Signature)

Graham Moore

(Print Name)

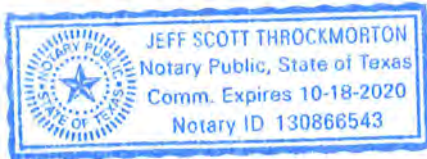
Executive Director

(Title)

Sworn to and subscribed before me by Jeff Throckmorton on this 07 day
of June, 2017.



(Notary Public in and for the State of Texas)



[SEAL]

City of Kyle					SERIES 2017 LOW INTEREST LOAN			Series 2019	Series 2019	Series 2021	Series 2021	(SUM)	Revenue After	Projected
Fiscal Year	Gross	Operating	Net	Outstanding	\$ 8,995,000			\$15,040,000	\$9,160,000	\$16,640,000	\$10,285,000	Total Projected	Total	
Ending 9/30	Revenues ⁽¹⁾	Expenses ⁽¹⁾	Revenues	Debt Service ⁽²⁾	Principal	Interest	Total	Low Interest	State Participation	Low Interest	State Participation	Debt Service	Debt Service	Coverage
								Total P&I	Total P&I	Total P&I	Total P&I		Total	
2017	\$ 17,835,932	\$ 8,728,732	\$ 9,107,200	\$ 178,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,815	\$ 9,107,200	N/A
2018	17,835,932	8,728,732	9,107,200	178,410	-	218,027	218,027	-	-	-	-	396,436	8,710,764	2297%
2019	17,835,932	8,728,732	9,107,200	177,807	210,000	290,702	500,702	-	-	-	-	678,509	8,428,692	1342%
2020	17,835,932	8,728,732	9,107,200	177,033	210,000	287,468	497,468	394,254	-	-	-	1,068,755	8,038,445	852%
2021	17,835,932	8,728,732	9,107,200	181,088	215,000	283,919	498,919	860,673	-	-	-	1,540,679	7,566,521	591%
2022	17,835,932	8,728,732	9,107,200	179,929	220,000	279,985	499,985	859,676	88,498	468,870	-	2,096,957	7,010,243	434%
2023	17,835,932	8,728,732	9,107,200	178,608	225,000	275,673	500,673	858,080	88,498	980,161	-	2,606,019	6,501,181	349%
2024	17,835,932	8,728,732	9,107,200	182,117	225,000	270,993	495,993	860,904	132,747	982,919	104,783	2,759,461	6,347,739	330%
2025	17,835,932	8,728,732	9,107,200	180,437	230,000	266,043	496,043	858,059	176,996	979,925	104,783	2,796,242	6,310,959	326%
2026	17,835,932	8,728,732	9,107,200	178,677	240,000	260,799	500,799	859,671	243,370	981,304	157,174	2,920,993	6,186,207	312%
2027	17,835,932	8,728,732	9,107,200	181,707	245,000	255,063	500,063	860,606	309,743	981,956	209,566	3,043,639	6,063,561	299%
2028	17,835,932	8,728,732	9,107,200	179,407	250,000	248,693	498,693	860,992	376,117	981,894	288,153	3,185,255	5,921,945	286%
2029	17,835,932	8,728,732	9,107,200	181,929	255,000	241,693	496,693	860,696	442,491	981,094	366,740	3,329,641	5,777,559	274%
2030	17,835,932	8,728,732	9,107,200	179,135	265,000	234,145	499,145	859,296	442,491	979,696	445,327	3,405,088	5,702,112	267%
2031	17,835,932	8,728,732	9,107,200	181,220	275,000	225,771	500,771	861,791	442,491	982,558	523,914	3,492,744	5,614,457	261%
2032	17,835,932	8,728,732	9,107,200	183,058	280,000	216,971	496,971	858,148	870,231	979,073	523,914	3,911,394	5,195,806	233%
2033	17,835,932	8,728,732	9,107,200	179,698	290,000	207,787	497,787	858,315	870,231	979,388	523,914	3,909,332	5,197,868	233%
2034	17,835,932	8,728,732	9,107,200	181,266	300,000	198,014	498,014	857,790	870,231	978,472	958,014	4,343,786	4,763,414	210%
2035	17,835,932	8,728,732	9,107,200	182,666	310,000	187,694	497,694	861,375	870,231	981,087	958,014	4,351,066	4,756,134	209%
2036	17,835,932	8,728,732	9,107,200	183,883	320,000	176,844	496,844	858,818	870,231	982,772	958,014	4,350,561	4,756,639	209%
2037	17,835,932	8,728,732	9,107,200	184,684	335,000	165,452	500,452	860,368	870,231	978,305	958,014	4,352,054	4,755,146	209%
2038	17,835,932	8,728,732	9,107,200	180,330	345,000	153,392	498,392	860,868	837,491	982,794	958,014	4,317,888	4,789,312	211%
2039	17,835,932	8,728,732	9,107,200	180,976	360,000	140,834	500,834	860,294	839,479	980,927	958,014	4,320,523	4,786,677	211%
2040	17,835,932	8,728,732	9,107,200	181,452	370,000	127,622	497,622	858,734	835,347	982,927	958,014	4,314,096	4,793,104	211%
2041	17,835,932	8,728,732	9,107,200	181,772	385,000	113,969	498,969	861,172	840,309	978,567	998,914	4,359,703	4,747,498	209%
2042	17,835,932	8,728,732	9,107,200	181,812	400,000	99,647	499,647	862,456	838,924	978,147	1,000,829	4,361,815	4,745,386	209%
2043	17,835,932	8,728,732	9,107,200	181,692	415,000	84,687	499,687	862,634	836,457	981,444	1,001,279	4,363,192	4,744,008	209%
2044	17,835,932	8,728,732	9,107,200	186,396	430,000	69,083	499,083	861,631	837,895	978,297	1,000,292	4,363,591	4,743,609	209%
2045	17,835,932	8,728,732	9,107,200	185,778	445,000	52,872	497,872	859,499	837,987	978,967	997,902	4,358,003	4,749,198	209%
2046	17,835,932	8,728,732	9,107,200	-	465,000	36,006	501,006	861,228	836,772	983,161	999,094	4,181,261	4,925,940	218%
2047	17,835,932	8,728,732	9,107,200	-	480,000	18,336	498,336	861,681	839,241	980,725	1,003,602	4,183,585	4,923,616	218%
2048	17,835,932	8,728,732	9,107,200	-	-	-	-	860,775	835,141	981,858	1,001,218	3,678,992	5,428,209	248%
2049	17,835,932	8,728,732	9,107,200	-	-	-	-	858,578	839,704	981,417	997,182	3,676,880	5,430,321	248%
2050	17,835,932	8,728,732	9,107,200	-	-	-	-	-	837,430	979,308	1,001,482	2,818,220	6,288,981	323%
2051	17,835,932	8,728,732	9,107,200	-	-	-	-	-	838,344	980,608	998,594	2,817,546	6,289,655	323%
2052	17,835,932	8,728,732	9,107,200	-	-	-	-	-	837,456	-	998,759	1,836,215	7,270,985	496%
2053	17,835,932	8,728,732	9,107,200	-	-	-	-	-	839,760	-	1,001,461	1,841,221	7,265,980	495%
2054	17,835,932	8,728,732	9,107,200	-	-	-	-	-	-	-	1,001,741	1,001,741	8,105,460	909%
2055	17,835,932	8,728,732	9,107,200	-	-	-	-	-	-	-	999,590	999,590	8,107,610	911%
				\$ 5,251,774	\$ 8,995,000	\$ 5,688,172	\$ 14,683,172	\$ 25,339,056	\$ 21,372,562	\$ 28,908,617	\$ 24,956,303	120,511,484		

(1)FY 2016 Figures

(2) Includes Hays-Caldwell PUA Contract Rev Bonds, Series 2015B

Canyon Regional Water Authority

Fiscal Year Ending 9/30	Gross Revenues ⁽¹⁾	Operating Expenses ⁽¹⁾	Net Revenues	Outstanding Debt Service ⁽²⁾	SERIES 2017 LOW INTEREST LOAN			Series 2019	Series 2019	Series 2021	Series 2021	(SUM)	Revenue After	Projected
								\$16,490,000	\$10,040,000	\$18,245,000	\$11,275,000	Total Projected	Total	
								Low Interest	State Participation	Low Interest	State Participation	Debt Service	Debt Service	Coverage
			Principal	Interest	Total	Total P&I	Total P&I	Total P&I	Total P&I	Debt Service	Debt Service			
2017	20,120,594	16,711,163	\$ 3,409,431	250,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,658	\$ 3,409,431	N/A
2018	20,120,594	16,711,163	3,409,431	249,955	-	239,151	239,151	-	-	-	-	489,105	2,920,326	697%
2019	20,120,594	16,711,163	3,409,431	248,919	230,000	318,868	548,868	-	-	-	-	797,786	2,611,645	427%
2020	20,120,594	16,711,163	3,409,431	247,587	230,000	315,326	545,326	432,234	-	-	-	1,225,146	2,184,285	278%
2021	20,120,594	16,711,163	3,409,431	250,977	235,000	311,439	546,439	941,312	-	-	-	1,738,728	1,670,704	196%
2022	20,120,594	16,711,163	3,409,431	249,058	240,000	307,138	547,138	944,779	97,000	514,181	-	2,352,156	1,057,275	145%
2023	20,120,594	16,711,163	3,409,431	251,854	245,000	302,434	547,434	942,504	97,000	1,075,575	-	2,914,367	495,064	117%
2024	20,120,594	16,711,163	3,409,431	249,319	250,000	297,338	547,338	944,600	145,500	1,077,619	114,869	3,079,245	330,187	111%
2025	20,120,594	16,711,163	3,409,431	251,609	255,000	291,838	546,838	940,981	194,000	1,073,859	114,869	3,122,155	287,276	109%
2026	20,120,594	16,711,163	3,409,431	253,669	260,000	286,024	546,024	941,777	266,751	1,074,423	172,303	3,254,946	154,485	105%
2027	20,120,594	16,711,163	3,409,431	255,307	265,000	279,810	544,810	941,855	339,501	1,074,214	229,737	3,385,423	24,008	101%
2028	20,120,594	16,711,163	3,409,431	251,506	275,000	272,920	547,920	941,355	412,251	1,073,249	315,889	3,542,169	(132,738)	96%
2029	20,120,594	16,711,163	3,409,431	252,390	280,000	265,220	545,220	945,135	485,001	1,076,504	402,040	3,706,289	(296,858)	92%
2030	20,120,594	16,711,163	3,409,431	252,875	290,000	256,932	546,932	942,595	485,001	1,073,994	488,192	3,789,588	(380,157)	90%
2031	20,120,594	16,711,163	3,409,431	253,035	300,000	247,768	547,768	943,870	485,001	1,075,700	574,344	3,879,717	(470,286)	88%
2032	20,120,594	16,711,163	3,409,431	252,905	310,000	238,168	548,168	943,944	953,835	1,075,975	574,344	4,349,169	(939,738)	78%
2033	20,120,594	16,711,163	3,409,431	257,569	320,000	228,000	548,000	942,576	953,835	1,074,805	574,344	4,351,127	(941,696)	78%
2034	20,120,594	16,711,163	3,409,431	256,881	330,000	217,216	547,216	945,498	953,835	1,077,332	1,050,228	4,830,989	(1,421,558)	71%
2035	20,120,594	16,711,163	3,409,431	256,025	340,000	205,864	545,864	942,319	953,835	1,073,117	1,050,228	4,821,387	(1,411,956)	71%
2036	20,120,594	16,711,163	3,409,431	-	355,000	193,964	548,964	943,133	953,835	1,078,137	1,050,228	4,574,296	(1,164,865)	75%
2037	20,120,594	16,711,163	3,409,431	-	365,000	181,326	546,326	942,838	953,835	1,076,780	1,050,228	4,570,006	(1,160,575)	75%
2038	20,120,594	16,711,163	3,409,431	-	380,000	168,186	548,186	941,463	920,001	1,074,140	1,050,228	4,534,018	(1,124,587)	75%
2039	20,120,594	16,711,163	3,409,431	-	395,000	154,354	549,354	943,984	915,165	1,075,303	1,050,228	4,534,034	(1,124,603)	75%
2040	20,120,594	16,711,163	3,409,431	-	405,000	139,858	544,858	945,306	919,420	1,075,103	1,050,228	4,534,915	(1,125,484)	75%
2041	20,120,594	16,711,163	3,409,431	-	420,000	124,913	544,913	940,410	917,285	1,073,510	1,094,344	4,570,462	(1,161,031)	75%
2042	20,120,594	16,711,163	3,409,431	-	440,000	109,289	549,289	944,538	919,020	1,075,630	1,099,072	4,587,549	(1,178,118)	74%
2043	20,120,594	16,711,163	3,409,431	-	455,000	92,833	547,833	942,352	919,424	1,076,236	1,097,067	4,582,912	(1,173,481)	74%
2044	20,120,594	16,711,163	3,409,431	-	470,000	75,725	545,725	943,967	918,482	1,075,378	1,093,604	4,577,156	(1,167,725)	74%
2045	20,120,594	16,711,163	3,409,431	-	490,000	58,006	548,006	944,241	921,179	1,078,115	1,098,724	4,590,265	(1,180,834)	74%
2046	20,120,594	16,711,163	3,409,431	-	510,000	39,435	549,435	943,164	917,319	1,074,144	1,096,911	4,580,972	(1,171,541)	74%
2047	20,120,594	16,711,163	3,409,431	-	525,000	20,055	545,055	940,803	917,132	1,073,740	1,093,395	4,570,124	(1,160,693)	75%
2048	20,120,594	16,711,163	3,409,431	-	-	-	-	942,069	920,364	1,076,678	1,098,228	4,037,338	(627,907)	84%
2049	20,120,594	16,711,163	3,409,431	-	-	-	-	941,834	916,761	1,077,821	1,095,890	4,032,305	(622,874)	85%
2050	20,120,594	16,711,163	3,409,431	-	-	-	-	-	916,553	1,077,066	1,096,620	3,090,239	319,193	110%
2051	20,120,594	16,711,163	3,409,431	-	-	-	-	-	919,256	1,074,496	1,095,148	3,088,900	320,532	110%
2052	20,120,594	16,711,163	3,409,431	-	-	-	-	-	919,904	-	1,096,458	2,016,361	1,393,070	169%
2053	20,120,594	16,711,163	3,409,431	-	-	-	-	-	918,488	-	1,100,007	2,018,495	1,390,937	169%
2054	20,120,594	16,711,163	3,409,431	-	-	-	-	-	-	-	1,095,867	1,095,867	2,313,564	311%
2055	20,120,594	16,711,163	3,409,431	-	-	-	-	-	-	-	1,094,288	1,094,288	2,315,143	312%
				\$ 4,792,091	\$ 9,865,000	\$ 6,239,396	\$ 16,104,396	\$ 27,777,428	\$ 23,425,770	\$ 31,702,818	\$ 27,358,144	131,160,646		

(1)FY 2016 Figures

(2) Includes Hays-Caldwell PUA Contract Rev Bonds, Series 2015A

City of San Marcos

Fiscal Year Ending 9/30	Operating			Outstanding Debt Service ⁽²⁾	SERIES 2017 LOW INTEREST LOAN			Series 2019	Series 2019	Series 2021	Series 2021	(SUM)	Revenue After	Projected Coverage
	Gross	Operating	Net		\$ 11,450,000	\$ 19,145,000	\$ 11,655,000	\$ 21,180,000	\$ 13,090,000	(SUM)	Revenue			
	Revenues ⁽¹⁾	Expenses ⁽¹⁾	Revenues		Principal	Interest	Total	Low Interest Total P&I	State Participation Total P&I	Low Interest Total P&I	State Participation Total P&I	Total Projected Debt Service	Total Debt Service	
2017	\$ 37,421,054	\$ 20,469,973	\$ 16,951,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,951,081	N/A
2018	37,421,054	20,469,973	16,951,081	-	-	277,475	-	-	-	-	277,475	16,673,606	6109%	
2019	37,421,054	20,469,973	16,951,081	-	265,000	369,967	634,967	-	-	-	634,967	16,316,114	2670%	
2020	37,421,054	20,469,973	16,951,081	-	270,000	365,886	635,886	501,808	-	-	-	1,137,694	15,813,387	1490%
2021	37,421,054	20,469,973	16,951,081	-	275,000	361,323	636,323	1,094,078	-	-	-	1,730,401	15,220,681	980%
2022	37,421,054	20,469,973	16,951,081	-	280,000	356,291	636,291	1,096,470	112,603	596,810	-	2,442,173	14,508,908	694%
2023	37,421,054	20,469,973	16,951,081	-	285,000	350,803	635,803	1,093,031	112,603	1,250,747	-	3,092,183	13,858,898	548%
2024	37,421,054	20,469,973	16,951,081	-	290,000	344,875	634,875	1,093,879	168,904	1,246,465	133,359	3,277,482	13,673,599	517%
2025	37,421,054	20,469,973	16,951,081	-	295,000	338,495	633,495	1,093,934	225,206	1,246,391	133,359	3,332,384	13,618,697	509%
2026	37,421,054	20,469,973	16,951,081	-	305,000	331,769	636,769	1,093,216	309,658	1,250,440	200,039	3,490,121	13,460,960	486%
2027	37,421,054	20,469,973	16,951,081	-	310,000	324,479	634,479	1,096,701	394,110	1,248,509	266,719	3,640,517	13,310,564	466%
2028	37,421,054	20,469,973	16,951,081	-	320,000	316,419	636,419	1,094,431	478,562	1,250,738	366,738	3,826,887	13,124,194	443%
2029	37,421,054	20,469,973	16,951,081	-	325,000	307,459	632,459	1,096,363	563,015	1,246,968	466,758	4,005,561	12,945,520	423%
2030	37,421,054	20,469,973	16,951,081	-	335,000	297,839	632,839	1,096,828	563,015	1,247,512	566,777	4,106,970	12,844,111	413%
2031	37,421,054	20,469,973	16,951,081	-	345,000	287,253	632,253	1,095,815	563,015	1,247,050	666,797	4,204,929	12,746,152	403%
2032	37,421,054	20,469,973	16,951,081	-	360,000	276,213	636,213	1,093,481	1,107,262	1,250,000	666,797	4,753,752	12,197,329	357%
2033	37,421,054	20,469,973	16,951,081	-	370,000	264,405	634,405	1,094,556	1,107,262	1,246,190	666,797	4,749,209	12,201,872	357%
2034	37,421,054	20,469,973	16,951,081	-	385,000	251,936	636,936	1,094,718	1,107,262	1,250,949	1,219,285	5,309,150	11,641,931	319%
2035	37,421,054	20,469,973	16,951,081	-	395,000	238,692	633,692	1,093,715	1,107,262	1,248,623	1,219,285	5,302,576	11,648,505	320%
2036	37,421,054	20,469,973	16,951,081	-	410,000	224,867	634,867	1,096,452	1,107,262	1,250,313	1,219,285	5,308,178	11,642,903	319%
2037	37,421,054	20,469,973	16,951,081	-	425,000	210,271	635,271	1,092,836	1,107,262	1,250,554	1,219,285	5,305,207	11,645,874	320%
2038	37,421,054	20,469,973	16,951,081	-	440,000	194,971	634,971	1,093,086	1,068,015	1,249,238	1,219,285	5,264,594	11,686,487	322%
2039	37,421,054	20,469,973	16,951,081	-	455,000	178,955	633,955	1,096,987	1,064,987	1,246,461	1,219,285	5,261,675	11,689,406	322%
2040	37,421,054	20,469,973	16,951,081	-	470,000	162,257	632,257	1,094,460	1,065,784	1,247,261	1,219,285	5,259,046	11,692,035	322%
2041	37,421,054	20,469,973	16,951,081	-	490,000	144,914	634,914	1,095,674	1,065,154	1,246,405	1,271,797	5,313,943	11,637,139	319%
2042	37,421,054	20,469,973	16,951,081	-	510,000	126,686	636,686	1,095,490	1,068,129	1,249,015	1,272,394	5,321,713	11,629,369	319%
2043	37,421,054	20,469,973	16,951,081	-	525,000	107,612	632,612	1,093,970	1,064,513	1,249,860	1,276,215	5,317,169	11,633,913	319%
2044	37,421,054	20,469,973	16,951,081	-	545,000	87,872	632,872	1,096,019	1,064,525	1,248,998	1,273,050	5,315,463	11,635,619	319%
2045	37,421,054	20,469,973	16,951,081	-	570,000	67,325	637,325	1,096,505	1,067,911	1,246,498	1,273,190	5,321,428	11,629,653	319%
2046	37,421,054	20,469,973	16,951,081	-	590,000	45,722	635,722	1,095,415	1,064,481	1,247,252	1,271,367	5,314,236	11,636,845	319%
2047	37,421,054	20,469,973	16,951,081	-	610,000	23,302	633,302	1,092,828	1,069,464	1,246,124	1,272,559	5,314,276	11,636,806	319%
2048	37,421,054	20,469,973	16,951,081	-	-	-	-	1,093,640	1,067,361	1,248,098	1,271,573	4,680,671	12,270,410	362%
2049	37,421,054	20,469,973	16,951,081	-	-	-	-	1,092,735	1,063,401	1,248,049	1,273,393	4,677,578	12,273,504	362%
2050	37,421,054	20,469,973	16,951,081	-	-	-	-	-	1,067,570	1,245,859	1,272,748	3,586,176	13,364,905	473%
2051	37,421,054	20,469,973	16,951,081	-	-	-	-	-	1,064,098	1,246,624	-	3,585,341	13,365,740	473%
2052	37,421,054	20,469,973	16,951,081	-	-	-	-	-	1,068,558	-	1,268,734	2,337,291	14,613,790	725%
2053	37,421,054	20,469,973	16,951,081	-	-	-	-	-	1,065,446	-	1,275,017	2,340,463	14,610,619	724%
2054	37,421,054	20,469,973	16,951,081	-	-	-	-	-	-	-	1,273,077	1,273,077	15,678,004	1332%
2055	37,421,054	20,469,973	16,951,081	-	-	-	-	-	-	-	1,273,162	1,273,162	15,677,919	1331%
				\$ -	\$ 11,450,000	\$ 7,236,328	\$ 18,686,328	\$ 32,249,114	\$ 27,193,653	\$ 36,793,995	\$ 31,762,025	146,685,115		

(1)FY 2016 Figures

(2) The City of San Marcos has no outstanding HCPUA obligations. They cash funded their 2015 portion.

City of Buda					SERIES 2017 LOW INTEREST LOAN			Series 2019	Series 2019	Series 2021	Series 2021	(SUM)	Revenue After	Projected
Fiscal Year	Gross	Operating	Net	Outstanding	\$ 1,620,000			\$2,715,000	\$1,655,000	\$3,005,000	\$1,855,000	Total Projected	Total	
Ending 9/30	Revenues ⁽¹⁾	Expenses ⁽¹⁾	Revenues	Debt Service ⁽²⁾	Principal	Interest	Total	Low Interest	State Participation	Low Interest	State Participation	Debt Service	Debt Service	Coverage
								Total P&I	Total P&I	Total P&I	Total P&I			
2017	\$ 7,728,709	\$ 3,335,064	\$ 4,393,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,393,645	N/A
2018	7,728,709	3,335,064	4,393,645	-	-	39,176	39,176	-	-	-	-	39,176	4,354,470	11215%
2019	7,728,709	3,335,064	4,393,645	-	40,000	52,234	92,234	-	-	-	-	92,234	4,301,411	4764%
2020	7,728,709	3,335,064	4,393,645	-	40,000	51,618	91,618	71,184	-	-	-	162,802	4,230,843	2699%
2021	7,728,709	3,335,064	4,393,645	-	40,000	50,942	90,942	154,912	-	-	-	245,854	4,147,791	1787%
2022	7,728,709	3,335,064	4,393,645	-	40,000	50,210	90,210	153,838	15,990	84,686	-	344,724	4,048,921	1275%
2023	7,728,709	3,335,064	4,393,645	-	40,000	49,426	89,426	157,674	15,990	177,915	-	441,005	3,952,640	996%
2024	7,728,709	3,335,064	4,393,645	-	40,000	48,594	88,594	156,322	23,985	176,589	18,898	464,388	3,929,257	946%
2025	7,728,709	3,335,064	4,393,645	-	40,000	47,714	87,714	154,886	31,980	175,166	18,898	468,643	3,925,002	938%
2026	7,728,709	3,335,064	4,393,645	-	45,000	46,802	91,802	153,371	43,972	178,651	28,347	496,143	3,897,502	886%
2027	7,728,709	3,335,064	4,393,645	-	45,000	45,727	90,727	156,779	55,964	176,929	37,796	518,195	3,875,450	848%
2028	7,728,709	3,335,064	4,393,645	-	45,000	44,557	89,557	155,008	67,957	175,123	51,970	539,614	3,854,031	814%
2029	7,728,709	3,335,064	4,393,645	-	45,000	43,297	88,297	153,160	79,949	178,233	66,144	565,782	3,827,863	777%
2030	7,728,709	3,335,064	4,393,645	-	50,000	41,965	91,965	156,165	79,949	176,148	80,317	584,543	3,809,102	752%
2031	7,728,709	3,335,064	4,393,645	-	50,000	40,385	90,385	153,877	79,949	178,981	94,491	597,682	3,795,963	735%
2032	7,728,709	3,335,064	4,393,645	-	50,000	38,785	88,785	156,470	157,233	176,501	94,491	673,479	3,720,166	652%
2033	7,728,709	3,335,064	4,393,645	-	50,000	37,145	87,145	153,742	157,233	178,861	94,491	671,471	3,722,174	654%
2034	7,728,709	3,335,064	4,393,645	-	55,000	35,460	90,460	155,982	157,233	175,920	172,784	752,377	3,641,268	584%
2035	7,728,709	3,335,064	4,393,645	-	55,000	33,568	88,568	152,981	157,233	177,809	172,784	749,374	3,644,271	586%
2036	7,728,709	3,335,064	4,393,645	-	60,000	31,643	91,643	154,904	157,233	179,479	172,784	756,042	3,637,603	581%
2037	7,728,709	3,335,064	4,393,645	-	60,000	29,507	89,507	156,583	157,233	175,888	172,784	744,710	3,648,935	590%
2038	7,728,709	3,335,064	4,393,645	-	60,000	27,347	87,347	153,021	149,949	177,211	172,784	742,119	3,651,526	592%
2039	7,728,709	3,335,064	4,393,645	-	65,000	25,163	90,163	154,401	151,757	178,271	172,784	748,918	3,644,727	587%
2040	7,728,709	3,335,064	4,393,645	-	65,000	22,777	87,777	155,551	153,300	179,071	172,784	744,754	3,648,891	590%
2041	7,728,709	3,335,064	4,393,645	-	70,000	20,379	90,379	156,467	149,572	174,605	179,491	751,753	3,641,893	584%
2042	7,728,709	3,335,064	4,393,645	-	70,000	17,775	87,775	157,155	150,812	175,095	180,360	752,175	3,641,470	584%
2043	7,728,709	3,335,064	4,393,645	-	75,000	15,157	90,157	157,624	151,791	175,334	180,941	756,562	3,637,083	581%
2044	7,728,709	3,335,064	4,393,645	-	75,000	12,337	87,337	157,860	152,507	175,330	181,239	754,721	3,638,924	582%
2045	7,728,709	3,335,064	4,393,645	-	80,000	9,509	89,509	152,872	152,957	175,093	181,259	746,879	3,646,767	588%
2046	7,728,709	3,335,064	4,393,645	-	85,000	6,477	91,477	152,860	148,147	179,607	180,998	758,258	3,635,388	579%
2047	7,728,709	3,335,064	4,393,645	-	85,000	3,247	88,247	157,634	153,317	178,671	180,454	757,987	3,635,659	580%
2048	7,728,709	3,335,064	4,393,645	-	-	-	-	156,978	152,982	177,494	179,635	666,487	3,727,158	659%
2049	7,728,709	3,335,064	4,393,645	-	-	-	-	156,105	152,381	176,089	178,539	657,246	3,736,400	668%
2050	7,728,709	3,335,064	4,393,645	-	-	-	-	-	146,513	179,439	182,164	517,188	3,876,457	850%
2051	7,728,709	3,335,064	4,393,645	-	-	-	-	-	155,585	177,344	180,252	506,499	3,887,147	867%
2052	7,728,709	3,335,064	4,393,645	-	-	-	-	-	148,903	-	178,056	330,263	4,063,383	1330%
2053	7,728,709	3,335,064	4,393,645	-	-	-	-	-	152,207	-	180,531	180,531	4,213,115	2434%
2054	7,728,709	3,335,064	4,393,645	-	-	-	-	-	-	-	182,471	182,471	4,211,175	2408%
2055	7,728,709	3,335,064	4,393,645	-	-	-	-	-	-	-	178,874	178,874	4,214,771	2456%
				\$ -	\$ 1,620,000	\$ 1,018,914	\$ 2,638,914	\$ 4,576,358	\$ 3,861,757	\$ 5,221,527	\$ 4,500,591	20,641,914		

(1)FY 2016 Figures

(2) The City of Buda has no outstanding HCPUA obligations. They cash funded their 2015 portion.

Kyle

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
OPERATING REVENUES:					
Water and sewer sales	\$ 17,675,893	\$ 16,226,692	\$ 15,523,262	\$ 12,761,147	\$ 10,553,330
Other Revenues	160,039	118,034	268,519	98,402	78,194
Total Operating Revenues	<u>\$ 17,835,932</u>	<u>\$ 16,344,726</u>	<u>\$ 15,791,781</u>	<u>\$ 12,859,549</u>	<u>\$ 10,631,524</u>
OPERATING EXPENSES ⁽¹⁾:					
Salaries and wages	\$ 2,681,797	\$ 2,275,989	\$ 2,055,272	\$ 1,867,244	\$ 1,818,989
Purchased and Technical Services	5,384,895	6,236,335	5,886,128	4,841,149	5,200,055
Other Expense	662,040	347,454	330,538	733,446	411,813
Total Operating Expenses	<u>\$ 8,728,732</u>	<u>\$ 8,859,778</u>	<u>\$ 8,271,938</u>	<u>7,441,839</u>	<u>7,430,857</u>
OPERATING INCOME:	\$ 9,107,200	\$ 7,484,948	\$ 7,519,843	\$ 5,417,710	\$ 3,200,667
TRANSFERS AND OTHER:					
Grants Income	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax Revenues	-	-	-	-	-
Interest Income	31,606	9,602	9,109	12,201	17,221
Gain/Loss from Sale of Assets	-	-	-	-	-
Interest Expense	-	-	-	-	-
NET INCOME	<u><u>\$ 9,138,806</u></u>	<u><u>\$ 7,494,550</u></u>	<u><u>\$ 7,528,952</u></u>	<u><u>\$ 5,429,911</u></u>	<u><u>\$ 3,217,888</u></u>

(1) Excludes Depreciation.

46. Canyon Regional

	Fiscal Year Ending September 30,				
	2016	2015	2014	2013	2012
OPERATING REVENUES:					
Water sales	\$ 9,620,178	\$ 9,445,491	\$ 8,026,655	\$ 8,965,281	\$ 7,666,507
Other Revenues	305,466	351,881	277,294	223,710	274,554
Total Operating Revenues	<u>\$ 9,925,644</u>	<u>\$ 9,797,372</u>	<u>\$ 8,303,949</u>	<u>\$ 9,188,991</u>	<u>\$ 7,941,061</u>
OPERATING EXPENSES ⁽¹⁾:					
Purchased Water	\$ 4,240,831	\$ 3,913,366	\$ 3,825,838	\$ 3,656,415	\$ 2,724,107
Treatment Plant Operating Expense	3,242,985	3,830,765	3,754,748	3,738,999	3,161,521
Line Use Transmission Cost	276,110	233,496	296,448	256,209	235,525
Salary & Wages	976,974	897,895	895,522	782,816	689,691
Employment Related Expenses	225,213	205,777	189,947	172,809	152,999
Professional Fees	212,247	218,432	620,964	354,959	358,173
Total Operating Expenses	<u>\$ 9,174,360</u>	<u>\$ 9,299,731</u>	<u>\$ 9,583,467</u>	<u>8,962,207</u>	<u>7,322,016</u>
OPERATING INCOME:	\$ 751,284	\$ 497,641	\$ (1,279,518)	\$ 226,784	\$ 619,045
TRANSFERS AND OTHER:					
Member Disbursements	\$ 10,159,135	\$ 10,198,434	\$ 10,031,576	\$ 8,973,685	\$ 8,193,553
Member Joint Venture Reimbursement	-	1,133,455	2,620,901	-	-
Interest Income	35,815	13,702	19,976	39,224	59,244
Bond Issue Costs	(1,909,391)	-	-	-	(436,815)
Interest Expense	(5,627,412)	(5,179,294)	(4,688,616)	(4,855,816)	(4,987,949)
Contribution Joint Venture	-	-	(452,539)	(396,377)	(565,440)
NET INCOME	<u>\$ 3,409,431</u>	<u>\$ 6,663,938</u>	<u>\$ 6,251,780</u>	<u>\$ 3,987,500</u>	<u>\$ 2,881,638</u>

(1) Excludes Depreciation.

San Marcos

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
OPERATING REVENUES:					
Charges for Services	\$ 36,062,301	\$ 33,879,544	\$ 31,697,186	\$ 28,721,993	\$ 28,095,240
Other Revenues	1,358,753	1,352,415	1,023,123	1,021,394	44,028
Total Operating Revenues	<u>\$ 37,421,054</u>	<u>\$ 35,231,959</u>	<u>\$ 32,720,309</u>	<u>\$ 29,743,387</u>	<u>\$ 28,139,268</u>
OPERATING EXPENSES ⁽¹⁾:					
Personnel Services	\$ 4,099,006	\$ 3,655,026	\$ 3,707,893	\$ 3,681,190	\$ 3,337,286
Contracted Services	8,094,737	8,534,197	7,802,516	7,468,957	7,418,125
Materials & Supplies	1,079,295	972,776	905,069	887,207	891,174
Indirect Costs	4,098,935	3,905,569	3,245,110	3,209,525	3,105,034
Other Charges	3,098,000	2,963,876	686,852	680,653	590,834
Total Operating Expenses	<u>\$ 20,469,973</u>	<u>\$ 20,031,444</u>	<u>\$ 16,347,440</u>	<u>15,927,532</u>	<u>15,342,453</u>
OPERATING INCOME:	\$ 16,951,081	\$ 15,200,515	\$ 16,372,869	\$ 13,815,855	\$ 12,796,815
TRANSFERS AND OTHER:					
Investments	\$ 299,559	\$ 116,604	\$ 128,932	\$ 96,189	\$ 208,272
Interest & Fiscal Charges	(4,006,824)	(3,911,234)	(3,680,766)	(3,987,635)	(4,531,444)
Capital Recovery	-	-	-	-	-
Gain of sale of assets	-	-	-	-	-
Other	-	-	-	-	2,423,687
NET INCOME	<u><u>\$ 13,243,816</u></u>	<u><u>\$ 11,405,885</u></u>	<u><u>\$ 12,821,035</u></u>	<u><u>\$ 9,924,409</u></u>	<u><u>\$ 10,897,330</u></u>

(1) Excludes Depreciation.

Buda

	Fiscal Year Ended September 30,				
	2016 ⁽¹⁾	2015	2014	2013	2012
<u>Gross Revenues</u>					
Fees and Charges	\$ 7,702,586	\$ 5,901,918	\$ 5,695,605	\$ 5,496,943	\$ 4,479,139
Interest Income	9,801	9,805	3,814	4,756	45,936
Miscellaneous revenues	16,322	49,372	99,314	29,843	151,298
Capital recovery fees	-	1,485,288	1,710,552	1,144,993	965,017
Total Revenues	\$ 7,728,709	\$ 7,446,383	\$ 7,509,285	\$ 6,676,535	\$ 5,641,390
<u>Expenses :</u>					
Personal services	\$ 857,527	\$ 896,259	\$ 757,540	\$ 733,722	\$ 677,193
Contractual services	351,475	510,612	361,804	297,099	311,520
Material and supplies	194,902	174,302	145,414	166,143	134,847
Water contract	1,287,730	1,590,346	1,363,120	1,207,586	1,382,256
Maintenance and repairs	643,430	1,127,122	537,475	293,089	412,848
Total Expenses	\$ 3,335,064	\$ 4,298,641	\$ 3,165,353	\$ 2,697,639	\$ 2,918,664
Net Revenue Available for Debt Service	<u>4,393,645</u>	<u>3,147,742</u>	<u>4,343,932</u>	<u>3,978,896</u>	<u>2,722,726</u>

(1) Draft figures. Subject to change.

	<u>Fitch</u>	<u>Moody's</u>	<u>Standard & Poor's</u>
Canyon Regional Water Authority	n.a.	n.a.	n.a.
City of Buda	n.a.	n.a.	AA
City of Kyle	n.a.	n.a.	AA-
City of San Marcos	n.a.	Aa2	AA
Hays Caldwell Public Utility Agency	n.a.	n.a.	n.a.

Note:

Canyon Regional Water Authority listed as N.A. because they are rated based on credit of underlying borrower. Cities of Buda, Kyle, and San Marcos show the GO Rating since this contract revenues are M&O tax obligations.

Hays Caldwell Public Utility Agency
Outstanding Debt

FYE 9/30	Series 2015 A Swfit Loan (CRWA Project)	Series 2015 B Swfit Loan (City of Kyle Project)	Total Debt Service
2016	\$ 48,331	\$ 65,377	\$ 113,709
2017	250,658	178,815	429,472
2018	249,955	178,410	428,364
2019	248,919	177,807	426,725
2020	247,587	177,033	424,619
2021	250,977	181,088	432,065
2022	249,058	179,929	428,987
2023	251,854	178,608	430,462
2024	249,319	182,117	431,436
2025	251,609	180,437	432,045
2026	253,669	178,677	432,345
2027	255,307	181,707	437,013
2028	251,506	179,407	430,913
2029	252,390	181,929	434,319
2030	252,875	179,135	432,010
2031	253,035	181,220	434,255
2032	252,905	183,058	435,962
2033	257,569	179,698	437,266
2034	256,881	181,266	438,146
2035	256,025	182,666	438,691
2036	-	183,883	183,883
2037	-	184,684	184,684
2038	-	180,330	180,330
2039	-	180,976	180,976
2040	-	181,452	181,452
2041	-	181,772	181,772
2042	-	181,812	181,812
2043	-	181,692	181,692
2044	-	186,396	186,396
2045	-	185,778	185,778
	\$ 4,840,422	\$ 5,317,151	\$ 10,157,574

Hays Caldwell Public Utility Agency

\$53,390,000 Contract Revenue Bonds, Series 2019

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

Assumes November 2019 Delivery and Current TWDB Rates + 0.75%

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2020	-	-	1,399,480.51	1,399,480.51
09/30/2021	1,185,000.00	1.790%	1,865,974.00	3,050,974.00
09/30/2022	1,210,000.00	1.940%	1,844,762.50	3,054,762.50
09/30/2023	1,230,000.00	2.080%	1,821,288.50	3,051,288.50
09/30/2024	1,260,000.00	2.210%	1,795,704.50	3,055,704.50
09/30/2025	1,280,000.00	2.330%	1,767,858.50	3,047,858.50
09/30/2026	1,310,000.00	2.450%	1,738,034.50	3,048,034.50
09/30/2027	1,350,000.00	2.530%	1,705,939.50	3,055,939.50
09/30/2028	1,380,000.00	2.640%	1,671,784.50	3,051,784.50
09/30/2029	1,420,000.00	2.850%	1,635,352.50	3,055,352.50
09/30/2030	1,460,000.00	3.050%	1,594,882.50	3,054,882.50
09/30/2031	1,505,000.00	3.210%	1,550,352.50	3,055,352.50
09/30/2032	1,550,000.00	3.410%	1,502,042.00	3,052,042.00
09/30/2033	1,600,000.00	3.450%	1,449,187.00	3,049,187.00
09/30/2034	1,660,000.00	3.530%	1,393,987.00	3,053,987.00
09/30/2035	1,715,000.00	3.620%	1,335,389.00	3,050,389.00
09/30/2036	1,780,000.00	3.690%	1,273,306.00	3,053,306.00
09/30/2037	1,845,000.00	3.750%	1,207,624.00	3,052,624.00
09/30/2038	1,910,000.00	3.810%	1,138,436.50	3,048,436.50
09/30/2039	1,990,000.00	3.850%	1,065,665.50	3,055,665.50
09/30/2040	2,065,000.00	3.890%	989,050.50	3,054,050.50
09/30/2041	2,145,000.00	3.920%	908,722.00	3,053,722.00
09/30/2042	2,235,000.00	3.940%	824,638.00	3,059,638.00
09/30/2043	2,320,000.00	3.970%	736,579.00	3,056,579.00
09/30/2044	2,415,000.00	3.990%	644,475.00	3,059,475.00
09/30/2045	2,505,000.00	4.010%	548,116.50	3,053,116.50
09/30/2046	2,605,000.00	4.020%	447,666.00	3,052,666.00
09/30/2047	2,710,000.00	4.040%	342,945.00	3,052,945.00
09/30/2048	2,820,000.00	4.050%	233,461.00	3,053,461.00
09/30/2049	2,930,000.00	4.070%	119,251.00	3,049,251.00
Total	\$53,390,000.00	-	\$36,551,955.51	\$89,941,955.51

Yield Statistics

Bond Year Dollars	\$965,752.50
Average Life	18.089 Years
Average Coupon	3.7848160%
Net Interest Cost (NIC)	3.7848160%
True Interest Cost (TIC)	3.7382980%
Bond Yield for Arbitrage Purposes	3.7382980%
All Inclusive Cost (AIC)	3.7382980%

IRS Form 8038

Net Interest Cost	3.7848160%
Weighted Average Maturity	18.089 Years

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Hays Caldwell Public Utility Agency

\$16,490,000 Contract Revenue Bonds, Series 2019

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

CRWA LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2020	-	-	432,234.00	432,234.00
09/30/2021	365,000.00	1.790%	576,312.00	941,312.00
09/30/2022	375,000.00	1.940%	569,778.50	944,778.50
09/30/2023	380,000.00	2.080%	562,503.50	942,503.50
09/30/2024	390,000.00	2.210%	554,599.50	944,599.50
09/30/2025	395,000.00	2.330%	545,980.50	940,980.50
09/30/2026	405,000.00	2.450%	536,777.00	941,777.00
09/30/2027	415,000.00	2.530%	526,854.50	941,854.50
09/30/2028	425,000.00	2.640%	516,355.00	941,355.00
09/30/2029	440,000.00	2.850%	505,135.00	945,135.00
09/30/2030	450,000.00	3.050%	492,595.00	942,595.00
09/30/2031	465,000.00	3.210%	478,870.00	943,870.00
09/30/2032	480,000.00	3.410%	463,943.50	943,943.50
09/30/2033	495,000.00	3.450%	447,575.50	942,575.50
09/30/2034	515,000.00	3.530%	430,498.00	945,498.00
09/30/2035	530,000.00	3.620%	412,318.50	942,318.50
09/30/2036	550,000.00	3.690%	393,132.50	943,132.50
09/30/2037	570,000.00	3.750%	372,837.50	942,837.50
09/30/2038	590,000.00	3.810%	351,462.50	941,462.50
09/30/2039	615,000.00	3.850%	328,983.50	943,983.50
09/30/2040	640,000.00	3.890%	305,306.00	945,306.00
09/30/2041	660,000.00	3.920%	280,410.00	940,410.00
09/30/2042	690,000.00	3.940%	254,538.00	944,538.00
09/30/2043	715,000.00	3.970%	227,352.00	942,352.00
09/30/2044	745,000.00	3.990%	198,966.50	943,966.50
09/30/2045	775,000.00	4.010%	169,241.00	944,241.00
09/30/2046	805,000.00	4.020%	138,163.50	943,163.50
09/30/2047	835,000.00	4.040%	105,802.50	940,802.50
09/30/2048	870,000.00	4.050%	72,068.50	942,068.50
09/30/2049	905,000.00	4.070%	36,833.50	941,833.50
Total	\$16,490,000.00	-	\$11,287,427.50	\$27,777,427.50

Yield Statistics

Bond Year Dollars	\$298,237.50
Average Life	18.086 Years
Average Coupon	3.7847110%
Net Interest Cost (NIC)	3.7847110%
True Interest Cost (TIC)	3.7381974%
Bond Yield for Arbitrage Purposes	3.7382980%
All Inclusive Cost (AIC)	3.7381974%

IRS Form 8038

Net Interest Cost	3.7847110%
Weighted Average Maturity	18.086 Years

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Hays Caldwell Public Utility Agency

\$2,715,000 Contract Revenue Bonds, Series 2019

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

BUDA LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2020	-	-	71,184.00	71,184.00
09/30/2021	60,000.00	1.790%	94,912.00	154,912.00
09/30/2022	60,000.00	1.940%	93,838.00	153,838.00
09/30/2023	65,000.00	2.080%	92,674.00	157,674.00
09/30/2024	65,000.00	2.210%	91,322.00	156,322.00
09/30/2025	65,000.00	2.330%	89,885.50	154,885.50
09/30/2026	65,000.00	2.450%	88,371.00	153,371.00
09/30/2027	70,000.00	2.530%	86,778.50	156,778.50
09/30/2028	70,000.00	2.640%	85,007.50	155,007.50
09/30/2029	70,000.00	2.850%	83,159.50	153,159.50
09/30/2030	75,000.00	3.050%	81,164.50	156,164.50
09/30/2031	75,000.00	3.210%	78,877.00	153,877.00
09/30/2032	80,000.00	3.410%	76,469.50	156,469.50
09/30/2033	80,000.00	3.450%	73,741.50	153,741.50
09/30/2034	85,000.00	3.530%	70,981.50	155,981.50
09/30/2035	85,000.00	3.620%	67,981.00	152,981.00
09/30/2036	90,000.00	3.690%	64,904.00	154,904.00
09/30/2037	95,000.00	3.750%	61,583.00	156,583.00
09/30/2038	95,000.00	3.810%	58,020.50	153,020.50
09/30/2039	100,000.00	3.850%	54,401.00	154,401.00
09/30/2040	105,000.00	3.890%	50,551.00	155,551.00
09/30/2041	110,000.00	3.920%	46,466.50	156,466.50
09/30/2042	115,000.00	3.940%	42,154.50	157,154.50
09/30/2043	120,000.00	3.970%	37,623.50	157,623.50
09/30/2044	125,000.00	3.990%	32,859.50	157,859.50
09/30/2045	125,000.00	4.010%	27,872.00	152,872.00
09/30/2046	130,000.00	4.020%	22,859.50	152,859.50
09/30/2047	140,000.00	4.040%	17,633.50	157,633.50
09/30/2048	145,000.00	4.050%	11,977.50	156,977.50
09/30/2049	150,000.00	4.070%	6,105.00	156,105.00
Total	\$2,715,000.00	-	\$1,861,358.00	\$4,576,358.00

Yield Statistics

Bond Year Dollars	\$49,166.25
Average Life	18.109 Years
Average Coupon	3.7858450%
Net Interest Cost (NIC)	3.7858450%
True Interest Cost (TIC)	3.7393355%
Bond Yield for Arbitrage Purposes	3.7382980%
All Inclusive Cost (AIC)	3.7393355%

IRS Form 8038

Net Interest Cost	3.7858450%
Weighted Average Maturity	18.109 Years

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Hays Caldwell Public Utility Agency

\$15,040,000 Contract Revenue Bonds, Series 2019

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

KYLE LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2020	-	-	394,254.38	394,254.38
09/30/2021	335,000.00	1.790%	525,672.50	860,672.50
09/30/2022	340,000.00	1.940%	519,676.00	859,676.00
09/30/2023	345,000.00	2.080%	513,080.00	858,080.00
09/30/2024	355,000.00	2.210%	505,904.00	860,904.00
09/30/2025	360,000.00	2.330%	498,058.50	858,058.50
09/30/2026	370,000.00	2.450%	489,670.50	859,670.50
09/30/2027	380,000.00	2.530%	480,605.50	860,605.50
09/30/2028	390,000.00	2.640%	470,991.50	860,991.50
09/30/2029	400,000.00	2.850%	460,695.50	860,695.50
09/30/2030	410,000.00	3.050%	449,295.50	859,295.50
09/30/2031	425,000.00	3.210%	436,790.50	861,790.50
09/30/2032	435,000.00	3.410%	423,148.00	858,148.00
09/30/2033	450,000.00	3.450%	408,314.50	858,314.50
09/30/2034	465,000.00	3.530%	392,789.50	857,789.50
09/30/2035	485,000.00	3.620%	376,375.00	861,375.00
09/30/2036	500,000.00	3.690%	358,818.00	858,818.00
09/30/2037	520,000.00	3.750%	340,368.00	860,368.00
09/30/2038	540,000.00	3.810%	320,868.00	860,868.00
09/30/2039	560,000.00	3.850%	300,294.00	860,294.00
09/30/2040	580,000.00	3.890%	278,734.00	858,734.00
09/30/2041	605,000.00	3.920%	256,172.00	861,172.00
09/30/2042	630,000.00	3.940%	232,456.00	862,456.00
09/30/2043	655,000.00	3.970%	207,634.00	862,634.00
09/30/2044	680,000.00	3.990%	181,630.50	861,630.50
09/30/2045	705,000.00	4.010%	154,498.50	859,498.50
09/30/2046	735,000.00	4.020%	126,228.00	861,228.00
09/30/2047	765,000.00	4.040%	96,681.00	861,681.00
09/30/2048	795,000.00	4.050%	65,775.00	860,775.00
09/30/2049	825,000.00	4.070%	33,577.50	858,577.50
Total	\$15,040,000.00	-	\$10,299,055.88	\$25,339,055.88

Yield Statistics

Bond Year Dollars	\$272,105.00
Average Life	18.092 Years
Average Coupon	3.7849565%
Net Interest Cost (NIC)	3.7849565%
True Interest Cost (TIC)	3.7384485%
Bond Yield for Arbitrage Purposes	3.7382980%
All Inclusive Cost (AIC)	3.7384485%

IRS Form 8038

Net Interest Cost	3.7849565%
Weighted Average Maturity	18.092 Years

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Hays Caldwell Public Utility Agency

\$19,145,000 Contract Revenue Bonds, Series 2019

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

SAN MARCOS LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2020	-	-	501,808.13	501,808.13
09/30/2021	425,000.00	1.790%	669,077.50	1,094,077.50
09/30/2022	435,000.00	1.940%	661,470.00	1,096,470.00
09/30/2023	440,000.00	2.080%	653,031.00	1,093,031.00
09/30/2024	450,000.00	2.210%	643,879.00	1,093,879.00
09/30/2025	460,000.00	2.330%	633,934.00	1,093,934.00
09/30/2026	470,000.00	2.450%	623,216.00	1,093,216.00
09/30/2027	485,000.00	2.530%	611,701.00	1,096,701.00
09/30/2028	495,000.00	2.640%	599,430.50	1,094,430.50
09/30/2029	510,000.00	2.850%	586,362.50	1,096,362.50
09/30/2030	525,000.00	3.050%	571,827.50	1,096,827.50
09/30/2031	540,000.00	3.210%	555,815.00	1,095,815.00
09/30/2032	555,000.00	3.410%	538,481.00	1,093,481.00
09/30/2033	575,000.00	3.450%	519,555.50	1,094,555.50
09/30/2034	595,000.00	3.530%	499,718.00	1,094,718.00
09/30/2035	615,000.00	3.620%	478,714.50	1,093,714.50
09/30/2036	640,000.00	3.690%	456,451.50	1,096,451.50
09/30/2037	660,000.00	3.750%	432,835.50	1,092,835.50
09/30/2038	685,000.00	3.810%	408,085.50	1,093,085.50
09/30/2039	715,000.00	3.850%	381,987.00	1,096,987.00
09/30/2040	740,000.00	3.890%	354,459.50	1,094,459.50
09/30/2041	770,000.00	3.920%	325,673.50	1,095,673.50
09/30/2042	800,000.00	3.940%	295,489.50	1,095,489.50
09/30/2043	830,000.00	3.970%	263,969.50	1,093,969.50
09/30/2044	865,000.00	3.990%	231,018.50	1,096,018.50
09/30/2045	900,000.00	4.010%	196,505.00	1,096,505.00
09/30/2046	935,000.00	4.020%	160,415.00	1,095,415.00
09/30/2047	970,000.00	4.040%	122,828.00	1,092,828.00
09/30/2048	1,010,000.00	4.050%	83,640.00	1,093,640.00
09/30/2049	1,050,000.00	4.070%	42,735.00	1,092,735.00
Total	\$19,145,000.00	-	\$13,104,114.13	\$32,249,114.13

Yield Statistics

Bond Year Dollars	\$346,243.75
Average Life	18.085 Years
Average Coupon	3.7846500%
Net Interest Cost (NIC)	3.7846500%
True Interest Cost (TIC)	3.7381191%
Bond Yield for Arbitrage Purposes	3.7382980%
All Inclusive Cost (AIC)	3.7381191%

IRS Form 8038

Net Interest Cost	3.7846500%
Weighted Average Maturity	18.085 Years

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Preliminary

Hays Caldwell Public Utility Agency

\$10,040,000 Contract Revenue Bonds, Series 2019

SWIFT Program - Board Participation (0% Subsidy) - Current Rates + 0.50%

CRWA LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Deferred Interest	Total P+I
08/15/2020	-	-	322,354.00	(322,354.00)	-
08/15/2021	-	-	455,088.00	(455,088.00)	-
08/15/2022	-	-	455,088.00	(455,088.00)	-
08/15/2023	-	-	455,088.00	(364,070.40)	91,017.60
08/15/2024	-	-	455,088.00	(364,070.40)	91,017.60
08/15/2025	-	-	455,088.00	(318,561.60)	136,526.40
08/15/2026	-	-	455,088.00	(273,052.80)	182,035.20
08/15/2027	-	-	455,088.00	(204,789.60)	250,298.40
08/15/2028	-	-	455,088.00	(136,526.40)	318,561.60
08/15/2029	-	-	455,088.00	(68,263.20)	386,824.80
08/15/2030	-	-	455,088.00	-	455,088.00
08/15/2031	-	-	455,088.00	-	455,088.00
08/15/2032	-	-	455,088.00	-	455,088.00
08/15/2033	-	-	455,088.00	423,123.49	878,211.49
08/15/2034	-	-	455,088.00	423,123.49	878,211.49
08/15/2035	-	-	455,088.00	423,123.49	878,211.49
08/15/2036	-	-	455,088.00	423,123.49	878,211.49
08/15/2037	-	-	455,088.00	423,123.49	878,211.49
08/15/2038	-	-	455,088.00	423,123.49	878,211.49
08/15/2039	-	-	455,088.00	423,123.46	878,211.46
08/15/2040	485,000.00	4.330%	455,088.00	-	940,088.00
08/15/2041	505,000.00	4.370%	434,087.50	-	939,087.50
08/15/2042	525,000.00	4.400%	412,019.00	-	937,019.00
08/15/2043	550,000.00	4.430%	388,919.00	-	938,919.00
08/15/2044	575,000.00	4.460%	364,554.00	-	939,554.00
08/15/2045	600,000.00	4.480%	338,909.00	-	938,909.00
08/15/2046	630,000.00	4.500%	312,029.00	-	942,029.00
08/15/2047	655,000.00	4.530%	283,679.00	-	938,679.00
08/15/2048	685,000.00	4.570%	254,007.50	-	939,007.50
08/15/2049	715,000.00	4.590%	222,703.00	-	937,703.00
08/15/2050	750,000.00	4.600%	189,884.50	-	939,884.50
08/15/2051	785,000.00	4.610%	155,384.50	-	940,384.50
08/15/2052	820,000.00	4.620%	119,196.00	-	939,196.00
08/15/2053	860,000.00	4.620%	81,312.00	-	941,312.00
08/15/2054	900,000.00	4.620%	41,580.00	-	941,580.00
Total	\$10,040,000.00	-	\$13,022,378.00	\$0.00	\$23,062,378.00

Yield Statistics

Bond Year Dollars	\$286,451.67
Average Life	28.531 Years
Average Coupon	4.5460996%
Net Interest Cost (NIC)	4.5460996%
True Interest Cost (TIC)	4.4906642%
Bond Yield for Arbitrage Purposes	3.9235785%
All Inclusive Cost (AIC)	3.9235710%

IRS Form 8038

Net Interest Cost	4.5460996%
Weighted Average Maturity	28.531 Years

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Preliminary

Hays Caldwell Public Utility Agency

\$1,655,000 Contract Revenue Bonds, Series 2019

SWIFT Program - Board Participation (0% Subsidy) - Current Rates + 0.50%

BUDA LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Deferred Interest	Total P+I
08/15/2020	-	-	53,133.85	(53,133.85)	-
08/15/2021	-	-	75,012.50	(75,012.50)	-
08/15/2022	-	-	75,012.50	(75,012.50)	-
08/15/2023	-	-	75,012.50	(60,010.00)	15,002.50
08/15/2024	-	-	75,012.50	(60,010.00)	15,002.50
08/15/2025	-	-	75,012.50	(52,508.75)	22,503.75
08/15/2026	-	-	75,012.50	(45,007.50)	30,005.00
08/15/2027	-	-	75,012.50	(33,755.62)	41,256.88
08/15/2028	-	-	75,012.50	(22,503.75)	52,508.75
08/15/2029	-	-	75,012.50	(11,251.87)	63,760.63
08/15/2030	-	-	75,012.50	-	75,012.50
08/15/2031	-	-	75,012.50	-	75,012.50
08/15/2032	-	-	75,012.50	-	75,012.50
08/15/2033	-	-	75,012.50	69,743.76	144,756.26
08/15/2034	-	-	75,012.50	69,743.76	144,756.26
08/15/2035	-	-	75,012.50	69,743.76	144,756.26
08/15/2036	-	-	75,012.50	69,743.76	144,756.26
08/15/2037	-	-	75,012.50	69,743.76	144,756.26
08/15/2038	-	-	75,012.50	69,743.76	144,756.26
08/15/2039	-	-	75,012.50	69,743.78	144,756.28
08/15/2040	80,000.00	4.330%	75,012.50	-	155,012.50
08/15/2041	85,000.00	4.370%	71,548.50	-	156,548.50
08/15/2042	85,000.00	4.400%	67,834.00	-	152,834.00
08/15/2043	90,000.00	4.430%	64,094.00	-	154,094.00
08/15/2044	95,000.00	4.460%	60,107.00	-	155,107.00
08/15/2045	100,000.00	4.480%	55,870.00	-	155,870.00
08/15/2046	105,000.00	4.500%	51,390.00	-	156,390.00
08/15/2047	110,000.00	4.530%	46,665.00	-	156,665.00
08/15/2048	110,000.00	4.570%	41,682.00	-	151,682.00
08/15/2049	120,000.00	4.590%	36,655.00	-	156,655.00
08/15/2050	125,000.00	4.600%	31,147.00	-	156,147.00
08/15/2051	130,000.00	4.610%	25,397.00	-	155,397.00
08/15/2052	135,000.00	4.620%	19,404.00	-	154,404.00
08/15/2053	140,000.00	4.620%	13,167.00	-	153,167.00
08/15/2054	145,000.00	4.620%	6,699.00	-	151,699.00
Total	\$1,655,000.00	-	\$2,145,043.35	\$0.00	\$3,800,043.35

Yield Statistics

Bond Year Dollars	\$47,187.29
Average Life	28.512 Years
Average Coupon	4.5458073%
Net Interest Cost (NIC)	4.5458073%
True Interest Cost (TIC)	4.4903895%
Bond Yield for Arbitrage Purposes	3.9235785%
All Inclusive Cost (AIC)	3.9231936%

IRS Form 8038

Net Interest Cost	4.5458073%
Weighted Average Maturity	28.512 Years

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Preliminary

Hays Caldwell Public Utility Agency

\$9,160,000 Contract Revenue Bonds, Series 2019

SWIFT Program - Board Participation (0% Subsidy) - Current Rates + 0.50%

KYLE LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Deferred Interest	Total P+
08/15/2020	-	-	294,106.02	(294,106.02)	-
08/15/2021	-	-	415,208.50	(415,208.50)	-
08/15/2022	-	-	415,208.50	(415,208.50)	-
08/15/2023	-	-	415,208.50	(332,166.80)	83,041.70
08/15/2024	-	-	415,208.50	(332,166.80)	83,041.70
08/15/2025	-	-	415,208.50	(290,645.95)	124,562.55
08/15/2026	-	-	415,208.50	(249,125.10)	166,083.40
08/15/2027	-	-	415,208.50	(186,843.82)	228,364.68
08/15/2028	-	-	415,208.50	(124,562.55)	290,645.95
08/15/2029	-	-	415,208.50	(62,281.27)	352,927.23
08/15/2030	-	-	415,208.50	-	415,208.50
08/15/2031	-	-	415,208.50	-	415,208.50
08/15/2032	-	-	415,208.50	-	415,208.50
08/15/2033	-	-	415,208.50	386,045.04	801,253.54
08/15/2034	-	-	415,208.50	386,045.04	801,253.54
08/15/2035	-	-	415,208.50	386,045.04	801,253.54
08/15/2036	-	-	415,208.50	386,045.04	801,253.54
08/15/2037	-	-	415,208.50	386,045.04	801,253.54
08/15/2038	-	-	415,208.50	386,045.04	801,253.54
08/15/2039	-	-	415,208.50	386,045.07	801,253.57
08/15/2040	440,000.00	4.330%	415,208.50	-	855,208.50
08/15/2041	460,000.00	4.370%	396,156.50	-	856,156.50
08/15/2042	480,000.00	4.400%	376,054.50	-	856,054.50
08/15/2043	500,000.00	4.430%	354,934.50	-	854,934.50
08/15/2044	525,000.00	4.460%	332,784.50	-	857,784.50
08/15/2045	550,000.00	4.480%	309,369.50	-	859,369.50
08/15/2046	570,000.00	4.500%	284,729.50	-	854,729.50
08/15/2047	600,000.00	4.530%	259,079.50	-	859,079.50
08/15/2048	625,000.00	4.570%	231,899.50	-	856,899.50
08/15/2049	655,000.00	4.590%	203,337.00	-	858,337.00
08/15/2050	685,000.00	4.600%	173,272.50	-	858,272.50
08/15/2051	715,000.00	4.610%	141,762.50	-	856,762.50
08/15/2052	750,000.00	4.620%	108,801.00	-	858,801.00
08/15/2053	785,000.00	4.620%	74,151.00	-	859,151.00
08/15/2054	820,000.00	4.620%	37,884.00	-	857,884.00
Total	\$9,160,000.00	-	\$11,882,492.02	\$0.00	\$21,042,492.02

Yield Statistics

Bond Year Dollars	\$261,373.33
Average Life	28.534 Years
Average Coupon	4.5461761%
Net Interest Cost (NIC)	4.5461761%
True Interest Cost (TIC)	4.4907473%
Bond Yield for Arbitrage Purposes	3.9235785%
All Inclusive Cost (AIC)	3.9236660%

IRS Form 8038

Net Interest Cost	4.5461761%
Weighted Average Maturity	28.534 Years

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Preliminary

Hays Caldwell Public Utility Agency

\$11,655,000 Contract Revenue Bonds, Series 2019

SWIFT Program - Board Participation (0% Subsidy) - Current Rates + 0.50%

SAN MARCOS LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Deferred Interest	Total P+I
08/15/2020	-	-	374,207.54	(374,207.54)	-
08/15/2021	-	-	528,293.00	(528,293.00)	-
08/15/2022	-	-	528,293.00	(528,293.00)	-
08/15/2023	-	-	528,293.00	(422,634.40)	105,658.60
08/15/2024	-	-	528,293.00	(422,634.40)	105,658.60
08/15/2025	-	-	528,293.00	(369,805.10)	158,487.90
08/15/2026	-	-	528,293.00	(316,975.80)	211,317.20
08/15/2027	-	-	528,293.00	(237,731.85)	290,561.15
08/15/2028	-	-	528,293.00	(158,487.90)	369,805.10
08/15/2029	-	-	528,293.00	(79,243.95)	449,049.05
08/15/2030	-	-	528,293.00	-	528,293.00
08/15/2031	-	-	528,293.00	-	528,293.00
08/15/2032	-	-	528,293.00	-	528,293.00
08/15/2033	-	-	528,293.00	491,186.71	1,019,479.71
08/15/2034	-	-	528,293.00	491,186.71	1,019,479.71
08/15/2035	-	-	528,293.00	491,186.71	1,019,479.71
08/15/2036	-	-	528,293.00	491,186.71	1,019,479.71
08/15/2037	-	-	528,293.00	491,186.71	1,019,479.71
08/15/2038	-	-	528,293.00	491,186.71	1,019,479.71
08/15/2039	-	-	528,293.00	491,186.68	1,019,479.68
08/15/2040	560,000.00	4.330%	528,293.00	-	1,088,293.00
08/15/2041	585,000.00	4.370%	504,045.00	-	1,089,045.00
08/15/2042	610,000.00	4.400%	478,480.50	-	1,088,480.50
08/15/2043	640,000.00	4.430%	451,640.50	-	1,091,640.50
08/15/2044	670,000.00	4.460%	423,288.50	-	1,093,288.50
08/15/2045	700,000.00	4.480%	393,406.50	-	1,093,406.50
08/15/2046	730,000.00	4.500%	362,046.50	-	1,092,046.50
08/15/2047	760,000.00	4.530%	329,196.50	-	1,089,196.50
08/15/2048	795,000.00	4.570%	294,768.50	-	1,089,768.50
08/15/2049	830,000.00	4.590%	258,437.00	-	1,088,437.00
08/15/2050	870,000.00	4.600%	220,340.00	-	1,090,340.00
08/15/2051	910,000.00	4.610%	180,320.00	-	1,090,320.00
08/15/2052	955,000.00	4.620%	138,369.00	-	1,093,369.00
08/15/2053	995,000.00	4.620%	94,248.00	-	1,089,248.00
08/15/2054	1,045,000.00	4.620%	48,279.00	-	1,093,279.00
Total	\$11,655,000.00	-	\$15,116,933.04	(0.00)	\$26,771,933.04

Yield Statistics

Bond Year Dollars	\$332,525.63
Average Life	28.531 Years
Average Coupon	4.5460957%
Net Interest Cost (NIC)	4.5460957%
True Interest Cost (TIC)	4.4906657%
Bond Yield for Arbitrage Purposes	3.9235785%
All Inclusive Cost (AIC)	3.9235707%

IRS Form 8038

Net Interest Cost	4.5460957%
Weighted Average Maturity	28.531 Years

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Hays Caldwell Public Utility Agency

\$59,070,000 Contract Revenue Bonds, Series 2021

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

Assumes November 2021 Delivery and Current TWDB Rates + 1.00%

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2022	-	-	1,664,547.76	1,664,547.76
09/30/2023	1,265,000.00	2.040%	2,219,397.00	3,484,397.00
09/30/2024	1,290,000.00	2.190%	2,193,591.00	3,483,591.00
09/30/2025	1,310,000.00	2.330%	2,165,340.00	3,475,340.00
09/30/2026	1,350,000.00	2.460%	2,134,817.00	3,484,817.00
09/30/2027	1,380,000.00	2.580%	2,101,607.00	3,481,607.00
09/30/2028	1,415,000.00	2.700%	2,066,003.00	3,481,003.00
09/30/2029	1,455,000.00	2.780%	2,027,798.00	3,482,798.00
09/30/2030	1,490,000.00	2.890%	1,987,349.00	3,477,349.00
09/30/2031	1,540,000.00	3.100%	1,944,288.00	3,484,288.00
09/30/2032	1,585,000.00	3.300%	1,896,548.00	3,481,548.00
09/30/2033	1,635,000.00	3.460%	1,844,243.00	3,479,243.00
09/30/2034	1,695,000.00	3.660%	1,787,672.00	3,482,672.00
09/30/2035	1,755,000.00	3.700%	1,725,635.00	3,480,635.00
09/30/2036	1,830,000.00	3.780%	1,660,700.00	3,490,700.00
09/30/2037	1,890,000.00	3.870%	1,591,526.00	3,481,526.00
09/30/2038	1,965,000.00	3.940%	1,518,383.00	3,483,383.00
09/30/2039	2,040,000.00	4.000%	1,440,962.00	3,480,962.00
09/30/2040	2,125,000.00	4.060%	1,359,362.00	3,484,362.00
09/30/2041	2,200,000.00	4.100%	1,273,087.00	3,473,087.00
09/30/2042	2,295,000.00	4.140%	1,182,887.00	3,477,887.00
09/30/2043	2,395,000.00	4.170%	1,087,874.00	3,482,874.00
09/30/2044	2,490,000.00	4.190%	988,002.50	3,478,002.50
09/30/2045	2,595,000.00	4.220%	883,671.50	3,478,671.50
09/30/2046	2,710,000.00	4.240%	774,162.50	3,484,162.50
09/30/2047	2,820,000.00	4.260%	659,258.50	3,479,258.50
09/30/2048	2,945,000.00	4.270%	539,126.50	3,484,126.50
09/30/2049	3,070,000.00	4.290%	413,375.00	3,483,375.00
09/30/2050	3,200,000.00	4.300%	281,672.00	3,481,672.00
09/30/2051	3,335,000.00	4.320%	144,072.00	3,479,072.00
Total	\$59,070,000.00	-	\$43,556,957.26	\$102,626,957.26

Yield Statistics

Bond Year Dollars	\$1,077,937.50
Average Life	18.248 Years
Average Coupon	4.0407683%
Net Interest Cost (NIC)	4.0407683%
True Interest Cost (TIC)	3.9921681%
Bond Yield for Arbitrage Purposes	3.9921681%
All Inclusive Cost (AIC)	3.9921681%

IRS Form 8038

Net Interest Cost	4.0407683%
Weighted Average Maturity	18.248 Years

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Hays Caldwell Public Utility Agency

\$18,245,000 Contract Revenue Bonds, Series 2021

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

CRWA LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2022	-	-	514,181.25	514,181.25
09/30/2023	390,000.00	2.040%	685,575.00	1,075,575.00
09/30/2024	400,000.00	2.190%	677,619.00	1,077,619.00
09/30/2025	405,000.00	2.330%	668,859.00	1,073,859.00
09/30/2026	415,000.00	2.460%	659,422.50	1,074,422.50
09/30/2027	425,000.00	2.580%	649,213.50	1,074,213.50
09/30/2028	435,000.00	2.700%	638,248.50	1,073,248.50
09/30/2029	450,000.00	2.780%	626,503.50	1,076,503.50
09/30/2030	460,000.00	2.890%	613,993.50	1,073,993.50
09/30/2031	475,000.00	3.100%	600,699.50	1,075,699.50
09/30/2032	490,000.00	3.300%	585,974.50	1,075,974.50
09/30/2033	505,000.00	3.460%	569,804.50	1,074,804.50
09/30/2034	525,000.00	3.660%	552,331.50	1,077,331.50
09/30/2035	540,000.00	3.700%	533,116.50	1,073,116.50
09/30/2036	565,000.00	3.780%	513,136.50	1,078,136.50
09/30/2037	585,000.00	3.870%	491,779.50	1,076,779.50
09/30/2038	605,000.00	3.940%	469,140.00	1,074,140.00
09/30/2039	630,000.00	4.000%	445,303.00	1,075,303.00
09/30/2040	655,000.00	4.060%	420,103.00	1,075,103.00
09/30/2041	680,000.00	4.100%	393,510.00	1,073,510.00
09/30/2042	710,000.00	4.140%	365,630.00	1,075,630.00
09/30/2043	740,000.00	4.170%	336,236.00	1,076,236.00
09/30/2044	770,000.00	4.190%	305,378.00	1,075,378.00
09/30/2045	805,000.00	4.220%	273,115.00	1,078,115.00
09/30/2046	835,000.00	4.240%	239,144.00	1,074,144.00
09/30/2047	870,000.00	4.260%	203,740.00	1,073,740.00
09/30/2048	910,000.00	4.270%	166,678.00	1,076,678.00
09/30/2049	950,000.00	4.290%	127,821.00	1,077,821.00
09/30/2050	990,000.00	4.300%	87,066.00	1,077,066.00
09/30/2051	1,030,000.00	4.320%	44,496.00	1,074,496.00
Total	\$18,245,000.00	-	\$13,457,818.25	\$31,702,818.25

Yield Statistics

Bond Year Dollars	\$333,033.75
Average Life	18.253 Years
Average Coupon	4.0409773%
Net Interest Cost (NIC)	4.0409773%
True Interest Cost (TIC)	3.9924105%
Bond Yield for Arbitrage Purposes	3.9921681%
All Inclusive Cost (AIC)	3.9924105%

IRS Form 8038

Net Interest Cost	4.0409773%
Weighted Average Maturity	18.253 Years

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Hays Caldwell Public Utility Agency

\$3,005,000 Contract Revenue Bonds, Series 2021

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

BUDA LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2022	-	-	84,686.25	84,686.25
09/30/2023	65,000.00	2.040%	112,915.00	177,915.00
09/30/2024	65,000.00	2.190%	111,589.00	176,589.00
09/30/2025	65,000.00	2.330%	110,165.50	175,165.50
09/30/2026	70,000.00	2.460%	108,651.00	178,651.00
09/30/2027	70,000.00	2.580%	106,929.00	176,929.00
09/30/2028	70,000.00	2.700%	105,123.00	175,123.00
09/30/2029	75,000.00	2.780%	103,233.00	178,233.00
09/30/2030	75,000.00	2.890%	101,148.00	176,148.00
09/30/2031	80,000.00	3.100%	98,980.50	178,980.50
09/30/2032	80,000.00	3.300%	96,500.50	176,500.50
09/30/2033	85,000.00	3.460%	93,860.50	178,860.50
09/30/2034	85,000.00	3.660%	90,919.50	175,919.50
09/30/2035	90,000.00	3.700%	87,808.50	177,808.50
09/30/2036	95,000.00	3.780%	84,478.50	179,478.50
09/30/2037	95,000.00	3.870%	80,887.50	175,887.50
09/30/2038	100,000.00	3.940%	77,211.00	177,211.00
09/30/2039	105,000.00	4.000%	73,271.00	178,271.00
09/30/2040	110,000.00	4.060%	69,071.00	179,071.00
09/30/2041	110,000.00	4.100%	64,605.00	174,605.00
09/30/2042	115,000.00	4.140%	60,095.00	175,095.00
09/30/2043	120,000.00	4.170%	55,334.00	175,334.00
09/30/2044	125,000.00	4.190%	50,330.00	175,330.00
09/30/2045	130,000.00	4.220%	45,092.50	175,092.50
09/30/2046	140,000.00	4.240%	39,606.50	179,606.50
09/30/2047	145,000.00	4.260%	33,670.50	178,670.50
09/30/2048	150,000.00	4.270%	27,493.50	177,493.50
09/30/2049	155,000.00	4.290%	21,088.50	176,088.50
09/30/2050	165,000.00	4.300%	14,439.00	179,439.00
09/30/2051	170,000.00	4.320%	7,344.00	177,344.00
Total	\$3,005,000.00	-	\$2,216,526.75	\$5,221,526.75

Yield Statistics

Bond Year Dollars	\$54,853.75
Average Life	18.254 Years
Average Coupon	4.0407935%
Net Interest Cost (NIC)	4.0407935%
True Interest Cost (TIC)	3.9921844%
Bond Yield for Arbitrage Purposes	3.9921681%
All Inclusive Cost (AIC)	3.9921844%

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Net Interest Cost	4.0407935%
Weighted Average Maturity	18.254 Years

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Hays Caldwell Public Utility Agency

\$16,640,000 Contract Revenue Bonds, Series 2021

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

KYLE LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2022	-	-	468,870.38	468,870.38
09/30/2023	355,000.00	2.040%	625,160.50	980,160.50
09/30/2024	365,000.00	2.190%	617,918.50	982,918.50
09/30/2025	370,000.00	2.330%	609,925.00	979,925.00
09/30/2026	380,000.00	2.460%	601,304.00	981,304.00
09/30/2027	390,000.00	2.580%	591,956.00	981,956.00
09/30/2028	400,000.00	2.700%	581,894.00	981,894.00
09/30/2029	410,000.00	2.780%	571,094.00	981,094.00
09/30/2030	420,000.00	2.890%	559,696.00	979,696.00
09/30/2031	435,000.00	3.100%	547,558.00	982,558.00
09/30/2032	445,000.00	3.300%	534,073.00	979,073.00
09/30/2033	460,000.00	3.460%	519,388.00	979,388.00
09/30/2034	475,000.00	3.660%	503,472.00	978,472.00
09/30/2035	495,000.00	3.700%	486,087.00	981,087.00
09/30/2036	515,000.00	3.780%	467,772.00	982,772.00
09/30/2037	530,000.00	3.870%	448,305.00	978,305.00
09/30/2038	555,000.00	3.940%	427,794.00	982,794.00
09/30/2039	575,000.00	4.000%	405,927.00	980,927.00
09/30/2040	600,000.00	4.060%	382,927.00	982,927.00
09/30/2041	620,000.00	4.100%	358,567.00	978,567.00
09/30/2042	645,000.00	4.140%	333,147.00	978,147.00
09/30/2043	675,000.00	4.170%	306,444.00	981,444.00
09/30/2044	700,000.00	4.190%	278,296.50	978,296.50
09/30/2045	730,000.00	4.220%	248,966.50	978,966.50
09/30/2046	765,000.00	4.240%	218,160.50	983,160.50
09/30/2047	795,000.00	4.260%	185,724.50	980,724.50
09/30/2048	830,000.00	4.270%	151,857.50	981,857.50
09/30/2049	865,000.00	4.290%	116,416.50	981,416.50
09/30/2050	900,000.00	4.300%	79,308.00	979,308.00
09/30/2051	940,000.00	4.320%	40,608.00	980,608.00
Total	\$16,640,000.00	-	\$12,268,617.38	\$28,908,617.38

Yield Statistics

Bond Year Dollars	\$303,625.00
Average Life	18.247 Years
Average Coupon	4.0407138%
Net Interest Cost (NIC)	4.0407138%
True Interest Cost (TIC)	3.9920829%
Bond Yield for Arbitrage Purposes	3.9921681%
All Inclusive Cost (AIC)	3.9920829%

IRS Form 8038

Net Interest Cost	4.0407138%
Weighted Average Maturity	18.247 Years

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Hays Caldwell Public Utility Agency

\$21,180,000 Contract Revenue Bonds, Series 2021

SWIFT Program - Low Interest Loan (30 yrs - 20% Subsidy)

SAN MARCOS LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2022	-	-	596,809.88	596,809.88
09/30/2023	455,000.00	2.040%	795,746.50	1,250,746.50
09/30/2024	460,000.00	2.190%	786,464.50	1,246,464.50
09/30/2025	470,000.00	2.330%	776,390.50	1,246,390.50
09/30/2026	485,000.00	2.460%	765,439.50	1,250,439.50
09/30/2027	495,000.00	2.580%	753,508.50	1,248,508.50
09/30/2028	510,000.00	2.700%	740,737.50	1,250,737.50
09/30/2029	520,000.00	2.780%	726,967.50	1,246,967.50
09/30/2030	535,000.00	2.890%	712,511.50	1,247,511.50
09/30/2031	550,000.00	3.100%	697,050.00	1,247,050.00
09/30/2032	570,000.00	3.300%	680,000.00	1,250,000.00
09/30/2033	585,000.00	3.460%	661,190.00	1,246,190.00
09/30/2034	610,000.00	3.660%	640,949.00	1,250,949.00
09/30/2035	630,000.00	3.700%	618,623.00	1,248,623.00
09/30/2036	655,000.00	3.780%	595,313.00	1,250,313.00
09/30/2037	680,000.00	3.870%	570,554.00	1,250,554.00
09/30/2038	705,000.00	3.940%	544,238.00	1,249,238.00
09/30/2039	730,000.00	4.000%	516,461.00	1,246,461.00
09/30/2040	760,000.00	4.060%	487,261.00	1,247,261.00
09/30/2041	790,000.00	4.100%	456,405.00	1,246,405.00
09/30/2042	825,000.00	4.140%	424,015.00	1,249,015.00
09/30/2043	860,000.00	4.170%	389,860.00	1,249,860.00
09/30/2044	895,000.00	4.190%	353,998.00	1,248,998.00
09/30/2045	930,000.00	4.220%	316,497.50	1,246,497.50
09/30/2046	970,000.00	4.240%	277,251.50	1,247,251.50
09/30/2047	1,010,000.00	4.260%	236,123.50	1,246,123.50
09/30/2048	1,055,000.00	4.270%	193,097.50	1,248,097.50
09/30/2049	1,100,000.00	4.290%	148,049.00	1,248,049.00
09/30/2050	1,145,000.00	4.300%	100,859.00	1,245,859.00
09/30/2051	1,195,000.00	4.320%	51,624.00	1,246,624.00
Total	\$21,180,000.00	-	\$15,613,994.88	\$36,793,994.88

Yield Statistics

Bond Year Dollars	\$386,425.00
Average Life	18.245 Years
Average Coupon	4.0406275%
Net Interest Cost (NIC)	4.0406275%
True Interest Cost (TIC)	3.9920240%
Bond Yield for Arbitrage Purposes	3.9921681%
All Inclusive Cost (AIC)	3.9920240%

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Net Interest Cost	4.0406275%
Weighted Average Maturity	18.245 Years

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Preliminary

Hays Caldwell Public Utility Agency

\$11,275,000 Contract Revenue Bonds, Series 2021

SWIFT Program - Board Participation (0% Subsidy) - Current Rates + 0.75%

CRWA LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Deferred Interest	Total P+I
08/15/2022	-	-	384,558.06	(384,558.06)	-
08/15/2023	-	-	542,905.50	(542,905.50)	-
08/15/2024	-	-	542,905.50	(542,905.50)	-
08/15/2025	-	-	542,905.50	(434,324.40)	108,581.10
08/15/2026	-	-	542,905.50	(434,324.40)	108,581.10
08/15/2027	-	-	542,905.50	(380,033.85)	162,871.65
08/15/2028	-	-	542,905.50	(325,743.30)	217,162.20
08/15/2029	-	-	542,905.50	(244,307.47)	298,598.03
08/15/2030	-	-	542,905.50	(162,871.65)	380,033.85
08/15/2031	-	-	542,905.50	(81,435.82)	461,469.68
08/15/2032	-	-	542,905.50	-	542,905.50
08/15/2033	-	-	542,905.50	-	542,905.50
08/15/2034	-	-	542,905.50	-	542,905.50
08/15/2035	-	-	542,905.50	504,772.85	1,047,678.35
08/15/2036	-	-	542,905.50	504,772.85	1,047,678.35
08/15/2037	-	-	542,905.50	504,772.85	1,047,678.35
08/15/2038	-	-	542,905.50	504,772.85	1,047,678.35
08/15/2039	-	-	542,905.50	504,772.85	1,047,678.35
08/15/2040	-	-	542,905.50	504,772.85	1,047,678.35
08/15/2041	-	-	542,905.50	504,772.85	1,047,678.35
08/15/2042	530,000.00	4.650%	542,905.50	-	1,072,905.50
08/15/2043	555,000.00	4.680%	518,260.50	-	1,073,260.50
08/15/2044	585,000.00	4.710%	492,286.50	-	1,077,286.50
08/15/2045	610,000.00	4.730%	464,733.00	-	1,074,733.00
08/15/2046	640,000.00	4.750%	435,880.00	-	1,075,880.00
08/15/2047	670,000.00	4.780%	405,480.00	-	1,075,480.00
08/15/2048	700,000.00	4.820%	373,454.00	-	1,073,454.00
08/15/2049	735,000.00	4.840%	339,714.00	-	1,074,714.00
08/15/2050	770,000.00	4.850%	304,140.00	-	1,074,140.00
08/15/2051	810,000.00	4.860%	266,795.00	-	1,076,795.00
08/15/2052	850,000.00	4.870%	227,429.00	-	1,077,429.00
08/15/2053	890,000.00	4.870%	186,034.00	-	1,076,034.00
08/15/2054	930,000.00	4.870%	142,691.00	-	1,072,691.00
08/15/2055	975,000.00	4.870%	97,400.00	-	1,072,400.00
08/15/2056	1,025,000.00	4.870%	49,917.50	-	1,074,917.50
Total	\$11,275,000.00	-	\$15,546,882.56	\$0.00	\$26,821,882.56

Yield Statistics

Bond Year Dollars	\$322,221.46
Average Life	28.578 Years
Average Coupon	4.8249060%
Net Interest Cost (NIC)	4.8249060%
True Interest Cost (TIC)	4.7648690%
Bond Yield for Arbitrage Purposes	4.1290604%
All Inclusive Cost (AIC)	4.1290758%

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Net Interest Cost	4.8249060%
Weighted Average Maturity	28.578 Years

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Preliminary

Hays Caldwell Public Utility Agency

\$1,855,000 Contract Revenue Bonds, Series 2021

SWIFT Program - Board Participation (0% Subsidy) - Current Rates + 0.75%

BUDA LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Deferred Interest	Total P+I
08/15/2022	-	-	63,268.69	(63,268.69)	-
08/15/2023	-	-	89,320.50	(89,320.50)	-
08/15/2024	-	-	89,320.50	(89,320.50)	-
08/15/2025	-	-	89,320.50	(71,456.40)	17,864.10
08/15/2026	-	-	89,320.50	(71,456.40)	17,864.10
08/15/2027	-	-	89,320.50	(62,524.35)	26,796.15
08/15/2028	-	-	89,320.50	(53,592.30)	35,728.20
08/15/2029	-	-	89,320.50	(40,194.22)	49,126.28
08/15/2030	-	-	89,320.50	(26,796.15)	62,524.35
08/15/2031	-	-	89,320.50	(13,398.07)	75,922.43
08/15/2032	-	-	89,320.50	-	89,320.50
08/15/2033	-	-	89,320.50	-	89,320.50
08/15/2034	-	-	89,320.50	-	89,320.50
08/15/2035	-	-	89,320.50	83,046.80	172,367.30
08/15/2036	-	-	89,320.50	83,046.80	172,367.30
08/15/2037	-	-	89,320.50	83,046.80	172,367.30
08/15/2038	-	-	89,320.50	83,046.80	172,367.30
08/15/2039	-	-	89,320.50	83,046.80	172,367.30
08/15/2040	-	-	89,320.50	83,046.80	172,367.30
08/15/2041	-	-	89,320.50	83,046.78	172,367.28
08/15/2042	90,000.00	4.650%	89,320.50	-	179,320.50
08/15/2043	90,000.00	4.680%	85,135.50	-	175,135.50
08/15/2044	95,000.00	4.710%	80,923.50	-	175,923.50
08/15/2045	100,000.00	4.730%	76,449.00	-	176,449.00
08/15/2046	105,000.00	4.750%	71,719.00	-	176,719.00
08/15/2047	110,000.00	4.780%	66,731.50	-	176,731.50
08/15/2048	115,000.00	4.820%	61,473.50	-	176,473.50
08/15/2049	120,000.00	4.840%	55,930.50	-	175,930.50
08/15/2050	125,000.00	4.850%	50,122.50	-	175,122.50
08/15/2051	135,000.00	4.860%	44,060.00	-	179,060.00
08/15/2052	140,000.00	4.870%	37,499.00	-	177,499.00
08/15/2053	145,000.00	4.870%	30,681.00	-	175,681.00
08/15/2054	155,000.00	4.870%	23,619.50	-	178,619.50
08/15/2055	160,000.00	4.870%	16,071.00	-	176,071.00
08/15/2056	170,000.00	4.870%	8,279.00	-	178,279.00
Total	\$1,855,000.00	-	\$2,558,373.19	(0.00)	\$4,413,373.19

Yield Statistics

Bond Year Dollars	\$53,023.96
Average Life	28.584 Years
Average Coupon	4.8249381%
Net Interest Cost (NIC)	4.8249381%
True Interest Cost (TIC)	4.7648848%
Bond Yield for Arbitrage Purposes	4.1290604%
All Inclusive Cost (AIC)	4.1291382%

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Net Interest Cost	4.8249381%
Weighted Average Maturity	28.584 Years

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Preliminary

Hays Caldwell Public Utility Agency

\$10,285,000 Contract Revenue Bonds, Series 2021

SWIFT Program - Board Participation (0% Subsidy) - Current Rates + 0.75%

KYLE LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Deferred Interest	Total P+I
08/15/2022	-	-	350,789.33	(350,789.33)	-
08/15/2023	-	-	495,232.00	(495,232.00)	-
08/15/2024	-	-	495,232.00	(495,232.00)	-
08/15/2025	-	-	495,232.00	(396,185.60)	99,046.40
08/15/2026	-	-	495,232.00	(396,185.60)	99,046.40
08/15/2027	-	-	495,232.00	(346,662.40)	148,569.60
08/15/2028	-	-	495,232.00	(297,139.20)	198,092.80
08/15/2029	-	-	495,232.00	(222,854.40)	272,377.60
08/15/2030	-	-	495,232.00	(148,569.60)	346,662.40
08/15/2031	-	-	495,232.00	(74,284.80)	420,947.20
08/15/2032	-	-	495,232.00	-	495,232.00
08/15/2033	-	-	495,232.00	-	495,232.00
08/15/2034	-	-	495,232.00	-	495,232.00
08/15/2035	-	-	495,232.00	460,447.85	955,679.85
08/15/2036	-	-	495,232.00	460,447.85	955,679.85
08/15/2037	-	-	495,232.00	460,447.85	955,679.85
08/15/2038	-	-	495,232.00	460,447.85	955,679.85
08/15/2039	-	-	495,232.00	460,447.85	955,679.85
08/15/2040	-	-	495,232.00	460,447.85	955,679.85
08/15/2041	-	-	495,232.00	460,447.83	955,679.83
08/15/2042	485,000.00	4.650%	495,232.00	-	980,232.00
08/15/2043	510,000.00	4.680%	472,679.50	-	982,679.50
08/15/2044	530,000.00	4.710%	448,811.50	-	978,811.50
08/15/2045	555,000.00	4.730%	423,848.50	-	978,848.50
08/15/2046	585,000.00	4.750%	397,597.00	-	982,597.00
08/15/2047	610,000.00	4.780%	369,809.50	-	979,809.50
08/15/2048	640,000.00	4.820%	340,651.50	-	980,651.50
08/15/2049	670,000.00	4.840%	309,803.50	-	979,803.50
08/15/2050	705,000.00	4.850%	277,375.50	-	982,375.50
08/15/2051	735,000.00	4.860%	243,183.00	-	978,183.00
08/15/2052	775,000.00	4.870%	207,462.00	-	982,462.00
08/15/2053	810,000.00	4.870%	169,719.50	-	979,719.50
08/15/2054	850,000.00	4.870%	130,272.50	-	980,272.50
08/15/2055	890,000.00	4.870%	88,877.50	-	978,877.50
08/15/2056	935,000.00	4.870%	45,534.50	-	980,534.50
Total	\$10,285,000.00	-	\$14,181,054.83	\$0.00	\$24,466,054.83

Yield Statistics

Bond Year Dollars	\$293,915.21
Average Life	28.577 Years
Average Coupon	4.8248796%
Net Interest Cost (NIC)	4.8248796%
True Interest Cost (TIC)	4.7648388%
Bond Yield for Arbitrage Purposes	4.1290604%
All Inclusive Cost (AIC)	4.1290378%

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Net Interest Cost	4.8248796%
Weighted Average Maturity	28.577 Years

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Preliminary

Hays Caldwell Public Utility Agency

\$13,090,000 Contract Revenue Bonds, Series 2021

SWIFT Program - Board Participation (0% Subsidy) - Current Rates + 0.75%

SAN MARCOS LOAN

Debt Service Schedule

Date	Principal	Coupon	Interest	Deferred Interest	Total P+I
08/15/2022	-	-	446,460.38	(446,460.38)	-
08/15/2023	-	-	630,297.00	(630,297.00)	-
08/15/2024	-	-	630,297.00	(630,297.00)	-
08/15/2025	-	-	630,297.00	(504,237.60)	126,059.40
08/15/2026	-	-	630,297.00	(504,237.60)	126,059.40
08/15/2027	-	-	630,297.00	(441,207.90)	189,089.10
08/15/2028	-	-	630,297.00	(378,178.20)	252,118.80
08/15/2029	-	-	630,297.00	(283,633.65)	346,663.35
08/15/2030	-	-	630,297.00	(189,089.10)	441,207.90
08/15/2031	-	-	630,297.00	(94,544.55)	535,752.45
08/15/2032	-	-	630,297.00	-	630,297.00
08/15/2033	-	-	630,297.00	-	630,297.00
08/15/2034	-	-	630,297.00	-	630,297.00
08/15/2035	-	-	630,297.00	586,026.14	1,216,323.14
08/15/2036	-	-	630,297.00	586,026.14	1,216,323.14
08/15/2037	-	-	630,297.00	586,026.14	1,216,323.14
08/15/2038	-	-	630,297.00	586,026.14	1,216,323.14
08/15/2039	-	-	630,297.00	586,026.14	1,216,323.14
08/15/2040	-	-	630,297.00	586,026.14	1,216,323.14
08/15/2041	-	-	630,297.00	586,026.14	1,216,323.14
08/15/2042	620,000.00	4.650%	630,297.00	-	1,250,297.00
08/15/2043	645,000.00	4.680%	601,467.00	-	1,246,467.00
08/15/2044	675,000.00	4.710%	571,281.00	-	1,246,281.00
08/15/2045	710,000.00	4.730%	539,488.50	-	1,249,488.50
08/15/2046	740,000.00	4.750%	505,905.50	-	1,245,905.50
08/15/2047	775,000.00	4.780%	470,755.50	-	1,245,755.50
08/15/2048	815,000.00	4.820%	433,710.50	-	1,248,710.50
08/15/2049	855,000.00	4.840%	394,427.50	-	1,249,427.50
08/15/2050	895,000.00	4.850%	353,045.50	-	1,248,045.50
08/15/2051	940,000.00	4.860%	309,638.00	-	1,249,638.00
08/15/2052	985,000.00	4.870%	263,954.00	-	1,248,954.00
08/15/2053	1,030,000.00	4.870%	215,984.50	-	1,245,984.50
08/15/2054	1,080,000.00	4.870%	165,823.50	-	1,245,823.50
08/15/2055	1,135,000.00	4.870%	113,227.50	-	1,248,227.50
08/15/2056	1,190,000.00	4.870%	57,953.00	-	1,247,953.00
Total	\$13,090,000.00	-	\$18,049,061.88	\$0.00	\$31,139,061.88

Yield Statistics

Bond Year Dollars	\$374,082.08
Average Life	28.578 Years
Average Coupon	4.8248934%
Net Interest Cost (NIC)	4.8248934%
True Interest Cost (TIC)	4.7648523%
Bond Yield for Arbitrage Purposes	4.1290604%
All Inclusive Cost (AIC)	4.1290538%

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Net Interest Cost	4.8248934%
Weighted Average Maturity	28.578 Years

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