

FIRST AMENDMENT TO
WATER SERVICES AGREEMENT

This First Amendment to the Wholesale Water Services Agreement (the "First Amendment") is made and entered into by and between the West Travis County Public Utility Agency, a public utility agency created and functioning under Chapter 572, Texas Local Government Code ("PUA) and Reunion Ranch Water Control and Improvement District, a conservation and reclamation district created and functioning under Article 16, Section 59 of the Texas Constitution and Chapters 49 and 51, Texas Water Code (the "District")

Recitals

Hays Reunion Ranch, L.P. entered into that Water Services Agreement Between Lower Colorado River Authority and Hays Reunion Ranch L.P. on July 1, 2003 ("Wholesale Water Agreement"). The Wholesale Water Agreement was subsequently assigned by Hays Reunion Ranch L.P. to the District on August 28, 2006, and assigned by the Lower Colorado River Authority (the "LCRA") to the PUA effective March 19, 2012.

The District and the PUA desire to amend the Wholesale Water Agreement to further define the Monthly Charge to be paid by the District to the PUA.

Agreement

Now, therefore, for and in consideration of the mutual covenants and agreements set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PUA and District agree as follows:

1. The term "Regional Facilities" is added to Section 1.01 as follows:

"Regional Facilities" means those facilities in the PUA System as identified on Schedule A as well as additional facilities necessary to expand and maintain the system capacity to 27 MGD which may include rehabilitation and regulatory improvements which may be necessary to provide continuous and adequate service.

2. The term "Max Day Reservation" is added to Section 1.01 as follows:

"Max Day Reservation" means the maximum amount of water to be delivered to the District on a daily basis based on the flow rates and capacity commitments established in this Agreement. The District's Max Day Reservation is 553,000 gallons per day.

3. Article IV is hereby amended to add new subsections (b-1) (c-1) and (j) as follows:

(b-1) The Monthly Charge to be paid by the District to the PUA shall be determined by the following formula;

$$\{ \text{Annual Allocated Debt Service Payment} + (25\% \text{ times coverage} * \text{Annual Allocated Debt Service Payment}) - (\text{Effective Impact Fee Credit} * \text{Annual Debt Service Payment}) \} / 12 \text{ months.}$$

The Annual Allocated Debt Service Payment, from time to time due and payable, shall be based on the District's allocated pro-rata share of the PUA's capital costs for the Regional Facilities (including interest expense) as determined based on input from the District prior to the issuance of bonds to fund the Regional Facilities so long as the total capital cost allocated to the District is recovered within the life of the bonds, including interest expense. The District's pro-rata share of the PUA's capital costs is calculated based on its Max Day Reservation, multiplied by the PUA's Cost per Gallon of the Regional Facilities. **Schedule B** attached hereto and incorporated herein for all purposes sets forth the current schedule of the Annual Allocated Debt Service Payment.

The PUA's Cost per Gallon of the Regional Facilities, further classified as "System-Wide" Facilities shall be calculated by dividing the total cost of the System Wide Regional Facilities by 27,000,000 gallons. The PUA's Cost per Gallon of the Regional Facilities, further classified as "Hwy 71" shall be calculated by dividing the total cost of the Hwy 71 Regional Facilities by 14,829,230 gallons. The PUA's Cost per Gallon of the Regional Facilities, further classified as "US 290" shall be calculated by dividing the total cost of the US 290 Regional Facilities by 12,170,770.

Schedule B may be amended from time to time by the PUA to reflect future LCRA installment payments as well as future debt issuances associated with future Regional Facility projects.

The Effective Impact Fee Credit shall be determined based upon the following formula:

Project Costs Recovered by Impact Fees / Total Project Costs

Project Costs Recovered by Impact Fees shall be determined by the following formula:

Project costs eligible for impact fee recovery as determined by the PUA's most recent impact fee study * the percent level of impact fees adopted by the PUA Board of Directors (currently 50%).

The District shall pay the Monthly Charge regardless of whether the District meets the buildout projections used to develop the annual debt payment schedule.

The PUA shall not allocate costs for future Regional Facilities to the District beyond 27 million gallons per day (MGD) of water treatment plant capacity if the District establishes to the PUA's

satisfaction that it has reached eighty percent (80%) of its projected buildout of the Wholesale Service Area six months prior to the PUA's issuance of bonds for such expansion.

(c-1) The Volume Rate shall recover the PUA's expenses associated with operating and maintaining the Regional Facilities, including a systems raw water loss fee per thousand gallons to be calculated as follows:

LCRA Raw Water cost per Thousand Gallons/(1-.10 water loss)/10

The PUA shall utilize the base-extra capacity methodology performed by a qualified professional to determine appropriate Volume Rate for each wholesale customer and may be adjusted from time to time by the PUA's Board of Directors.

(j) Within ten business days of a written request from the PUA, the District shall provide the PUA with copies of the District's monthly operating reports indicating the District's peak day consumption. At any time, the PUA may also install, at its sole discretion, a max-day meter and/or a flow regulator on the District System to assess or control actual maximum daily demands by the District.

If the PUA determines that the District is exceeding the Max Day Reservation the District will be subject to a surcharge as determined by the PUA's service rules and policies.

4. Section 3.03 of the Wholesale Service Agreement is deleted in its entirety and replaced with the following:

Subject to the limitations set forth herein, upon completion of construction of the Improvements, PUA agrees to divert, transport, and treat for the District all water needed and requested by the District for the District's Service Area, up to, but not in excess of (i) a peak daily flow rate of 553,000 gallons per day (for up to 480 LUEs) within the District's Service Area, or (ii) such lesser amount as PUA may be able to supply in the event of an Emergency. PUA shall make the water available at the Delivery Point(s) at a minimum pressure of thirty-five (35) psi under non-Emergency operating conditions. The initial Delivery Point(s) is shown on Exhibit A. The parties may agree to additional Delivery Points in the future.

5. The following definitions in Section 1.01 are deleted in their entirety:

"Reservation Fee' means a fee of One hundred and Sixty Dollars (\$160.00) per Reserved LUE. The Reservation Fee relates to the reservation for the Landowner of a portion of the limited capacity in the LCRA's System capable of serving northern Hays County. Landowner acknowledges and agrees that this Reservation Fee is separate and apart from, and in addition to, any reservation fees that may be due under the Landowner's Raw Water Contract."

"Reservation Period' means a period of time beginning at the execution of this Agreement and ending at 12:01 a.m. on April 1, 2013."

6. Section 4.01(e) of the Wholesale Service Agreement is deleted in its entirety and replaced with the following:

PUA hereby reserves for the District capacity in the PUA System for 480 LUEs ("Reserved LUEs"). It is expressly understood that District, upon first giving PUA three hundred sixty-five (365) days prior written notice, may reduce the number of Reserved LUEs hereunder. Any such Reserved LUEs so released shall reduce PUA's service capacity reservation to District accordingly.

7. Sections 4.01(f), 4.01(g), 4.01(h) and 4.01(i) are deleted in their entirety. The PUA agrees that the District is entitled to payments under Section 4.01(f) for the Contract Year beginning April 1, 2012 and ending March 31, 2013.

8. The terms of the Wholesale Service Agreement are hereby modified and amended pursuant to the terms of this First Amendment. The provisions contained herein shall not be interpreted to in any way restrict the ability of the PUA to use any funds received pursuant to the Wholesale Water Agreement, as amended, for any legal purposes. Except as otherwise expressly amended by this Second Amendment, all other terms and conditions of the Wholesale Service Agreement remain in full force and effect, and are hereby confirmed and ratified.

SIGNED this 11th day of July, 2013.

**WEST TRAVIS COUNTY PUBLIC UTILITY
AGENCY**

By: Larry Fox
Larry Fox
President

ATTEST:

By: Ray Whisenant
Ray Whisenant
Secretary/Treasurer

SIGNED this 10th day of July, 2013.

**REUNION RANCH WATER CONTROL AND
IMPROVEMENT DISTRICT**

By: 

Name: VINCE TENNANT

Title: Vice President

ATTEST:

By: 

Name: David J. Boseo, Jr.

Title: Secretary

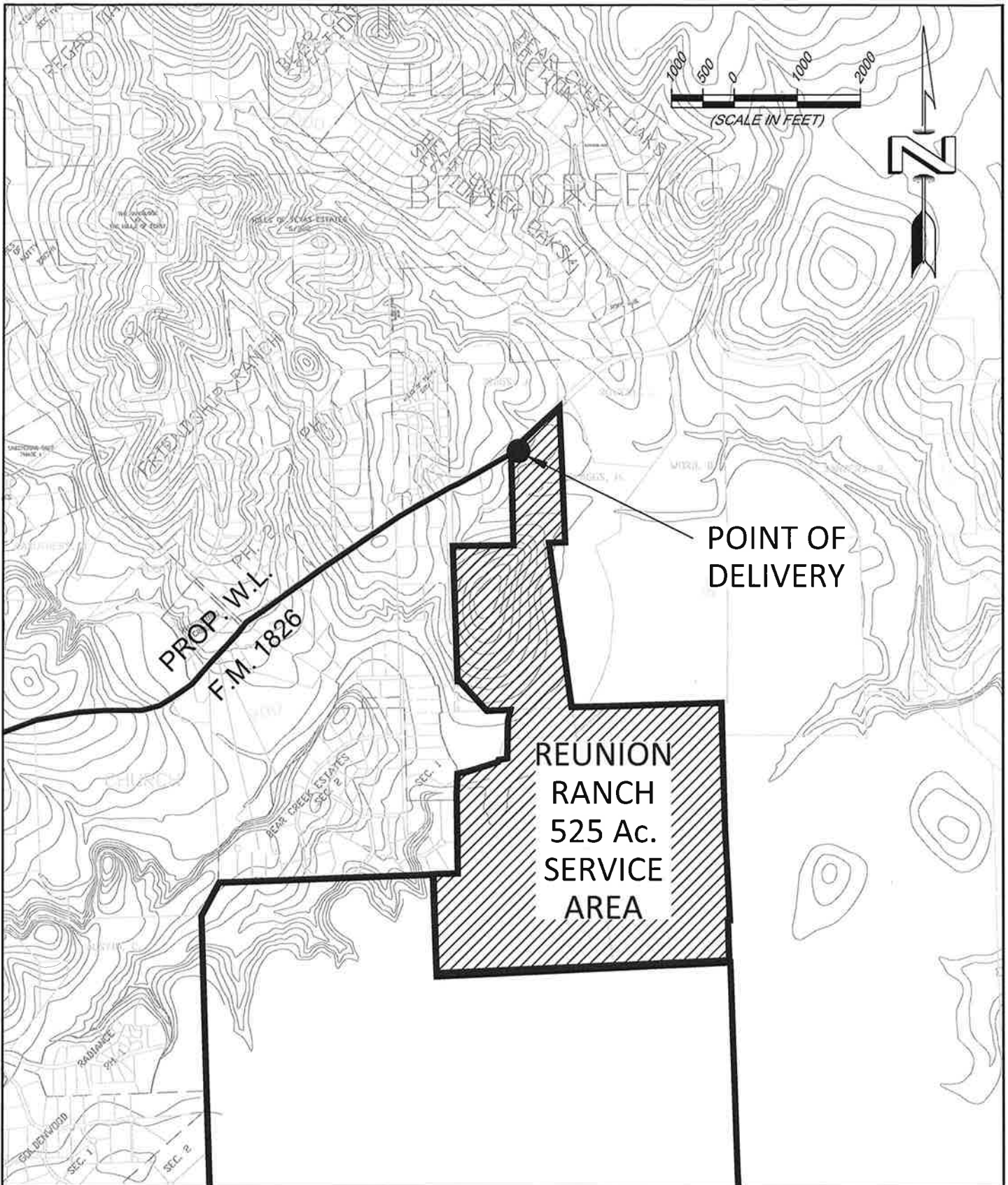


Exhibit A

JOB NO. 12002.30	SCALE: AS NOTED	SHEET: 1 OF 1
DESIGNED BY: DL		DATE: 1/25/2012
DRAWN BY: DL		DATE: 1/25/2012
FILE(LAYOUT): O:\12002\30\Exhibit-B-Delivery & Service Area.dwg(Layout2)		

West Travis County Public Utility Agency
 FYE2014 Wholesale Customer Minimum Bill Analysis

Schedule A

Existing Water Projects, Before Interest Expense

Systemwide Projects	Total
Uplands WTP Chem Building	\$ 2,217,574
Uplands WTP Plant	41,680,156
Uplands Raw Water Intake Expansion	431,102
High Service Pump Station 8 MGD to 14 MGD	4,177,452
Uplands Clearwell #2	1,032,674
	\$ 49,538,958

SH 71 System Projects	Total
Lazy 9 SW 71 Transmission Main	\$ 3,200,308
Transmission Main from Uplands Plant to Bee Cave Pump Station	1,612,112
Wolf Mountain (Crystal Mountain) EST	1,985,674
Senna Hills By-Pass Line	579,571
Hamilton Pool Road 1280 Pump Station Water Line	342,301
Hamilton Pool Road Water Line	6,859,971
Home Depot Pump Station	406,753
Home Depot Ground Storage Tank	152,269
Bee Cave Ground Storage Tank, Pump Station, Piping (off Cuernavaca)	724,726
Bee Cave Water Line to Cuernavaca	1,025,698
	\$ 16,889,383

US 290 System Projects	Total
Countyline Pump Station Upgrade	
1800 gpm to 3450 gpm	\$ 1,744,300
290 Pipeline	
a) 24" SWPPS to County Line	\$ 13,298,032
b) 20" Countyline to 1420 HGL EST	3,532,460
20" Main Uplands to SW Parkway (Easements)	524,724
1420 Elevated storage	2,275,455
Sawyer Ranch Road Ph 1 20"	1,226,030
Sawyer RR Ph 1 (Darden Hill)	1,339,600
	\$ 23,940,600

Retail Water Projects	Total
Retail Water Projects	\$ 38,234,117

TOTAL WATER PROJECTS FUNDED

\$ 128,603,059

Schedule A

West Travis County Public Utility Agency
 FYE2014 Wholesale Customer Minimum Bill Analysis

Schedule B

Reunion Ranch
 Series 2013 Debt Payment Schedule

	Series 2013
Estimated Effective Interest Rate	4.60%
Capital Cost Allocation Funded with Series	\$ 1,843,639
Plus Reserves	114,519
Plus Estimated Issuance Costs (2%)	39,163
Capital Cost Allocation	\$ 1,997,322

Series 2013	Beginning Balance	Interest Expense	Subtotal	Total Annual Debt Payment*	Ending Balance
2014	\$ 1,997,322	\$ 91,877	\$ 2,089,198	\$ 10,361	\$ 2,078,837
2015	\$ 2,078,837	\$ 95,627	\$ 2,174,464	\$ 24,867	\$ 2,149,596
2016	\$ 2,149,596	\$ 98,881	\$ 2,248,478	\$ 39,373	\$ 2,209,105
2017	\$ 2,209,105	\$ 101,619	\$ 2,310,723	\$ 53,879	\$ 2,256,844
2018	\$ 2,256,844	\$ 103,815	\$ 2,360,659	\$ 68,385	\$ 2,292,274
2019	\$ 2,292,274	\$ 105,445	\$ 2,397,719	\$ 82,891	\$ 2,314,828
2020	\$ 2,314,828	\$ 106,482	\$ 2,421,310	\$ 97,397	\$ 2,323,914
2021	\$ 2,323,914	\$ 106,900	\$ 2,430,814	\$ 111,903	\$ 2,318,911
2022	\$ 2,318,911	\$ 106,670	\$ 2,425,581	\$ 126,408	\$ 2,299,172
2023	\$ 2,299,172	\$ 105,762	\$ 2,404,934	\$ 140,914	\$ 2,264,020
2024	\$ 2,264,020	\$ 104,145	\$ 2,368,165	\$ 165,782	\$ 2,202,383
2025	\$ 2,202,383	\$ 101,310	\$ 2,303,693	\$ 165,782	\$ 2,137,911
2026	\$ 2,137,911	\$ 98,344	\$ 2,236,255	\$ 165,782	\$ 2,070,474
2027	\$ 2,070,474	\$ 95,242	\$ 2,165,715	\$ 165,782	\$ 1,999,934
2028	\$ 1,999,934	\$ 91,997	\$ 2,091,931	\$ 165,782	\$ 1,926,149
2029	\$ 1,926,149	\$ 88,603	\$ 2,014,752	\$ 165,782	\$ 1,848,970
2030	\$ 1,848,970	\$ 85,053	\$ 1,934,023	\$ 165,782	\$ 1,768,242
2031	\$ 1,768,242	\$ 81,339	\$ 1,849,581	\$ 165,782	\$ 1,683,799
2032	\$ 1,683,799	\$ 77,455	\$ 1,761,254	\$ 165,782	\$ 1,595,472
2033	\$ 1,595,472	\$ 73,392	\$ 1,668,864	\$ 165,782	\$ 1,503,082
2034	\$ 1,503,082	\$ 69,142	\$ 1,572,224	\$ 165,782	\$ 1,406,442
2035	\$ 1,406,442	\$ 64,696	\$ 1,471,139	\$ 165,782	\$ 1,305,357
2036	\$ 1,305,357	\$ 60,046	\$ 1,365,404	\$ 165,782	\$ 1,199,622
2037	\$ 1,199,622	\$ 55,183	\$ 1,254,805	\$ 165,782	\$ 1,089,023
2038	\$ 1,089,023	\$ 50,095	\$ 1,139,118	\$ 165,782	\$ 973,336
2039	\$ 973,336	\$ 44,773	\$ 1,018,110	\$ 165,782	\$ 852,328
2040	\$ 852,328	\$ 39,207	\$ 891,535	\$ 165,782	\$ 725,754
2041	\$ 725,754	\$ 33,385	\$ 759,138	\$ 165,782	\$ 593,357
2042	\$ 593,357	\$ 27,294	\$ 620,651	\$ 165,782	\$ 454,870
2043	\$ 454,870	\$ 20,924	\$ 475,794	\$ 165,782	\$ 310,012
2044	\$ 310,012	\$ 14,261	\$ 324,273	\$ 165,782	\$ 158,491
2045	\$ 158,491	\$ 7,291	\$ 165,782	\$ 165,782	\$ 0

**Total Annual Minimum Bill = Total Annual Payment + (Total Annual Payment * 25% Times Coverage) - (Total Annual Payment * Impact Fee Credit)