

**FIRM WATER CONTRACT**

**By and Between**

**LOWER COLORADO RIVER AUTHORITY**

**And**

**Reunion Ranch WCID**

**FIRM WATER CONTRACT**

This Contract is entered by and between the LOWER COLORADO RIVER AUTHORITY (hereinafter, together with its successors and assigns, "LCRA") and Reunion Ranch WCID, (hereinafter, together with its successors and assigns as provided herein, "PURCHASER"), who, in mutual consideration of the provisions herein contained, agree as follows:

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**1. STANDARD TERMS AND CONDITIONS**

Except as expressly provided in Section 2 of this Contract, the Parties agree to the standard terms and conditions attached hereto as Exhibit A.

**2. GENERAL TERMS, EXCEPTIONS & SPECIAL CONDITIONS**

**2.1 Incorporation of Exhibits.**

All Exhibits attached to this Contract are incorporated herein by this reference in their entirety and made a part hereof for all purposes.

**2.2 Maximum Annual Quantity**

The MAQ is 240 acre-feet per year from the Effective Date. Of this amount, no more than 238.7 acre-feet per annum of raw or untreated water may be diverted by or on behalf of PURCHASER at the Point of Availability.

**2.3 Loss Factor**

The Loss Factor for this Contract shall be 0.6 % of the amount made available at the Point of Availability. PURCHASER acknowledges that this Loss Factor reflects estimated conveyance, delivery and system losses from Lake Travis to the Point of Availability.

**2.4 Points of Availability.**

The Point of Availability is Lake Austin in Travis County, Texas as described and depicted in Exhibit B.

**2.5 Type of Use.**

This Contract is authorized for municipal use consistent with Section 1.E. of Exhibit A.

**2.6 Service Area.**

Water supplied under this contract shall only be used within that certain area as described in Exhibit C and depicted in Exhibit D, together hereinafter called the "Service Area."

**2.7 Term of Contract.**

The term of this Contract is 40 years unless terminated earlier by either party consistent with Exhibit A.

**2.7 Previous Contract.**

Upon the Effective Date of this Contract, that certain Water Contract between LCRA and Hays Reunion Ranch, L.P., dated April 1, 2003 (LCRA Contract No. 220377) shall be null, void, and of no further legal force and effect, provided that PURCHASER shall continue to be responsible and liable for all fees incurred under Contract No. 220377, including fees for Monthly Diversions and the Reserved Water or Reservation Charge, and fees due under the Inverted Block Rate, as such fees may be calculated and/or prorated through the Effective Date.

**2.8 Notice.**

All notices and invoices to PURCHASER shall be addressed to:

Reunion Ranch WCID  
c/o Willatt & Flickinger  
2001 North Lamar Blvd.  
Austin, TX 78705  
(512) 469-9148

All payments to LCRA shall be made to the address on the invoices received by PURCHASER. All notices to LCRA shall be addressed to:

Lower Colorado River Authority

Attn: Raw Water Sales  
P.O. Box 220  
Austin, Texas 78767  
(512) 473-3551 for facsimile transmission

and

Lower Colorado River Authority  
Attn: River Operations  
P.O. Box 220  
Austin, Texas 78767  
(512) 473-3551 for facsimile transmission

**SIGNED BY:**

Lower Colorado River Authority

By:   
\_\_\_\_\_  
Kyle Jensen, Executive Manager  
External Affairs



Date: 3-15-12

Reunion Ranch WCID

By:   
\_\_\_\_\_  
Name: Vince Terracina  
Title: President

Date: 3-15-12

**EXHIBITS**

- A. Standard Contract Terms and Conditions
- B. Description of Point(s) of Availability
- C. Description of Service Area
- D. Depiction of Service Area
- E. Water Conservation Plan
- F. Drought Contingency Plan
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**I. WATER SUPPLY**

**A. PERMIT(S) MAY BE REQUIRED**

PURCHASER may not impound, divert, or use water under this Contract unless PURCHASER, in accordance with the substantive rules of the Texas Commission on Environmental Quality (“TCEQ”), U.S. Corps of Engineers, or any other local, state, or federal regulatory authority, obtains and maintains any water rights permit, wastewater discharge permit, dredge and fill permits, or any other similar permit, that is necessary to authorize PURCHASER’S impoundment, diversion and/or consumptive use, and subsequent discharge, of water consistent with this Contract.

**B. MAXIMUM ANNUAL QUANTITY & LOSS FACTOR**

From and after the Effective Date hereof, PURCHASER shall have the right to a Maximum Annual Quantity (MAQ) of raw or untreated water per annum made available by LCRA as set forth in the terms of the Contract. For purposes of this Contract, the term “made available” refers to the greatest of: (i) the amount of water released from LCRA firm supplies to allow for diversions by or on behalf of PURCHASER; or (ii) the amount of water diverted by or on behalf of PURCHASER at the Point(s) of Availability plus the Loss Factor (defined below) times the amount of water diverted.

Notwithstanding the foregoing, PURCHASER and LCRA agree that calculations of Maximum Annual Quantity and the amount of water made available under this Contract will be based on the amount of water which LCRA makes available for diversion by or on behalf of PURCHASER at the Point(s) of Availability plus the Loss Factor as set forth in this Contract.

The Loss Factor represents LCRA's best available estimate of the conveyance, delivery, or system loss incurred to provide water under this Contract. LCRA hereby reserves the right to modify the Loss Factor and make any associated changes to the MAQ, at any time, based on any revised estimates of conveyance, delivery, or system loss associated with the delivery of water to PURCHASER, including but not limited to changes in the source of supply LCRA uses to make water available to PURCHASER or updated and substantiated information related to river or canal losses.

PURCHASER may, at its option, conduct its own investigation of conveyance, delivery, or system losses, associated with the delivery of water by LCRA under this Contract. If PURCHASER conducts such study in accordance with LCRA's then-current Water Contract Rules, it shall provide to LCRA in a written report the results of any such investigation within sixty (60) calendar days of completion and LCRA agrees to consider whether any adjustment to the Loss Factor is appropriate under this Contract. If LCRA determines that an adjustment to the Loss Factor is appropriate, it shall provide PURCHASER written notice, by certified mail, of any change to the Loss Factor and resulting change to the Contract MAQ, within fifteen (15) business days of adopting such change. A change to the Loss Factor that results in an increase in the MAQ of 500 acre-feet per year or more shall not take effect until approved by the LCRA Board as an amendment to this Contract. Notwithstanding the foregoing or any provision in LCRA's raw water contract rules, LCRA will not require PURCHASER to obtain a new contract on the most current standard form water contract where the change to the MAQ is based solely on a change to the Loss Factor.

PURCHASER shall designate a point or points of availability for such water as described and depicted in Exhibit "B" attached hereto (the "Point(s) of Availability"), said Exhibit depicting the location by reference to a corner of an original land survey and/or other survey point, giving course and distance and providing the latitude and longitude. Such Points of Availability may be located on the Colorado River or a LCRA-operated canal. In the event that the Point(s) of Availability are located on a LCRA operated-canal, PURCHASER shall also identify a point or points of diversion for such water on the Colorado River ("Point(s) of Diversion"). Such Point(s) of Diversion, if any, shall be described and depicted in Exhibit "B" in the same manner described for Point(s) of Availability.

**C. EXCEEDANCE OF MAXIMUM ANNUAL QUANTITY.**

If the amount of water made available to PURCHASER for any reason exceeds the Maximum Annual Quantity stated in PURCHASER's Contract during two (2) consecutive years, or two (2) out of any four (4) consecutive years, PURCHASER shall submit an application (including the application fee) for a new standard form water contract for an adjusted MAQ, the reasonableness of which shall be determined consistent with LCRA's then effective Water Contract Rules, to the extent LCRA has water supplies available.

**D. MAXIMUM DIVERSION RATE**

PURCHASER may not divert water made available by LCRA under this Contract at a rate greater than as set forth in this Contract ("Maximum Diversion Rate").

**E. SOURCE OF WATER SUPPLY.**

1. The water made available for impoundment, diversion and/or use under this Contract will be water provided from any source available to LCRA at the time PURCHASER uses water under this Contract.

2. LCRA may make water available under this Contract in accordance with LCRA's Water Management Plan, as may be amended in accordance with state law from time to time, from storage in Lakes Buchanan and/or Travis in accordance with water rights held by LCRA as set forth in Certificates of Adjudication No. 14-5478, as amended, and 14-5482, as amended.
3. LCRA may make water available under this Contract from water rights owned by LCRA based on that certain water right previously owned by the Garwood Irrigation Company and identified as Certificate of Adjudication No. 14-5434 issued by the Texas Water Commission on June 28, 1989, as amended (herein, "Garwood's Right"). That portion of Garwood's Right that is owned by LCRA (and for which reference is made to Certificate of Adjudication No. 14-5434C issued by the Texas Natural Resource Conservation Commission) is referred to herein as "Garwood's Remaining Right."
  - a) PURCHASER acknowledges and agrees that LCRA may make water available for impoundment, diversion and/or use under this Contract from Garwood's Remaining Right only following approval by the Texas Commission on Environmental Quality or its successors (hereafter, "TCEQ"), of amendments to allow use of Garwood's Remaining Right for the type of use authorized by this Contract at the Point of Diversion and/or Point of Availability.
  - b) In this event, this Contract is subject to the commitments and conditions set forth in Section 7.08 of that certain Purchase Agreement, dated July 20, 1998, between Garwood Irrigation Company, as seller, and the Lower Colorado River Authority, as buyer (the "LCRA-Garwood Purchase Agreement"), and is further subject to all terms, provisions and special conditions contained within Garwood's Remaining Right, as amended. Copies of the LCRA-Garwood Purchase Agreement and Garwood's Remaining Right, as amended, are available at the following internet web-site address:

<http://www.lcra.org/water/contracts.html>

PURCHASER also may obtain copies of the LCRA Purchase Agreement and Garwood's Remaining Right, as amended, by request to LCRA's address for notices herein. By executing this Contract, PURCHASER hereby acknowledges receipt of copies of the LCRA Purchase Agreement and Garwood's Remaining Right, as amended.

**F. TYPE OF USE.**

PURCHASER represents to LCRA and LCRA relies on such representation that all water made available under this Contract will be impounded, diverted, and/or used by PURCHASER for the type of use as described in this Contract, as such use is defined by the substantive rules for water rights of the TCEQ. In accordance with state law, any part of the water that PURCHASER impounds or diverts but does not use or consume for such use in accordance with this Contract shall be returned to the Colorado River or a tributary of the Colorado River.

**G. SERVICE AREA.**

Water made available under this Contract shall only be used within that certain area, as described in Exhibit "C" attached hereto and depicted in Exhibit "D," attached hereto, together hereinafter called the "Service Area."



## H. WATER CONSERVATION AND DROUGHT CONTINGENCY MEASURES.

1. PURCHASER agrees to implement the water conservation program contained in the water conservation plan (the "Water Conservation Plan") described in Exhibit "E" attached hereto. PURCHASER further agrees that the water impounded and/or diverted by PURCHASER pursuant to this Contract will be used in accordance with such Water Conservation Plan. LCRA, in accordance with applicable law, may from time to time adopt reasonable rules and regulations relating to water conservation measures. PURCHASER shall update its Water Conservation Plan on or before May 1, 2014, and every five years thereafter, or on such schedule as may be required by LCRA or other state law. PURCHASER further agrees to amend its Water Conservation Plan, as necessary, to reflect amendments in state law, regulations or LCRA's water conservation rules and regulations. PURCHASER further agrees to do so within 180 days of the effective date of such amendments, provided that, if the amendments are adopted by LCRA (rather than, for example, TCEQ), the deadline for PURCHASER to make corresponding amendments to its Water Conservation Plan shall run from the date LCRA provides written notice of the amendments to PURCHASER. PURCHASER further agrees to submit its amended Water Conservation Plan to LCRA within 30 days after its adoption. Revisions to PURCHASER's Water Conservation Plan are not required under this section if PURCHASER has not initiated diversions; however, PURCHASER shall update its Water Conservation Plan to be consistent with LCRA's rules and regulations related to water conservation at least sixty (60) days prior to initiating diversions under this Contract. In the event that PURCHASER agrees to furnish water or water services to a third party, who in turn will furnish the water or water services to an ultimate consumer, PURCHASER agrees to include in its agreement with the third party provisions that obligate the third party to: a) develop and implement a water conservation program consistent with PURCHASER's Water Conservation Plan; and, b) amend its water conservation program to reflect amendments in state law, regulations or LCRA's water conservation rules and regulations within the same timelines that apply to PURCHASER.
  
2. PURCHASER agrees to implement the drought contingency program contained in the drought contingency plan (the "Drought Contingency Plan") described in Exhibit "F" attached hereto. PURCHASER further agrees that the water impounded and/or diverted by PURCHASER pursuant to this Contract will be used in accordance with such Drought Contingency Plan. PURCHASER shall review and update the Drought Contingency Plan not less than once every five (5) years or following written request by LCRA consistent with any other schedule required by LCRA's Water Contract Rules. PURCHASER further agrees to submit any amended Drought Contingency Plan to LCRA within 30 days after its adoption. LCRA, in accordance with applicable law, may from time to time adopt reasonable rules and regulations relating to drought contingency measures, including LCRA's Water Management Plan. PURCHASER agrees to amend its Drought Contingency Plan, as necessary, to reflect amendments in state law or regulations or LCRA's rules, regulations or Water Management Plan. PURCHASER further agrees to do so within 180 days of the effective date of such amendments, provided that, if the amendments are adopted by LCRA (rather than, for example, TCEQ), the deadline for PURCHASER to make corresponding amendments to its Drought Contingency Plan shall run from the date LCRA provides written notice of the amendments to PURCHASER. Revisions to PURCHASER's Drought Contingency Plan are not required under this section if PURCHASER has not initiated diversions; however, PURCHASER shall update its Drought Contingency Plan to be consistent with LCRA's rules and regulations related to water conservation at least sixty (60) days prior to initiating diversions under this Contract. In the event that PURCHASER agrees to furnish water or water services to a third party, who in turn will furnish the water or water services to an ultimate consumer, PURCHASER agrees to include in its agreement with the third party provisions that obligate the third party to: a) develop and implement a drought contingency program consistent with PURCHASER's Drought Contingency Plan; and b) amend its drought

contingency program to reflect amendments in state law, regulations, or LCRA's rules, regulations, or Water Management Plan within the same timelines that apply to PURCHASER.

**I. AVAILABILITY OF WATER.**

LCRA is committing to make available to PURCHASER under this Contract a portion of LCRA's firm water supply, as defined in LCRA's Water Contract Rules; provided, however, LCRA may interrupt or curtail the water supplied under this Contract as required by state law or in accordance with LCRA's Water Management Plan or Drought Contingency Plan, as such Plans and any amendments thereto have been approved and may be approved in the future by the TCEQ.

**J. DELIVERY OF WATER.**

LCRA is responsible for making water available under this Contract only up to the MAQ. LCRA makes no guarantee that the water made available under this Contract will be available at any particular time or place or that any LCRA owned/operated reservoir or the Colorado River will be maintained at any specific elevation or flow at any particular time. Furthermore, PURCHASER acknowledges and agrees that LCRA's obligations under this Contract shall not require LCRA to make additional releases of water from LCRA firm water supplies beyond the MAQ or to make releases to raise the water elevations or flows at the Point(s) of Availability at a particular time sufficient for PURCHASER's intake and/or diversion facilities to operate.

**K. DEMAND SCHEDULE.**

PURCHASER has provided a Demand Schedule (Exhibit G) that reflects PURCHASER's best estimate of the scheduled initiation of diversions, initial usage, annual water usage, and any increases of usage over time, of the water to be made available by LCRA under this Contract, consistent with LCRA's Water Contract Rules. PURCHASER shall review, update if needed, and provide to LCRA an updated Demand Schedule not less than once every five (5) years coincident with any updated Water Conservation Plans required by this Contract or LCRA's Water Contract Rules, or following written request by LCRA consistent with any other schedule that may be required by LCRA's Water Contract Rules.

**L. REDUCTION IN MAQ FOR NON-USE.**

Upon sixty (60) days' written notice to PURCHASER, LCRA may consider reducing the MAQ under this Contract at any time after ten year(s) after the Effective Date of this Contract if PURCHASER's maximum annual use has not been at least ten percent of the MAQ on an annual basis within the first ten years. Within thirty (30) days of LCRA's written notice that it is considering reduction of the MAQ, PURCHASER shall provide LCRA with a written assurance and updated Demand Schedule that demonstrates PURCHASER's intent to increase its diversions under this Contract within the next two (2) years to an amount that will be at least ten percent (10%) of the original MAQ secured by this Contract. If PURCHASER fails to or is unable provide such written assurance, or if at least ten percent (10%) of the MAQ is not put to use on an annual basis within the two year period, LCRA may thereafter, at its sole option, terminate the contract or reduce the MAQ to any amount LCRA deems appropriate and reasonable under LCRA's raw water contract rules in effect at the time. An adjustment to the MAQ of this Contract under this section does not require PURCHASER to obtain a new contract on the most current standard form contract.

**M. STATE REGULATION OF LCRA WATER SUPPLIES.**

PURCHASER acknowledges and agrees that the water LCRA makes available under this Contract may be regulated in whole or in part by the State of Texas or local regulatory authorities. PURCHASER further acknowledges and agrees that LCRA's water rights are subject to regulation by the State of Texas, including but not limited to periodic review and amendment of LCRA's Water Management Plan by

the TCEQ. LCRA and PURCHASER acknowledge and agree that LCRA shall be obligated to exercise due diligence to manage its water supplies within such regulatory regimes to make water available to PURCHASER in accordance with the terms of this Contract. PURCHASER acknowledges and agrees, however, that LCRA's obligations under this Contract may be affected by orders of the State of Texas, its agencies or local regulatory authorities. Orders of the State of Texas, its agencies or local regulatory authorities may constitute a "force majeure" event in accordance with this Contract.

**N. OPERATIONS OF DAMS AND RESERVOIRS.**

The right of LCRA to maintain and operate its several dams and their appurtenances on the Colorado River and its associated tributaries and at any and all times in the future to impound and release waters thereby in any lawful manner and to any lawful extent LCRA may see fit is recognized by PURCHASER; and, except as otherwise provided herein, there shall be no obligation upon LCRA to release or not to release any impounded waters at any time or to maintain any waters at any specified elevation or flow. PURCHASER acknowledges that the elevations of said reservoirs and the Colorado River will vary as a result of hydrologic events, or lack thereof, (e.g. floods or droughts) in the watershed and LCRA's operations of its dams on the Colorado River.

PURCHASER acknowledges that Longhorn Dam, which is owned and operated by the City of Austin, lies upstream of the Point(s) of Availability and/or Point(s) of Diversion, if any, and downstream of Lake Travis. PURCHASER agrees to hold LCRA harmless for any claims that PURCHASER has against LCRA for any action or inaction by the City of Austin relating to its ownership and operation of Longhorn Dam.

**O. QUALITY OF WATER.**

LCRA makes no representation as to the quality of the water made available under this Contract, and PURCHASER hereby releases LCRA and agrees to hold it harmless from any and all claims that PURCHASER or PURCHASER's customers or users have or may have against LCRA for any diminution in or impairment of the quality of water made available under this Contract.

**P. INTERBASIN TRANSFER.**

Any surface water made available under this Contract may not be transferred or used outside of the Colorado River basin unless such transfer or use is within LCRA's water service area or is otherwise in strict compliance with LCRA Board Policies, LCRA water rights and a final permit for interbasin transfer ("IBT") issued by the TCEQ. In the event that PURCHASER intends to transfer or use surface water made available under this Contract outside of the Colorado River basin in accordance with this section, PURCHASER, by executing this Contract, authorizes LCRA to apply to the TCEQ for the necessary authorization pursuant to Texas Water Code § 11.085 and 11.122 within forty-five (45) days of the Effective Date of this Contract. LCRA shall diligently pursue such authorization after it is filed. PURCHASER shall pay for any filing and notice fees related to such application after LCRA bills PURCHASER for such fees in accordance with this Contract.

**Q. REQUIRED NOTICES.**

1. PURCHASER shall notify LCRA in writing of its intention to initiate diversions of water under this Contract not more than eight (8) weeks, nor less than four (4) weeks, prior to PURCHASER's initiation of diversions. Such notice shall include PURCHASER's anticipated diversion rate, not to exceed the Maximum Diversion Rate. If impoundments or diversions of water are being continued from a previous contract or other right to divert, and no change in diversion rate is anticipated, no notice is necessary.
2. PURCHASER shall notify LCRA in writing not more than two (2) weeks prior to making any change in its planned diversion rate, not to exceed the Maximum Diversion Rate specified in this Contract.

3. If PURCHASER's Point(s) of Availability and/or Point(s) of Diversion, if any, are located downstream of Lake Travis or on a tributary which flows into the Colorado River downstream of Lake Travis, PURCHASER shall notify LCRA's River Operations Center (ROC) of its intent to impound and/or divert water under this Contract and shall either: (1) develop with the ROC a written process or mechanism for notifying the ROC of its intent to divert water under this Contract; or (2) notify the ROC prior to making any impoundment and/or diversion under this Contract in accordance with any requirements set forth in the Special Conditions in the Contract.
4. In the event the PURCHASER is required by state law to obtain a water right permit or water right permit amendment – including but not limited to contractual, term, or temporary water right permits – from TCEQ related to water that is reserved or purchased pursuant to an LCRA water contract, PURCHASER shall provide LCRA: (i) a copy of the application for the water right permit or water right permit amendment within five (5) business days of its filing with TCEQ; (ii) a copy of any proposed notice related to the application; and (iii) a copy of the water right permit or water right permit amendment promptly following the issuance of the water right permit or water right permit amendment. PURCHASER shall incorporate LCRA's reasonable comments into the application notice provided that: (i) LCRA provides its comments to PURCHASER within ten (10) business days of LCRA's receipt of the draft notice, unless a shorter response period is required by the TCEQ; and (ii) TCEQ accepts LCRA's comments in the final version of the notice. Applicant also shall provide LCRA two copies of any notice or action by TCEQ of a violation or termination of the water right permit or water right permit amendment within ten (10) days of Applicant receiving notice from TCEQ.
5. PURCHASER shall notify LCRA in writing not more than eight (8) weeks, nor less than four (4) weeks, prior to implementing a program for reuse of water that is reserved or purchased pursuant to this Contract and that falls within the type of use and Service Area provided in this Contract. PURCHASER will make available to LCRA non-privileged documents regarding PURCHASER's reuse program within a reasonable amount of time, not to exceed fifteen (15) business days, following a written request by LCRA staff. For all purposes of this Contract, the term "reuse" means the authorized use of water, which water was diverted and used pursuant to this Contract, but which water remains unconsumed and has yet to be either disposed of or discharged or otherwise allowed to flow into a watercourse, lake or other body of state-owned water.
6. PURCHASER shall notify LCRA in writing of its intentions to divert or deliver water for a Secondary Purchaser at least thirty (30) days prior to any diversions or deliveries from PURCHASER to the Secondary Purchaser.
7. Prior to the Effective Date of this Contract, PURCHASER shall provide to LCRA a demand or use schedule that estimates PURCHASER's annual usage, and any increases to it over time, of the water to be made available by LCRA under this Contract (the "Demand Schedule"). PURCHASER shall review, update if needed, and provide to LCRA the Demand Schedule not less than once every five (5) years or following written request by LCRA consistent with any other schedule required by LCRA's Water Contract Rules.

## **II. CONTRACT ADMINISTRATION**

### **A. TERM OF CONTRACT.**

This Contract shall be for the term of years as set forth in this Contract, which shall commence on the Effective Date and end on the anniversary of the Effective Date in the last year of the contract term as set forth in this Contract, unless terminated earlier by either party as provided below.

**B. PAYMENT.**

1. The "Water Rate" is the rate determined by the Board of Directors of LCRA to then be in effect for all sales of firm water for the same use as provided in this Contract. The "Reservation Rate" is the rate determined by the Board of Directors of LCRA to then be in effect for the reservation of firm water for the same use as provided in this Contract. The "Inverted Block Rate" is the rate determined by the Board of Directors of LCRA to then be in effect for diversion or use of water in amounts in excess of the Maximum Annual Quantity.
2. The Water Rate presently in effect is \$151 per acre-foot (\$0.46 per 1,000 gallons) of water. The Reservation Rate presently in effect is \$75.50 per acre-foot. The Inverted Block Rate presently in effect is \$302 per acre-foot of water. LCRA reserves all rights that it may have under law to modify the Water Rate, the Reservation Rate, or the Inverted Block Rate. PURCHASER understands and acknowledges that the Water Rate, Reservation Rate, and the Inverted Block Rate set forth in this Contract have been approved by LCRA's Board of Directors, and that the Board may change all rates, fees and charges under the Contract from time to time.
3. PURCHASER agrees and covenants to pay LCRA – on a monthly basis beginning with the first billing period after the Effective Date of this contract – an amount of money (the "Use Charge") equal to the Water Rate less the Reservation Rate multiplied by the Monthly Use. The Monthly Use shall be the sum of i) the Monthly Diversion, plus ii) the Loss Factor, times the Monthly Diversion, as such Loss Factor is established under this Contract. In the event the amount diverted at the Point(s) of Availability is less than the amount LCRA made available (through releases from storage and/or pumping into LCRA canals) at the Point(s) of Availability at PURCHASER's request, for purposes of this Section II.B, the Monthly Diversion shall be the amount of water made available at the Point(s) of Availability. Otherwise the Monthly Diversion shall be calculated from the actual amount diverted at the Point(s) of Availability.
4. PURCHASER agrees and covenants to pay – on a monthly basis beginning with the first billing period after the Effective Date of this Contract – the "Monthly Reservation Charge," which shall be an amount equal to the Reservation Rate multiplied by one-twelfth (1/12) of the MAQ.
5. PURCHASER further agrees and covenants to pay LCRA – on a calendar year basis – an amount of money (the "Excess Use Charge") equal to the Inverted Block Rate multiplied by any amount of water made available to PURCHASER in excess of the Maximum Annual Quantity during the previous calendar year, less any amount PURCHASER has previously paid for the same water through the Use Charge and/or Reservation Charge. In the event the amount of water made available to PURCHASER is limited because of a curtailment imposed by LCRA or state law in accordance with this Contract to an amount less than the MAQ, then PURCHASER shall pay a surcharge, in excess of any Use or Reservation Charges, to be set by LCRA's Board of Directors, multiplied by any amount of water made available to PURCHASER in excess of the amount PURCHASER is authorized to have available during the curtailment (the "Curtailment Surcharge").
6. The term "billing period," as used for purposes of metering and billing in this Contract, shall refer to each period between readings of the Meter(s), which readings typically are performed on a monthly basis. All charges under this Contract shall be pro-rated as necessary to reflect the Effective Date or date of termination of this Contract; in other words, LCRA may include in an invoice up to thirty (30) additional days in a billing period to account for water reserved, released, diverted or impounded during days following execution or prior to termination of this Contract. For purposes of metering and billing,

the "calendar year" may be based upon the 12-month period from the December meter reading date to the next December reading date.

7. Each month, LCRA will mail an invoice to PURCHASER showing the Monthly Use. Such invoice shall also show the amount of money owed by PURCHASER to LCRA in accordance with the Monthly Reservation Charge and/or Use Charge and any late payment charges, as specified herein.
8. The invoice mailed by LCRA to PURCHASER in the month of January each year, in addition to showing the amount of money owed by PURCHASER to LCRA in accordance with the Monthly Reservation Charge, and/or Use Charge, shall also show any amount of water that PURCHASER had made available to it in excess of the Maximum Annual Quantity during the previous calendar year, as well as the corresponding Excess Use Charge.
9. PURCHASER shall pay LCRA for water provided under this Contract in the amount of each invoice submitted to PURCHASER by LCRA on or before thirty (30) days from the date of the invoice. PURCHASER shall mail checks for payments to the address indicated on the invoice. PURCHASER may pay by hand-delivery of checks or cash to LCRA's headquarters in Austin, Travis County, Texas, or by bank-wire if PURCHASER obtains LCRA's approval and makes arrangements for doing so prior to the due date. Payment must be received at the address provided on the invoice, or, if approved, at LCRA's headquarters or bank, not later than thirty (30) days from the invoice date in order not to be considered past due or late. In the event PURCHASER fails to make payment of that invoice within thirty (30) days of the invoice date, PURCHASER shall then pay a late payment charge of five percent (5%) of the unpaid amount of the invoice. For each calendar month or fraction thereof that the invoice remains unpaid, PURCHASER shall pay interest at the rate of one and one-half percent (1.5%) per month on the unpaid portion of the invoice. In the event PURCHASER attempts to pay LCRA by check, draft, credit card or any other similar instrument and the instrument is returned or refused by the bank or other similar institution as insufficient or non-negotiable for any reason, PURCHASER shall be assessed and must pay to LCRA, per each returned instrument, the LCRA's current returned instrument fee. If the invoice has not been paid within thirty (30) days of the invoice date, PURCHASER further agrees to pay all costs of collection and reasonable attorney's fees, regardless of whether suit is filed, as authorized by Chapter 271, Texas Local Government Code.

**C. MEASURING WATER.**

1. To measure the amount of water diverted by PURCHASER hereunder, PURCHASER agrees at PURCHASER's expense to install such measuring and recording devices or methods as are approved by LCRA (the "Meter"), such Meter to permit, within five percent (5%) accuracy, determination of quantities of raw water diverted from the reservoir or stream hereunder in units of 1,000 gallons. LCRA shall have the right to approve both the design of the meter as well as the location of its installation. PURCHASER must repair, replace or make necessary improvements to a meter that is not in compliance with this Contract or LCRA's Water Contract Rules promptly after PURCHASER becomes aware of the deficiency that causes the meter to not comply with this Contract or LCRA's Water Contract Rules.
  - a) PURCHASER agrees to provide LCRA's representatives access across PURCHASER's property for inspection, testing and reading of the Meter. PURCHASER shall locate the meter in a manner that provides LCRA with reasonably safe access to the Meter for the purpose of making meter readings, testing, and/or periodic inspections.

- b) PURCHASER agrees that the Meter shall be tested for accuracy by qualified personnel as approved by LCRA and at the expense of PURCHASER once each calendar year at intervals of approximately twelve (12) months.
  - c) PURCHASER shall furnish to LCRA a report of such test results. Readings within five percent (5%) of accuracy shall be considered correct.
  - d) In the event PURCHASER fails to test the Meter for a period of fifteen (15) consecutive months, PURCHASER agrees to pay LCRA for the actual cost of testing the Meter plus a fifty dollar (\$50) administrative fee. LCRA will provide PURCHASER a written invoice of the cost of testing the Meter, and said invoice will be subject to the payment terms provided in section II.B of this Contract.
  - e) If, at any time, LCRA provides PURCHASER a written notice that questions the accuracy of the Meter, PURCHASER promptly shall test the Meter and, in this event, the expense of such test will be paid by LCRA if the Meter is found to be correct and by PURCHASER if it is found to be incorrect.
  - f) Any party that tests the Meter shall provide written notice of the test to the other party at least five (5) business days in advance of the test and shall allow the other party to observe the test.
  - g) PURCHASER shall be required to take necessary steps to correct any inaccuracy in the Meter discovered during any test. LCRA may install, at its expense, check meters in or to any of PURCHASER's Meters at any time and may leave such check meters installed for such periods as is reasonably necessary to determine the accuracy of PURCHASER's Meters.
  - h) If, as a result of any test, the Meter is found to be registering inaccurately (i.e., in excess of five percent (5%) of accuracy), the readings of the Meter shall be corrected at the rate of its inaccuracy for any period which is definitely known and agreed upon or, if no such period is known and agreed upon, the shorter of the following periods shall be used as the basis for correction:
    - (1) a period extended back either sixty (60) days from the date of demand for the test or, if no demand for the test was made, sixty (60) days from the date of the test; or
    - (2) a period extending back half of the time elapsed since the last previous test; and the records of reading shall be adjusted accordingly.
2. In the event PURCHASER is charged based on water released from LCRA firm water supplies under this Contract rather than the actual amount withdrawn from the reservoir or stream by PURCHASER, LCRA shall include the amount of such releases in the monthly invoice provided to PURCHASER. LCRA shall make available information regarding its calculation of the amount of water released attributable to PURCHASER's actual diversions under this Contract within a reasonable period following PURCHASER's written request.

**D. TERMINATION OF CONTRACT OR REDUCTION IN MAXIMUM ANNUAL QUANTITY.**

This Contract may be terminated as follows:

- 1. If PURCHASER is current on all payments due to LCRA under this Contract and the MAQ is less than 500 acre-feet, PURCHASER may terminate this Contract or reduce the

MAQ as set forth in this section at any time following the expiration of five (5) years, measured from the Effective Date, by providing at least one year's prior written notice to LCRA. If the MAQ is 500 acre-feet or more, Purchaser's ability to terminate or reduce the MAQ is limited as follows: beginning with the five-year anniversary of the Effective Date of the contract, Purchaser may: (a) reduce its MAQ by up to 25 percent of the original contract quantity once every five years; or (b) if LCRA's other firm, non-temporary commitments have increased in an amount greater than projected under LCRA's Water Supply Resource Plan, Purchaser may terminate the contract or reduce the MAQ by a quantity greater than 25 percent.

2. LCRA at its sole option, in accordance with the terms and conditions set forth in Section II.E, "Non-Payment," may terminate this Contract without recourse should PURCHASER fail to comply with the terms and conditions of this Contract for the payment of moneys owed to LCRA pursuant to Section II.B. "Payment."
3. If PURCHASER fails to comply with its Water Conservation Plan, its Drought Contingency Plan, or any applicable LCRA nonpoint source water pollution abatement ordinance, or if PURCHASER fails to amend its Water Conservation Plan or its Drought Contingency Plan to reflect changes in LCRA's Water Conservation Plan Rules, LCRA's Drought Contingency Plan Rules, or state law or rules, LCRA may terminate, at its sole option, this Contract without recourse unless such default is cured within thirty (30) days of the date LCRA provides written notice to PURCHASER (or, if the nature of such default is not susceptible of being cured within such thirty (30) day period, such longer period of time during which PURCHASER diligently prosecutes the cure of such default, not to exceed one hundred eighty (180) days of PURCHASER's receipt of written notice of such default.
4. If PURCHASER fails to comply with the requirements of Sections III.A, "Nonpoint Source Pollution Abatement," III.B, "Sewage Regulations," or III.C, "Documentation of Compliance; right of Entry," LCRA may, at its sole option, terminate this Contract without recourse unless such default is cured within thirty (30) days of the date LCRA provides written notice to PURCHASER (or if the nature of such default is not susceptible of being cured within such thirty (30) day period, such longer period of time during which PURCHASER diligently prosecutes the cure of such default, not to exceed one hundred eighty (180) days of PURCHASER's receipt of written notice of such default. For purposes of this section, LCRA shall not deem PURCHASER to be in default for so long as PURCHASER is in compliance with any remedial or enforcement agreement authorized by an agency of appropriate jurisdiction.
5. If PURCHASER fails to comply with other requirements of this Contract not specifically stated above, LCRA may, at its sole option, terminate this Contract without recourse unless such default is cured within thirty (30) days (or, if the nature of such default is not susceptible of being cured within such thirty (30) day period, such longer period of time during which PURCHASER diligently prosecutes the cure of such default, not to exceed one hundred eighty (180) days of PURCHASER's receipt of written notice of such default.
6. Subject to the requirements of applicable bankruptcy laws, including the rights of a trustee to assume contracts under applicable bankruptcy laws, this Contract may be terminated immediately by LCRA upon the declaration of bankruptcy by PURCHASER.
7. In the event TCEQ or any other local, state, or federal regulatory agency denies to PURCHASER, or terminates for any reason, a permit required by this Contract, PURCHASER shall notify LCRA within three (3) business days and immediately cease diversions under this Contract. LCRA, at its sole option, may this Contract terminate on or after the denial or termination of any permit required by this Contract..



PURCHASER shall remain liable for all fees and charges, including any non-refundable Pre-paid Reservation Charges, accruing under the Contract through the date the Contract is terminated, including but not limited to a pro-rated Reservation Charge, which shall be calculated based upon the excess of the Maximum Annual Quantity, pro-rated to the date of termination, over the amount of water made available to PURCHASER through the date of termination. In the event LCRA terminates this Contract as provided herein, PURCHASER shall suspend immediately upon such termination all withdrawal of water from the Colorado River, or any tributaries thereof, under this Contract. LCRA may exercise any rights that it may have at law or in equity to prevent unauthorized withdrawals by PURCHASER or enforce the requirements of PURCHASER's Water Permit, if any. In the event that the contract is terminated based upon the denial or termination of a permit required by this Contract, PURCHASER shall be required to pay an early termination fee equal to the Reservation Rate times the MAQ.

**E. NON-PAYMENT.**

1. If LCRA determines that PURCHASER has not paid the full amount owed for any payment due under Section II.B, "Payment", hereof within the time provided therefore, LCRA shall give written notice to PURCHASER stating the amount LCRA has determined is due and unpaid. If LCRA gives notice as provided herein and PURCHASER fails to pay within thirty (30) days the amounts claimed in such notice to be due and unpaid, LCRA may, at its sole option: (1) upon giving ten (10) days written notice to PURCHASER terminate this Contract without recourse; and/or, (2) request injunctive relief from a court of competent jurisdiction to prevent PURCHASER from impounding and/or diverting additional water pursuant to this Contract.
2. If PURCHASER should dispute PURCHASER's obligation to pay all or any part of the amount stated in any invoice or notice, PURCHASER may, in addition to all other rights that PURCHASER may have under law, pay such amount under protest in which case such amount shall be deposited by LCRA in an interest bearing account mutually acceptable to both LCRA and PURCHASER pending final resolution of such dispute in accordance with Section IV.H, "Dispute Resolution." LCRA may not terminate this Contract, or request injunctive relief to prevent additional impoundments and/or diversions, for failure to pay the amount stated in any invoice or notice if PURCHASER pays such amount under protest and until there is a final resolution of such dispute in accordance with Section IV.H, "Dispute Resolution," favorable to LCRA.

**F. EQUITABLE REMEDIES.**

PURCHASER agrees that diversions or impoundments of water by PURCHASER without the authorization provided by this Contract will result in damages to LCRA that cannot be adequately compensated by money alone. As a result, PURCHASER agrees that LCRA shall have available to it equitable remedies, including injunctive relief against additional diversions or impoundments by PURCHASER unless PURCHASER demonstrates that it is otherwise authorized to divert or impound water. In addition, PURCHASER agrees that the provisions of Section IV.H, "DISPUTE RESOLUTION," will not apply to any legal action brought by LCRA seeking equitable remedies under this Contract except as expressly provided by Section II.E.2 regarding "NON-PAYMENT."

**G. NOTICE.**

Any notice under this Contract may be delivered by facsimile transmission or by certified mail, return receipt requested. If delivered by facsimile transmission, notice shall be deemed effective as of the facsimile send date, provided that any notice sent by facsimile must also be sent the same date by first-class mail. If delivered by certified mail, return receipt requested, notice shall be deemed effective five (5) days after the date on which the notice is post-marked.

All notices and invoices to PURCHASER shall be addressed as set forth in the General Terms of this Contract.

All notices and payments to LCRA shall be addressed as set forth in the General Terms of this Contract.

Either party may change its address by giving written notice of such change to the other party. PURCHASER is required to provide notice of change in address or contact person within ten (10) days of such change. PURCHASER shall maintain a physical address on file with LCRA.

**H. ASSIGNMENT OF CONTRACT.**

PURCHASER shall have the right to assign this Contract provided that: i) there is no change to the MAQ, source, type of use or Service Area provided in this Contract; ii) prior to such assignment, this Contract is amended to be consistent with all terms of LCRA's then-current standard form contract for purchase of firm water from Lake Travis and LCRA's then-current Water Contract Rules as determined by LCRA; iii) the Water Conservation Plan and Drought Contingency Plan are updated as may be necessary in accordance with this Contract as determined by LCRA; iv) PURCHASER provides LCRA at least sixty (60) days prior written notice of such assignment; and, v) PURCHASER is not in default under this Contract at the time of such assignment.

**I. COMPLIANCE WITH FILING REQUIREMENTS.**

LCRA agrees to file a copy of this Contract with the Executive Director of the TCEQ, P.O. Box 13087, Capitol Station, Austin, Texas 78711, it being fully recognized by PURCHASER hereunder that the effectiveness of this Contract is dependent upon compliance with the substantive rules and procedural rules for water rights of the TCEQ.

**III. ENVIRONMENTAL, PERMITTING AND OTHER ISSUES RELATED TO WATER SUPPLY**

**A. NONPOINT SOURCE WATER POLLUTION ABATEMENT.**

If PURCHASER will use water under this Contract to serve areas located within the jurisdictional area of LCRA Lake Travis Nonpoint Source Pollution Control Ordinance, the Upper Highland Lakes Nonpoint Source Pollution Control Ordinance, or any other LCRA water quality ordinance that has been adopted by the LCRA Board, PURCHASER agrees to comply with and shall comply with the provisions of that respective ordinance, which ordinance may require a permit and compliance with other applicable local, state, and federal rules and regulations pertaining to water quality protection. If PURCHASER will use water under this Contract to serve areas wholly outside the jurisdiction of an LCRA water quality ordinance, PURCHASER agrees to comply with and shall comply with any applicable local, state, and federal rules and regulations pertaining to water quality protection. PURCHASER further agrees to distribute to its customers in its service area water quality protection educational materials that LCRA provides to PURCHASER.

**B. SEWAGE REGULATIONS.**

PURCHASER agrees to obtain, or cause to be obtained, all approvals required by all applicable local, state or federal agencies for any sanitary sewage system or systems that collect sewage derived from water diverted herein or any sanitary sewage system whose effluent is discharged within the boundaries of LCRA's statutory district. Failure of PURCHASER to meet any standards imposed by such agencies for sanitary sewage systems, including on-site systems, shall subject PURCHASER under this Contract to all remedies allowed by law including, without limitation, termination or suspension of this Contract by LCRA. PURCHASER further agrees that if a sewage treatment plant is located within the Service Area, LCRA shall have reasonable access to such plant for the purpose of taking samples of sewage effluent from such plant for testing by LCRA to determine whether PURCHASER is in compliance with regulatory standards imposed by such agencies.

**C. DOCUMENTATION OF COMPLIANCE; RIGHT OF ENTRY.**

1. In addition to notices required by Section I.Q of this Contract, PURCHASER shall provide LCRA copies of any approvals that PURCHASER has received from federal, state, or local agencies that relate to water reserved or purchased pursuant to PURCHASER's Contract or to facilities intended to impound, divert, transport, or use water provided under PURCHASER's Contract within a reasonable amount of time, not to exceed fifteen (15) business days, following a written request by LCRA staff.
2. PURCHASER agrees that LCRA employees and agents shall be entitled to enter any property where facilities impound or deliver water to the service area of PURCHASER at any reasonable time following a reasonable attempt at prior notification for the purpose of inspecting and investigating conditions relating to the quality of water; the compliance by PURCHASER with any rule, regulation, permit or other order of the state, its agencies, local regulatory authorities or LCRA; compliance by PURCHASER with the requirements of this Contract; or, inspection of any of PURCHASER's facilities related to the use, diversion or impoundment of water under this Contract. LCRA employees or agents acting under this Contract who enter PURCHASER's property shall observe rules and regulations concerning safety, internal security, and fire protection, and shall notify any occupant or management of their presence and shall exhibit proper credentials.

**D. ANNUAL REPORTS OF DUE DILIGENCE; AS-BUILT PLANS.**

1. PURCHASER shall report to LCRA, on a yearly basis, progress made toward obtaining any and all necessary authorizations (e.g. TCEQ permits, Army Corps of Engineers permits, etc.) as well as progress towards commencing and completing construction of facilities which will be used to divert, impound, and/or convey water under PURCHASER's Contract.
2. PURCHASER shall provide to LCRA "as-built" drawings and plans (including GPS coordinates of any intakes or impoundments) for facilities which will be used to divert, impound, and/or convey water under PURCHASER's Contract were actually built within thirty (30) days of completion of construction.

**IV. GENERAL PROVISIONS**

**A. EFFECTIVE DATE.**

"Effective Date" means the last date of execution of this Contract by the Parties; provided all of the Parties must execute this Contract for it to be effective.

**B. PREVIOUS CONTRACT.**

In the event of a previous contract between the Parties related to the Service Area of this Contract prior to the Effective Date, this Contract replaces such prior contract unless specified otherwise hereunder.

**C. INDEMNIFICATION.**

PURCHASER will indemnify and hold LCRA harmless from any and all claims and demands whatsoever to which LCRA may be subjected by reason of any injury to any person or damage to any property resulting from any and all actions and activities (or failure to act) of PURCHASER under this Contract except to the extent caused by LCRA's gross negligence or willful misconduct. PURCHASER's pumping and related facilities shall be installed, operated and maintained by PURCHASER at PURCHASER's sole risk. Nothing in this Contract shall be construed as authorizing PURCHASER, or recognizing that

PURCHASER has any right, to install any equipment or improvements on property owned by LCRA or third parties.

LCRA will hold PURCHASER harmless from any and all claims or demands whatsoever to which LCRA may be subjected by reason of any injury to any person or damage to any property resulting from or in any way connected with any and all actions and activities (or failure to act) of LCRA under this Contract.

**D. FORCE MAJEURE.**

The term "Force Majeure" as used herein, shall mean those situations or conditions that are beyond the control of LCRA or PURCHASER and that, after the exercise of due diligence to remedy such situation or condition, render LCRA or PURCHASER unable, wholly or in part, to carry out the covenants contained herein. Such force majeure includes, but is not limited to acts of God, strikes, lockouts, acts of the public enemy, orders of any kind of the government or agencies of the United States or of the State of Texas, excluding LCRA, or any civil or military authority, insurrections, riots epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, civil disturbances, explosions, breakage or accidents to machinery, pipelines, canals, or dams, partial or entire failure of water supply insofar as each of the foregoing are beyond the reasonable control of the party in question. LCRA shall not be held liable or responsible for any damage that may be caused by its inability, after the exercise of due diligence, to make the supply of water available to PURCHASER due to any force majeure. LCRA shall use reasonable and timely diligence to repair or recondition LCRA's machinery, canals, or dams in the event such machinery, canals or dams are damaged or made unserviceable from any force majeure.

**E. NO THIRD-PARTY BENEFICIARY.**

The Parties hereto are entering into this Contract solely for the benefit of themselves and agree that nothing herein shall be construed to confer any right, privilege or benefit on any person or entity other than the Parties hereto.

**F. NO RIGHTS OR TITLE ACQUIRED.**

PURCHASER agrees and acknowledges that it acquires by this Contract no rights or title to the water that is the subject of this Contract other than those rights explicitly set forth herein.

**G. REPRESENTATIONS AND WARRANTIES.**

Each of LCRA and PURCHASER represents and warrants to the other that this Contract has been duly executed by an authorized officer and constitutes a valid and binding Contract, enforceable against it in accordance with its terms (except as such enforceability may be limited by bankruptcy laws or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles).

**H. DISPUTE RESOLUTION.**

1. Settlement by Mutual Agreement.

In the event any dispute, controversy or claim between or among the Parties arises under this Contract or is connected with or related in any way to this Contract or any right, duty or obligation arising hereunder or the relationship of the Parties hereunder (a "Dispute or Controversy"), including, but not limited to, a Dispute or Controversy relating to the effectiveness, validity, interpretation, implementation, termination, cancellation, or enforcement of this Contract, the Parties shall first attempt in good faith to settle and resolve such Dispute or Controversy by mutual agreement in accordance with the terms of this subsection (1). In the event a Dispute or Controversy arises, any party shall have the right to notify the other party to such Dispute or Controversy that it has elected to implement the procedures set forth in this subsection (1). Within thirty (30) days after delivery of any such notice by one party to the other regarding a Dispute or Controversy, the designated representatives of the Parties shall meet at a mutually agreed time and

place to attempt, with diligence and good faith, to resolve and settle such Dispute or Controversy. Should a mutual resolution and settlement not be obtained at the meeting of the Parties' designated representatives for such purpose or should no such meeting take place within such thirty (30) day period, then any party may by notice to the other party, as the case may be, refer the Dispute or Controversy to senior management of the Parties for resolution. Within thirty (30) days after delivery of any such notice by one party to the other referring such Dispute or Controversy to senior management of the Parties for resolution, representatives of senior management of each of the Parties shall meet at a mutually agreed upon time and place to attempt, with diligence and good faith, to resolve and settle such Dispute or Controversy. Should mutual resolution and settlement not be obtained at the meeting of representatives of senior management of each of the Parties for such purposes or should no such meeting take place within such thirty (30) day period (unless extended by mutual agreement), then any party may by notice to the other party, as the case may be, submit the Dispute or Controversy to binding arbitration in accordance with the provisions of subsection (2) and Exhibit H. Upon the receipt of notice of referral to arbitration hereunder, and except as otherwise expressly provided by this Contract, the Parties shall be compelled to arbitrate the Dispute or Controversy in accordance with the terms of this Section IV.H and Exhibit H without regard to the justiciable character or executory nature of such Dispute or Controversy.

2. Arbitration.

Except as otherwise expressly provided by this Contract, each party hereby agrees that any Dispute or Controversy that is not resolved pursuant to the provisions of subsection (1) may be submitted to binding arbitration hereunder and, if submitted timely according to this Contract, shall be resolved exclusively and finally through such binding arbitration. Except as otherwise expressly provided by this Contract, this Section IV.H and Exhibit H constitute a written agreement by the Parties to submit to arbitration any Dispute or Controversy arising under or in connection with this Contract within the meaning of Section 171.001 of the Texas Civil Practice and Remedies Code.

3. Emergency Relief.

Notwithstanding the Parties' agreement to arbitrate Dispute and Controversies, either party may seek injunctive relief or other form of emergency relief at any time from any state court of competent jurisdiction in Austin, Texas, the federal court for such district, or any state or federal regulatory agency of competent jurisdiction.

4. Survival.

The provisions of this Section IV.H shall survive expiration or earlier termination of this Contract.

**I. ACTUAL DAMAGES.**

NEITHER PARTY SHALL BE LIABLE OR HAVE ANY RESPONSIBILITY TO THE OTHER FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR DELAY-RELATED OR PERFORMANCE-RELATED DAMAGES INCLUDING, WITHOUT LIMITATION, LOST EARNINGS OR PROFITS. SUCH LIMITATION ON LIABILITY SHALL APPLY TO ANY CLAIM OR ACTION, WHETHER IT IS BASED IN WHOLE OR IN PART ON CONTRACT, NEGLIGENCE, STRICT LIABILITY, TORT, STATUTE OR ANY OTHER THEORY OF LIABILITY. THE PROVISIONS OF THIS SECTION IV.I SHALL HAVE NO EFFECT ON THE PARTY'S INDEMNITY OBLIGATIONS UNDER SECTION IV.C.

**J. AMENDMENT.**

This Contract may not be modified or amended except by an instrument in writing signed by authorized representatives of the Parties.

**K. BINDING EFFECT.**

The terms of this Contract shall be binding upon, and inure to the benefit of, the Parties and their permitted successors and assigns.

**L. COMPLETE CONTRACT.**

This Contract, together with all Exhibits attached hereto, constitutes the entire agreement of the Parties relating to the subject matter of this Contract and supersedes all prior contracts, agreements or understandings with respect to the subject matter hereof, both oral or written.

Each party agrees that the other party (and its agents and representatives) has not made, and has not relied upon, any representation, warranty, covenant or agreement relating to the transactions contemplated hereunder other than those expressly set forth herein.

**M. COUNTERPARTS.**

This Contract may be executed by the Parties in any number of separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts shall together constitute one and the same agreement. All signatures need not be on the same counterpart.

**N. FURTHER ASSURANCES.**

Each party agrees to do all acts and things and to execute and deliver such further written instruments, as may be from time to time reasonably required to carry out the terms and provisions of this Contract.

**O. GOVERNING LAW.**

This Contract and the rights and duties of the Parties arising out of this Contract shall be governed by, and construed in accordance with, the laws of the State of Texas, without reference to the conflict of laws rules thereof.

**P. HEADINGS; TABLE OF CONTENTS.**

The headings of the Articles and Sections of this Contract and the Table of Contents are included for convenience only and shall not be deemed to constitute a part of this Contract.

**Q. INCORPORATION OF WATER CONTRACT RULES.**

PURCHASER acknowledges receipt of LCRA's Water Contract Rules ("Rules"), and further acknowledges that, unless expressly stated otherwise in this Contract, such Rules, as may be amended by LCRA's Board of Directors from time to time, are incorporated herein by reference in their entirety and made a part hereof for all purposes.

**R. INTERPRETATION AND RELIANCE.**

No presumption will apply in favor of any party in the interpretation of this Contract or in the resolution of any ambiguity of any provisions thereof.

**S. RELATIONSHIP OF PARTIES.**

This Contract and the transactions contemplated hereunder are based upon the active participation of all Parties.

Neither the execution nor delivery of this Contract, nor the consummation of the transactions contemplated hereunder, shall create or constitute a partnership, joint venture, or any other form of business organization or arrangement between the Parties, except for the contractual arrangements specifically set forth in this Contract. Except as is expressly agreed to in writing in this Contract, no party (or any of its agents, officers or employees) shall be an agent or employee of the other party, nor shall a party (or any of its agents, officers or employees) have any power to assume or create any obligation on behalf of the other party. Nothing contained in this Contract shall create or constitute a partnership, joint venture, or any other form of business organization or arrangement among LCRA on the one hand and the PURCHASER on the other hand, except for the contractual arrangements specifically set forth herein.

**T. SEVERABILITY.**

In the event that any provision of this Contract is held to be unenforceable or invalid by any court of competent jurisdiction, the Parties shall negotiate an equitable adjustment to the provisions of this Contract with the view to effecting, to the extent possible, the original purpose and intent of this Contract, and the validity and enforceability of the remaining provisions shall not be affected thereby.

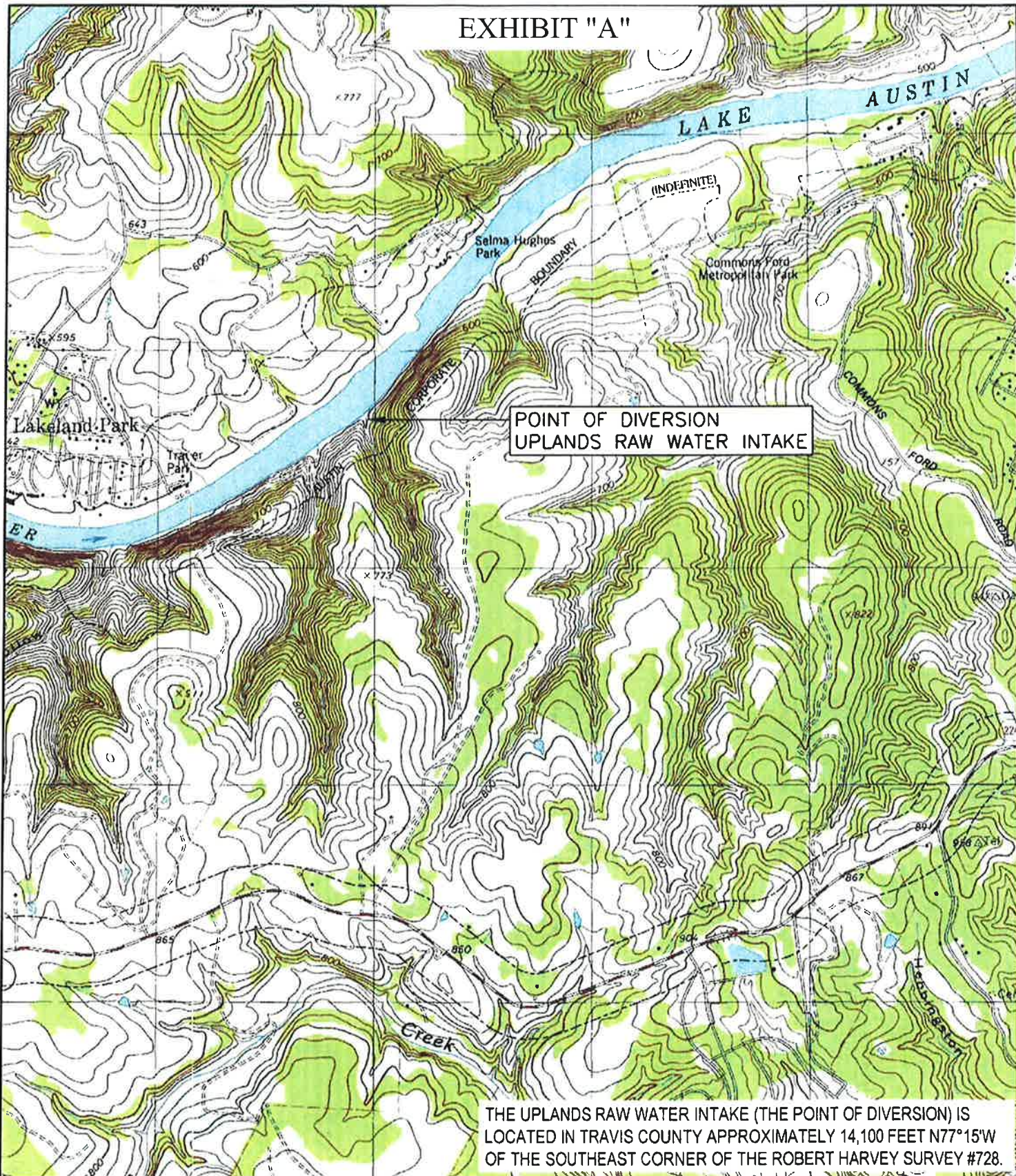
**U. NO ADDITIONAL WAIVER IMPLIED.**

No waiver or waivers of any breach or default (or any breaches or defaults) of any term, covenant, condition or liability under this Contract, or of performance by the other party of any duty or obligation under this Contract, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.

**V. SHORT TERM SALES OF FIRM WATER TO THIRD PARTIES.**

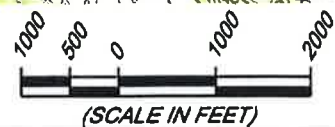
In accordance with LCRA Board Policy 501, Water Resources Management, LCRA and PURCHASER agree that LCRA may market and re-sell any portion of PURCHASER's Reserved Water to third parties on a limited term basis for a management fee and under terms mutually acceptable to LCRA and PURCHASER and in accordance with LCRA Board Policies.

# EXHIBIT "A"



THE UPLANDS RAW WATER INTAKE (THE POINT OF DIVERSION) IS LOCATED IN TRAVIS COUNTY APPROXIMATELY 14,100 FEET N77°15'W OF THE SOUTHEAST CORNER OF THE ROBERT HARVEY SURVEY #728.

## PRELIMINARY DRAWING FOR PLANNING PURPOSES ONLY



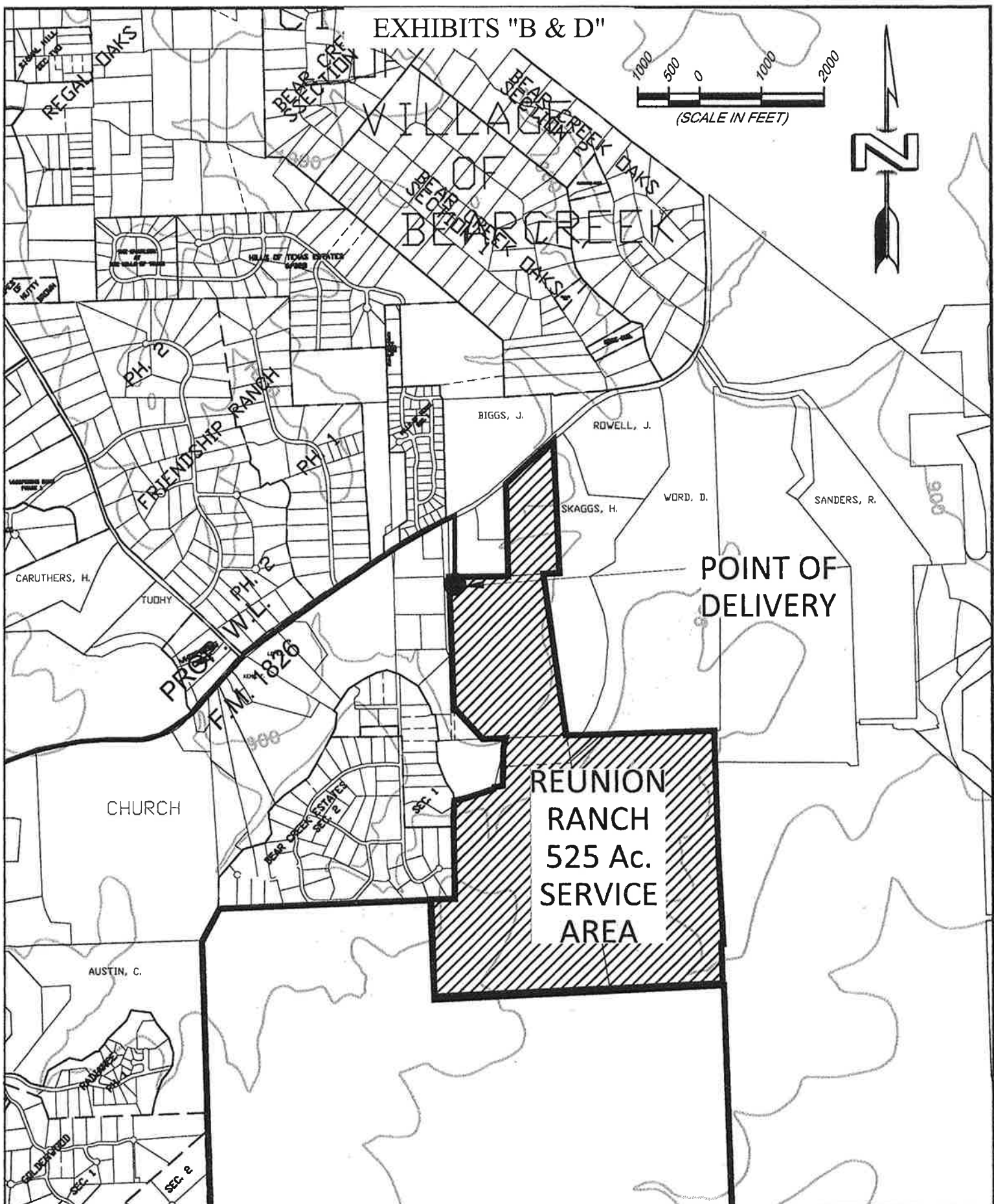
**MEC**  
 Murfee Engineering Company Texas Registered Engineering Firm F-353  
 1101 Capital of Texas Highway South, Building D, Suite 110, Austin, Texas 78748, (512) 327-9204

REUNION RANCH W.C.I.D.  
 FIRM WATER  
 CONTRACT APPLICATION  
 EXHIBIT A - POINT OF DIVERSION

JOB NO. 12002.30	SCALE: AS NOTED	SHEET: 1 OF 1
DESIGNED BY: DL		DATE: 1/25/2012
DRAWN BY: RW/IRC		DATE: 1/25/2012
FILE(LAYOUT): O:\12002\30\Exhibit-A-Diversion-Point.dwg (8.5x11)		



EXHIBITS "B & D"



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:\121002\30\Exhibit-B-Delivery & Service Area.dwg(Layout2)		

## TRACT ONE

FIELD NOTES TO 33.085 ACRES OF LAND OUT OF THE WILLIAM CARLTON LABOR, ABST. #124, HAYS COUNTY, TEXAS, A PART OF THAT CERTAIN 59.11 ACRE TRACT CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOLUME 166, PAGE 816 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS:

BEGINNING at an iron stake found in the South R.O.W. line of F.M. Highway #1826 and the East line of the William Carlton Labor Abst. #124, being the Northeast corner of that certain 59.11 acre tract conveyed to Clara Calhoun by deed recorded in Volume 166, Page 433 of the Deed records of Hays County, Texas and the Northwest corner of that certain 431.86 acre tract conveyed to Greg Cannaway by deed recorded in Volume 305, Page 297 of the Deed Records of Hays County, Texas, for the Northeast corner of the tract herein described;

THENCE with a fence along the East line of the said Calhoun 59.11 acre tract and the West line of the said Cannaway tract, S 0 deg. 21'E. 2141.40 ft. to an iron stake found at the Southeast corner of the said Carlton Labor, being also the Southeast corner of the said Calhoun 59.11 acres, for the Southeast corner of this tract;

THENCE with a fence along the South line of the said 59.11 acre tract and a boundary line of the said Cannaway tract, N 89 deg. 59'W. at 258.96 ft. pass a corner of the said Cannaway tract and the Northeast corner of that certain 100 acre tract conveyed to Clara Calhoun by deed recorded in Volume 305, Page 816 of the Deed Records of Hays County, Texas, continuing on same course along the South line of the said 59.11 acres and the North line of the said Calhoun 100 acres, a total distance of 795.64 ft. to an iron stake set for the Southwest corner of this tract and being the Southeast corner of a 25.27 acre tract;

THENCE with the East line of the said 25.27 acre tract, N 0 deg. 30'W 1471.43 ft. to an iron stake set in the South R.O.W. line of the said highway and the North line of the said Calhoun 59.11 acres, for the Northwest corner of this tract;

THENCE with the South line of the said highway and the North line of the said Calhoun 59.11 acre tract, N 49 deg. 54'E. 1039.54 ft. to the place of beginning, containing 33.085 acres of land.

EXHIBIT "C"

## TRACT TWO

ALL OF THAT CERTAIN PARCEL OR TRACT OF LAND OUT OF THE S. J. WHATLEY LEAGUE NO. 22 IN HAYS COUNTY, TEXAS, BEING ALL OF THAT CERTAIN 133.98 ACRE TRACT OF LAND AS CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOLUME 117, PAGE 86 OF THE HAYS COUNTY DEED RECORDS, AND BEING A PORTION OF THAT CERTAIN 300 ACRE TRACT OF LAND AS CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOLUME 92, PAGE 241 OF THE HAYS COUNTY DEED RECORDS, SAID TRACT OF LAND AS SURVEYED BY RALPH HARRIS SURVEYOR INC., BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2 inch rebar set at the base of a corner fence post occupying the northeast corner of the above described Calhoun 133.98 acre tract of land, said point being in the south line of that certain tract of land as conveyed to L. L. McCandless et. al., by deeds recorded in Volume 245, Page 168 and Volume 245, Page 369 of the Hays County Deed Records, for the northeast corner and PLACE OF BEGINNING hereof, from which point an iron pipe found at the base of a corner fence post occupying the southeast corner of said McCandless tract of land bears S 88° 16' 45" E for a distance of 329.36 feet, and from which point of beginning a 16 inch live oak tree marked x bears N 05° 30' W for a distance of 49.6 feet, and from which point of beginning a 20 inch live oak tree bears S 19° 27' W for a distance of 32.1 feet

THENCE, with the east line of said Calhoun 133.98 acre tract of land, as run and used upon the ground, the following bearings:

S 02° 11' 11" W for a distance of 704.96 feet to an iron pin found at a corner fence post occupying the southwest corner of that certain 176 acre tract of land as conveyed to Clara Calhoun by deed recorded in Volume 120, Page 316 of the Hays County Deed Records, said point also occupying the northwest corner of that certain 936 acre tract of land described in a deed to B.R. Spillar by deed recorded in Volume 139, Page 300 of the Hays County Deed Records

S 02° 12' 35" W for a distance of 290.73 feet to an iron pin found

S 02° 24' 55" W for a distance of 809.16 feet to an iron pin found

S 26° 15' 38" E for a distance of 35.25 feet to an iron pin found

S 00° 05' 50" E for a distance of 91.50 feet to an iron pin found

S 00° 13' 52" W for a distance of 332.59 feet to an iron pin found

S 00° 27' 22" W for a distance of 774.64 feet to an iron pin found at the base of a corner fence post

S 00° 14' 32" W for a distance of 245.73 feet to a 1/2 inch rebar set for an angle point hereof, from which point a 60 D nail found at an angle point in said fence bears S 00° 16' 22" W for a distance of 3.18 feet

THENCE, N 88° 11' 28" W for a distance of 34.58 feet to a 1/2 inch rebar set for an angle point hereof

THENCE, S 02° 43' W for a distance of 600.79 feet to a 1/2 inch rebar set at the southeast corner of the above described Calhoun 133.98 acre

TRACT TWO CONTINUED

871 449

tract of land, for the southeast corner hereof, said point being in the north line of that certain tract of land as conveyed to Michael Rutherford by deed recorded in Volume 197, Page 45 of the Hays County Deed Records, from which point an iron pin found at the northeast corner of a deer proof fence bears  $E 89^{\circ} 03' 34'' E$  for a distance of 20.00 feet.

THENCE,  $N 89^{\circ} 03' 34'' W$  for a distance of 1422.04 feet to a 1/2 inch rebar set at the base of the south face of an old cedar fence post for an angle point hereof, from which point a 20 inch live oak tree marked X bears  $N 82^{\circ} 34' W$  for a distance of 30.1 feet and from which point a 30 inch live oak tree bears  $N 09^{\circ} 44' E$  for a distance of 128.4 feet

THENCE,  $N 89^{\circ} 21' 49'' W$  for a distance of 396.43 feet to an iron pin found for the southwest corner hereof, from which point another iron pin found bears  $N 89^{\circ} 21' 49'' W$  for a distance of 1.99 feet

THENCE,  $N 05^{\circ} 51' 50'' W$  for a distance of 3690.03 feet to a 1/2 inch rebar set at the most southerly corner of that certain 2.66 acre tract of land as conveyed to Robert Clement, for the most westerly northwest corner hereof, from which point an iron pin found bears  $E 84^{\circ} 08' 10'' W$  for a distance of 0.61 feet

THENCE, with the southeast line of said Clement 2.66 acre tract of land,  $N 51^{\circ} 25' 23'' E$  for a distance of 645.80 feet to an iron pin found at the most easterly corner of said 2.66 ac't tract of land, in the south line of the above described McCandless tract of land, for the most northerly northwest corner hereof

THENCE, with the south line of said McCandless tract of land, as found fenced and used upon the ground the following 6 calls:

$E 89^{\circ} 02' 14'' E$  for a distance of 98.87 feet to a 1/2 inch rebar set

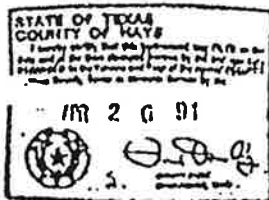
$E 88^{\circ} 43' 35'' E$  for a distance of 16.03 feet to a 1/2 inch rebar set

$E 88^{\circ} 32' 20'' E$  for a distance of 203.03 feet to an iron pin found

$E 85^{\circ} 53' 50'' E$  for a distance of 40.33 feet to a 1/2 inch rebar set, from which point a live oak tree marked X bears  $E 61^{\circ} 03' E$  for a distance of 12.5 feet, and another live oak tree bears  $E 86^{\circ} 44' E$  for a distance of 17.9 feet

$E 89^{\circ} 07' 28'' E$  for a distance of 100.62 feet to an iron pin found

$E 88^{\circ} 26' 30'' E$  for a distance of 1351.65 feet to the PLACE OF BEGINNING and containing 192.712 acres of land, more or less.



FILED  
HAYS COUNTY, TEXAS  
91 APR 26 PM 5 50  
COUNTY CLERK

EXHIBIT "C"

FIELD NOTES TO 189.00 ACRES OF LAND OUT OF THE S. J. WHATLEY LGE. NO. 22 IN HAYS COUNTY, TEXAS, A PART OF THAT CERTAIN (300 ACRE) TRACT CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOL. 92, PAGE 241 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS.

BEGINNING AT AN IRON STAKE SET FOR THE MOST NORTHERLY NORTHWEST CORNER OF THE TRACT HEREIN DESCRIBED, FROM WHICH AN IRON STAKE SET IN THE NORTH LINE OF THE S. J. WHATLEY LGE. NO. 22 AT THE SOUTHWEST CORNER OF THAT CERTAIN 100 ACRE TRACT CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOL. 305, PAGE 816 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS, BEARS AS FOLLOWS: N 17 DEG. 07' E 473.35 FT., N 88 DEG. 43' W. 279.33 FT., N 88 DEG. 04' W. 550.0 FT.

THENCE S 89 DEG. 29' E. 1161.11 FT. TO AN IRON STAKE SET IN BEAR CREEK, FOR THE NORTHEAST CORNER OF THIS TRACT, FROM WHICH AN IRON STAKE AT FENCE CORNER POST AT THE SOUTHWEST CORNER OF THE SAID CALHOUN 100 ACRE TRACT IN THE NORTH LINE OF THE SAID WHATLEY LGE., BEING ALSO THE OCCUPIED NORTH LINE OF THE SAID CALHOUN (300 ACRE) TRACT BEARS N 5 DEG. 47' W. 450.0 FT.;

THENCE S 5 DEG. 47' E. 3670.2 FT. TO AN IRON STAKE SET IN FENCE ON THE OCCUPIED SOUTH LINE OF THE SAID CALHOUN (300 ACRE) TRACT, AND THE NORTH LINE OF THE RUTHERFORD RANCH, FOR THE SOUTHWEST CORNER OF THIS TRACT;

THENCE WITH THE FENCE ALONG THE OCCUPIED SOUTH LINE OF THE SAID CALHOUN (300 ACRE) TRACT AND THE NORTH LINE OF THE SAID RUTHERFORD RANCH, N 89 DEG. 03' W. 2815.0 FT. TO AN IRON STAKE AT THE FENCE CORNER POST AT THE SOUTHWEST CORNER OF THE SAID CALHOUN TRACT AND A CORNER OF THE SAID RUTHERFORD RANCH, FOR THE SOUTHWEST-CORNER OF THIS TRACT;

THENCE WITH THE FENCE ALONG THE OCCUPIED WEST LINE OF THE SAID CALHOUN TRACT AND A BOUNDARY OF THE SAID RUTHERFORD RANCH, N 1 DEG. 30' E. 1601.9 FT. TO AN IRON STAKE AT FENCE CORNER POST AT A CORNER OF THE SAID CALHOUN TRACT AND A CORNER OF THE SAID RUTHERFORD RANCH, ALSO THE SOUTH LINE OF THAT CERTAIN TRACT CONVEYED TO DAVID HIMMELBLAU, FOR A CORNER OF THIS TRACT;

THENCE WITH THE FENCE ALONG THE SOUTH LINE OF THE SAID HIMMELBLAU TRACT AND THE NORTH LINE OF THE SAID CALHOUN TRACT, S 87 DEG. 10' E. 410.21 FT. TO AN IRON STAKE AT THE FENCE CORNER POST AT THE SOUTHWEST CORNER OF THE SAID HIMMELBLAU TRACT AND A CORNER OF THE SAID CALHOUN TRACT, FOR A CORNER OF THIS TRACT;

THENCE WITH THE FENCE ALONG THE WEST LINE OF THE SAID CALHOUN TRACT AND THE EAST LINE OF THE SAID HIMMELBLAU TRACT, WITH THE COURSES AND DISTANCES AS FOLLOWS: N 1 DEG. 45' E. 1224.05 FT., N 6 DEG. 00' E. 313.16 FT. TO AN IRON ROD FOUND AT FENCE CORNER POST AT AN ANGLE POINT IN THE WEST LINE OF THE SAID CALHOUN TRACT, FOR A CORNER OF THIS TRACT ON THE WEST SIDE OF BEAR CREEK NEAR THE HIGH BANK OF SAME;

THENCE CROSSING BEAR CREEK, WITH THE COURSES AND DISTANCES AS FOLLOWS: N 82 DEG. 05' E. 157.46 FT., N 76 DEG. 07' E. 512.2 FT. TO AN IRON STAKE SET ON SOUTH SIDE OF FIELD FENCE, FOR AN INNER CORNER OF THIS TRACT;

THENCE N 17 DEG. 07' E. 373.25 FT. TO THE PLACE OF BEGINNING, CONTAINING 189 ACRES OF LAND,

EXHIBIT "C"

100 acres of land out of the Richard Halley League Survey in Hays County, Texas, and being a part of that certain 1,087.67 acre tract conveyed to L. L. McCandless, et al. by deeds recorded in Volume 245, pages 168-177 and Volume 245, pages 369-374 of the Deed Records of Hays County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING**, for reference, at an iron pipe set at a fence corner post at the northeast corner of the E. J. Whatley Survey and the southeast corner of the Richard Halley League Survey in the west line of the M. T. Key Survey No. 13, also being the southeast corner of that certain 1087.67 acre tract conveyed to L. L. McCandless, et al. by deeds recorded in Volume 245, pages 168-177 and Volume 245, pages 369-374 of the Deed Records of Hays County, Texas, said point being a corner of the Clara Calhoun Ranch, for the southeast corner of the tract herein described;

**THENCE**, with the fence along the south line of the said McCandless, et al. 1087.67 acre tract with the courses and distances as follows:

- 1) N. 88°25' W. 779.53 feet;
- 2) N. 88°29' W. 251.72 feet;
- 3) N. 88°33' W. 250.79 feet;
- 4) N. 88°25' W. 304.65 feet;
- 5) N. 88°03' W. 130.46 feet;
- 6) N. 88°37' W. 334.09 feet;
- 7) N. 88°26' W. 214.62 feet;
- 8) N. 88°44' W. 147.72 feet; and
- 9) N. 88°28' W. 186.68 feet to a corner fence post for the southeast corner and

**POINT OF BEGINNING** of this survey;

**THENCE**, with a fence, the following courses:

- 1) S. 52°43' W. 5.37 feet;
- 2) N. 89°06' W. 481.14 feet;
- 3) N. 88°43' W. 770.50 feet; and
- 4) N. 88°04' W. 550.0 feet to an iron stake at a fence corner post in the east

side of a private road at the southwest corner of the said McCandless 1087.67 acre tract and a corner of the said Calhoun Ranch, for the southwest corner of this tract;

**THENCE**, with the fence along the west line of the said McCandless tract and the east line of a portion of the said Calhoun tract, N. 2°01' E. 2513.69 feet to an iron stake at a fence corner post at a corner of the said McCandless and Calhoun tracts, for a corner of this tract;

**THENCE**, with the fence along the boundary line between the said McCandless and Calhoun tracts, S. 88°10' E. 1521.38 feet to an iron stake set;

**THENCE**, S. 4°01' E. 2609.62 feet to the **POINT OF BEGINNING**;

**LESS AND EXCEPT**, a tract of 2.66 acres of land at the southwest corner of said 100 acre tract, and more particularly described by metes and bounds as follows:

**BEGINNING** at an iron pin set at the Southwest corner of the above described 100 acre tract for the Southwest corner of the above described 100 acre tract for the Southwest corner and **PLACE OF BEGINNING** hereof;

**THENCE**, N. 02°27' E. for a distance of 479.94 feet to an iron pin set for the Northwest corner hereof;

**THENCE**, S. 87°42' E. for a distance of 33.93 feet to an iron pin set at an angle point in a fence for the Northeast corner hereof;

**THENCE**, with said fence, S. 39°(1)' E. for a distance of 671.45 feet to an iron pin set at a point of fence intersection with the south line of the above described 100 acre tract, for the Southeast corner hereof;

**THENCE**, with the South line of the above described 100 acre tract, as found fenced and used upon the ground, N. 87°57' W. for a distance of 165.69 feet to an iron pin set for an angle point hereof;

**THENCE**, continuing with said fence, N. 88°24' W. for a distance of 178.91 feet to an iron pin set at a corner fence post for an angle point hereof;

**THENCE**, N. 88°07' W. for a distance of 93.54 feet to the **PLACE OF BEGINNING** and containing 2.66 acres of land, more or less.

EXHIBIT "C"

A TRACT of 2.66 acres of land out of the S. J. Whatley Lease No. 27, Hays County, Texas, and being a portion of that certain 300 acre tract of land as conveyed to Clara Calhoun by deed recorded in Volume 97, page 241 of the Deed Records of Hays County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING** at a concrete monument set at the Northeast corner of an 11 acre tract of land described by deed recorded in Volume 342, page 154 of the Deed Records of Hays County, Texas, for the Northwest corner hereof;

**THENCE**, with the North line of the above described 300 acre tract of land the following calls:

- E. 88°28' E. for a distance of 186.86 feet to an iron pin set;
- E. 85°44' E. for a distance of 147.72 feet to an iron pin set;
- S. 48°26' E. for a distance of 214.62 feet to an iron pin set for the Northeast corner hereof;

**THENCE**, S. 51°27' W. for a distance of 646.43 feet to an iron pin set for the most southerly corner hereof;

**THENCE**, with the East line of the above described 11 acre tract of land, N. 05°48' W. passing an iron pin found at 32.09 feet, for a total distance of 426.66 feet to the PLACE OF BEGINNING and containing 2.66 acres of land, more or less.

EXHIBIT "C"

11.0 acres of land out of the S.J. Whatley Lge. 122 in Hays County, Texas, a part of that certain 300 acre tract conveyed to Clara Calhoun by deed recorded in Volume 92, page 241 of the Deed Records of Hays County, Texas;

BEGINNING at an iron stake set in fence on the occupied North line of the E.J. Whatley Lge. 122 and the South line of the Richard Malley Lge. being the North line of that certain 300 acre tract conveyed to Clara Calhoun by deed recorded in Volume 92, page 241 of the Deed Records of Hays County, Texas, for the North corner of the tract herein described; said point being in the South line of that certain 100 acre tract conveyed to Clara Calhoun by deed recorded in Volume 305, page 816 of the Deed Records of Hays County, Texas, from which the Southwest corner of the said Calhoun 100 acre tract bears as follows: N 88 deg. 43' W. 279.33 ft., N 88 deg. 04' W 550.0 ft.;

THENCE with the fence along the South line of the said Calhoun 100 acre tract and the North line of the said 300 acres, with the courses and distance as follows: S 88 deg. 43' E. 491.17 ft., S 89 deg. 06' E. 481.14 ft. to an iron stake set at fence corner post at an angle point in the South line of the said Calhoun 100 acre tract, for an angle point in this tract;

THENCE with the fence along the South line of the said Calhoun 100 acre tract and the occupied North line of the said 300 acres, N 52 deg. 43' E. 5.37 ft. to an iron stake set at fence corner post at the Southeast corner of the said 100 acre tract, for the Northeast corner of this tract;

THENCE S 5 deg. 47' E. crossing Bear Creek twice, a distance of 450.0 ft. to an iron stake set in Bear Creek, for the Southeast corner of this tract;

THENCE N 89 deg. 29' W. 1161.11 ft. to an iron stake set for the Southwest corner of this tract;

THENCE N 17 deg. 07' E. 471.35 ft. to the place of beginning, containing 11.0 acres of land;

TOGETHER WITH a 50 ft. access road easement, being a part of that certain 59 acre tract conveyed to Clara Calhoun by deed recorded in Volume 166, page 433 of the Hays County Deed Records, a part of the said 100 acre tract herein referred to and a part of the said Calhoun 300 acre tract; the said 50 ft. easement, more particularly described by metes and bounds as follows:

BEGINNING at an iron stake set at the Northwest corner of the herein described 11.0 acre tract in the North line of the said Calhoun 300 acre tract and the South line of the said 100 acres, for the most Southerly Northeast corner of the tract herein described;

THENCE with the West line of the said 11.0 acre tract, S 17 deg. 07' W. 51.97 ft. to an iron stake set for the Southeast corner of this tract;

THENCE N 88 deg. 43' W. 265.15 ft. and N 68 deg. 04' W. 578.0 ft. to an iron stake set for the Southwest corner of this tract;

THENCE along the West side of an existing lane, N 2 deg. 04' E. 3536.0 ft. to an iron stake at fence corner post in the South R.O.W. line of FM Highway 1826, for the Northwest corner of this tract;

THENCE with the South R.O.W. line of the said Highway, N 74 deg. 28' E. 51.74 ft. to an iron stake set for the most Northerly Northeast corner of this tract;

THENCE S 2 deg. 04' W. at 857.8 ft. cross the South line of the said 59 acres and the North line of the said Calhoun 100 acre tract, continuing on same course a total distance of 3501.54 ft. to an iron stake set in fence on the South line of the said 100 acre tract and the North line of the said 300 acres, for the inner or "L" corner of this tract;

THENCE with the fence between the said Calhoun 100 acres and the said 300 acre tract, with the courses and distance as follows: S 88 deg. 43' E. 279.33 ft. to the place of beginning. Surveyed August, 1979, by Claude P. Bush, Jr.



EXHIBIT "C"



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# **WATER CONSERVATION PLAN**

**for**

## **Reunion Ranch WCID Firm Water Contract**

---

February, 2012

Prepared by:

Murfee Engineering Company, Inc.  
Texas Registered Firm No. F-353  
1101 Capital of Texas Hwy., South, Building D  
Austin, Texas 78746

**EXHIBIT "E"**

## TABLE OF CONTENTS

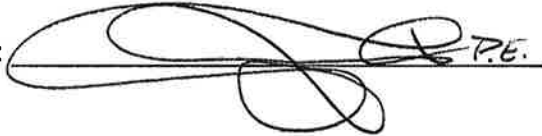
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WATER CONSERVATION GOALS.....	2
WATER CONSERVATION MEASURES.....	2
ADDITIONAL CONSERVATION STRATEGIES.....	3
CONSERVATION LANDSCAPE BEST MANAGEMENT PRACTICES.....	4

## APPLICANT INFORMATION

Applicant Name: Reunion Ranch WCID  
Address: c/o Willatt & Flickinger  
2001 North Lamar Boulevard  
Austin, Texas 78705  
Telephone Number: (512) 476-6604  
Fax Number: (512) 469-9148  
Application Prepared by: Dennis Lozano, P.E.

Title: Engineer

Signature:



Date:

3/14/12

## UTILITY PROFILE

The proposed service area is an approximately 525-acre (0.820 square mile) single-family residential subdivision located south of Farm-to-Market 1826 in northeastern Hays County. The subdivision is proposed to have 476 single-family residential connections and 4 public/amenity connections, for a total connection count of 480.

Please note that Table A is not applicable and has not been included due to the fact that the subdivision has not been constructed and has no connections and therefore has no historical use.

Table 1 provides developer-projected estimates of population.

**Table 1: Projected Population**

Year	Estimated Population
2012	0
2017	833
2022 (full build-out)	1,666

Reunion Ranch WCID (the District) will procure all water service via raw water contract with the LCRA. The current contract is between the LCRA and Hays Reunion Ranch, L.P. The intent of this application is to assign the contract to the District.

The water distribution system will consist of typical pipes, valves, fire hydrants, and connections designed and specified in accordance with LCRA and TCEQ rules as well as

standard engineering practice. A detailed layout of the water system including construction plans will be made available to the LCRA for review and approval prior to construction. The system will be designed for a daily capacity of 533,000 gallons, in keeping with the LCRA design standards.

The entire service area will be provided wastewater service by the District via a wastewater treatment plant designed for 167,000 gallons per day.

## **WATER CONSERVATION GOALS**

Water conservation goals will be established once baseline data is available for comparison.

## **WATER CONSERVATION MEASURES**

1. Reunion Ranch WCID will test and calibrate production (master) meters as well as all meters over 1" in size at intervals not to exceed one year. Meters smaller than 1" will be tested and replaced according to manufacturer recommendations.
2. All connections, including any temporary connections, to the water distribution system shall be metered. All meters will be tested and replaced as necessary, in accordance with manufacturer recommendations.
3. The contracted water system operator shall be required to conduct water loss audits in accordance with all applicable laws.
4. Continuing education and information on water conservation will be provided by Reunion Ranch WCID to its customers primarily via informational material included in monthly retail billings.
5. A rate structure has not yet been adopted, however the proposed rate structure will include a base monthly cost and graduated volumetric rates that increase with usage in order to encourage conservation. Additionally, connection and/or impact fees will be established with the water rate structure and provided to the LCRA.
6. The primary means of implementation and enforcement shall be contractual, via the retail water service agreement each customer will be required to execute prior to service. Additionally, the Water Conservation Plan will be adopted by the Board of Directors and established as official policy along with the service rates and impact fees.
7. Reunion Ranch WCID will coordinate with the Lower Colorado Region (Region K) of the Lower Colorado Regional Water Planning Group to ensure consistency with the letter and intent of the regional water plans. Once this Water Conservation Plan is approved by the LCRA and adopted by Reunion Ranch WCID, a copy will be made available to the Region K Planning Group.

## **ADDITIONAL CONSERVATION STRATEGIES**

The water conservation related deed restrictions that are a part of the existing contract between the LCRA and Hays Reunion Ranch L.P. will be implemented under the proposed new contract. The language of the proposed measures has been updated to reflect the most current LCRA standards and recommendations and is attached.

## CONSERVATION LANDSCAPE BEST MANAGEMENT PRACTICES

### Planting Specifications:

1. Landscape Option: Builders shall offer homeowners a conservation landscape package such as the LCRA Hill Country Landscape Option (HCLO) which includes only plants selected from Central Texas native and adapted plant list such as the Grow Green Native and Adapted Landscape Plants Guide (available at [www.austintexas.gov/department/grow-green](http://www.austintexas.gov/department/grow-green)) or other native plant source.
2. Turf Selection: Turf that is used as part of the landscape package shall be the appropriate variety for the site location and intended use (see below).

Variety	Drought Tolerance	Shade Tolerance	Heat Tolerance	Wear Tolerance	Water Tolerance	Growing Height
Bermuda (Common and Hybrid)	Good	Poor	Good	Excellent	Medium	½ - 2 inches
Zoysia (Japonica)	Fair	Fair (JaMur)	Good	Good	Medium	¾ - 2 inches
Buffalo (Prairie or 609)	Excellent	Poor	Excellent	Good	Low	3 – 8 inches
St. Augustine	Fair	Good	Fair	Fair	High	2 – 3 inches

3. Invasive Plants: Plants considered to be invasive or environmentally detrimental shall not be used. For a list of invasive plants to Central Texas and their alternatives, reference the Grow Green Native and Adapted Landscape Plants Guide.
4. Turf Limitation: In new homes, no more than 50 percent of the landscape may be planted in turf.

### Soil Specifications:

1. Soil Depth: All irrigated and newly planted turf areas will have a minimum settled soil depth of at least 6 - 8 inches:
  - a. builders and owners will import soil if needed to achieve sufficient soil depth;
  - b. soil in these areas may be either native soil from the site or imported, improved soil;
  - c. improved soil shall have a minimum organic content of 5 percent or will be an amended mix of no less than twenty percent compost blended with sand and loam (caliche shall not be considered as soil);
  - d. undisturbed, non-irrigated natural areas are exempt from these requirements.
2. Soil in new developments:
  - a. native soil shall be stockpiled and reused on site;

- b. topsoil that is added to the site shall be incorporated in a 2 to 3 inch scarified transition layer to improve drainage.

**Irrigation System Installation, Design, and Maintenance Specifications:**

1. Irrigation systems: Landscape irrigation systems shall not be mandatory.
2. Installation: Irrigation systems, if installed, shall be designed, installed, inspected, and maintained according to TCEQ Chapter 344 Landscape Irrigation rules, as well as the following additional criteria:
  - a. New irrigation systems utilizing an automatic controller must be capable of (at minimum) the following functions:
    - i. Multiple irrigation programs, with at least three (3) start times per program; and
    - ii. The ability to limit irrigation frequency to a weekly schedule as well as once every seven (7) days and once every fourteen (14) days.
3. Spray Irrigation: Spray irrigation for each home/business shall be limited to 2.5 times the foundation footprint, with a 12,000 sq foot maximum. The footprint may include both the house and the garage, but not the driveway or patio.
4. Common areas: Irrigation systems for entryways and common areas shall incorporate design and conservation features applicable to lots within the subdivision. Drip irrigation in common areas will be used where feasible. Color-bed changes and turfgrass overseeding in common areas is prohibited

**Irrigation System Maintenance Specifications:**

1. Watering Schedule: The developer, builder and/or homeowner association shall promote a watering schedule for both residences and common areas which conserves water and reduces run-off, as follows:
  - June, July, August and September** – ½ inch of water no more than twice per week
  - March, April, May and October** – ½ inch of water once per week
  - November through February** – turn off irrigation system
2. Monitoring: Irrigation systems in common areas shall be monitored once per month, and any repairs will be made in a timely manner.
3. Time of Day Irrigation: Watering of common areas and residential landscapes shall be limited to the recommended time of day watering schedule (no watering between 10:00 AM and 7:00 PM) unless irrigation of reclaimed water during the day is necessary to meet regulatory requirements.

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**DROUGHT CONTINGENCY PLAN**

**for**

**Reunion Ranch WCID  
Firm Water Contract**

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January, 2012

Prepared by:

Murfee Engineering Company, Inc.  
1101 Capital of Texas Hwy., South, Building D  
Austin, Texas 78746  
Texas Registered Engineering Firm No. F-353

**EXHIBIT "F"**



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## **1.0 Declaration of Policy, Purpose, and Intent**

In order to conserve the available water supply and/or to protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation, and fire protection, and to protect and preserve public health, welfare, and safety and minimize the adverse impacts of water supply shortage or other water supply emergency conditions, Reunion Ranch WCID (the "District") adopts the following Drought Contingency Plan (the "Plan").

## **2.0 Authorization**

The designated manager or official of Reunion Ranch WCID is hereby authorized and directed to implement the applicable provisions of this plan upon determination that such implementation is necessary to protect public health, safety, and welfare. The designated manager or official of Reunion Ranch WCID shall have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan. This authorization was designated as part of the plan's approval by the Reunion Ranch WCID's Governing Board (See *Appendix G*).

## **3.0 Public Education**

The designated manager or official of Reunion Ranch WCID will periodically provide its employees, members, and the general public with information about this Plan, including the importance of the Plan, information about the conditions under which each stage of the Plan is to be initiated, processes used to reduce water use, and impending or current drought conditions.

## **4.0 Coordination with Regional Planning Groups**

Reunion Ranch WCID has provided a copy of this Plan to the Lower Colorado Regional Planning Group (Region K).

## **5.0 Notice Requirements**

Reunion Ranch WCID shall notify the executive director of the Texas Commission on Environmental Quality and LCRA General Manager in writing within five (5) business days of the implementation of any mandatory provisions of the Drought Contingency Plan.

## 6.0 Permanent Water Use Restrictions

The following restrictions apply to all of Reunion Ranch WCID water utility system on a year-round basis, regardless of water supply or water treatment plant production conditions.

According to the restrictions, a water user must not:

- 1) Fail to repair a controllable leak, including a broken sprinkler head, a leaking valve, leaking or broken pipes, or a leaking faucet;
- 2) Operate an irrigation system with:
  - a broken head;
  - a head that is out of adjustment and the arc of the spray head is over a street or parking area; or
  - a head that is fogging or misting because of excessive water pressure.
- 3) During irrigation, allow water:
  - to run off a property and form a stream of water in a street for a distance of 50 feet or greater; or
  - to pool in a street or parking lot to a depth greater than one-quarter of an inch.

Additionally, as customers of the West Travis County Regional Water System, water users may irrigate outdoors using an in-ground irrigation system or hose-end sprinkler no more than twice per week and only during scheduled days and times as indicated below:

### **Residential**

Odd number addresses: Wednesdays and Saturdays

Even number addresses: Thursdays and Sundays

Effective May 1 through September 30 each year

**Commercial** (including large landscapes such as HOA common areas)

Tuesdays and Fridays

Effective all year

### **Watering Hours:**

Midnight to 10 a.m. and 7 p.m. to midnight

Effective all year

## 7.0 Initiation and Termination of Response Stages

The Reunion Ranch WCID's designated manager or official shall monitor water supply and demand conditions on a regular basis and shall determine when conditions warrant initiation and termination of each stage of this Plan in accordance with LCRA's Water Management Plan.

Water supply conditions will be determined by the source of supply, system capacity, and weather conditions. Water demand will be measured by the peak daily demands on the system.

Public notification of the initiation or termination of drought response stages shall be by a variety of ways, examples include: bill inserts, e-mail and automated telephone calls, signs posted at entry points to the service area or a combination of these methods.

The following triggering criteria shall apply to Reunion Ranch WCID's water utility system(s) and customer service area:

### **7.1 Triggering Criteria for Initiation and Termination of Drought Response Stages**

#### **(1) STAGE 1 - Mild Water Shortage Conditions (Voluntary Measures)**

- A. **Requirements for initiation** - Customers shall be requested to adhere to the Stage 1 Drought Response Measures when one or a combination of such triggering criteria occurs:
1. Treatment Capacity:
    - When total daily water demand equals or exceeds 80 percent of the total operating system treatment capacity for three consecutive days, or 85 percent on a single day.
  2. Water Supply:
    - Combined storage of Lakes Travis and Buchanan reaches 1.4 million acre-feet in accordance with the LCRA Drought Contingency Plan for Firm Water Customers (DCP).
- B. **Requirements for termination** - Stage 1 of the plan may be rescinded when:
1. Treatment Capacity:
    - The water treatment plant capacity condition listed above as a triggering event for Stage 1 has ceased to exist for five consecutive days.
  2. Water Supply:
    - LCRA announces that voluntary restrictions by its firm raw water customers are no longer needed in accordance with the LCRA DCP.

#### **(2) STAGE 2 - Moderate Water Shortage Conditions (Mandatory Measures)**

- A. **Requirements for initiation** - Customers shall be required to adhere to the Stage 2 Drought Response Measures when one or a combination of such triggering criteria occurs:
1. Treatment Capacity:
    - For surface water systems, when total daily water demand equals or exceeds 93 percent of the total operating system treatment capacity for three consecutive days, or 95 percent on a single day.
  2. Water Supply:
    - Combined storage of Lakes Travis and Buchanan reaches 900,000 acre-feet in accordance with the LCRA DCP.
- B. **Requirements for termination** - Stage 2 of the Plan may be rescinded when:
1. Treatment Capacity:
    - The water treatment plant capacity condition listed above as a triggering event for Stage 2 has ceased to exist for five consecutive days.
  2. Water Supply:
    - LCRA announces that voluntary compliance to implement a utility's mandatory water restrictions are no longer needed in accordance with the LCRA DCP.

*Upon termination of Stage 2, Stage 1 becomes operative.*

**(3) STAGE 3 - Severe Water Shortage Conditions (Mandatory Measures)**

- A. **Requirements for initiation** - Customers shall be required to adhere to the Stage 3 Drought Response Measures when one or a combination of such triggering criteria occurs:
1. Treatment Capacity:
    - For surface water systems, when total daily water demand equals or exceeds 95 percent of the total operating system treatment capacity for three consecutive days, or 97 percent on a single day.
  2. Water Supply:
    - Combined storage of Lakes Travis and Buchanan reaches 600,000 acre-feet, in accordance with the LCRA DCP, or
    - The LCRA Board declares a drought worse than the Drought of Record or other water supply emergency and orders the mandatory curtailment of firm water supplies.

**B. Requirements for termination - Stage 3 of the Plan may be rescinded when:****1. Treatment Capacity:**

- The water treatment plant capacity condition listed above as a triggering event for Stage 3 has ceased to exist for five consecutive days.

**2. Water Supply:**

- LCRA announces that mandatory water restrictions for firm water customers are no longer required in accordance with the LCRA DCP.

*Upon termination of Stage 3, Stage 2 becomes operative.*

**(4) STAGE 4- Emergency Water Conditions****A. Requirements for initiation - Customers shall be required to adhere to the Stage 4 Drought Response Measures when one or a combination of such triggering criteria occurs:****1. Treatment Capacity:**

- Major water line breaks, loss of distribution pressure, or pump system failures that cause substantial loss in its ability to provide water service.

**2. Water Supply:**

- Natural or man-made contamination of the water supply source; or
- Any other emergency water supply or demand conditions that the LCRA general manager or the LCRA Board determines that either constitutes a water supply emergency or is associated with the LCRA Board declaration of a drought worse than the drought of record.

**B. Requirements for termination - Stage 4 of the Plan may be rescinded when:****1. Treatment Capacity:**

- The water treatment plant capacity condition listed above as a triggering event for Stage 4 has ceased to exist for five consecutive days; or

**2. Water Supply:**

- LCRA announces that mandatory water restrictions for firm water customers are no longer required in accordance with the LCRA DCP.

Upon termination of Stage 4, Stage 3 becomes operative.

## 8.0 Drought Response Measures

### 8.1 Targets for Water-Use Reductions

#### (1) STAGE 1 - Mild Water Shortage Conditions (Voluntary Measures)

System Capacity Reduction Target: Limit daily water demand to no more than 80% capacity for three days or 85% for one day.

Water Supply Reduction Target: Achieve a 5% reduction in water use.

#### (2) STAGE 2 - Moderate Water Shortage Conditions (Mandatory Measures)

System Capacity Reduction Target: Limit daily water demand to no more than 80% capacity for three days or 85% for one day.

Water Supply Reduction Target: Achieve a 10-20% reduction in water use.

#### (3) STAGE 3 - Severe Water Shortage Conditions (Mandatory Measures)

System Capacity Reduction Target: Limit daily water demand to no more than 80% capacity for three days or 85% for one day.

Water Supply Reduction Target: Achieve a minimum 20% reduction in water use.

#### (4) STAGE 4 - Severe Water Shortage Conditions (Mandatory Measures)

System Capacity Reduction Target: Achieve a minimum 30% reduction in water use.

Water Supply Reduction Target: As determined by the LCRA Board.

### 8.2 Retail Customers Measures

#### (1) STAGE 1 - Mild Water Shortage Conditions (Voluntary Measures)

- A. Supply Management Measures: Reunion Ranch WCID will review system operations and identify ways to improve system efficiency and accountability.

B. Demand Management Measures:

1. Ask customers to voluntarily comply with the water-use restrictions outlined in Stage 2 of this plan, including watering landscapes no more than twice per week; and
2. Actively promote drought related issues and the need to conserve.

(2) **STAGE 2 - Moderate Water Shortage Conditions (Mandatory Measures)**

A. Supply Management Measures:

1. Apply all water-use restrictions prescribed for Stage 2 of the plan for Reunion Ranch WCID's utility owned facilities and properties;
2. Discontinue water main and line flushing unless necessary for public health reasons; and
3. Keep customers informed about issues regarding current and projected water supply and demand conditions.

B. Demand Management Measures: Under threat of penalty, the following water-use restrictions shall apply to all retail water customers:

1. Irrigation of Landscaped Areas:
  - a. **If the combined water storage of lakes Buchanan and Travis are less than 900,000 AF but greater than 750,000 AF** - Irrigation of landscaped areas with hose-end sprinklers or in-ground irrigation systems shall be limited to a no more than a TWICE weekly watering schedule determined by Reunion Ranch WCID and based on the nature of the current drought or water emergency. Irrigation of commercial landscapes and recreational areas may apply for a variance but must still develop a schedule where no part of the landscape is watered more than twice per week. *See Appendix A - Reunion Ranch WCID Water System - Watering Schedules.*



- b. **If the combined water storage of lakes Buchanan and Travis are less than or equal to 750,000 AF** - Irrigation of landscaped areas with hose-end sprinklers or in-ground irrigation systems shall be limited to a no more than a ONCE weekly watering schedule as determined by Reunion Ranch WCID and based on the nature of the current drought or water emergency. Irrigation of commercial landscapes and recreational areas may apply for a variance but must still develop a schedule where no part of the landscape is watered more than once per week. *See Appendix A - Reunion Ranch WCID Water System - Watering Schedules.*
  - c. Outdoor watering hours will be limited to between midnight and 10 a.m. and between 7 p.m. and midnight on designated days. This prohibition does not apply to irrigation of landscaped areas if it is by means of:
    - i. a hand-held hose; or
    - ii. a faucet-filled bucket or watering can of five gallons or less.
  - d. New landscapes may be installed and re-vegetation seeding performed under these specific criteria:
    - i. A completed variance form for new landscapes has been submitted to the Reunion Ranch WCID and has been approved prior to the installation of the landscape, or re-vegetation seed application
    - ii. Irrigation of the new landscape follows the schedule identified in the new landscape variance. The schedule will be developed to minimize water waste.
    - iii. Areas being re-vegetated for soil stabilization must also comply with the (i) and (ii) specific criteria above. Options for re-vegetation may be available in times of low water supply. Specific information regarding options is available in the LCRA Highland Lakes Watershed Ordinance Technical Manual.
    - iv. Variances for new landscapes may be issued for a period of no more than 30 days from the day of issuance. A variance is not an exemption from compliance with the permanent water use restrictions under Section 9.2 of this plan. Variances will not be granted for seasonal “color bed” or temporary grass installation (overseeding).
2. Vehicle Washing:

Use of water to wash any motor vehicle, such as a motorbike, boat, trailer, or airplane is prohibited except on designated watering days

between the hours of midnight and 10 a.m. and between 7 p.m. and midnight. Such activity, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle. A vehicle may be washed any time at a commercial car wash facility or commercial service station. Further, this activity is exempt from these regulations if the health, safety, and welfare of the public are served by washing the vehicle, such as a truck used to collect garbage or used to transport food and perishables.

3. Pools:

a. Filling of all new and existing swimming pools, hot tubs, wading pools, is prohibited. Replenishing to maintenance level is permitted.

Draining is permitted only onto pervious surfaces or onto a surface where water will be transmitted directly to a pervious surface, and only if:

- i. Draining excess water from pool due to rain in order to lower water to maintenance level;
- ii. Repairing, maintaining or replacing pool components that have become hazardous; or
- iii. Repair of a pool leak.

b. Refilling of public/community swimming pools permitted only if pool has been drained for repairs, maintenance, or replacement as outlined in items above.

4. Outside Water Features:

Operation of outside water features, such as, but not limited to, fountains, splash pad type fountains or outdoor misting systems, is prohibited, except where such features are used to sustain aquatic life or maintain water quality. (This provision includes fountains associated with aesthetic ponds and swimming pools).

5. Ponds:

Ponds used for aesthetic, amenity, and/or storm water purposes may maintain water levels only necessary to preserve the integrity of the liner and operating system. Reunion Ranch WCID may request specific design documentation regarding a pond and the intended purpose.

6. Events:

Events involving the use of water such as: car washes, festivals, parties, water slides, and other activities involving the use of water are

permitted, if the water being used drains to a recirculating device, or onto a pervious surface to prevent water waste.

7. Fire Hydrants:

Use of water from fire hydrants shall be limited to firefighting and activities necessary to maintain public health, safety, and welfare. Use of water from designated fire hydrants for construction purposes may be allowed under special conditions and requires a meter; a variance application must be submitted with an explanation of the special conditions.

8. Recreational areas (includes parks and athletic fields):

The areas can only be used for designated or scheduled events or activities. Unnecessary foot traffic must be discouraged. Watering must follow a no more than twice per week schedule. A variance can be obtained if watering cannot be completed on the designated two day schedule.

11. Water Waste:

The following non-essential uses of water are prohibited at all times during periods in which restrictions have gone into effect:

- a. Washing sidewalks, walkways, driveways, parking lots, street, tennis courts, and other impervious surfaces is prohibited except for immediate health and safety;
- b. Washing buildings, houses or structures with a pressure washer or garden hose is prohibited for aesthetic purposes but allowable for surface preparation of maintenance work to be performed;
- c. Flushing gutters or flooding gutters is prohibited except for immediate health and safety; and
- d. Controlling dust is prohibited, unless there is a demonstrated need to do so for reasons of public health and safety, or as part of an approved construction plan.

**(3) STAGE 3 - Severe Water Shortage Conditions (Mandatory Measures)**

- A. Supply Management Measures: In addition to measures implemented in the preceding stages of the plan, affected Reunion Ranch WCID water utility systems will explore additional emergency water supply options.

B. Demand Management Measures: Under threat of penalty, all retail customers are required to further reduce non-essential water uses as follows. All requirements of Stage 2 shall remain in effect during Stage 3, with the following modifications and additions.

1. Irrigation of Landscaped Areas:

- a. Irrigation of landscaped areas is prohibited, except with hand-held hoses, hand-held buckets, or drip irrigation. The use of hose-end sprinklers or in-ground irrigation systems are prohibited at all times during Stage 3.
- b. No new landscapes may be installed.

2. Vehicle Washing:

Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane, or other vehicle is prohibited. A vehicle can be washed at any time at a commercial car wash facility or commercial service station that recycles its water. Further, this activity is exempt from these regulations if the health, safety, and welfare of the public are served by washing the vehicle, such as a truck used to collect garbage or used to transport food and perishables.

3. Pools:

Installation of swimming pools is prohibited. The filling or replenishing of water to swimming pools, hot tubs, wading pools, and other types of pools is prohibited. Public/community swimming pools may be exempt from this prohibition to maintain safe levels of water quality for human contact.

4. Events:

Events involving the use of water such as: car washes; festivals; parties; water slides; and other activities involving the use of water are prohibited.

5. Recreational areas (includes parks and athletic fields):

The areas can only be used for designated or scheduled events or activities. Unnecessary foot traffic must be discouraged. Watering is prohibited except with a hand-held hose.

#### **(4) STAGE 4 - Emergency Water Conditions**

Under threat of penalty for violation, all retail customers are required to reduce nonessential water uses during an emergency. All requirements of Stages 1 through 3 are also in effect during stage 4, with the following modifications and additions:

- A. Irrigation of landscaped areas is prohibited.
- B. Use of water from fire hydrants shall be limited to firefighting and activities necessary to maintain public health, safety, and welfare only.
- C. No applications for new, additional, expanded, or larger water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind shall be allowed or approved.

*Upon declaration of Stage 4 - Emergency Water Conditions, water use restrictions outlined in Stage 4 Emergency Response Measures shall immediately apply.*

## **9.0 Enforcement**

### **9.1 Enforcement Provisions**

Appendix C contains the enforcement provisions applicable to all Reunion Ranch WCID water customers.

### **9.2 Variances**

- (1) Reunion Ranch WCID staff may grant variances:
  - A. From specific applications of the outdoor water schedule, providing that the variances do not increase the time allowed for watering but rather alter the schedule for watering; and
  - B. Allowing the use of alternative water sources (i.e., ground water, reclaimed wastewater) that do not increase demand on potable water sources for outdoor use. Variance requests may be submitted to staff and need not meet the requirements of subsection below.

- (2) The general manager, or his designee, may grant in writing temporary variances for existing water uses otherwise prohibited under this plan if it is determined that failure to do so would cause an emergency adversely affecting the public health, sanitation, or fire protection, and if one or more of the following conditions are met:
  - A. Compliance with this plan cannot be accomplished during the duration of the time the plan is in effect; or
  - B. Alternative methods can be implemented that will achieve the same level of reduction in water use.
- (3) Persons requesting a variance from the provisions of this plan shall file a petition for variance with the Reunion Ranch WCID water utility system any time the plan or a particular drought response stage is in effect. The general manager or his designee will review petitions for variances. The petitions shall include the following:
  - Name and address of the petitioner
  - Purpose of water use
  - Specific provision of the plan from which the petitioner is requesting relief.
  - Detailed statement as to how the specific provision of the plan adversely affects the petitioner or what damage or harm the petitioner or others will sustain if petitioner complies with this plan
  - Description of the relief requested
  - Period of time for which the variance is sought
  - Alternative water use restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this plan and the compliance date
  - Other pertinent information
- (4) Variances granted by a Reunion Ranch WCID water utility system shall be subject to the following conditions, unless waived or modified by the general manager, or his designee:
  - A. Variances granted shall include a timetable for compliance.
  - B. Variances granted shall expire when the plan, or its requirements, is no longer in effect, unless the petitioner has failed to meet specified requirements.
- (5) No variance shall be retroactive or otherwise excuse any violation occurring before the variance was issued.

### **9.3 Plan Updates**

The plan will be reviewed and updated as needed to meet both TCEQ and LCRA drought contingency plan rules.

## 10 Appendices

### ***Appendix A – Watering Schedules***

#### Reunion Ranch WCID Water System

Irrigate outdoors using an in-ground irrigation system or hose-end sprinkler no more than **TWICE per week** and only during scheduled days and times as indicated below:

**Residential**

Odd number addresses: Wednesdays and Saturdays

Even number addresses: Thursdays and Sundays

**Commercial** (including large landscapes such as HOA common areas)

Tuesdays and Fridays

**Watering Hours:**

Midnight to 10 a.m. and 7 p.m. to midnight

Irrigate outdoors using an in-ground irrigation system or hose-end sprinkler no more than **ONCE per week** and only during scheduled days and times as indicated below:

**Residential**

Odd number addresses: Wednesdays

Even number addresses: Thursdays

**Commercial** (including large landscapes such as HOA common areas)

Tuesdays

**Watering Hours:**

Midnight to 10 a.m. and 7 p.m. to midnight



## **Appendix B – Enforcement Provisions**

### **Enforcement for Retail Customers**

The following enforcement provisions shall apply to all Reunion Ranch WCID retail water customers:

- (1) No person shall knowingly or intentionally allow the use of water from a Reunion Ranch WCID water utility system for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner contrary to any provision of this plan, or in an amount in excess of that permitted by the drought response stage in effect at the time.
- (2) Any person who violates this plan shall be subject to the following surcharges and conditions of service:
  - A. Following the first documented violation, the violator shall be given a notice specifying the type of violation and the date and time it was observed. Surcharges and restrictions on service that may result from additional violations;
  - B. Following the second documented violation, the violator shall be sent by certified mail a notice of violation and shall be assessed a surcharge of \$500.00;
  - C. Following the third documented violation, the violator shall be sent by certified mail a notice of violation and shall be assessed a surcharge of \$750.00;
  - D. Following the fourth documented violation, Reunion Ranch WCID shall, upon due notice to the customer, discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a reconnection charge, hereby established at \$50.00, and any outstanding charges including late payment fees or penalties. In addition, suitable assurance must be given to Reunion Ranch WCID so that the same action shall not be repeated while the plan is in effect. Reunion Ranch WCID may apply the deposit to any surcharges or penalties subsequently assessed under this plan against a customer. The deposit, if any, shall be returned to the customer at the time of the customer's voluntary disconnection from the utility system.
  - E. Compliance with this plan also may be sought through injunctive relief in district court.
- (3) Each day that one or more of the provisions in this plan is violated shall constitute a separate violation. Any person, including one classified as a water customer of Reunion Ranch WCID, in apparent control of the property where a violation occurs or

originates, shall be presumed to be the violator. Any such person, however, shall have the right to show that he did not commit the violation. *See enforcement process diagram in Appendix F - Drought Response Retail Enforcement Process.*

**Legal Authority applicable to Water Districts in Regard to Drought Contingency Plan Enforcement**

*Please note that the following list is not intended to be exhaustive and statutes listed below may not apply to all Water Districts. Citations below may change following the publication date of this Drought Contingency Plan Model. Each Water District is encouraged to consult with legal counsel in regard to enforcement of drought contingency plans and specific enforcement authority available to each Water District.*

Texas Water Code sec. 49.004

Texas Water Code sec. 49.2

12

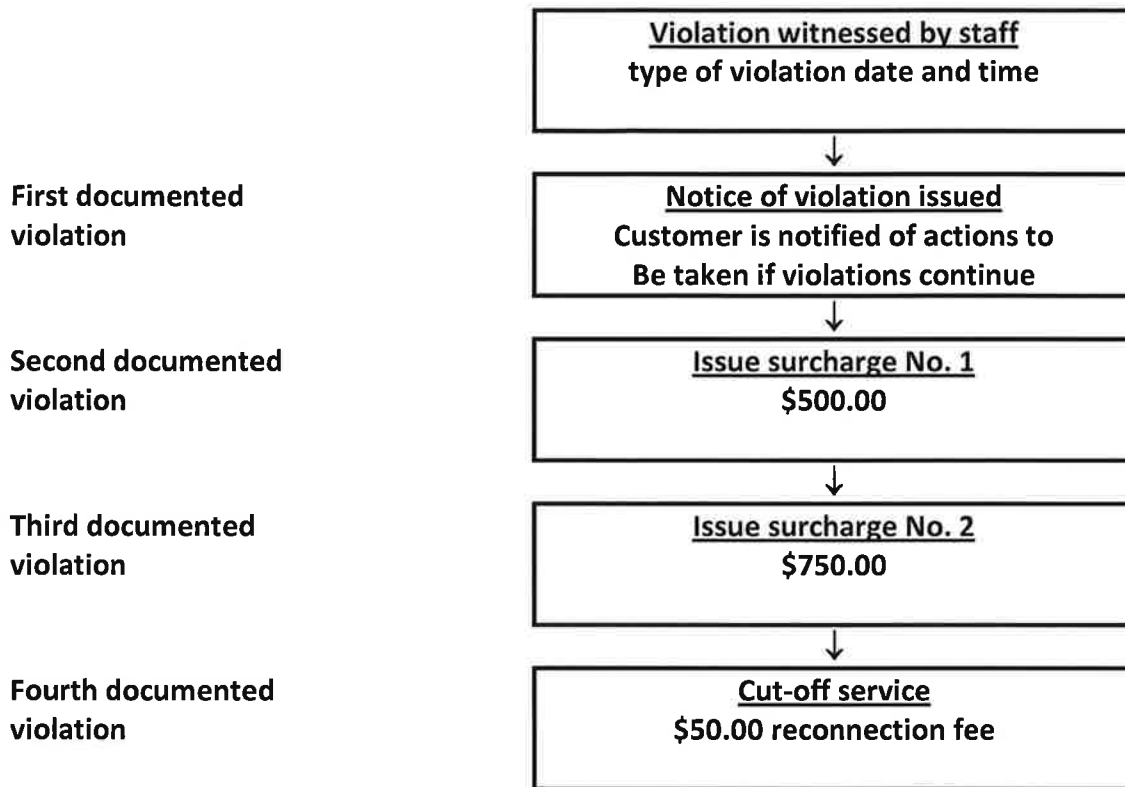
Texas Water Code sec. 5

1.122

Texas Water Code sec. 54.205

Texas Water Code sec. 65.205

**Appendix C – Drought Response Retail Enforcement**



## **EXHIBIT "G"**

### **DEMAND SCHEDULE**

2012 – 24 Acre-Feet  
2013 – 48 Acre-Feet  
2014 – 72 Acre-Feet  
2015 – 96 Acre-Feet  
2016 – 120 Acre-Feet  
2017 – 144 Acre-Feet  
2018 – 168 Acre-Feet  
2019 – 192 Acre-Feet  
2020 – 216 Acre-Feet  
2021 – 240 Acre-Feet (full build-out)

The Maximum Annual Quantity sought for full build-out and the values presented in the demand schedule above are the result of an engineering analysis of historical usage patterns and projected growth in the service area.

# EXHIBIT H

## ARBITRATION PROCEDURES

### Section 1. Arbitration.

**1.1. Binding Arbitration.** Binding arbitration shall be conducted in accordance with the following procedures:

- (a) The party seeking arbitration hereunder shall request such arbitration in writing, which writing shall be delivered to the opposing party or parties and include a clear statement of the matter(s) in dispute. If a legal proceeding relating to the matter(s) in dispute has previously been filed in a court of competent jurisdiction (other than a proceeding for injunctive or ancillary relief) then such notice of election under this section shall be delivered within ninety (90) days of the date the electing party receives service of process in such legal proceeding. Otherwise, the legal proceeding shall be allowed to continue and binding arbitration shall not apply to the matter(s) in dispute in that legal proceeding.
- (b) Except to the extent provided in this Exhibit F, the arbitration shall be conducted in accordance with the commercial rules of the American Arbitration Association by a single arbitrator to be appointed as follows: (i) upon the issuance and receipt of a request for arbitration, the requesting and receiving party each shall designate a representative for the sole purpose of selecting, by mutual agreement with the other party's designee, the individual who shall arbitrate the Dispute or Controversy referred to arbitration hereunder; (ii) within twenty (20) days of their appointment, the two representatives shall designate a third individual who shall be the arbitrator to conduct the arbitration of the Dispute or Controversy; (iii) said individual shall be qualified to arbitrate the Dispute or Controversy referred to arbitration hereunder and have a schedule that permits him or her to serve as arbitrator within the time periods set forth herein. In order to facilitate any such appointment, the party seeking arbitration shall submit a brief description (no longer than two (2) pages) of the Dispute or Controversy to the opposing party. In the event the parties' two representatives are unable to agree on a single arbitrator of the Dispute or Controversy within the twenty (20) day period, then the arbitrator shall be appointed by the then-serving chief administrative district judge of Travis County, Texas, or any successor thereto within the next ten (10) day period. The party seeking arbitration shall make the parties' request for appointment of an arbitrator and furnish a copy of the aforesaid description of the Dispute or Controversy to said judge. Each party may, but shall not be required to, submit to said judge a list of up to three (3) qualified individuals as candidates for appointment as the arbitrator whose schedules permit their service as arbitrator within the time periods set forth herein. The arbitrator appointed by the judge need not be from such lists.
- (c) Within thirty (30) days of the date the arbitrator is appointed, the arbitrator shall notify the parties in writing of the date of the arbitration hearing, which hearing date shall be not less than one-hundred twenty (120) days from the date of the arbitrator's appointment. The arbitration hearing shall be held in Austin, Texas. Except as otherwise provided

herein, the proceedings shall be conducted in accordance with the procedures of the Texas General Arbitration Act, Tex. Civ. Prac. & Remedies Code § 171.001 et seq. (the "Texas General Arbitration Act"). Depositions may be taken and other discovery may be made in accordance with the Texas Rules of Civil Procedure, provided that (i) depositions and other discovery shall be completed within ninety (90) days of the appointment of the arbitrator, (ii) there shall be no evidence by affidavit allowed, and (iii) each party shall disclose a list of all documentary evidence to be used and a list of all witnesses and experts to be called by the party in the arbitration hearing at least twenty (20) days prior to the arbitration hearing. The arbitrator shall issue a final ruling within thirty (30) days after the arbitration hearing. Any decision of the arbitrator shall state the basis of the award and shall include both findings of fact and conclusions of law. Any award rendered pursuant to the foregoing, which may include an award or decree of specific performance hereunder, shall be final and binding on, and not appealable by, the parties, and judgment thereon may be entered or enforcement thereof sought by either party in a court of competent jurisdiction. The foregoing deadlines shall be tolled during the period that no arbitrator is serving until a replacement is appointed in accordance with this Exhibit F.

- (d) Notwithstanding the foregoing, nothing contained herein shall be deemed to give the arbitrator appointed hereunder any authority, power or right to alter, change, amend, modify, waive, add to or delete from any of the provisions of the contract.

**Section 2. Further Qualifications of Arbitrators; Conduct.** All arbitrators shall be and remain at all times wholly impartial and, upon written request by any party, shall provide the parties with a statement that they can and shall decide any Dispute or Controversy referred to them impartially. No arbitrator shall be employed by any party, the State of Texas, or have any material financial dependence upon a party, the State of Texas, nor shall any arbitrator have any material financial interest in the Dispute or Controversy.

**Section 3. Applicable Law and Arbitration Act.** The agreement to arbitrate set forth in this Exhibit shall be enforceable in either federal or state court. The enforcement of such agreement and all procedural aspects thereof, including the construction and interpretation of this agreement to arbitrate, the scope of the arbitrable issues, allegations of waiver, delay or defenses as to arbitrability and the rules (except as otherwise expressly provided herein) governing the conduct of the arbitration, shall be governed by and construed pursuant to the Texas General Arbitration Act. In deciding the substance of any such Dispute or Controversy, the arbitrator shall apply the substantive laws of the State of Texas. The arbitrator shall have authority, power and right to award damages and provide for other remedies as are available at law or in equity in accordance with the laws of the State of Texas, except that the arbitrator shall have no authority to award incidental or punitive damages under any circumstances (whether they be exemplary damages, treble damages or any other penalty or punitive type of damages) regardless of whether such damages may be available under the laws of the State of Texas. The parties hereby waive their right, if any, to recover punitive damages in connection with any arbitrated Dispute or Controversy.

**Section 4. Consolidation.** If the parties initiate multiple arbitration proceedings, the subject matters of which are related by common questions of law or fact and which could result in conflicting awards or obligations, then the parties hereby agree that all such proceedings may be consolidated into a single arbitration proceeding.

**Section 5. Pendency of Dispute; Interim Measures.** The existence of any Dispute or Controversy eligible for referral or referred to arbitration hereunder, or the pendency of the dispute settlement or resolution procedures set forth herein, shall not in and of themselves relieve or excuse either party from its ongoing duties and obligations under the contract or any right, duty or obligation arising therefrom; provided, however, that during the pendency of arbitration proceedings and prior to a final award, upon written request by a party, the arbitrator may issue interim measures for preservation or protection of the status quo.

**Section 6. Complete Defense.** The parties agree that compliance by a party with the provisions of this Exhibit shall be a complete defense to any Action or Proceeding instituted in any federal or state court, or before any administrative tribunal by any other party with respect to any Dispute or Controversy that is subject to arbitration as set forth herein, other than a suit or action alleging non-compliance with a final and binding arbitration award rendered hereunder.

**Section 7. Costs.** Each party shall bear the costs of its appointed representative to select the arbitrator of the Dispute or Controversy and its own attorneys' fees, while the costs of the arbitrator of the Dispute or Controversy incurred in accordance with the foregoing shall be shared equally by the parties. Additional incidental costs of arbitration shall be paid for by the nonprevailing party in the arbitration; provided, however, that where the final decision of the arbitrator is not clearly in favor of either party, such incidental costs shall be shared equally by the parties.