AGENDA

MEETING OF THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES
November 1, 2016, 9:00 A.M.
6th Floor Board Room #609
Administrative Offices
2800 U. S. Hwy 281 North, San Antonio, Texas 78212

1. MEETING CALLED TO ORDER.

2. Announcements.
   A. The San Antonio Water System Board of Trustees will, during the Meeting, close the Meeting and hold an Executive Session pursuant to and in accordance with Chapter 551 of the Texas Open Meetings Act. The Board of Trustees may, at any time during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Minutes.
   A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of September 13, 2016.


5. Public Comment.

SAN ANTONIO WATER SYSTEM
HANDICAPPED ACCESSIBILITY STATEMENT
The San Antonio Water System Buildings and Meeting Rooms are accessible to individuals with disabilities. Accessible visitor parking spaces as well as the accessible entrance and ramp are located at the west side main entrance of the SAWS Headquarters Building, Tower I, 2800 U.S. Highway 281 North. Individuals with disabilities in need of auxiliary aids and services, including Deaf interpreters, must request such aids and services forty-eight (48) hours prior to the meeting. For assistance, contact the Board Administrator at 210-233-3690 or 711 (Texas Relay Service for the Deaf).
CONSENT AGENDA ITEMS

ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES

6. A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials, and supplies, and authorizing the acceptance of bids as follows: (DOUG EVANSON – YVONNE TORRES)

A. Award of New One Time Purchases of Materials, Equipment and Services.

1. Approving a one-time sole source purchase from Xylem Water Solutions to provide: purchase of Flygt submersible pump repairs for the Dos Rios Water Recycling Center, Bid No. 16-16104, for a total of $63,287.30.

2. Approving a one-time purchase from Bull’s Eye Services, LLC to provide: purchase of well plugging services, Bid No. 16-16073, for a total of $322,719.76.

B. Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.

1. Authorizing additional funding to an existing contract with Pencco, Inc. to provide: annual contract for aqueous solution of ferrous sulfate, FeSO4, Bid No. 15-1071, for a total of $358,000.00.

2. Acceptance of the sole source bid of Presstek, LLC to provide: purchase of Presstek 34DI-X four color digital press and annual maintenance, Bid No. 16-16119, for a total of $229,500.00.

3. Acceptance of the bid of Eads Distribution to provide: annual contract for cartridge filters for reverse osmosis membranes, Bid No. 16-16064, for a total of $98,736.00.

4. Acceptance of the bid of Barco Pump to provide: annual contract for a temporary booster pump rental for Salado Pump Station, Bid No. 16-16102, for a total of $86,450.10.

5. Acceptance of the bid of Salt Exchange, Inc. to provide: annual contract for purchase and delivery of bulk salt, Bid No. 16-16084, for a total of $106,356.80.

6. Acceptance of the bid of Southwest Companies, Ltd. dba Southwest Wheel to provide: annual contract for truck and trailer repair parts and service, Bid No. 16-0226, for a total of $83,653.34.

7. Acceptance of the bid of Abacus Computers, Inc. to provide: annual contract for Panasonic toughpads and warranty, DIR-TSO-2520, Bid No. 16-16089, for a total of $369,780.00.
CAPITAL IMPROVEMENT CONTRACTS
PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Developer Customer Contracts

7. A Resolution approving Utility Service Agreements to provide water and/or wastewater service to the tracts listed below requiring potential oversizing of mains (OVR), and/or are located outside the San Antonio Water System water and/or wastewater Certificate of Convenience and Necessity (CCN). (GENOVEVA GOMEZ – SAM MILLS)

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ/CZ</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fair View Acres Tract</td>
<td>Rolling Village I, LTD</td>
<td>14.47</td>
<td>100</td>
<td>100</td>
<td>CoSA</td>
<td>OUTSIDE</td>
<td>CCN/OVR</td>
<td>IN</td>
<td>OUT</td>
</tr>
</tbody>
</table>

Total: 14.47 100 100

Water and Sewer Line Improvements

8. A Resolution approving Change Order Nos. 7 & 8 in an amount not to exceed $327,014.90 to the construction contract with Spiess Construction Co., Inc. in connection with the C5 Culebra – Castroville to Laredo and C28 Zarzamora Creek – San Gabriel to NW 23rd Street – Phase 1A Project. Total expenditures: $327,014.90. (GENOVEVA GOMEZ – KATHLEEN PRICE)

REPLACEMENT AND ADJUSTMENT PROJECTS

Governmental Relocations and Replacements

9. A Resolution approving the expenditure of funds in the amount of $108,000.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2016-2017 Asphalt Overlay Task Order Contract – Package 8. Total expenditures: $108,000.00. (GENOVEVA GOMEZ – KATHLEEN PRICE)

10. A Resolution approving the expenditure of funds in the amount of $132,599.03 for the adjustment of water facilities by the City of San Antonio in connection with the School Pedestrian Infrastructure Improvements Project. Total expenditures: $132,599.03. (GENOVEVA GOMEZ – KATHLEEN PRICE)

11. A Resolution approving an Interlocal Agreement with Texas Department of Transportation; approving the reimbursement of expenditures in the amount of $1,508,212.80 for the construction of water and sewer facility adjustments by Texas Department of Transportation in connection with the IH 410 at US 90 Direct Connectors – Marbach Project. Total reimbursed amount: $1,508,212.80. (GENOVEVA GOMEZ – KATHLEEN PRICE)
MISCELLANEOUS ITEMS

12. A Resolution awarding a construction contract to Blastco Texas, Inc. in the amount not to exceed $2,338,500.00 in connection with the IH 10 Ground Storage Tank Painting and Rehabilitation Project. Total expenditures: $2,338,500.00.  
(GENOVEVA GOMEZ – ASHOK KAJI)

13. A Resolution awarding a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $1,904,205.00 in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 3. Total expenditures: $1,904,205.00.  
(JEFF HABY – TAMSEN MCNARIE)

14. A Resolution awarding a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $1,379,150.00 in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 4. Total expenditures: $1,379,150.00.  
(JEFF HABY – TAMSEN MCNARIE)

15. A Resolution approving an extension to a construction contract with RCO Construction, LLC in an amount not to exceed $559,035.00 in connection with the 2015 Annual Concrete Placement Work Order Construction Contract – Package 1. Total expenditures: $559,035.00.  
(MICHAEL BRINKMANN – ALISSA LOCKETT)

(MICHAEL BRINKMANN – ALISSA LOCKETT)

17. A Resolution awarding a professional services contract to Public Financial Management, Inc. and Estrada Hinojosa & Company, Inc. to serve as Co-Financial Advisors to the System for a five-year term.  
(DOUG EVANSON – PHYLLIS GARCIA)

18. A Resolution approving settlement of the lawsuit of Southwestern Bell Telephone Company d/b/a AT&T Texas against the San Antonio Water System; approving the System’s financial obligation under the settlement; authorizing expenditures in the total amount of $67,500.00 from the System Fund for purposes of the settlement; authorizing the President/Chief Executive Officer and the System’s legal counsel to execute the settlement agreement and to pay $67,500.00 to Southwestern Bell Telephone Company d/b/a AT&T Texas and its attorneys, for the System’s obligations under the terms of the settlement agreement. Total expenditures: $67,500.00.  
(NANCY BELINSKY)
ITEMS FOR INDIVIDUAL CONSIDERATION

CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Water and Sewer Line Improvements

19. A Resolution awarding a construction contract to BRH-Garver Construction, LP in an amount not to exceed $14,401,477.70 in connection with the W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project. Total expenditures: $14,401,477.70. (GENOVEVA GOMEZ – KATHLEEN PRICE)

Production, Transmission and Treatment Improvements

20. A Resolution awarding a construction contract to Alterman, Inc. in the amount not to exceed $13,322,100.00 in connection with the Dos Rios Water Recycling Center Electrical System Improvements – Phase 1 Project; authorizing additional expenditures in an amount not to exceed $197,295.00 to CP&Y, Inc. for construction phase services in connection with the project work. Total expenditures: $13,519,395.00. (GENOVEVA GOMEZ – ASHOK KAJI)

21. A Resolution awarding a construction contract to Archer Western Contractors, LLC in an amount not to exceed $3,135,237.60 in connection with the Dos Rios Water Recycling Center Sludge Blending Facilities Expansion Project. Total expenditures: $3,135,237.60. (JEFF HABY – PARVIZ CHAVOL)

22. BRIEFING SESSION.
   A. Briefing and deliberation regarding Quarterly Financial and Investment Reports
   B. Briefing and deliberation regarding water use patterns, conservation initiatives, and watering restrictions

23. President/Chief Executive Officer’s Report.
   A. New Conservation Investments
   B. Trade Mission and Sister City Agreement with Windhoek, Namibia

24. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

25. The Regular Session of the November 1, 2016, Regular Board Meeting is hereby recessed to hold an Executive Session and discuss the matters listed below pursuant to Sections 551.071 and 551.076 of the Texas Open Meetings Act.
26. EXECUTIVE SESSION.

A. Consultation with attorneys regarding legal issues related to the Water Transmission and Purchase Agreement between the City of San Antonio, Texas, acting by and through the San Antonio Water System Board of Trustees and Vista Ridge, LLC (formerly known as Abengoa Vista Ridge, LLC) pursuant to Tex. Gov’t Code §551.071 (consultation with attorneys).

B. Deliberations regarding Security Devices or Security Audits pursuant to Tex. Gov’t Code Section §551.076.

27. The Regular Session of the Regular Board Meeting of November 1, 2016, is hereby reconvened.

28. A Resolution of the San Antonio Water System Board of Trustees consenting to and approving amendments to the Water Transmission And Purchase Agreement between the City of San Antonio, Texas, acting by and through the San Antonio Water System, and Vista Ridge LLC; delegating to the President and Chief Executive Officer of the System the authority to declare achievement of financial close under the agreement; authorizing the execution of agreements and documentation related to the foregoing; and providing for an effective date. (ROBERT R. PUENTE – DONOVAN BURTON)

29. A Resolution awarding a professional services contract to Black & Veatch, Corporation in the amount of $3,988,945.00 for the Vista Ridge Integration Project, Owner’s Representative Services. Total expenditures: $3,988,945.00. (GENOVEVA GOMEZ – ANDREA BEYMER)

30. A Resolution approving Contract Amendment No. 1 to the consulting services contract with CH2M Hill Engineers, Inc. in the amount of $4,100,000.00 in connection with technical support of the Vista Ridge Regional Supply Project. Total expenditures: $4,100,000.00. (GENOVEVA GOMEZ – TIMOTHY SKOGLUND)

31. Adjournment. THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES MEETING OF NOVEMBER 1, 2016, IS HEREBY ADJOURNED.
MINUTES

MEETING OF THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES
September 13, 2016, 9:00 A.M.
6th Floor Board Room #609
Administrative Offices
2800 U. S. Hwy 281 North, San Antonio, Texas 78212

Board Members Present:
Berto Guerra, Jr., Chairman
Ivy R. Taylor, Mayor
Pat Jasso, Vice Chair
Ernesto Arrellano, Jr., Secretary
Pat Merritt, Trustee
David P. McGee, Trustee

Board Members Absent:
Louis E. Rowe, Assistant Secretary

1. MEETING CALLED TO ORDER.

The meeting of the San Antonio Water System Board of Trustees was held on September 13, 2016, and called to order at 9:14 a.m. by Chairman Berto Guerra.

2. Announcements.
   A. The San Antonio Water System Board of Trustees will, during the Meeting, close the Meeting and hold an Executive Session pursuant to and in accordance with Chapter 551 of the Texas Open Meetings Act. The Board of Trustees may, at any time during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Minutes.
   A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of June 14, 2016.
Chairman Guerra asked if there were any corrections to the minutes. Hearing none, he stated the minutes were approved as presented.


None

5. Public Comment.

Julissa Carielo stated she was the owner of Tejas Premier Building Contractor, a small, minority, woman-owned business. She also represented the San Antonio Hispanic Chamber of Commerce, and served as the small business chair for the chamber. She commented on the disparity study, and how important it was to the small business owner and the community to be encouraged and provided the opportunity to work with public agencies. She asked the Board for their continued support.

Diane Hoskins stated she was the executive director of the Professional Engineers in Private Practice (PEPP). She provided a letter from PEPP that included her comments to the Board. She discussed the review of the proposed SMWVB policy. She noted information in the letter provided PEPP’s concerns about the data used, particularly the available number of civil engineering firms. She discussed the use of local point preferences by SAWS, the City of San Antonio and other cities in Texas. She stated PEPP strongly supported a vigorous SMWVB policy, but urged the Board to combine and strengthen the policy with a significant and meaningful local point preference when selecting firms and engineers.

Daniel Staudt commented on the award of bid 16-16072 under Item 6.B.2 for electrical maintenance repair services. He stated PES was clearly the overall low bidder, but their bid was determined incomplete. PES had formally submitted protests to SAWS Purchasing, but had not been able to resolve the issue. He asked the Board to postpone the award of agenda item 6.B.2, and grant PES a brief meeting with the Board to reconsider their bid.

Chairman Guerra asked if Robert Staudt or Chris Williams wished to speak. Mr. Robert Staudt stated they were not going to speak.

Alan Montemayor discussed his trip to China and the many problems China experienced, including water quality issues. He commented on the Vista Ridge Project, and his concerns regarding the project risks and the increase in water rates by 2020. He asked the Board to deliberate carefully as to whether or not the project moved forward. He stated the Board had the ability to say no to Vista Ridge, and he believed that was the right decision for San Antonio ratepayers and for the community.

Irene Chavez stated she was the executive director for the Maestro Entrepreneur Center. She commended SAWS staff for their work with the SMWVB policy, and the importance the work was to ensure inclusiveness within the diverse communities. She thanked SAWS for the collaboration and continued support to the Maestro Entrepreneur Center. The center was a non-profit organization in partnership with the Hispanic Chamber to help small, woman, minority, and veteran-owned businesses build capacity in regards to procurement, economic development, and growth of future entrepreneurship.
Al Arreola echoed Ms. Chavez’s comments regarding SAWS approach to small, minority, veteran-owned and woman-owned businesses. He read a resolution of support from the board of directors of the South San Antonio Chamber of Commerce filed in support of SAWS SMWVB policy.

Edward De La Garza stated he had no comment.

Annalisa Peace spoke on Item 23, the amendment to the Certificate of Convenience and Necessity (CCN) for Cibolo Valley Ranch, and gave additional recommendations from the Greater Edwards Aquifer Alliance (GEAA). She provided a letter from GEAA that included her comments to the Board. First, GEAA would recommend a beneficial reuse, or Texas Land Application Permit, rather than direct discharge effluent, which would eventually reach Cibolo Creek. Second, GEAA would want to be absolutely certain of a prohibition against South Central Water Company, or any future owner, from applying for an amendment to increase the amount of authorized discharge. She discussed the concerns of GEAA members in the Bulverde area who would be impacted by the project and the many pending and existing permits to discharge sewage effluent directly into Cibolo Creek and its tributaries. She asked the Board to table the item until such time as the recommendations had been included into the conditions of the release of the CCN, and/or until GEAA’s amendment to SAWS CCN had been considered and approved.

Chairman Guerra welcomed the Alamo College students who were in attendance to observe the board meeting.

CONSENT AGENDA ITEMS

Items 6 – 21

ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES

6. A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials, and supplies, and authorizing the acceptance of bids as follows: (DOUG EVANSON, YVONNE TORRES)

   A. Award of New One Time Purchases of Materials, Equipment and Services.

      1. Approving a one-time purchase from Weisinger, Inc. to provide: purchase of 300 HP electric induction replacement motor for Wurzbach Pump Station, High Service Pump No. 1, Service Level 5, Bid No. 16-16071, for a total of $52,200.00.

      2. Approving a one-time purchase from Alsay, Inc. to provide: purchase of a well pump replacement for Turtle Creek No. 2, Well No. 1, Bid No. 16-16079, for a total of $190,325.00.

   B. Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.
1. Acceptance of the bid of AAA Fire & Safety Equipment Co., Inc. to provide: annual contract for fire extinguisher maintenance and service, Bid No. 16-0227, for a total of $87,331.00.

2. Acceptance of the bid of Alterman, Inc. to provide: annual contract for electrical maintenance and repair services, Bid No. 16-16072, for a total of $942,882.92.

3. Authorizing the extension of an existing contract of Safeway Supply, Inc. to provide: annual contract for teri hand wipes, Bid No. 15-3095, for a total of $91,780.00.

4. Authorizing the extension of an existing contract of Mr. Transmission to provide: annual contract for transmission repair for Chrysler, General Motors and Ford parts and service, Bid No. 15-4051, for a total of $61,200.00.

5. Authorizing the extension of an existing contract of SHI International to provide: annual contract for Symantec Enterprise Vault license subscription and essential support renewal, Bid No. 14-1298, for a total of $73,170.00.

6. Authorizing the extension of an existing contract of PCMG, Inc. dba PCM Gov, Inc. to provide: annual contract for Adobe & other software licenses and upgrades, DIR-SDD-2504, Bid No. 14-1459, for a total of $51,442.32.

7. Acceptance of the bid of United Service Associates, LLC to provide: annual contract for janitorial services for SAWS facilities, Bid No. 16-15037, for a total of $183,185.80.

8. Acceptance of the best value bid of Pace Analytical Services, Inc. to provide: annual contract for environmental laboratory services accredited under the National Environmental Laboratory Accreditation Program, Bid No. 16-14123, for a total of $118,335.20.

**CAPITAL IMPROVEMENT CONTRACTS**

**PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY**

Developer Customer Contracts

7. A Resolution awarding a construction contract to SACC, Inc. in an amount not to exceed $502,020.50 in connection with the East Evans Road 24-inch Approach and Border Main Project; approving a contract between the System, Mosaic Land Development, LLC, and SACC, Inc. for the project work; authorizing the expenditures of funds in the amount of $414,166.92 for the System’s proportionate share of the cost to oversize the proposed water main. Total expenditures: $414,166.92.  
(GENOVEVA GOMEZ – SAM MILLS)
8. A Resolution approving Change Order No. 7 in an amount not to exceed $750,000.00 to the construction contract with S.J. Louis Construction of Texas, Ltd. in connection with the Southwest Bexar Sewer Pipeline – Segment 3 Project; approving a Contribution Agreement with Pape-Dawson Engineers, Inc. for an amount of $100,000.00 payable to the System in connection with the project. Total expenditures: $650,000.00. (GENOVEVA GOMEZ – KATHLEEN PRICE)

9. A Resolution approving Recapitulation Change Order No. 9 in an decreased amount of $116,520.63 to be credited to the construction contract with S.J. Louis Construction of Texas, Ltd. in connection with the W6: Western Watershed Sewer Relief Line Project 2; authorizing the return of funds in the amount of $116,520.63 and the construction contingency balance of $56,486.84 for a total amount of $173,007.47. Total decreased amount: $173,007.47. (GENOVEVA GOMEZ – KATHLEEN PRICE)

10. A Resolution approving Contract Amendment No. 1 in the amount not to exceed $500,000.00 to the professional services contract with Lockwood Andrews & Newnam, Inc. in connection with the 2016 Pipeline Engineering Services Work Order Contract – Package 2. Total expenditures: $500,000.00. (GENOVEVA GOMEZ – KATHLEEN PRICE)

11. A Resolution approving Contract Amendment No. 1 in the amount not to exceed $700,000.00 to the professional services contract with K. Friese & Associates, Inc. in connection with the 2016 Pipeline Engineering Services Work Order Contract – Package 4. Total expenditures: $700,000.00. (GENOVEVA GOMEZ – KATHLEEN PRICE)

12. A Resolution approving Contract Amendment No. 1 in the amount not to exceed $300,000.00 to the professional services contract with Maestas & Associates, Inc. in connection with the 2016 Pipeline Engineering Services Work Order Contract – Package 5. Total expenditures: $300,000.00. (GENOVEVA GOMEZ – KATHLEEN PRICE)

13. A Resolution approving Contract Amendment No. 1 in the amount not to exceed $300,000.00 to the professional services contract with Don Durden, Inc. dba Civil Engineering Consultants in connection with the 2016 Pipeline Engineering Services Work Order Contract – Package 6. Total expenditures: $300,000.00. (GENOVEVA GOMEZ – KATHLEEN PRICE)

Production, Transmission and Treatment Improvements

14. A Resolution awarding a construction contract to Benchmark Utility Contractors, Inc. in the amount not to exceed $390,000.00 in connection with the Camp Bullis Road 12-inch Water Main Project. Total expenditures: $390,000.00. (GENOVEVA GOMEZ – ASHOK KAJI)

15. A Resolution awarding a construction contract to Vertitas Management Company, LLC dba Black Castle General Contractor in the amount not to exceed $1,580,351.00 in
connection with the Stevens Ranch Tank Replacement Project. Total expenditures: $1,580,351.00. (GENOVEVA GOMEZ – ASHOK KAJI)

REPLACEMENT AND ADJUSTMENT PROJECTS

Governmental Relocations and Replacements

16. A Resolution approving the expenditure of funds in the amount of $1,782,021.15 for the replacement of water and sewer facilities by the City of San Antonio in connection with the Downtown Streets: Main and Soledad from Commerce to Pecan Project. Total expenditures: $1,782,021.15. (GENOVEVA GOMEZ – KATHLEEN PRICE)

17. A Resolution approving an Interlocal Agreement with the City of Balcones Heights; approving the expenditures of funds in the amount of $86,577.67 for the replacement of water facilities by the City of Balcones Heights in connection with the Leisure Drive Reconstruction – Phase I Project. Total expenditures: $86,577.67. (GENOVEVA GOMEZ – KATHLEEN PRICE)

EASEMENT AND REAL PROPERTY

18. A Resolution approving the acquisition of a permanent sewer line easement and a temporary construction easement from Wise Ellis Associates, LLC, a Nevada limited liability company, being approximately 0.266 acres for the permanent easement and 0.275 acres for the temporary easement, located along IH-10, between Camp Bullis Road and Dominion Drive, in the northwest quadrant of Bexar County, Texas, in connection with the Lift Station Elimination Phase 3 Project in a total amount not to exceed $86,493.00. Total expenditures: $86,493.00. (NANCY BELINSKY – BRUCE HABY)

MISCELLANEOUS ITEMS

19. A Resolution awarding a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $978,065.00 in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 5. Total expenditures: $978,065.00. (JEFF HABY – TAMSEN MCNARIE)


21. A Resolution awarding a service contract to CBIZ Valuation Group, LLC in an amount not to exceed $65,800.00, for the period of September 30, 2016 through September 30, 2018, in connection with insurance appraisal services. Total expenditures: $65,800.00. (SHARON DE LA GARZA – TINA SOUTHARD)

Chairman Guerra asked if there any items in the Consent Agenda that should be pulled for individual discussion or consideration.

MINUTES 6 09-13-16
Mr. McGee made a motion to approve the Consent Agenda Items, Nos. 6 – 21. Mr. Arrellano seconded the motion.

Consent Agenda Items, Nos. 6 – 21, were unanimously approved. Verbal voting.

Chairman Guerra stated he would move to Item 26, the San Antonio Water System Small Minority Woman and Veteran-Owned Business Enterprise Program Policy.

26. **A Resolution approving the San Antonio Water System Small Minority Woman and Veteran-Owned Business Enterprise Program Policy.**

(NANCY BELINSKY – PHILIP CAMPOS)

Marisol Robles presented the proposed Small, Minority, Woman, and Veteran-owned Business (SMWVB) Policy. She discussed some of the awards and recognition SAWS had received for the SMWB program over the past few years. SAWS worked with a variety of local businesses and industry organizations about bidding proposal opportunities. The most recent partnerships to further the SMWVB program, spearheaded by Vice Chair Pat Jasso, resulted in a Memorandum of Understanding (MOU) with the Maestro Entrepreneur Center. The MOU would create a new avenue of workshops and training opportunities for firms interested in doing business with SAWS.

The Board had long taken an interest in SAWS reinvestment in the community through the SMWB program participation. At Chairman Guerra’s suggestion, SAWS incorporated mentor-protégé components into three high profile projects. The first was the Brackish Groundwater Desalination Project with the protégé Young Professional Resources, an MBE African-American business. For the Sanitary Sewer Overflow Reduction Program, the protégé was Gonzalez+De La Garza & Associates, L.L.C. Ms. Robles read a statement from Ida Gonzalez regarding the experience in the mentor-protégé relationship that had been a highly successful endeavor. On the Service Center Project, VGarcia3, Incorporated, a MBE Hispanic firm, was unique because this was the only firm in the list that wasn’t a subcontractor on the project. The City of San Antonio in partnership with Alamo Colleges had a formal mentor-protégé program. VGarcia 3, Incorporated had already partnered with SpawGlass on a project under the City’s mentor-protégé program.

In February 2016, the Board approved the San Antonio Water System Minority and Woman-owned Business Enterprise Program Disparity Study specifically for the purpose of policy development. Staff was using the policy to implement the data findings and recommendations, to refresh aspirational goals and corresponding updates to solicitation scoring. The policy and updated aspirational goals were created in conjunction with legal counsel from Austin, who was recognized as one of the leading experts in Texas in the field of disparity studies, SMWB programs, and state procurement law.

The policy would require program participants to have a significant local business presence, meaning an established place of business in Bexar County or one of the 11 surrounding counties, also known as the metropolitan statistical area. The policy referenced a location that was solely a P.O. Box, a mail drop or a telephone message center would not count as a significant local business presence. Requiring minority and woman-owned businesses to be local for governmental procurement preference purposes was the best practice derived
directly from a Supreme Court decision in 1989, City of Richmond versus J.A. Croson Company. The disparity study measured disparity for firms located only in the metropolitan statistical area. This was a positive change for the program according to feedback received from business and industry organizations. The exception to the local component would be the procurements through SAWS Purchasing Department. According to the disparity study, approximately 50 percent of the market for procuring commodities and general services through the Purchasing Department was outside of the local area. Between 2011 and 2013, 81 percent of SAWS total contracting and purchasing expenditures went to local businesses, or $473.7 million out of $584.9 million.

SAWS would require all businesses who participate in the SMWVB program to also be certified as a small business enterprise. The Small Business Administration would determine what constitutes small business, which was different for each industry. SAWS would also require firms to be certified through the South Central Texas Regional Certification Agency (SCTRCA). The SCTRCA offered free local, state, and federal certifications for SMWVB. The agency was San Antonio based and served the metropolitan statistical area. The SCTRCA would conduct site visits and review firms' financial information. The agency was also part of the statewide Texas Unified Certification Program (TUCP), and their staff met quarterly with all of the other TUCP certifying agencies from around Texas to ensure policies aligned and they were aware of any changes to state or federal certification regulations. The new policy would also include options for imposing sanctions, including barring competitive bid and proposal submittals for a set amount of time, withholding payment, and deducting points from proposals or alternative delivery construction submittals or past noncompliance with subcontractor utilization.

One of the biggest enhancements of implementing the new policy were recommendations for simplifying the scoring process for engineering and professional services proposals in the alternative delivery construction projects. Staff proposed to bring the new scoring methods into alignment with the new goals and employ a simpler tiered-point structure. The new structure incentivized non-SMWB prime consultants and contractors to meet the new goals. She reviewed a side-by-side comparison of the current scoring structure versus the proposed scoring structure.

The policy updates the Small, Minority and Woman-owned Business Program to the Small, Minority, Woman and Veteran-owned Business Program. SAWS received requests from individuals and business organizations to recognize veteran-owned business enterprise certification. Also, to mirror the City of San Antonio's program, SAWS would begin to track certified veteran-owned businesses beginning in 2017. The City began recognizing veteran-owned business enterprises in 2014, and the City gave preference points to veteran-owned business enterprises on a very limited basis. SAWS would not give preference to veteran-owned businesses, but rather would gather data to see where the concentration of veteran-owned businesses were in bid and proposal submittals. This data would be used to determine how enhancements could be made regarding veteran-owned businesses. The SMWB goals to reflect business availability data in the community were updated to reflect availability data from the disparity study. She reviewed the proposed goals for 2017.

The new SMWVB policy largely memorialized what SAWS already does. The number of
possible points for project evaluation would remain the same. Prime contractors and consultants would be required to report payments to all subcontractors and subconsultants in the Subcontractor Payment and Utilization Reporting System (SPUR). Pending Board approval, the effective date of the policy would be January 1, 2017. She reviewed a list of stakeholder outreach meetings that would be held to discuss the policy. The SMWVB policy was the final step to put the disparity study's data into practice. Staff recommended approval of the SMWVB policy.

Mr. McGee made a motion to approve Item 26. Ms. Jasso seconded the motion.

Mr. McGee inquired about the time period used to measure the goals. Ms. Robles replied the goals were measured on an annual basis. The goals would be in the solicitation language so the bidders or proposers would be aware of the goals. The policy allowed the flexibility to adjust the goals annually.

Chairman Guerra commented that the policy would allow SAWS to incorporate the entire community into the dollars spent by SAWS in a fair and equitable way. He discussed his experience at Southwestern Bell/SBC/AT&T, and the history of the Hispanic Association of Communication Employees (HACEMOS), a group formed to identify qualified Hispanic employees within the corporation. Chairman Guerra discussed the role of Johnson Controls in the creation of Avanzar as a first-tier supplier for Toyota. He discussed the importance of keeping money local, encouraging mentors, encouraging training and development of smaller companies, and answering questions about how much business was done locally with non-minority.

After no further discussion, Item 26 was unanimously approved. Electronic voting.

ITEMS FOR INDIVIDUAL CONSIDERATION

CAPITAL IMPROVEMENT CONTRACTS
PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY
Developer Customer Contracts

22. A Resolution approving Utility Service Agreements to provide water and/or wastewater service to the tracts listed below requiring potential oversizing of mains (OVR), and/or are located outside the San Antonio Water System water and/or wastewater Certificate of Convenience and Necessity (CCN). (GENOVEVA GOMEZ – SAM MILLS)

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ/CZ</th>
<th>Board Reason</th>
<th>W CCN</th>
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<tr>
<td>1</td>
<td>Dominion Phase 8B Tract</td>
<td>Leon Creek, LTD</td>
<td>10.224</td>
<td>103</td>
<td>40</td>
<td>CoSA</td>
<td>INSIDE</td>
<td>CCN</td>
<td>IN</td>
<td>OUT</td>
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<tr>
<td>2</td>
<td>270 Scenic Loop Tract</td>
<td>270 Scenic Loop Investments, LP</td>
<td>269.85</td>
<td>330</td>
<td>0</td>
<td>CoSA ETJ</td>
<td>INSIDE</td>
<td>OVR</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sam Mills presented Item 22, approval of Utility Service Agreements (USA) for the Dominion Phase 8B Tract and the 270 Scenic Loop Tract.

The Dominion Phase 8B Tract was located within the city limits, within SAWS water CCN but outside SAWS sewer CCN. It was over the recharge zone or contributing zone. The developer would dedicate an easement for SAWS W-31 Project, which the developer would benefit from the W-31 Project. The W-31 Project would also eliminate the Falcon Lift Station. Approximately three acres of the tract was within the Leon Springs Utility Company's CCN, and SAWS would not serve that portion of the tract. He reviewed project maps and proposed water and sewer infrastructure options for the tract.

The 270 Scenic Loop Tract was about 270 acres. The tract was within the City of San Antonio ETJ, and within both SAWS water and wastewater CCNs. The tract would also include oversizing to a 16-inch water main. SAWS share would be about $223,000.00, and the developer’s share would be about $293,000.00 for the project. The developer would receive impact fee credits for their portion of the main. The tract was over the recharge zone. The developer had request onsite septic systems so there were no wastewater EDUs for the tract. He reviewed project maps and proposed water infrastructure for the tract.

Staff recommended approval of the USAs for the Dominion Phase 8B Tract and the 270 Scenic Loop Tract.

Ms. Merritt made a motion to approve Item 22. Mr. Arrellano seconded the motion.

After no further discussion, Item 22 was unanimously approved. Electronic voting.

23. A Resolution approving the filing of an amendment with the Texas Public Utilities Commission to the release of the area bounded by the Cibolo Valley Ranch Tract within Comal County from the San Antonio Water System’s Certificate of Convenience and Necessity. (GENOVEVA GOMEZ – SAM MILLS)

Mr. Mills presented Item 23, an amendment to the CCN for the Cibolo Valley Ranch tract. The Cibolo Valley Ranch Tract was a 394 acre residential tract and was located within SAWS sewer CCN. He reviewed the project maps and the location of SAWS CCN, the City’s ETJ and the Bexar County and Comal County line. A recharge feature within the project boundary was the Cibolo Creek.

Chairman Guerra asked Mr. Mills to explain the CCN to the Alamo College students attending. Mr. Mills stated the State of Texas issued a CCN to water and wastewater utilities as a way to show an area of service. This gives the utility an exclusive right and obligation to serve the customers within the CCN.

Mr. Mills reviewed maps of the Cibolo Valley Ranch area and SAWS available infrastructure. The tract was 498 acres and about 394 acres was within SAWS CCN. The developer was requesting to opt out of SAWS CCN, and this would require an amendment to the CCN. The South Central Water Company (SCWC) was immediately north of the tract, and about 100 acres of the tract was not in any particular CCN. The developer could get
service from any provider within the area. Also just north of SCWC was the Guadalupe Blanco River Authority (GBRA) area.

He discussed the current issues to consider regarding SAWS providing service and a map of required infrastructure. The water service would be through the Canyon Lake Water Service Company’s CCN. Another issue would be the significant downstream infrastructure requirements of at least one lift station on the tract and 2.25 miles of force main. There were some capacity limitations with an existing lift station that would require significant upgrades and about 6.5 miles of gravity main to be oversized. The developer was requesting service from SCWC. The tract was located over the recharge zone and contributing zone, and within Bexar County and Comal County. The developer did not plan to develop the portion within Bexar County because it was in a flood zone. The infrastructure requirements included 2.25 miles of force main, about 3,000 feet of gravity main tied onto the existing system, and oversizing for future growth.

The proposed resolution was a conditional release of SAWS wastewater CCN, and the developer would request service exclusively through the SCWC. Some of the benefits included no need for a new lift station and force main to cross Cibolo Creek, capital cost saving for developer, significant capital costs deferred for SAWS, and defined growth assumptions for SAWS downstream capacity.

He reviewed some of the conditions for the release. The developer would have to follow SAWS aquifer protection standards. Residential use would be allowed with a maximum impervious cover of 40 percent. The creek proper and 100-year floodplain would be excluded from final impervious cover calculations. The developer would have to apply Texas Commission on Environmental Quality (TCEQ) Edwards Aquifer Recharge Zone best management practices for entire tract. SAWS would also have the authority to review the State Water Pollution Abatement Plan. The developer would have to apply infrastructure standards. SCWC would not amend its plant permit to seek less restrictive conditions, and the collection system would have to meet all SAWS standards under the Utility Service Regulations. There would also be no obligation for SAWS to take the plant in the future.

He commented on the additional conditions discussed by Ms. Peace. GEAA wanted the existing SCWC plant to have a reuse system. The plant was already existing and had been permitted by the state. This was not something that could be considered for the present plant. If SCWC decided to expand the plant in the future, it could be a possibility. GEAA also wanted a requirement that the plant could not be expanded, but that was not something SAWS could require.

Staff recommended the conditional release of the Cibolo Valley Ranch Tract from SAWS wastewater CCN within Comal County. SAWS would retain the CCN within Bexar County. The next steps would include the Board’s approval of a recommendation to City Council to approve the release of the CCN as required by the state. Another step would be the approval of a settlement agreement between SAWS, the developer, and SCWC regarding the particular conditions of release.

Ms. Merritt made a motion to approve Item 23. Ms. Jasso seconded the motion.
Ms. Jasso asked if SAWS had made this type of request before and if the state was okay with the request. Mr. Mills replied this would be the first one. In this case, the developer put in a request to the state to opt out of SAWS CCN. The developer was going through the process with the Public Utilities Commission (PUC) to request SAWS release so they could get service from SCWC. SCWC would then request to amend their CCN to cover this particular area. SAWS had requested an amendment during the CCN application process, but this would be the first to amend an existing CCN.

Mr. Arrellano commented on waiting for the state to give a ruling, or at least waiting to discuss further before relinquishing SAWS right to serve.

Ms. Jasso inquired about the developer’s timeline. Mr. Mills responded that the developer would like to wrap up the process by the end of the year. He introduced Cara Tackett with Pape Dawson Engineers. Ms. Tackett stated Pape Dawson Engineers represented the current land owner. The land owner was in the process of selling the tract to a residential homebuilder, and they were approaching completion of approval in the master development process with the City. The goal was to close the process and close with the new buyer by the end of the year. An application had been filed with the PUC, and the process required confirmation whether the current provider supported the modification of the CCN or opposed it. The PUC could then move forward with or without the support of that entity. The goal of the land owner was to work with SAWS, since the development and the portion to be released was within a different county and not within Bexar County. The PUC should be ruling this week, and there was an indication of their willingness to consider the cost of service. SCWC was one of the preferred providers because of their strong compliance history on wastewater treatment plants.

Mr. McGee clarified that the recommendation was to move forward, and the final agreement including the conditions would be brought back to the Board. Mr. Mills confirmed. SAWS would put in the application to withdraw the CCN contingent upon approval of the settlement agreement and ultimately the City of San Antonio’s consent. There were still conditions that would have to be approved by the Board before SAWS would ultimately consent to the CCN withdraw from this area. The settlement agreement between SAWS, the developer, and SCWC would include these conditions and would come back to the Board for final review.

Chairman Guerra stated that he understood SAWS staff had reviewed and were okay with moving forward. This would also save some money and would move the process a little faster. GEAA was also involved in the decision-making process and were basically okay with the recommendation. SAWS staff agreed that SCWC, which was in high esteem with the PUC, would need to follow all the rules as if SAWS had control of the CCN. SAWS would prefer not to discharge to Cibolo Creek, but that was the way the state set it up. He directed his comment to Mr. Arrellano that everyone had come to an agreement, and the Board would be briefed again before the final decision to allow staff to move forward. Mr. Arrellano agreed.

Ms. Merritt inquired about whether the residents living in the vicinity were in agreement with all of these changes. Mr. Mills replied he did not believe there was anyone on the tract at the moment. Ms. Tackett stated the land owner was not opposed and was in support of the agreement. The SCWC plant was previously approved by TCEQ, which included a
public notification process in the area, and ultimately the plant was approved.

After no further discussion, Item 23 was unanimously approved. Electronic voting.

**Water and Sewer Line Improvements**

**24. A Resolution awarding a construction contract to S.J. Louis Construction of Texas, Ltd. in an amount not to exceed $6,758,717.46 in connection with the C-12 Donaldson Terrace Project. Total expenditures: $6,758,717.46. (GENOVEVA GOMEZ – KATHLEEN PRICE)**

Lee Perry presented Item 24, a construction contract for the C-12 Donaldson Terrace Project. The project was part of the Early Action Phase I of the EPA Consent Decree to be completed by July 2019. The existing sewer main in the area had overflows, lacked capacity, and was in poor condition. He reviewed the project location and the two phases of the project. The first phase was joint bid with the Seeling Channel Phase II Project, and was under construction. As part of the second phase, this project would start at the intersection of Mulberry and Morning Glory and progress north along Evelyn and Morning Glory and end at Babcock. The existing 15-inch main would be replaced with 24-inch to 30-inch main using the open cut and boring methods. Numerous meetings with the community were held during the design phase, and another meeting would be held before construction started. Staff had also coordinated with the City of San Antonio’s street maintenance projects.

Four bids were received, and S.J. Louis Construction of Texas, Ltd. was the low bidder at just under $6.8 million. The bid was 4.8 percent less than the engineer's estimate. S.J. Louis Construction of Texas, Ltd was a local/n-SMWB firm, and their SMWB participation was 3.15 percent. The design engineer was Kimley-Horn, and SAWS would inspect the work. Staff recommended the award of a construction contract to S.J. Louis Construction of Texas, Ltd. in the amount of $6,758,717.46.

Ms. Merritt made a motion to approve Item 24. Mr. Arrellano seconded the motion.

After no further discussion, Item 24 was unanimously approved. Electronic voting.

**REPLACEMENT AND ADJUSTMENT PROJECTS**

**Governmental Relocations and Replacements**

**25. A Resolution approving an Interlocal Agreement with Bexar County; approving the expenditures of funds in the amount of $6,894,524.82 for the replacement and adjustment of sewer and recycled water facilities by Bexar County in connection with the Huebner Creek Enhanced Conveyance LC17 – Phase III Project. Total expenditures: $6,894,524.82. (GENOVEVA GOMEZ – KATHLEEN PRICE)**

Kat Price presented Item 25, an interlocal agreement with Bexar County in connection with the Huebner Creek Enhanced Conveyance LC17 – Phase III Project. This project was a Bexar County Flood Control Project that would improve Huebner Creek and reduce structural flooding in Leon Valley and the City of San Antonio. The project would include widening and realigning parts of the channel, and would reduce the floodplain by about 73 acres, which actually removed over 50 homes from the 100-year floodplain. SAWS would
also receive partial reimbursement for the recycle water work for this project. The project was located close to Leon Valley on the northwest side of town. There were three phases to the project. Phase I was completed in 2012 and included Culebra to Ingram. Phase II was just completed from Ingram to the city limits of Leon Valley. Phase III would be just beyond Bandera Road, and was estimated to be completed in March 2018.

Project limits included the adjustment of both sewer main and recycle main. The project would begin near the intersection of Huebner Creek in the western limits of Leon Valley, and would terminate just north of Bandera Road. About 800 feet of 8-inch and 10-inch sewer main would be replaced and 4,600 feet of 24-inch sewer main would be upsize to 42-inch sewer main. The project was also part of the Consent Decree due to overflows during rain events in Huebner Creek. These mains were about 40 years old and were in poor condition. In 2008, a portion just north of Bandera Road was replaced. The recycled water work would adjust about 3,800 feet of 36-inch recycled water main that was constructed in 2001. The design fees, land acquisition and construction costs would be reimbursed at about $2.9 million for the recycled water adjustment work.

SAWS joint bid with Bexar County, and bids opened on July 13. Five bids were received. The construction total for the SAWS facilities was $9.6 million, with $6.8 million for sewer work and $2.7 for recycled water work. The County would consider the construction contract with Oscar Renda Contracting, Inc. at Commissioner’s Court on October 4. Staff recommended the execution of an Interlocal Agreement with Bexar County and the expenditure of funds in the amount of $6,894,524.82.

Mr. Arrellano made a motion to approve Item 25. Ms. Merritt seconded the motion.

Ms. Merritt inquired about the age of the pipes. Ms. Price replied the pipes were 40 years old.

After no further discussion, Item 25 was unanimously approved. Electronic voting.

MISCELLANEOUS ITEMS

27. A Resolution recommending and requesting that the San Antonio City Council take certain actions with respect to the issuance and sale of one or more series of obligations designated as “City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds (No Reserve Fund)” as further designated by series; the approval of an offering document relating to each series of the aforementioned series of obligations.

(DOUG EVANSON – PHYLLIS GARCIA)

Phyllis Garcia presented Items 27, 28 and 29, SAWS bond transactions. She reviewed the interest rates from 1986 through August 2016, and the declining trend in interest rates over that period. The proposed transactions included bond proceeds to fund SAWS Capital Improvement Program (CIP) for 2016. A total of $166.6 million in bond proceeds would be needed. SAWS proposed to issue a portion of debt through subsidized programs from the Texas Water Development Board (TWDB) under the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund. The Drinking Water State Revolving Fund provided a subsidy of 1.25 percent at the time of pricing. SAWS proposed to issue a $12.5 million issue under this program for a 30-year final maturity at a rate of 1.05 percent. Under
the Clean Water State Revolving Fund, there was a subsidy of 1.2 percent for a 30-year loan. SAWS proposed to issue a $14.36 million project at an interest rate of 1.08 percent. The remaining balance of the proceeds needed to fund the CIP would be funded through SAWS issue in the capital markets. Based on current market interest rates for a 30-year loan, SAWS could receive an interest rate of 3.31 percent.

She discussed the benefits of refunding outstanding debt for debt service saving with interest rates at historic lows. The first was the Series 2007 bonds. Of the remaining $142 million outstanding, $69.4 million was eligible for advanced refunding in October, and was projected to receive a net present value savings of 17.2 percent. The remaining portion of the bonds of $73.8 million, would be eligible for a current refunding in January. Based on interest rates would receive projected savings of about 17 percent for the refunding. The second series was the Series 2009 bonds, which $132.9 million was eligible for advanced refunding in October. Based on interest rates, an 18.6 percent savings was projected by refunding the bonds. The Junior Lien Series 2007A bonds, which were issued to the TWDB in 2007, could be eligible for a current refunding in January for savings of about 8.1 percent.

She reviewed graphs of the projected savings by refunding all of the bond series for an average annual savings of $2.7 million of debt service through the life of the bonds. In November 2013, SAWS issued $11 million of bonds in a SIFMA Index Mode to take advantage of low interest rates on the short end of the yield curve. These bonds were issued with a final maturity, but had a three-year remarketing that would expire October 31 of this year. The original interest rate was set on a SIFMA Index, which was an index of seven-day bonds that reset every week, and then a spread of 68 basis points was paid. Again because rates were so low up until recently, the average was about 78 basis points on that loan, but in 2016 the average was about 96 basis points. SAWS was proposing to remarket these bonds in a Term Mode. A Term Mode would fix the interest rate for a short period of time between three and five years. SAWS would still take advantage of the short end of the yield curve of low rates, but the variability of the SIFMA Index resetting each week would be taken out. Based on market conditions, the bonds could be remarketed for three to five years between less than 1 percent to around 1.64 percent. There was an administration amendment to the ordinance in addition to remarketing the bonds, which lowered the interest rate cap or set the rate cap maximum to 8 percent from 15 percent.

In total, the proposed transactions would include a Series 2016C bond, which would provide new money to fund capital programs, to advance refund a portion of the Series 2007 and 2009 bonds, two issues to the TWDB, a remarketing of the Series 2013F bonds, and a current refunding in January of the remaining 2007 bonds and Junior Lien 2007A bonds. The total for all of the bond issues would not exceed $536.4 million.

She reviewed the Board approved pool of investment banking firms. For each bond transaction, SAWS staff, along with SAWS co-financial advisors, would recommend a syndicate of these firms to go out and sell these bonds in capital markets. The recommendation for the syndicate was based on proposals submitted to SAWS, coverage of SAWS, other services provided, and the rotation of firms. The recommended syndicate for the upcoming transactions for the Series 2016C bonds included Citigroup Global Markets, Inc. as Senior Manager, Bank of America/Merrill Lynch as Co-Senior Manager, and Co-Managers of Loop Capital Markets, Ramirez & Co., Inc., Stifel, Nicolaus & Co., Inc.,

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and William Blair & Company. For the remarketing of the Series 2013F bonds, staff recommended a Sole Manager of RBC Capital Markets. For the transaction in January to refund the remaining 2007 bonds and the Junior Lien 2007A bonds, staff recommended a Senior Manager of Siebert Cisneros Shank & Co., a Co-Manager of Frost Bank Capital Markets, and then Co-Managers of Backstrom McCarley Berry & Co., Coastal Securities, and Raymond James & Assoc., Inc. She discuss the calendar for the transactions.

Staff recommended Items 27, 28 and 29, which approved resolutions requesting City Council authorize the issuance of one or more series of bonds for new money, advance refunding, and current refunding.

Ms. Merritt made a motion to approve Item 27. Mr. McGee seconded the motion.

After no further discussion, Item 27 was unanimously approved. Electronic voting.

28. **A Resolution relating to the remarketing of obligations designated as “City of San Antonio, Texas Variable Rate Water System Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund)” into a new interest mode; authorizing certain SAWS representatives to execute an approval certificate memorializing the terms of such remarketing; approving a remarketing agreement and remarketing memorandum relating to these obligations; requesting that the San Antonio City Council take certain action effectuating amendment to the ordinance authorizing the issuance of these obligations; and other matters in connection with the foregoing.**

(DOUG EVANSON – PHYLLIS GARCIA)

Mr. McGee a motion to approve Item 28. Ms. Merritt seconded the motion.

After no further discussion, Item 28 was unanimously approved. Electronic voting.

29. **A Resolution recommending and requesting that the San Antonio City Council take certain actions with respect to the issuance and sale of obligations designated as “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2016D” and “City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2016E.”**

(DOUG EVANSON – PHYLLIS GARCIA)

Mr. Arrellano made a motion to approve Item 29. Ms. Merritt seconded the motion.

Ms. Jasso asked what the total savings would be over the life of the bonds. Ms. Garcia responded the first transaction in October would be about $36 million and the transaction proposed in January was an additional $14 million so about $50 million over the life of the bonds.

After no further discussion, Item 29 was unanimously approved. Electronic voting.

30. **A Resolution awarding a service contract to Securitas Security Services (USA), Inc. in an amount not to exceed $15,934,049.91 for a three-year contract period with the option of two one-year extensions for security services. Total expenditures: $15,934,049.91.**

(JEFF HABY – JOSHUA DEAN)
Joshua Dean presented Items 30 and 31, the award of a contract for guard services and an extension of the existing guard services contract to provide a transition period to insure security of the system. Security services were provided to about 500 locations through a combination of SAWS staff, technology, and the guard services contract.

The best value bid process was used. He discussed some of the changes in the contract such as the contractor would no longer use SAWS vehicles and the contractor would be required to pay a competitive wage. Eight firms responded to the request for bids. The selection criteria included similar experience, level of training, policies and procedures, price, capability to respond to emergencies, and SMWB participation. Upon final evaluation, staff determined that Securitas Security Services (USA), Inc. was the best value respondent to meet SAWS needs. The contract term was for three years with two additional one-year extensions.

Staff recommended the award of the contract to Securitas Security Services (USA), Inc. for a three-year term with two one-year extensions, and an amount not to exceed $15,934,049.91 for the initial contract period.

The next item would transition security services from the current provider, U.S. Security Associates, Inc. to the new contractor. Staff was requesting the extension of the current contract to November 13 to allow enough time to make the transition. The extension would require funds in an amount not to exceed $400,000.00. Staff recommended the extension of the current security contract with U.S. Security Associates, Inc.

Mr. McGee made a motion to approve Item 30. Mr. Arrellano seconded the motion.

Mr. McGee commended staff for their diligence on this contract. He commented on the importance to secure SAWS water assets for the community. He stated this should also be a statement to other contractors that SAWS values its reputation as an organization and the contractor’s reputation was important to SAWS as well.

After no further discussion, Item 30 was unanimously approved. Electronic voting.

31. A Resolution approving an extension to a service contract with U.S. Security Associates, Inc. in an amount not to exceed $400,000.00 for a period through November 13, 2016 for security services. Total expenditures: $400,000.00.

(JEFF HABY – JOSHUA DEAN)

Ms. Merritt made a motion to approve Item 31. Mr. Arrellano seconded the motion.

After no further discussion, Item 31 was unanimously approved. Electronic voting.

32. BRIEFING SESSION.

A. Briefing and deliberation regarding the Vista Ridge Project

Mr. Burton gave a briefing regarding the Vista Ridge Project. He stated Scott Parish was not able to attend, but Mr. Parish reported Garney was making good progress on the project.
He stated there were many contract requirements that needed to be complete before financial
close. Garney was trying to get to financial close as soon as possible and was making good
progress. SAWS was meeting with Garney weekly, even daily. Once financial close was
done, SAWS would bring a recommendation for an owner's representative to build the
integration piece. The owner's representative would help design the first design-build
project for a horizontal water project through the integration piece.

He discussed the efforts to speak with the communities up and down the corridor about
wholesale agreements as the project gets to financial close. There were some questions about
the partner that would build the project, the price and where the project was going in the
initial conversations. There was more certainty on the project now to talk to the
communities. Every community would have different needs such as a short-term bridge
projects to get through the peak summer period, projects with longer periods of 30 to 60
years, or even emergency interconnect projects.

33. President/Chief Executive Officer’s Report.

A. Introduction of Sree Pulapaka, Vice President/Chief Information Officer

Mr. Puente introduced a new team member and chief information officer, Sree Pulapaka.
Mr. Pulapaka stated he came from Washington, D.C., where he lived about 25 years. He
appreciated the opportunity and looked forward to working with SAWS to move the
technology sector to a level that was more aligned with the business at SAWS.

B. Joint Base San Antonio – Camp Bullis Water Main Project

Mr. Puente commented on a consent agenda item for construction contracts at Joint Base San
Antonio. This was the furtherance of a request from the Mayor and City Council, specifically
Joe Crier, on how best to take care of our military.

C. Affordability Program Milestone

Mr. Puente recognized the Affordability Program for over $3 million in direct assistance
under eight different programs. The program hit a milestone just now of 20,000 families
helped by the program. He congratulated Sandy Wolff and her team that reached out into
the community to help individuals through the programs.

D. Summary of Trustee Tour of SAWS Facilities

Mr. Puente reviewed photos of Trustees Jasso and Arrellano on their tour of the Dos Rios
facility and commented on the picture of Trustee Jasso drinking the water. He asked the
Trustees to say a little bit about the tour.

Ms. Jasso stated she continued to be amazed at the work SAWS does to carry water to the
community. She stated she was honored to serve on the Board and that it was a continual
learning experience. All the work done with the equipment, plants, and staff was just
amazing.

Mr. Arrellano echoed the same sentiments. He stated the tour was an awesome experience
to see what the system does to the water after it’s gone through the process to get the water
to such a high quality, and to watch the water go back into the crossroads where the Medina and the San Antonio Rivers meet as clear, clean water.

Mr. Puente invited the Board to be a part of a memorandum signing with the Maestro Entrepreneur Center for the ongoing support of the SMWVB program. The signing would be held in the lobby just prior to executive session.

34. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

None

At this point in the meeting, an Executive Session was held. The time was 11:18 a.m.

35. The Regular Session of the September 13, 2016, Regular Board Meeting is hereby recessed to hold an Executive Session and discuss the matters listed below pursuant to Chapter 551 of the Texas Open Meetings Act.

36. EXECUTIVE SESSION.

A. Consultation with attorneys regarding New Braunfels Utilities Application No. 12469 to the Texas Commission on Environmental Quality (TCEQ) for a permit to appropriate state water and SAWS Application No. 13098 to TCEQ for authorization pursuant to Texas Water Code § 11.042(b) for authorization to convey SAWS return flows through state water courses for subsequent diversion and reuse pursuant to Tex. Gov’t Code §551.071 (consultation with attorneys).

B. Consultation with attorneys regarding legal matters in connection with the National Pollutant Discharge Elimination System permit number TX0065641 pursuant to Tex. Gov’t Code §551.071 (consultation with attorneys).

C. Consultation with attorneys regarding City of San Antonio, acting by and through the San Antonio Water System vs. Lin Indrio, Inc. et al, in the Probate Court No. 1 of Bexar County, Texas, Cause No. 2014-ED-0011 pursuant to Tex. Gov’t Code §551.071 (consultation with attorneys), and deliberation regarding the value of real property pursuant to Tex. Gov’t Code §551.072 (real property).

D. Consultation with attorneys regarding legal issues related to the Water Transmission and Purchase Agreement between the City of San Antonio, Texas, acting by and through the San Antonio Water System Board of Trustees and Abengoa Vista Ridge, LLC pursuant to Tex. Gov’t Code §551.071 (consultation with attorneys).

37. The Regular Session of the Regular Board Meeting of September 13, 2016, is hereby reconvened.

The meeting reconvened at 12:51 p.m. The Chairman stated that no decisions were made in Executive Session.

38. A Resolution approving the filing of a request for party status and non-party briefing in the contested case hearing and administrative and judicial proceedings relating to
Application No. 12469 filed by New Braunfels Utilities before the Texas Commission on Environmental Quality; further authorizing the System’s President/Chief Executive Officer and/or legal counsel to take all necessary legal action to protect the System’s interests relating to said application, contested case hearing, and administrative and judicial proceedings. (NANCY BELINSKY)

Steve Kosub presented Item 38. He recommended approval to file a request for party status and non-party briefing in the contested case hearing and administrative and judicial proceedings related to Application No. 12469 filed by New Braunfels Utilities before the TCEQ.

Mr. McGee made a motion to approve Item 38. Mr. Arrellano seconded the motion.

After no further discussion, Item 38 was unanimously approved. Electronic voting. Mayor Taylor was not present for the vote.

39. Adjournment. THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES MEETING OF SEPTEMBER 13, 2016, IS HEREBY ADJOURNED.

The San Antonio Water System Board of Trustees Meeting of September 13, 2016, adjourned at 12:53 p.m.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

__________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees
FROM: Robert R. Puente, President/Chief Executive Officer
SUBJECT: Acceptance of Bids for Services, Equipment, Materials and Supplies

The attached resolution accepts bids and awards contracts for services, equipment and supplies as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>This Board Meeting</th>
<th>Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Award of New One Time Purchases of Materials, Equipment or Services (December 2014)</td>
<td>Number of Contracts (SMWB) Estimated Amount (SMWB)</td>
<td>Number of Contracts (SMWB) Estimated Amount (SMWB)</td>
</tr>
<tr>
<td></td>
<td>1 0 386,007.06     0.00</td>
<td>35 13 8,070,472.87 3,359,105.02</td>
</tr>
<tr>
<td>B. Award of New and Renewal of Annual Goods &amp; Services Requirements Contracts and Maintenance Agreements (December 2014)</td>
<td>Number of Contracts (SMWB) Estimated Amount (SMWB)</td>
<td>Number of Contracts (SMWB) Estimated Amount (SMWB)</td>
</tr>
<tr>
<td></td>
<td>7 4 1,332,476.24 1,147,290.14</td>
<td>100 49 27,681,240.30 10,970,807.86</td>
</tr>
<tr>
<td></td>
<td>8 4 $1,718,483.30 1,147,290.14</td>
<td>135 62 $35,751,713.17 $14,329,912.88</td>
</tr>
</tbody>
</table>

SMWB Purchasing Contracts (percentage) 50.00% 66.76% 45.93% 40.08%

Approved: Robert R. Puente
President/Chief Executive Officer

Reviewed: Marisol V. Robles
SMWB Program Manager

Yvonne C. Torres, Director
Purchasing Division

Agenda Item No. 6
Board Action Date: November 1, 2016
RESOLUTION NO.
OF THE SAN ANTONIO WATER SYSTEM BOARD OF
TRUSTEES ACCEPTING BIDS AND AWARDING
CONTRACTS FOR THE PROCUREMENT OF CERTAIN
SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES;
AUTHORIZING EXPENDITURES TO PROCURE THE SAID
SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES;
AUTHORIZING THE DIRECTOR OF THE PURCHASING
DIVISION, OR HER DESIGNEE, TO EXECUTE DOCUMENTS
RELATED THERETO; FINDING THE RESOLUTION TO
HAVE BEEN CONSIDERED PURSUANT TO THE LAWS
GOVERNING OPEN MEETINGS; PROVIDING A
SEVERABILITY CLAUSE; AND ESTABLISHING AN
EFFECTIVE DATE

WHEREAS, the Director of the Purchasing Division of the San Antonio Water System (the "System") has recommended certain bids be accepted, that certain contracts be awarded, and that certain other actions be taken to procure services, equipment, materials and supplies which are necessary for the operation of the System; and

WHEREAS, the said recommendations are fully set out in "Attachment I" which is attached hereto and made a part hereof, and said recommendations have been approved by the System's President/Chief Executive Officer; and

WHEREAS, the appropriate bidding procedures regarding the procurement of goods and services have been adhered to in the compiling of the attached recommendations, as reflected in administrative records supporting this resolution; and

WHEREAS, funds are available in the System's budget to pay for the required services, equipment, materials and supplies; and

WHEREAS, the Board of Trustees of the San Antonio Water System desires (i) to accept the bids and award the contracts as recommended, (ii) to authorize from available funds of the System the expenditures necessary to carry out the recommended procurements, and (iii) to authorize the Director of the Purchasing Division or her designee to execute all contracts and other documents necessary to carry out the recommended procurements; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD
OF TRUSTEES:

1. That the bids are accepted and the contracts are awarded for procurement of the services, equipment, materials and supplies listed in Attachment I, as recommended by the Director of the Purchasing Division.

2. That the expenditure of the necessary funds from the appropriate budget fund of the System for the procurement of the said services, equipment, materials and supplies is hereby authorized.
3. That the Director of the Purchasing Division, or her designee, is hereby authorized to notify bidders of the acceptance of bids, to execute contracts and other documents, and to carry out all other actions necessary to procure the said services, equipment, materials and supplies.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this the 1st day of November, 2016

Berto Guerra, Jr., Chairman

ATTEST:

Ernesto Arrellano, Jr., Secretary
Award of New One Time Purchases of Materials, Equipment or Services

A. The following items will establish price and delivery for the one time purchase of Materials, Equipment and Services. These items are included in the current budget. Payment will be made from the applicable fund.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>ITEM NO(s.)</th>
<th>ESTIMATED TOTAL PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Xylem Water Solutions</td>
<td>Purchase of Flygt Submersible Pump Repairs for the Dos Rios Water Recycling Center Bid No. 16-16104</td>
<td>All</td>
<td>$ 63,287.30</td>
<td>This is a sole source. This is a one time purchase of Flygt submersible pump repairs for the Dos Rios Water Recycling Center. Xylem Water Solutions is the sole certified Flygt Pump repair facility for the San Antonio area. DIRECTOR Comments This contract is for the repair of one of three 15,500 GPM submersible pumps at the Dos Rios WRC Return Flow Pump Station. Xylem Water Solutions is the sole certified Flygt Pump repair facility for the San Antonio area for Flygt Submersible Pumps. As the sole certified Flygt Pump repair facility, they are the only local vendor that can obtain Flygt original equipment manufacturer (OEM) parts. Additionally, System is assured that the pump manufacturers recommended repair procedures will be adhered to. Because of the critical nature of these pumps and because these pumps are quite a bit larger than most of System other submersible pumps, System recommends having pump repaired by the certified Flygt Pump repair facility, Xylem Water Solutions. Recommend award.</td>
</tr>
<tr>
<td>2. Bull's Eye Services, LLC</td>
<td>Purchase of Well Plugging Services for SAWS Public Supply Wells Bid No. 16-16073</td>
<td>All</td>
<td>$ 322,719.76</td>
<td>This is a one time purchase of well plugging services for System public supply wells that are no longer being used.</td>
</tr>
</tbody>
</table>

*Indicates vendor is an SMWB, unless otherwise noted vendor is non minority.

Board Date: November 1, 2016
Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities may vary from the estimate.

<table>
<thead>
<tr>
<th>B. VENDOR</th>
<th>DESCRIPTION</th>
<th>NO(s.)</th>
<th>PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pencco, Inc. (SBE)</td>
<td>Annual Contract for Aqueous Solution of Ferrous Sulfate, FeSO4 Bid No. 15-1071</td>
<td>All</td>
<td>$358,000.00</td>
<td>This is a current annual contract and additional funds are being requested. This contract will be utilized to purchase Aqueous Solution of Ferrous Sulfate. This contract was previously awarded October 27, 2015 for an amount of $2,026,785.45. The usage exceeded expectations during January, February and March when temperatures were warmer than expected. This increase is necessary for the contract period ending December 31, 2016, thus this board item seeks to increase the dollars of the base period by $358,000.00 (25%) for a revised total of $2,384,785.45.</td>
</tr>
<tr>
<td>2. Presstek, LLC (SBE)</td>
<td>Contract for the Purchase of Presstek 34DI-XFour Color Digital Press and Annual Maintenance Bid No. 16-16119</td>
<td>All</td>
<td>$229,500.00</td>
<td>This is a new, sole source contract. This contract is for the purchase of Presstek Offset Printing Press. This equipment offers the unique capability of marrying the best of the Digital Press with the best of the Offset Press by providing superior print quality, faster setup time and chemical free processing. This Press will be used by the System Print Shop to print monthly customer newsletters. This contract will be effective Date of Award (November 1, 2016) through October 31, 2017. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of four (4) additional one-year options to extend for annual maintenance as provided for and approved for in future years budgets.</td>
</tr>
</tbody>
</table>

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.

Board Date: November 1, 2016
Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

<table>
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<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>NO(s.)</th>
<th>PURCHASES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eads Distribution</td>
<td>Annual Contract for Cartridge Filters for Reverse Osmosis Membranes</td>
<td>All</td>
<td>$98,736.00</td>
</tr>
</tbody>
</table>

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.

**Direct Director Comments**

This is a new sole-source contract for the purchase of a Presstek 34DI-X, a Direct Imaging Offset Printing Press, as well as, Annual Maintenance. At this time, Presstek is the only manufacturer to offer this unique type of press. The Presstek Offset Printing Press offers the unique capability of providing for the superior print quality of an Offset Press, provides for faster setup time, and chemical free processing; all at a reduced cost and size when compared to other similar Presses. This Press will be used by the SAWS Print Shop located at SAWS Headquarters Tower 2, 4th Floor in order to print customer newsletters. In addition, utilizing this technology will result in decreased usage costs (approximately $54,000/yr) by eliminating "click charges". Recommend award.

This contract is for the purchase of cartridge filters to be used in the Parker Brand filter vessels at the Twin Oaks Desalinization Plant. These filters are required in order to maintain the warranty and extend the life of the reverse osmosis membranes. Twelve (12) vendors were emailed the bid. Four (4) responses were received; two (2) were "no bids", one (1) was providing a product that did not meet specifications, and the other was the response received from the Eads Company. Recommend award.

**Board Date:** November 1, 2016
**Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements**

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

<table>
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<th>PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Barco Pump</td>
<td>Annual Contract for Salado Pump Station Temporary Booster Pump Rental Bid No. 16-16102</td>
<td>All</td>
<td>$86,450.10</td>
<td>This is a new contract. This contract will be utilized for the Salado Pump Station Temporary Booster Pump Rental. This booster pump will be used to divert potable water to Knight Cross storage location. This contract will be effective Date of Award (November 1, 2016) through December 31, 2017. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of one (1) additional one-year options to extend as provided for, and approved for in future years budgets.</td>
</tr>
<tr>
<td>5. Salt Exchange, Inc. ($BE)</td>
<td>Annual Contract for the Purchase and Delivery of Bulk Salt Bid No. 16-16084</td>
<td>All</td>
<td>$106,356.80</td>
<td>This is a new contract. This contract will be utilized by the System for the purchase and delivery of bulk salt to be used in onsite sodium hypochlorite generators. This contract will be effective Date of Award (November 1, 2016) through September 30, 2017. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of three (3) additional one-year options to extend as provided for, and approved for in future years budgets.</td>
</tr>
</tbody>
</table>

**DIRECTOR Comments**

This contract is for the purchase of bulk NSF 60 salt to be delivered in super sacks or pneumatically loaded directly into our brine tanks. This salt will be used for the onsite sodium hypochlorite generators (OSG). These OSGs will replace the gaseous chlorine cylinders that are onsite at our stations for water disinfection therefore reducing the risk of poisonous gas leaks in populated areas. We currently have four (4) OSGs online and an additional four (4) that will be brought online within the next two years. The Salt Exchange is the single responsible bidder for the Bulk NSF 60 salt bid. Historically we have received two bids, however the second bidder was approximately 40% higher in price than Salt Exchange. Recommend award.

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.*

Board Date: November 1, 2016
B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

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<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>NO(s.)</th>
<th>PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Southwest Companies Companies, Ltd. dba Southwest Wheel</td>
<td>Annual Contract for Truck Body Trailer Parts and Service Bid No. 16-0226</td>
<td>All</td>
<td>$83,653.34</td>
<td>This is a new contract. This contract will be utilized by System for the purchase of repair parts and service for trucks and trailers. This contract will be effective Date of Award (November 1, 2016) through December 31, 2017. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of three (3) additional one-year options to extend as provided for, and approved for in future years budgets.</td>
</tr>
<tr>
<td>7. Abacus Computers, Inc. (MBE)</td>
<td>Annual Contract for Panasonic Toughpads &amp; Warranty DIR-TSO-2520 Bid No. 16-16089</td>
<td>All</td>
<td>$369,780.00</td>
<td>This is a new contract. This contract will be utilized to increase the efficiency of field workers at System; with existing laptop equipment to be replaced with tablets and camera capabilities. This contract will be effective Date of Award (November 1, 2016) through October 31, 2017. If determined that an extension is favorable to the System, price and service considered, the award includes the availability of one (1) additional one-year options to extend as provided for, and approved for in future years budgets.</td>
</tr>
</tbody>
</table>

$1,332,476.24

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.
BID NO. 16-16104
DOS RIOS WATER RECYCLING CENTER FLYGT SUBMERSIBLE PUMP REPAIRS
SOLE SOURCE

Xylem Water Solutions is the sole certified Flygt Pump repair facility for the San Antonio area for Flygt Submersible Pumps. As the sole certified Flygt Pump repair facility, they are the only local vendor that can obtain Flygt original equipment manufacturer (OEM) parts. Additionally, System is assured that the pump manufacturers recommended repair procedures will be adhered to.

The bid submitted by Xylem Water Solutions meets System requirements to repair the Flygt Pump. This pump serves as one of three 15,500 GPM submersible pumps at the Dos Rios WRC Return Flow Pump Station. This pump station’s primary purpose is to maintain the level in the Flow Equalization Basins when flow to Dos Rios must be diverted during large storm events. Because of the critical nature of these pumps and because these pumps are quite a bit larger than most of System other submersible pumps, System recommends having pump repaired by the certified Flygt Pump repair facility, Xylem Water Solutions. Prices are as detailed below.
<table>
<thead>
<tr>
<th>Line Item</th>
<th>Part No.</th>
<th>Part No. - Description</th>
<th>UOM</th>
<th>Qty</th>
<th>Unit Price</th>
<th>Extended Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>845371</td>
<td>Bearing, Roller Cyl Sngl Row 150x70x35mm, 25x25MM, NU314ECP</td>
<td>SET</td>
<td>1</td>
<td>$239.00</td>
<td>$239.00</td>
</tr>
<tr>
<td>2</td>
<td>115125.9</td>
<td>BEARING.BALL. ANG CONT SNGL ROW W15X100X47MM, 7320BE</td>
<td>SET</td>
<td>1</td>
<td>$619.00</td>
<td>$619.00</td>
</tr>
<tr>
<td>3</td>
<td>370 66 02</td>
<td>SEAL,MECHANICAL WCCR/WCCR</td>
<td>EA</td>
<td>1</td>
<td>$538.00</td>
<td>$538.00</td>
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<tr>
<td>4</td>
<td>666 69 00</td>
<td>BEARING,ROLLR UNIT SNGL ROW/CYL 180X100X34MM NJ226ECP</td>
<td>EA</td>
<td>1</td>
<td>$521.00</td>
<td>$521.00</td>
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<tr>
<td>5</td>
<td>617 99 02</td>
<td>SEAL,MECHANICAL WCCR/WCCR</td>
<td>EA</td>
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<td>$3301.00</td>
<td>$3301.00</td>
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<tr>
<td>6</td>
<td>491 53 00</td>
<td>DETECTOR, BEARING (PT100)</td>
<td>EA</td>
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<td>$875.00</td>
<td>$875.00</td>
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<tr>
<td>7</td>
<td>482 62 00</td>
<td>SWITCH,LEVEL UNIT</td>
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<td>$1357.00</td>
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<tr>
<td>8</td>
<td>489 84 00</td>
<td>BRACKET UNIT</td>
<td>EA</td>
<td>1</td>
<td>$168.00</td>
<td>$168.00</td>
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<tr>
<td>9</td>
<td>408 63 00</td>
<td>SWITCH,LEVEL UNIT</td>
<td>EA</td>
<td>1</td>
<td>$2027.00</td>
<td>$2027.00</td>
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<tr>
<td>10</td>
<td>82 73 91</td>
<td>O-RING 22.2 X 3.0 NBR</td>
<td>EA</td>
<td>2</td>
<td>$2.10</td>
<td>$4.20</td>
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<td>11</td>
<td>82 77 14</td>
<td>O-RING 24.2 X 5.7 NBR</td>
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<td>2</td>
<td>$4.60</td>
<td>$9.20</td>
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<tr>
<td>12</td>
<td>82 77 78</td>
<td>O-RING 43.0 X 5.0 NBR</td>
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<td>6</td>
<td>$4.80</td>
<td>$28.80</td>
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<tr>
<td>13</td>
<td>82 74 07</td>
<td>O-RING 74.2 X 5.7 NBR</td>
<td>EA</td>
<td>1</td>
<td>$4.80</td>
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<td></td>
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<tr>
<td>14</td>
<td>82 74 12</td>
<td>O-RING 99.1 X 5.7 NBR</td>
<td>EA</td>
<td>1</td>
<td>$6.30</td>
<td>$6.30</td>
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<tr>
<td>15</td>
<td>82 74 89</td>
<td>O-RING 179.3 X 5.7 NBR</td>
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<td>1</td>
<td>$16.00</td>
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<td>O-RING 189.3 X 5.7 NBR</td>
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<td>$15.00</td>
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<tr>
<td>17</td>
<td>82 74 97</td>
<td>O-RING 239.3 X 5.7 NBR</td>
<td>EA</td>
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<td>$22.00</td>
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<tr>
<td>18</td>
<td>82 75 06</td>
<td>O-RING 359.3 X 5.7 NBR</td>
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<td>$27.00</td>
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<tr>
<td>19</td>
<td>82 78 95</td>
<td>O-RING 580.0 X 8.0 NBR</td>
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<tr>
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<td>O-RING 499.3 X 5.7 NBR</td>
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<td>$108.00</td>
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<tr>
<td>21</td>
<td>82 78 97</td>
<td>O-RING 594.0 X 5.7 NBR</td>
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<tr>
<td>22</td>
<td>82 78 99</td>
<td>O-RING 725.0 X 5.7 NBR</td>
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<td>2</td>
<td>$91.00</td>
<td>$182.00</td>
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<tr>
<td>23</td>
<td>379 71 01</td>
<td>RING, WEAR STATIONARY STEEL/NBR</td>
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<td>1</td>
<td>$466.00</td>
<td>$466.00</td>
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<tr>
<td>24</td>
<td>550 15 00</td>
<td>TERMINAL, BRASS</td>
<td>EA</td>
<td>3</td>
<td>$466.00</td>
<td>$1,338.00</td>
</tr>
<tr>
<td>25</td>
<td>579 84 00</td>
<td>TERMINAL BOARD UNIT</td>
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<td>1</td>
<td>$1949.00</td>
<td>$1,949.00</td>
</tr>
<tr>
<td>26</td>
<td>404 50 00</td>
<td>HOUSING, BEARING CI</td>
<td>EA</td>
<td>1</td>
<td>$5279.00</td>
<td>$5,279.00</td>
</tr>
<tr>
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- The award amount is $63,287.30
### SAN ANTONIO WATER SYSTEM

#### TABULATION OF BIDS

**P.O. BOX 2449**

### Work Description:
- **19 CY**
- **90 CY**
- **1,250 CY**
- **3,700 CY**
- **3,700 CY**
- **7,700 CY**

### Materials:
- **Concrete**
- **Gravel**

### Prices:

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### Notes:
- **TASA Public Supply Wells**
- **Adams Waterworks Co.**
- **Canyon, TX 78109**
- **Clara C. Milam P.O. Box 1946**
- **Canyon, TX 79015-1946**

---

### Appendix:

- **List of Calculations**
- **List of Materials**
- **List of Tools**

---

**Reference:**
- **Original Document Reference:**
- **Preparation Date:**
- **Review Date:**
- **Approval Date:**
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<td>750.00</td>
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<td>2 LS</td>
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<td>Remove and dispose of column pipe</td>
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**TOTAL:**

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# SAN ANTONIO WATER SYSTEM  
**P. O. BOX 2449**

**TABULATION OF BIDS**

**PROPOSAL**  
Plugging of SAWS Public Supply Wells

**DATE & TIME**  
3:00 p.m., August 24, 2016

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<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
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| ITEM 4 | 1 LS  
Remove Sealing block and casing 5' below grade | UNIT | 1,000.00 | 2,300.00 |
| | | TOTAL | 1,000.00 | 2,300.00 |
| | 1 LS  
Site restoration | UNIT | 500.00 | 400.00 |
| | | TOTAL | 500.00 | 400.00 |
| | 31 hr  
Logging Standby time per hour | UNIT | 150.00 | 150.00 |
| | | TOTAL | 450.00 | 450.00 |
| | **TOTAL ITEM 4** | **TOTAL** | 13,340.00 | 11,200.00 |
| ITEM 5 | 169WPI  
8 ea.  
Remove Obstruction in well (drilling out obstruction) | UNIT | 350.00 | 300.00 |
| | | TOTAL | 7,800.00 | 3,800.00 |
| | 32 ea.  
Perforate Casing - 32 perforations 1 every 50' starting at 830 | UNIT | 625.00 | 312.50 |
| | | TOTAL | 20,000.00 | 10,000.00 |
| | 13 CY  
13 cubic yards of 3/4" Gravel | UNIT | 150.00 | 385.00 |
| | | TOTAL | 1,950.00 | 5,005.00 |
| | 312 ea.  
312 sacks of Class A Cement | UNIT | 50.71 | 22.50 |
| | | TOTAL | 10,750.53 | 4,770.00 |
| | 1 LS  
Remove Sealing block and casing 5' below grade | UNIT | 1,000.00 | 2,300.00 |
| | | TOTAL | 1,000.00 | 2,300.00 |
| | 1 LS  
Site restoration | UNIT | 500.00 | 400.00 |
| | | TOTAL | 500.00 | 400.00 |
| | 41 hr  
Logging Standby Time (4 hrs) | UNIT | 150.00 | 150.00 |
| | | TOTAL | 600.00 | 600.00 |
| | **TOTAL ITEM 5** | **TOTAL** | 37,600.52 | 26,275.00 |
| ITEM 6 | 169WPI  
127 ea.  
127 sacks of Class A Cement | UNIT | 51.12 | 35.00 |
| | | TOTAL | 6,492.24 | 4,445.00 |
| | **TOTAL ITEM 6** | **TOTAL** | 6,492.24 | 4,445.00 |
| ITEM 7 | 075WP3  
1 LS  
Remove and dispose of submersible pump | UNIT | 750.00 | 5,000.00 |
| | | TOTAL | 750.00 | 5,000.00 |
# SAN ANTONIO WATER SYSTEM
P. O. BOX 2449

## TABULATION OF BIDS

<table>
<thead>
<tr>
<th>ITEM 8</th>
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<th>5 CY</th>
<th>5 cubic yards of 3/4&quot; Gravel</th>
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## SAN ANTONIO WATER SYSTEM
### P. O. BOX 2449
### TABULATION OF BIDS

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## SAN ANTONIO WATER SYSTEM
P. O. BOX 2449

### TABULATION OF BIDS

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<th>Item 14</th>
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<td>500.00</td>
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<td>UNIT</td>
<td>1,000.00</td>
<td>1,000.00</td>
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<td></td>
<td>Site Restoration</td>
<td>UNIT</td>
<td>500.00</td>
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<td></td>
<td>3 Hrs</td>
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<td>Remove and dispose of column pipe</td>
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## Notes:
- The table above lists the items, descriptions, quantities, and prices for various services related to the San Antonio Water System.
- The prices are listed in dollars and cents for each item.
- The total for each item is calculated by multiplying the unit price by the quantity.
- The total for the project includes columns for units, total units, total price, and total cost.
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<th>ITEM 14</th>
<th>DESCRIPTION AND QUANTITY</th>
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<th>PRICE</th>
<th>TOTAL</th>
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<td>4 CY</td>
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# SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**

## TABULATION OF BIDS

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## SAN ANTONIO WATER SYSTEM
P. O. BOX 2449

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<td>1 LS</td>
<td>Remove and dispose of column pipe</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>750.00</td>
<td>450.00</td>
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<tr>
<td>5 CY</td>
<td>5 cubic yards of 3/4&quot; Gravel</td>
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<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>150.00</td>
<td>280.00</td>
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<tr>
<td>74 ea.</td>
<td>74 sacks of Class A Cement</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>70.34</td>
<td>24.00</td>
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<tr>
<td>TOTAL</td>
<td>5,205.16</td>
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<tr>
<td>1 LS</td>
<td>Remove Sealant block and casing 5' below grade</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1,000.00</td>
<td>2,300.00</td>
</tr>
</tbody>
</table>
# SAN ANTONIO WATER SYSTEM

## P. O. BOX 2449

### TABULATION OF BIDS

**PROPOSAL**

**TIME &**

**DATE:**

3:00 p.m., August 24, 2016

**ITEMS 21**

<table>
<thead>
<tr>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 LS Site restoration</td>
<td></td>
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</tr>
<tr>
<td>3 hrs. Logging Standby Time (3 hrs.)</td>
<td></td>
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<tr>
<td>160 ea. 160 sacks of Class A Cement</td>
<td></td>
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<tr>
<td>1 LS Remove Sealing block and casing 5 below grade</td>
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<tr>
<td>3 hrs. Logging Standby Time (3 hrs.)</td>
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<tr>
<td>7 CY 7 cubic yards of 3/4&quot; Gravel</td>
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**TOTAL ITEM 21**

<table>
<thead>
<tr>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 LS Remove and dispose of submersible pump</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 LS Remove and dispose of column pipe</td>
<td></td>
<td></td>
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<tr>
<td>8 CY 8 cubic yards of 3/4&quot; Gravel</td>
<td></td>
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<tr>
<td>160 ea. 160 sacks of Class A Cement</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1 LS Remove Sealing block and casing 5 below grade</td>
<td></td>
<td></td>
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<tr>
<td>3 hrs. Logging Standby Time (3 hrs.)</td>
<td></td>
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<tr>
<td>7 CY 7 cubic yards of 3/4&quot; Gravel</td>
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**TOTAL ITEM 22**

<table>
<thead>
<tr>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 LS Remove and dispose of submersible pump</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 LS Remove and dispose of column pipe</td>
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<tr>
<td>7 CY 7 cubic yards of 3/4&quot; Gravel</td>
<td></td>
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</table>

**ITEM 23**

<table>
<thead>
<tr>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 LS Remove and dispose of submersible pump</td>
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<tr>
<td>1 LS Remove and dispose of column pipe</td>
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<tr>
<td>7 CY 7 cubic yards of 3/4&quot; Gravel</td>
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</table>

**TOTAL ITEM 23**

<table>
<thead>
<tr>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 LS Remove and dispose of submersible pump</td>
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<tr>
<td>1 LS Remove and dispose of column pipe</td>
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<tr>
<td>7 CY 7 cubic yards of 3/4&quot; Gravel</td>
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</tbody>
</table>

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For more details, please refer to the original document.
<table>
<thead>
<tr>
<th>ITEM</th>
<th>DESCRIPTION</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>1 LS</td>
<td></td>
<td>0.00</td>
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</tr>
<tr>
<td></td>
<td>Remove Sealing block and casing 5' below grad</td>
<td></td>
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<tr>
<td></td>
<td>SITE RESTORATION</td>
<td></td>
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<tr>
<td></td>
<td>3 HR. LOGGING STANDBY TIME (3 hrs.)</td>
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**TOTAL ITEM 23**

<table>
<thead>
<tr>
<th>ITEM 24</th>
<th>DESCRIPTION</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>24A VPI</td>
<td>1 LS</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>REMOVE AND DISPOSE OF SUBMERSIBLE PUMP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24B VPI</td>
<td>1 LS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>REMOVE AND DISPOSE OF COLUMN PIPE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24C VPI</td>
<td>4 CY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 CUBIC YARDS OF 3/4&quot; GRAVEL</td>
<td></td>
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</tbody>
</table>

**ITEM 25**

<table>
<thead>
<tr>
<th>ITEM 25</th>
<th>DESCRIPTION</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>25A VPI</td>
<td>1 LS</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>REMOVE AND DISPOSE OF SUBMERSIBLE PUMP</td>
<td></td>
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</tr>
<tr>
<td>25B VPI</td>
<td>1 LS</td>
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<tr>
<td></td>
<td>REMOVE AND DISPOSE OF COLUMN PIPE</td>
<td></td>
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<td></td>
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<tr>
<td>Source</td>
<td>Material</td>
<td>Description</td>
<td>Unit</td>
<td>Price</td>
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</tbody>
</table>
**SAN ANTONIO WATER SYSTEM**  
P. O. BOX 2449

**TABULATION OF BIDS**

**PROPOSAL NO.**  
Plugging of SAWS Public Supply Wells

**TIME & DATE.**  
3:00 p.m., August 24, 2016

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DESCRIPTION AND APPROPRIATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>32 Hr Drilling Rig - fishing out obstruction (including Mobilization)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL ITEM 27</td>
<td></td>
<td>40,330.00</td>
<td>69,000.00</td>
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<tr>
<td></td>
<td>TOTAL ITEM 1-27</td>
<td></td>
<td>322,719.76</td>
<td>343,644.37</td>
</tr>
<tr>
<td></td>
<td>Terms</td>
<td></td>
<td>Net</td>
<td>Net</td>
</tr>
<tr>
<td></td>
<td>Delivery Days</td>
<td></td>
<td>30 days</td>
<td>30 days</td>
</tr>
</tbody>
</table>

**LOW BIDDER**

BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:

- Advanced Water Well Technologies
- Austry Inc
- Andrews & Foster
- Bull's Eye Services, Inc
- Contagen
- Dux export Drilling
- DXP
- Hydro Resources Mid Continen Inc
- Layne
- Peerless Equipment
- Pump Solutions
- San Antonio Armature
- Smith Pump
- Wessinger Inc

**SAWS Website**

**SAWS Website**

**SAWS Website**
SAN ANTONIO WATER SYSTEM  
P. O. BOX 2449  
SAN ANTONIO, TEXAS 78298-2449  
TABULATION OF BIDS  

**PROPOSAL:** Annual Contract for  
**FOR:** Aqueous Solution of Ferrous Sulfate, FeSO₄  
**TIME & DATE:** January 1, 2016 through December 31, 2016, 3:00 p.m., August 26, 2015  

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>Price/gal</th>
<th>TOTAL</th>
<th>Price/gal</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Estimated 139.625/gal/first 3 months</td>
<td>0.446</td>
<td>62,272.75</td>
<td>0.5182</td>
<td>72,353.68</td>
</tr>
<tr>
<td>2.</td>
<td>Estimated 4,404.737 gal/year*</td>
<td>0.446</td>
<td>1,964,512.70</td>
<td>0.5182</td>
<td>2,282,534.71</td>
</tr>
<tr>
<td>3.</td>
<td>Rental of 5,000 gallon tanker for emergencies</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td>4,000.00</td>
<td>4,000.00</td>
</tr>
<tr>
<td>4.</td>
<td>Delivery and setup charge</td>
<td>Delivery Charge</td>
<td>2,000.00</td>
<td>3,000.00</td>
<td>3,000.00</td>
</tr>
</tbody>
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**EXTENSION 1**  
TOTAL 2,026,785.45  

**EXTENSION 2**  
TOTAL 2,026,785.45  

**EXTENSION 3**  
TOTAL 2,026,785.45  

**Terms**  
1.5%  
10 days  
30 days  

**Delivery Days**  

*LOW BIDDER*  

**BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:**  
Allen Chemical  
ALTIVIA Chemicals  
Ampac Chemical  
Bromtag  
Chemtrade  
DX Group  
Kamini Water  
Penceco  
Univar USA  

*SAWS Website*
This is the sole source justification for the above named project. This contract will be effective Date of Award (06 Dec 2016) through 05 Dec 17.

This is a new sole-source contract for the purchase of the Presstek 34DI-X, a Direct Imaging Offset Printing Press, and includes four one-year options for Maintenance. The new equipment will replace the existing Press that’s been in use since 2006, which has reached its end of life as improved technologies have entered the market place. The contract will be awarded to Presstek, the manufacturer of the Presstek 34DI-X, a Direct Imaging Offset Printing Press. The Presstek Offset Printing Press was chosen as the optimal solution as it combines the unique capability of providing for the superior print quality of an Offset Press while also providing for faster setup time, and chemical free processing when compared to a traditional off-set Press. This Press will be used by the SAWS Print Shop located at SAWS Headquarters Tower 2, 4th Floor in order to print customer newsletters. The monthly two-sided newsletter will be provided to each SAWS customer during monthly billing.

The Presstek Press allows for faster setup time as it provides for on-press plate making that yields fast make-ready prints avoiding the normal two-step process of needing to image the plate outside of the Press before loading the plate in the Press. Presstek is the only manufacturer that provides for this on-plate technology. This provides for more efficient workflow from file to printed sheet.

The process of the Presstek Press is chemical-free, which offers advantages over a non-Direct Imaging Offset Press as the Presstek Press is more environmentally friendly and less hazardous during operator usage.

Other solutions were explored, but found to be less optimal due to increased usage costs, and inferior capability. Other non-offset Press technology incurs “click charges” per impression, which based on Print Shop volume, would result in an additional recurring monthly cost of $4,500 per month when accomplishing approximately 900,000 impressions per month based on an average per impression “click charge” of $.005; which equates to $54,000 per year. Due to the unique design of the Presstek 34DI-X Press, SAWS will avoid this additional cost. In addition, utilizing a non-offset Press to print impressions of this magnitude would result in increased downtime and maintenance costs as this other technology is not designed to print up to the volume identified above.

Presstek is unique in that they are the only manufacturer to produce and offer an Offset Digital Press, which offers superior print quality, provides for faster setup time, and chemical free processing; all at a reduced cost compared to other Presses or technologies.

Total cost is $271,440 (Price Schedule Below).
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>UOM</th>
<th>Qty</th>
<th>Unit Price</th>
<th>Extended Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Presstek 34DI-X Digital Offset Press</td>
<td>Each</td>
<td>1</td>
<td>$225,000</td>
<td>$225,000</td>
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<tr>
<td>2</td>
<td>Delivery (Through Tower II Window)</td>
<td>Lump Sum</td>
<td>1</td>
<td>$4,200</td>
<td>$4,200</td>
</tr>
<tr>
<td>3</td>
<td>Maintenance (Silver Plan)</td>
<td>Year</td>
<td>1</td>
<td>$10,560</td>
<td>$10,560</td>
</tr>
<tr>
<td></td>
<td>PoP: 06 Dec 17–05 Dec 18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Maintenance (Silver Plan)</td>
<td>Year</td>
<td>1</td>
<td>$10,560</td>
<td>$10,560</td>
</tr>
<tr>
<td></td>
<td>PoP: 06 Dec 18–05 Dec 19</td>
<td></td>
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<tr>
<td>5</td>
<td>Maintenance (Silver Plan)</td>
<td>Year</td>
<td>1</td>
<td>$10,560</td>
<td>$10,560</td>
</tr>
<tr>
<td></td>
<td>PoP: 06 Dec 19–05 Dec 20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Maintenance (Silver Plan)</td>
<td>Year</td>
<td>1</td>
<td>$10,560</td>
<td>$10,560</td>
</tr>
<tr>
<td></td>
<td>PoP: 06 Dec 19–05 Dec 20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$271,440</strong></td>
<td></td>
</tr>
</tbody>
</table>
## PROPOSAL

**FOR**
Annual Contract for Cartridge Filters for Reverse Osmosis Membranes

**TIME & DATE**
3:00 p.m., July 19, 2016

### TABULATION OF BIDS

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT PRICE</th>
<th>TOTAL</th>
<th>BID NOT TABULATED NON-RESPONSIVE FILTER NOT AN APPROVED EQUIVALENT</th>
<th>TERMS</th>
<th>DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6,600 ea. Cartridge filter as specified herein</td>
<td>14.96</td>
<td>98,736.00</td>
<td>NO BID</td>
<td>Net 30 days</td>
<td>30 days</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>98,736.00</td>
<td>NO BID</td>
<td>NO BID</td>
<td></td>
</tr>
</tbody>
</table>

*LOW BIDDER*

**BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:**

- 3M Purification
- American Water Chemicals, Inc.
- Biwater
- Dow Chemicals
- EADS Co.
- Fischer Robertson Inc.
- GE Water
- General Electric Co.
- Graver Technologies
- Harmaco
- Lenntech
- Pentair
- RO Technologies, Inc.
- Tech Quip
- The Eads Co.
- Demandstar
- SAWS Website
## SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**  
**SAN ANTONIO, TEXAS 78298-2449**  
**TABULATION OF BIDS**

**PROPOSAL**  
**Annual Contract for Salado Pump Station**  
**FOR**  
**Temporary Booster Pump Rental**  
**TIME & DATE**  
**November 1, 2016 through December 31, 2017**  
**3:00 p.m., September 16, 2016**

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>13 monthly Diesel Driven Engine Pump Rental</td>
<td>6,650.00</td>
<td>86,450.00</td>
</tr>
<tr>
<td>2</td>
<td>1 LS Suction and Discharge Piping and Valves Setup and Breakdown</td>
<td>0.00</td>
<td>4,020.00</td>
</tr>
<tr>
<td>3</td>
<td>1 ea. Mobilization</td>
<td>0.00</td>
<td>300.00</td>
</tr>
<tr>
<td>4</td>
<td>1 ea. De-Mobilization</td>
<td>0.00</td>
<td>300.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>86,450.00</strong></td>
<td><strong>95,318.79</strong></td>
</tr>
</tbody>
</table>

**EXTENSION I**

**86,450.00**

<table>
<thead>
<tr>
<th>Terms</th>
<th>Delivery Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2%</td>
<td>10 days</td>
</tr>
<tr>
<td>Net</td>
<td>30 days</td>
</tr>
</tbody>
</table>

***LOW BIDDER**

**BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:**

- Arco Pump
- Barco Pump
- Midas Flow Control
- Rain for Rent
- Sunbelt Rentals
- United Rentals
- Xylem, Inc.

**United Rentals (North America, Inc., 10252 IH 10 East, San Antonio, TX 78109)**

**BID WITHDRAWN**

**NO BID**
### SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

**TABULATION OF BIDS**

**PROPOSAL:** Annual Contract for the Purchase and Delivery of NSF 60 Certified Bulk Salt

**FOR:** (November 1, 2016 through September 30, 2017)

**TIME & DATE:** 3:00 p.m., September 29, 2016

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>Price/2000 lb. sack</th>
<th>Price/lb.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>63 ea. Estimated Annual No. of Sacks Salt in Super Sacks</td>
<td>273.60</td>
<td>0.137</td>
<td>17,236.80</td>
</tr>
<tr>
<td>2</td>
<td>800,000 Estimated Annual No. of Lbs. Salt in Bulk</td>
<td></td>
<td>0.1114</td>
<td>89,120.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>106,356.80</strong></td>
</tr>
</tbody>
</table>

**Terms:** Net 30 days

**Delivery Days:** 5 days

**LOW BIDDER**

**BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:**

- Midwest Salt
- Morton Salt
- North American Salt Co.
- Salt Exchange, Inc.
- Southwest Engineers
- Surplus Salt
- United Salt Co.

Demandstar
SAWS Website
### SAN ANTONIO WATER SYSTEM
**P. O. BOX 2449**
**SAN ANTONIO, TEXAS 78298-2449**

**TABULATION OF BIDS**

<table>
<thead>
<tr>
<th>PROPOSAL</th>
<th><strong>ANNUAL CONTRACT FOR TRUCK BODY</strong> TRAILER PARTS AND SERVICE (SEPTEMBER 1, 2016 THROUGH DECEMBER 31, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DATE</strong></td>
<td>3:00 p.m., August 29, 2016</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ITEM 1</th>
<th><strong>DEXTER PRODUCTS SUCH AS AXELS, SUSPENSIONS AND BRAKE PARTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Estimated SAWS will purchase $20,000.00 of Dexter product per year</td>
</tr>
<tr>
<td></td>
<td>Percent of discount offered: 0%</td>
</tr>
</tbody>
</table>

| 2.      | Product identification (Mfg.): Dexter Axle                   |

| 3.      | Type price schedule (dealer, jobber, etc.): Net Price       |

| 4.      | Price schedule number: Dexter Axle Parts 3-1-15               |

| 5.      | Date of price schedule: March 1, 2015                        |

| 6.      | Price schedule column on which discount is based: SAWS Net   |

<table>
<thead>
<tr>
<th>ITEM 2</th>
<th><strong>BULLDOG PRODUCTS SUCH AS JACKS AND LANDING GEAR</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Estimated SAWS will purchase $3,000.00 of Bulldog product per year</td>
</tr>
<tr>
<td></td>
<td>Percent of discount offered: 0%</td>
</tr>
</tbody>
</table>

| 2.      | Product identification (Mfg.): Coeurant (Bulldog)         |

| 3.      | Type price schedule (dealer, jobber, etc.): Net Price     |

| 4.      | Price schedule number: 2016 Coeurant                      |

| 5.      | Date of price schedule: 5/27/2016                         |

| 6.      | Price schedule column on which discount is based: SAWS Net |

<table>
<thead>
<tr>
<th>ITEM 3</th>
<th><strong>HOLLAND PRODUCTS SUCH AS HOOKS, DRAWBARS AND LANDING GEAR</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Estimated SAWS will purchase $6,000.00 of Holland product per year</td>
</tr>
<tr>
<td></td>
<td>Percent of discount offered: 0%</td>
</tr>
</tbody>
</table>

| 2.      | Product identification (Mfg.): SAF Holland                  |

| 3.      | Type price schedule (dealer, jobber, etc.): Net Price       |


| 5.      | Date of price schedule: July 1, 2016                         |

| 6.      | Price schedule column on which discount is based: SAWS Net   |

<table>
<thead>
<tr>
<th>ITEM 4</th>
<th><strong>REESE PRODUCTS SUCH AS HITCHES AND TOWING PRODUCTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Estimated SAWS will purchase $1,200.00 of Reese product per year</td>
</tr>
<tr>
<td></td>
<td>Percent of discount offered: 0%</td>
</tr>
</tbody>
</table>

| 2.      | Product identification (Mfg.): Coeurant (Reese)           |

| 3.      | Type price schedule (dealer, jobber, etc.): Net Price     |

| 4.      | Price schedule number: Coeurant (Reese)                    |

| 5.      | Date of price schedule: No date specified                  |

| 6.      | Price schedule column on which discount is based: SAWS Net |

**NOT TABULATED INCOMPLETE BID**

**BID DISREGARDED**

**NOT BID**

**NO BID**
### SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**  
**SAN ANTONIO, TEXAS 78298-2449**

**TABULATION OF BIDS**

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Annual Contract for Truck Body</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Trailer Parts and Service</strong></td>
</tr>
<tr>
<td></td>
<td><strong>(September 1, 2016 through December 31, 2017)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>3:00 p.m., August 29, 2016</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
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</thead>
<tbody>
<tr>
<td></td>
<td><strong>P.T.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Trailer Body Parts and Service</strong></td>
</tr>
<tr>
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<td><strong>(September 1, 2016 through December 31, 2017)</strong></td>
</tr>
<tr>
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<td><strong>Trailer Body Parts and Service</strong></td>
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<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
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<tbody>
<tr>
<td></td>
<td><strong>P.T.</strong></td>
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<tr>
<td></td>
<td><strong>Trailer Body Parts and Service</strong></td>
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<td><strong>(September 1, 2016 through December 31, 2017)</strong></td>
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<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td><strong>P.T.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Trailer Body Parts and Service</strong></td>
</tr>
<tr>
<td></td>
<td><strong>(September 1, 2016 through December 31, 2017)</strong></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
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<tbody>
<tr>
<td></td>
<td><strong>P.T.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Trailer Body Parts and Service</strong></td>
</tr>
<tr>
<td></td>
<td><strong>(September 1, 2016 through December 31, 2017)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>3:00 p.m., August 29, 2016</strong></td>
</tr>
</tbody>
</table>

### BID NO TABULATED

**INCOMPLETE BID**

**NO BID**

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>P.T.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Trailer Body Parts and Service</strong></td>
</tr>
<tr>
<td></td>
<td><strong>(September 1, 2016 through December 31, 2017)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>3:00 p.m., August 29, 2016</strong></td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>P.T.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Trailer Body Parts and Service</strong></td>
</tr>
<tr>
<td></td>
<td><strong>(September 1, 2016 through December 31, 2017)</strong></td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

<table>
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<tr>
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<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
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<tr>
<td></td>
<td><strong>P.T.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Trailer Body Parts and Service</strong></td>
</tr>
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<td><strong>(September 1, 2016 through December 31, 2017)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>3:00 p.m., August 29, 2016</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>P.T.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Trailer Body Parts and Service</strong></td>
</tr>
<tr>
<td></td>
<td><strong>(September 1, 2016 through December 31, 2017)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>3:00 p.m., August 29, 2016</strong></td>
</tr>
</tbody>
</table>
**TABULATION OF BIDS**

**ITEM 8**  
**COLE HERSEE PRODUCTS SUCH AS CONNECTORS AND SWITCHES**  
Estimated SAWS will purchase $1,000.00 of Cole Hersee product per year  

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Rate</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Percent of discount offered</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

2. Product identification (Mfg.)  
Pollak

3. Type price schedule (dealer, jobber, etc.)  
Jobber

4. Price schedule number  
W07-10

5. Date of price schedule  
July 1, 2016

**ITEM 9**  
POLLACK PRODUCTS SUCH AS PLUGS AND CONNECTORS  
Estimated SAWS will purchase $1,000.00 of Pollack product per year  

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Rate</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Percent of discount offered</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

2. Product identification (Mfg.)  
Pollak

3. Type price schedule (dealer, jobber, etc.)  
Jobber

4. Price schedule number  
W07-10

5. Date of price schedule  
July 1, 2016

**ITEM 10**  
PHILLIPS PRODUCTS SUCH AS AIR AND ELECTRICAL PRODUCTS  
Estimated SAWS will purchase $2,000.00 of Phillips product per year  

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Rate</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Percent of discount offered</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

2. Product identification (Mfg.)  
Phillips

3. Type price schedule (dealer, jobber, etc.)  
Warehouse

4. Price schedule number  
2016 Phillips Ind WD Price List

5. Date of price schedule  
January 1, 2016

6. Price schedule column on which discount is based (I.e. distributor, net, wholesale)  
SAWS Net

**ITEM 11**  
HAYES LEMMERMZ PRODUCTS SUCH AS BRAKE CONTROLS  
Estimated SAWS will purchase $1,000.00 of Hayes Lemmerz product per year  

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Rate</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Percent of discount offered</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

2. Product identification (Mfg.)  
Hayes Brake

3. Type price schedule (dealer, jobber, etc.)  
Dealer
<table>
<thead>
<tr>
<th>ITEM 12</th>
<th>TEKOSHA PRODUCTS SUCH AS BRAKE CONTROLS &amp; BRAKEAWAY STICKIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Estimated SAWS will purchase $1,000.00 of Tekonsha products per year</td>
</tr>
<tr>
<td>2.</td>
<td>Percent of discount offered</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ITEM 13</th>
<th>INDIVIDUAL ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 ea.</td>
<td>Connector Trailer Female, Phillips, #15-720, SAWS #33446</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>6.67</td>
</tr>
<tr>
<td>TOTAL</td>
<td>333.50</td>
</tr>
<tr>
<td>70 ea.</td>
<td>Connector Trailer Male, Phillips, #15-730, SAWS #33447</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>5.66</td>
</tr>
<tr>
<td>TOTAL</td>
<td>396.20</td>
</tr>
<tr>
<td>40 ea.</td>
<td>Connector Trailer Male, Pollak, #12-706, SAWS #33034</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>2.80</td>
</tr>
<tr>
<td>TOTAL</td>
<td>112.00</td>
</tr>
<tr>
<td>50 ea.</td>
<td>Connector Trailer Female, Pollak, #12-707, SAWS #33035</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>3.79</td>
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<tr>
<td>TOTAL</td>
<td>188.50</td>
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<tr>
<td>40 ea.</td>
<td>Connector Trailer Female, Cole Herssee, #1235, SAWS #10687</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>3.90</td>
</tr>
<tr>
<td>TOTAL</td>
<td>158.40</td>
</tr>
<tr>
<td>60 ea.</td>
<td>Connector Trailer Male, Cole Herssee, #1236, SAWS #10710</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>2.72</td>
</tr>
<tr>
<td>TOTAL</td>
<td>163.20</td>
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<tr>
<td>30 ea.</td>
<td>Connector Trailer Female, Grote, #82-1020</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>3.34</td>
</tr>
<tr>
<td>TOTAL</td>
<td>99.20</td>
</tr>
<tr>
<td>40 ea.</td>
<td>Connector Trailer Male, Grote, #82-1021</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>2.34</td>
</tr>
<tr>
<td>TOTAL</td>
<td>93.60</td>
</tr>
<tr>
<td>20 ea.</td>
<td>Solenoid, Cole Herssee, #24059, SAWS #16437</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>17.90</td>
</tr>
<tr>
<td>TOTAL</td>
<td>358.00</td>
</tr>
<tr>
<td>30 ea.</td>
<td>Solenoid, Venturo, #15831C</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>53.98</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,619.40</td>
</tr>
<tr>
<td>30 ea.</td>
<td>Solenoid, Venturo, #15832D</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>126.80</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,704.00</td>
</tr>
<tr>
<td>40 ea.</td>
<td>Pintle Hooks Bolts, Buyers, #80020, SAWS #7847</td>
</tr>
<tr>
<td>UNIT</td>
<td>PRICE</td>
</tr>
<tr>
<td>1.00</td>
<td>3.59</td>
</tr>
<tr>
<td>TOTAL</td>
<td>143.60</td>
</tr>
</tbody>
</table>
### SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449
TABULATION OF BIDS

#### PROPOSAL

**Annual Contract for Truck Body**
**Trailer Parts and Service**

(September 1, 2016 through December 31, 2017)

**DATE**
3:00 p.m., August 29, 2016

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>40 ea. Pinile Eye, Buyers, #616137, SAWS #7707</td>
<td>23.85</td>
<td>954.00</td>
</tr>
<tr>
<td>2.</td>
<td>20 ea. Pinile Hook, Reese, #63015, SAWS #8624</td>
<td>49.25</td>
<td>984.20</td>
</tr>
<tr>
<td>3.</td>
<td>30 ea. Pinile Hook, Holland, #PH760</td>
<td>272.67</td>
<td>8180.10</td>
</tr>
<tr>
<td></td>
<td>35 ea. Switch Monetary, Cole Hersco, #55021, SAWS #16461</td>
<td>3.98</td>
<td>139.30</td>
</tr>
<tr>
<td>5.</td>
<td>30 ea. Switch Monetary, Cole Hersco, #55054, SAWS #16380</td>
<td>6.40</td>
<td>192.00</td>
</tr>
<tr>
<td></td>
<td>25 ea. Pinile Alarm Switch, Cole Hersco, #90043, SAWS #16115</td>
<td>8.65</td>
<td>216.25</td>
</tr>
<tr>
<td></td>
<td>15 ea. Master Disconnect Switch, Cole Hersco, #2484</td>
<td>15.91</td>
<td>238.65</td>
</tr>
<tr>
<td>6.</td>
<td>TOTAL ITEM 13</td>
<td></td>
<td>18,290.10</td>
</tr>
</tbody>
</table>

**ITEM 14**
LABOR AND SERVICE

Estimated SAWS will use 25 labor hours for in Shop Service per year

A. Labor Rate for in Shop Service
75.00/hour

B. Up-Charge for outside labor, cost plus
20%

TOTAL ITEM 14
8.00 a.m. - 5:00 p.m.
5 days
Weekend Closed

**ITEM 15**
SHOP SUPPLIES

Percent of labor charges charged as shop supplies
5%

**ITEM 16**
BULK MATERIALS

Cost plus percentage for bulk materials used to repair vehicles
20%

**ITEM 17**
BID NOT TABULATED
INCOMPLETE BID

**NO BID**

**EXTENSION 1**
62,740.10

**EXTENSION 2**
62,740.10

**EXTENSION 3**
62,740.10

---

**GRAND TOTAL** (September 1, 2016 - December 31, 2017)

| TOTAL | 83,653.34 |
---|---|

---

**Purchasing**
San Antonio, Texas 78298-2449

**Fleet Parts & Driver Repair**
San Antonio, Texas 78298-2449

---

**San Antonio, Texas**

---

**Miles VanLeer & Tank Truck Service**
San Antonio, Texas 78298-2449
## SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

### TABULATION OF BIDS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net</td>
</tr>
<tr>
<td></td>
<td>30 days</td>
</tr>
<tr>
<td></td>
<td>Delivery Days</td>
</tr>
<tr>
<td></td>
<td>3 days</td>
</tr>
</tbody>
</table>

*Low Bidder

**BID INVITATIONS WERE E-MAILED TO AND/OR PICKED UP BY**

- Alamo City Truck Service
- Fleet Pride
- H&E Equipment
- H&Y Equipment
- Ranch Hand Truck Accessories
- SA Brake and Clutch
- Southwest Wheel
- Utility Trailer
- Wabash
- Worx Welding

- Demandstar
- SAWS Website
## SAN ANTONIO WATER SYSTEM

P. O. BOX 2449  
SAN ANTONIO, TEXAS 78298-2449

### TABULATION OF BIDS

<table>
<thead>
<tr>
<th>Item</th>
<th>Panasonic ToughPad &amp; Warranty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Year: October 4, 2016 to October 3, 2017</td>
<td></td>
</tr>
<tr>
<td>90 ea</td>
<td>Panasonic ToughPad FZ-G1/2/3/4VM, Part No. FZ-G1/2/3/4VM</td>
</tr>
<tr>
<td>Price</td>
<td>$2,315.00</td>
</tr>
<tr>
<td>Total</td>
<td>$208,350.00</td>
</tr>
</tbody>
</table>

2. **Panasonic Protection Plus 3 yr, Part No. FZ-SV11TNF3Y**

<table>
<thead>
<tr>
<th>Item</th>
<th>Panasonic FZ-VBG11AU Docking Station, Part No. FZ-VBG11AU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>$57.50</td>
</tr>
<tr>
<td>Total</td>
<td>$5,750.00</td>
</tr>
</tbody>
</table>

3. **Panasonic CF-AA641HC/AC Adapter, Part No. CF-AA641HC/AC**

<table>
<thead>
<tr>
<th>Item</th>
<th>Panasonic CF-FC1-G1-LC Tablet Keyboard, Part No. IK-PAN-FZG1-LC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>$262.00</td>
</tr>
<tr>
<td>Total</td>
<td>$23,580.00</td>
</tr>
</tbody>
</table>

4. **Panasonic CF-MM1CM AC Adapter, Part No. CF-MM1CM**

<table>
<thead>
<tr>
<th>Item</th>
<th>Panasonic CF-FC1-G1-LC Tablet Keyboard, Part No. IK-PAN-FZG1-LC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>$187.00</td>
</tr>
<tr>
<td>Total</td>
<td>$6,100.00</td>
</tr>
</tbody>
</table>

5. **Low Bidder**

<table>
<thead>
<tr>
<th>Item</th>
<th>Response solicited from resellers on DIR-TSO-2530</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>$117.00</td>
</tr>
<tr>
<td>Total</td>
<td>$2,571,600.00</td>
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</tbody>
</table>

### TOTAL BASE YEAR AND EXTENSION 1

<table>
<thead>
<tr>
<th>Item</th>
<th>Response solicited from resellers on DIR-TSO-2530</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>$2,571,600.00</td>
</tr>
<tr>
<td>Total</td>
<td>$90,050,000.00</td>
</tr>
</tbody>
</table>

### Terms

- Delivery Days: 3-4 weeks, 4-6 weeks, 90 days, 30 days, 60-90 days, 14-21 days, 30-45 days, 5-7 days
TO: San Antonio Water System Board of Trustees

FROM: Sam Mills, P.E., Director, Development, and Genoveva G. Gomez, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: UTILITY SERVICE AGREEMENT FOR WATER AND/OR WASTEWATER SERVICES TO TRACTS REQUIRING THE SAN ANTONIO WATER SYSTEM FINANCIAL PARTICIPATION IN THE DEVELOPMENT OF INFRASTRUCTURE THROUGH OVERSIZING OR IMPACT FEE CREDITS AND/OR ARE LOCATED OUTSIDE THE SAN ANTONIO WATER SYSTEM WATER AND/OR WASTEWATER CERTIFICATE OF CONVENIENCE AND NECESSITY

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution approves a Utility Service Agreement (USA) to provide water and/or wastewater services to the specified tract of land requiring San Antonio Water System’s (the “System”) financial participation in the development of infrastructure through oversizing or impact fee credits, and/or is located outside the System’s water and/or wastewater Certificate of Convenience and Necessity (CCN).

- This board item consists of one tract, which totals 14.47 acres; 100 water Equivalent Dwelling Units (EDUs); and 100 wastewater water EDUs.

- Board approval is required since the tract requires the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or is located outside the System’s water and/or wastewater CCN.

- The Fair View Acres Tract is located within the City of San Antonio limits, inside the System’s water CCN and outside the wastewater CCN. The USA provides 100 EDUs of water and 100 EDUs of wastewater services and consists of oversized infrastructure.

- The Developer is required to install all necessary on-site facilities in accordance with the Board’s regulations and at the Developer’s total cost.

- The Developer is responsible for the construction and engineering costs associated with all required water and/or wastewater mains to serve the tract (on-site and off-site).

Staff recommends that the Board approve this resolution.
EXTENT AND CONDITIONS OF UTILITY SERVICE AGREEMENT:

Upon approval by the System of this USA, the Developer Customers have 36 months to complete the required utility master plan and to start construction. If a Developer Customer fails to complete these requirements within the 36-month period, the USA will expire and a request for a new agreement must be submitted to the System. During the effective term of this USA, capacity in the System’s water and wastewater systems will be set aside. The Developer Customers are not guaranteed capacity until all required off-site infrastructure is built by the Developer, accepted by the System, and all impact fees are paid.

FINANCIAL IMPACT:

In compliance with the System’s Board of Trustees water extension policy, Developer Customer applicants are responsible for financing all required local benefit facilities and for payment of all applicable impact fees. The Developers will contribute all impact fees in effect at the time of plat recordation or the latest date allowable by law for each subdivision unit. The fees to be collected by the System will be recorded in the Service Recovery Account and are estimated as follows, based on current charges and full build out of the tracts:

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Water Impact Fees</th>
<th>Wastewater Impact Fees</th>
<th>Total Impact Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fair View Acres Tract</td>
<td>$477,700.00</td>
<td>$330,600.00</td>
<td>$808,300.00</td>
</tr>
<tr>
<td></td>
<td><strong>Totals</strong></td>
<td><strong>$477,700.00</strong></td>
<td><strong>$330,600.00</strong></td>
<td><strong>$808,300.00</strong></td>
</tr>
</tbody>
</table>

The System is responsible for providing access to existing general benefit facilities and/or financing the construction of additional general benefit facilities.

OVERSIZING AND/OR IMPACT FEE CREDITS:

The following USA has recommendations for the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or facilities based on the System’s Master Plan.
Utility Service Agreement to the Specified Tract Requiring Oversizing
And/or Outside the System’s Water and/or Wastewater CCN

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Oversize SAWS</th>
<th>Oversize Developer</th>
<th>Oversize Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fair View Acres Tract 16-inch water main</td>
<td>$88,270</td>
<td>$113,490</td>
<td>$201,760</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$88,270</td>
</tr>
</tbody>
</table>

The Developer is required to install all other necessary on-site facilities in accordance with the Board’s regulations and at the Developer’s total cost.

Sam Mills, P.E.
Director
Development

Genoveva G. Gomez, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachment:
1. Table 1, Tract Information
### Table 1
Tract Information

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Principal</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ/CZ</th>
<th>PZ</th>
<th>Acres</th>
<th>Water EDU</th>
<th>WW EDU</th>
<th>Watershed</th>
<th>Board Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fair View Acres Tract</td>
<td>Rolling Village I, LTD</td>
<td>Vernon C. Friesenhahn</td>
<td>CoSA</td>
<td>OUTSIDE</td>
<td>9</td>
<td>14.47</td>
<td>100</td>
<td>100</td>
<td>Clear Fork- Cibolo Creek</td>
<td>CCN/OVR</td>
</tr>
</tbody>
</table>

<p>| | | | | | | | | | | | |</p>
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</tbody>
</table>

**Acronyms:**

EARZ = Edwards Aquifer Recharge Zone  
OVR = Oversizing  
CZ = Edwards Aquifer Contributing Zone  
WW = Wastewater  
CoSA = City of San Antonio limits  
ETJ – Extraterritorial Jurisdiction  
IFC = Impact Fee Credits  
PZ = Pressure Zone
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF
TRUSTEES APPROVING A UTILITY SERVICE
AGREEMENT TO PROVIDE WATER AND/OR
WASTEWATER SERVICES TO THE SPECIFIED TRACT
OF LAND REQUIRING THE SAN ANTONIO WATER
SYSTEM’S FINANCIAL PARTICIPATION IN THE
DEVELOPMENT OF INFRASTRUCTURE THROUGH
OVERSIZING OR IMPACT FEE CREDITS AND/OR IS
LOCATED OUTSIDE THE SAN ANTONIO WATER
SYSTEM’S WATER AND/OR WASTEWATER
CERTIFICATE OF CONVENIENCE AND NECESSITY
(CCN), SUBJECT TO THE EXPIRATION OF SUCH
AGREEMENTS IF NOT EXERCISED IN THIRTY-SIX
MONTHS; FINDING THE RESOLUTION TO HAVE BEEN
CONSIDERED PURSUANT TO THE LAWS GOVERNING
OPEN MEETINGS; PROVIDING A SEVERABILITY
CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Developer Customer, specified in the table below, have requested
the San Antonio Water System (the “System”) to provide water and/or wastewater service(s), and
have satisfied the requirements of the Board's Regulations for Developer Customers Applicant; and

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W CCN</th>
<th>WW CCN</th>
<th>CoSA/CoSA ETJ/Outside</th>
<th>EARZ/CZ</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fair View Acres Tract</td>
<td>Rolling Village LTD</td>
<td>14.47</td>
<td>100</td>
<td>100</td>
<td>CoSA</td>
<td>OUTSIDE</td>
<td>CCN/OVR</td>
<td>IN</td>
<td>OUT</td>
</tr>
<tr>
<td></td>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>14.47</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

WHEREAS, the Developer Customer’s provisions to acquire water and/or wastewater services within the System’s jurisdiction is generally illustrated in the attached Project Site Maps; and

WHEREAS, the Developer Customer is obligated to pay the prescribed fees and to comply with other applicable requirements as set forth in the Regulations for Water and/or Wastewater Service; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Utility Service Agreement and to provide water and/or wastewater services to the tract of land requiring the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or is located outside the System’s water and/or wastewater Certificate of Convenience and Necessity, and (ii) to provide that the Utility Service Agreement will be honored for a period of thirty-six months, and that if not exercised during this period, the Utility Service Agreements will expire; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the System hereby approves the Utility Service Agreement and agrees to provide water and/or wastewater services to the tract of land requiring the System’s financial participation in the development of infrastructure through oversizing or impact fee credits and/or is located outside the System’s water and/or wastewater Certificate of Convenience and Necessity as generally illustrated in the attached Project Site Maps hereto, on a Developer Customer basis as provided for in the Board's Regulations, applicable amendments to the Regulations, and any other applicable federal, state or local regulations.

2. That the Utility Service Agreement shall be honored for a period of thirty-six months, and if not exercised during this thirty-six-month period, the Utility Service Agreement will expire.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

5. This resolution shall take effect immediately from and after its passage.

PASSED AND APPROVED this 1st day of November, 2016.

_______________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Ernesto Arrellano, Jr., Secretary

ATTACHMENT:
1. Project Maps
TO: San Antonio Water System Board of Trustees

FROM: Kathleen M. Price, P.E., Director, Pipelines, and Genoveva G. Gomez, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF CHANGE ORDER NO. 7 AND CHANGE ORDER 8 IN CONNECTION WITH THE C_5 CULEBRA - CASTROVILLE TO LAREDO AND C_28 ZARZAMORA CREEK - SAN GABRIEL TO NW 23RD STREET - PHASE 1A PROJECT

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution approves Change Order No. 7 in the amount of $198,850.42 and Change Order No. 8 in the amount of $128,164.48 payable to Spiess Construction Co., Inc., a non-local, SBE contractor, in connection with the C_5 Culebra - Castroville to Laredo and C_28 Zarzamora Creek - San Gabriel to NW 23rd Street - Phase 1A Project. It further amends Resolution No. 15-299 by approving an additional amount of $82,397.78. This project is located in Council District 5.

- The change orders to the contract that are the subject of the attached resolution will authorize work that is required by Section V. B- Early Action Program of the Consent Decree between the San Antonio Water System (the “System”), the United States of America and the State of Texas that was lodged in the United States District Court for the Western District of Texas on July 23, 2013.

- This project was identified by the System’s Master Planning Division as being in poor condition due to deterioration and lacking sufficient capacity to handle future sewer flows due to growth and during peak storm events.

- The C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd Street project is being constructed in multiple phases: Phase 1A, 1B, 2, and 3. Phase 1A includes the replacement and upsize of approximately 8,400 feet of 8-inch to 42-inch sewer mains and approximately 2,700 feet of 6-inch to 16-inch water mains along S. Laredo Street from S. San Jacinto Street to Agatha, and northward through the Cassiano Homes parallel to Apache Creek.

- On December 1, 2015, the System’s Board of Trustees, through Resolution No. 15-299, authorized a construction contract with Spiess Construction Co., Inc., in the amount of $5,878,431.00 in connection with the project and further authorized $294,000.00 for additional project work.
Approval of Change Order Nos. 7 and 8
C_5 Culebra – Castroville to Laredo and
C_28 Zarzamora Creek – San Gabriel to NW 23rd St – Phase 1A

- Change Order No. 1, in an amount not to exceed $15,443.72, provided for the addition of two fire hydrants along Laredo that were not included in the bid line items.

- Change Order No. 2, in an amount not to exceed $1,777.25, provided for two message boards directed by the City of San Antonio to be placed at the intersection of S. Zarzamora and S. Laredo for additional traffic control.

- Change Order No. 3, in an amount not to exceed $5,637.56, provided for a fire line service to be relayed that was encountered during construction along Laredo.

- Change Order Nos. 4 and 5 in an amount not to exceed $22,550.08, provided for additional quantities and delays for the 16-inch water main tie-in at the Trinity and S. Laredo intersection.

- Change Order No. 6, in an amount not to exceed $3,974.27, provided for potholing the existing gas main at the intersection of Laredo and Loma Vista to verify the location before proceeding with the proposed bore pit location.

- During construction, the contractor was excavating for the installation of the tunnel bore pit and encountered an existing concrete storm box culvert not shown in the correct location along Laredo near Loma Vista. The sewer main required realignment and an additional bore pit to continue with the construction. Negotiations between the System and Spiess Construction Co., Inc. resulted in a cost of $198,850.42 for Change Order No. 7 for downtime due to delays, additional tunneling, and an additional bore pit.

- During construction, a concrete storm box was encountered at the intersection of Laredo and San Jacinto that was not shown on the plans. The sewer main required realignment along Laredo to avoid this storm box. Negotiations between the System and Spiess Construction Co., Inc. resulted in a cost of $128,164.48 for Change Order No. 8 for additional pipe, manhole, and bypass pumping.

- Additional funds in the amount of $82,397.78 are needed for Change Order No. 8.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this additional expenditure included in the CY 2016 Capital Improvement Program. This project is included in the Wastewater Core Business budget, Main Replacement category. The amount is $244,617.12 from the remaining contingency and $82,397.78 from the Owner Controlled Construction Changes line item. The total amount is $327,014.90 for the additional project work. The job number is 14-4507.
Approval of Change Order Nos. 7 and 8
C_5 Culebra – Castroville to Laredo and
C_28 Zarzamora Creek – San Gabriel to NW 23rd St – Phase 1A

The authorization and contract amounts for this project are as follows:

<table>
<thead>
<tr>
<th>Contract</th>
<th>Amount Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contract Amount (Resolution No. 15-299)</td>
<td>$5,878,431.00</td>
</tr>
<tr>
<td>Change Order Nos. 1 through 6</td>
<td>49,382.88</td>
</tr>
<tr>
<td>Proposed Change Order No. 7</td>
<td>198,850.42</td>
</tr>
<tr>
<td>Proposed Change Order No. 8</td>
<td>128,164.48</td>
</tr>
<tr>
<td>Revised Contract Amount</td>
<td>$6,254,828.78</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contingency</th>
<th>Amount Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contingency Amount (Resolution No. 15-299)</td>
<td>$294,000.00</td>
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<tr>
<td>Change Order Nos. 1 through 6</td>
<td>(49,382.88)</td>
</tr>
<tr>
<td>Proposed Change Order Nos. 7 through 8</td>
<td>(327,014.90)</td>
</tr>
<tr>
<td>Proposed Additional Funds</td>
<td>82,397.78</td>
</tr>
<tr>
<td>Remaining Contingency Balance</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

The new contract amount for the System’s work as a result of all change orders is $6,254,828.78, which represents an increase of 6.40 percent to the original System amount.

SUPPLEMENTARY COMMENTS:

The original completion date for this contract is February 28, 2017. As a result of the previous change orders and these change orders, which adds a total of 66 days, the contract has been extended for a new completion date of May 5, 2017.

Kathleen M. Price, P.E.
Director
Pipelines

Genoveva G. Gomez, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING CHANGE ORDER NO. 7 IN THE AMOUNT OF $198,850.42 AND CHANGE ORDER NO. 8 IN THE AMOUNT OF $128,164.48 FOR THE ADDITIONAL PROJECT WORK IN CONNECTION WITH THE C_5 CULEBRA - CASTROVILLE TO LAREDO AND C_28 ZARZAMORA CREEK - SAN GABRIEL TO NW 23RD STREET - PHASE 1A PROJECT; AMENDING RESOLUTION NO. 15-299 BY APPROVING AN ADDITIONAL AMOUNT NOT TO EXCEED $82,397.78 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM'S PROJECT FUND FOR THE ADDITIONAL PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE CHANGE ORDER NO. 7 AND CHANGE ORDER NO. 8, AND TO PAY SPIESS CONSTRUCTION CO., INC. AN ADDITIONAL AMOUNT NOT TO EXCEED $82,397.78 FOR ADDITIONAL PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd Street – Phase 1A Project (the “Project”) was identified in the Comprehensive Wastewater Master Plan developed by the San Antonio Water System’s (the “System”) Master Planning Division to repair or replace mains in poor condition due to deterioration and require additional capacity; and

WHEREAS, the Project includes the construction of approximately 8,400 feet of 8-inch to 42-inch sewer mains along Laredo Street from South San Jacinto to St. Agatha, and northward through the Cassiano Homes parallel to Apache Creek and approximately 2,700 feet of 6-inch to 16-inch water mains along Laredo Street; and

WHEREAS, on December 1, 2015, the System’s Board of Trustees, through Resolution No. 15-299, authorized a construction contract with Spiess Construction Co., Inc., in the amount of $5,878,431.00 in connection with the project and further authorized $294,000.00 for additional project work; and

WHEREAS, during construction, the contractor discovered two conflicts with an existing concrete storm box culvert not shown in the correct location on the plans resulting in the sewer main realignment (the “additional project work”); and

WHEREAS, negotiations between the System and Spiess Construction Co., Inc. resulted in a cost of $198,850.42 for Change Order No. 7 and $128,164.48 for Change Order No. 8 for a total amount of $327,014.90 for the additional project work; and
WHEREAS, additional System funds in the amount of $82,397.78 are needed for Change Order No. 8; and

WHEREAS, funds are available in the System’s Project Fund; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve Change Order No. 7 in an amount not to exceed $198,850.42 and Change Order No. 8 in an amount not to exceed $128,164.48 in connection with the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd Street – Phase 1A Project, (ii) to amend Resolution No. 15-299 by approving the expenditure of an additional amount not to exceed $82,397.78 payable to Spiess Construction Co., Inc., in connection with the C_5 Culebra – Castroville to Laredo and C_28 Zarzamora Creek – San Gabriel to NW 23rd Street – Phase 1A Project, (iii) to expend an additional sum not to exceed $82,397.78 from the System’s Project Fund for the additional project work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute Change Order No. 7 and Change Order No. 8, and pay an additional amount not to exceed $327,014.90 to Spiess Construction Co., Inc., for the additional project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Change Order No 7 in an amount not to exceed $198,850.42 and Change Order No. 8 in an amount not to exceed $128,164.48 payable to Spiess Construction Co., Inc., for the additional project work in connection with the C_5 Culebra - Castroville to Laredo and C_28 Zarzamora Creek - San Gabriel to NW 23rd Street - Phase 1A Project is hereby approved.

2. That Resolution No. 15-299 is hereby amended by authorizing an additional amount not to exceed $82,397.78 payable to Spiess Construction Co., Inc., in connection with the C_5 Culebra - Castroville to Laredo and C_28 Zarzamora Creek - San Gabriel to NW 23rd Street - Phase 1A Project.

3. That an additional sum not to exceed $82,397.78 is hereby made available and is to be expended from the System’s Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute Change Order No. 7 and Change Order No. 8, and to pay Spiess Construction Co., Inc. an additional amount not to exceed $82,397.78 for additional project work in connection with the C_5 Culebra - Castroville to Laredo and C_28 Zarzamora Creek - San Gabriel to NW 23rd Street - Phase 1A Project.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.
6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

7. This resolution becomes effective immediately upon its passage

   PASSED AND APPROVED this 1st day of November, 2016.

____________________________
Berto Guerra Jr., Chairman

ATTEST:

___________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Kathleen M. Price, P.E., Director, Pipelines, and Genoveva G. Gomez, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2016-2017 ASPHALT OVERLAY TASK ORDER CONTRACT – PACKAGE 8

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to reimburse the City of San Antonio (the “City”) in the amount of $108,000.00 for the joint construction of water and sewer facility adjustments in connection with the 2016-2017 Asphalt Overlay Task Order Contract – Package 8.

- The City plans to apply an asphalt overlay to approximately 33 streets throughout the city in connection with the 2016-2017 Asphalt Overlay Task Order Contract – Package 8 for Transportation and Capital Improvements. The City’s work is estimated to cost $4,662,293.80.

- Existing water valve box covers and manhole covers within the project boundaries may require adjustment to match the final grade of the new pavement.

- The work will consist of adjusting 260 existing water valve box covers and 200 existing manhole covers at an estimated cost of $108,000.00.

- Bid item quantities for the adjustment of manhole covers and water valve box covers were included in the City’s bid documents. Funds for this work will be reimbursed to the City as payments to the contractor are made.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2016 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental – Water Category, and Governmental Water Replacements budget line item. The amount is $50,500.00 for water work for the 2016-2017 Asphalt Overlay Task Order Contract – Package 8. The job number is 16-5020-000.

The wastewater work is included in the Wastewater Core Business, Governmental Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $57,500.00 for sewer work for the 2016-2017 Asphalt Overlay Task Order Contract – Package 8. The job number is 16-5514-000.

SUPPLEMENTARY COMMENTS:

The City received five bids for this project. The low bidder was J&P Paving Co., Inc., a local, MBE-Hispanic contractor. City Council approved the construction contract on September 1, 2016, and construction began on October 2, 2016. Time allowed for total construction is 180 calendar days.

Kathleen M. Price, P.E.
Director
Pipelines

Genoveva G. Gomez, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $108,000.00 FOR THE ADJUSTMENT OF WATER AND SEWER FACILITIES BY THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2016-2017 ASPHALT OVERLAY TASK ORDER CONTRACT – PACKAGE 8; APPROVING AN AMOUNT NOT TO EXCEED $108,000.00 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM’S PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY THE CITY OF SAN ANTONIO AN AMOUNT NOT TO EXCEED $108,000.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) will construct street improvements in connection with the 2016-2017 Asphalt Overlay Task Order Contract – Package 8; and

WHEREAS, the 2016-2017 Asphalt Overlay Task Order Contract – Package 8 will require the adjustment of certain water and sewer facilities of the San Antonio Water System (the “System”); and

WHEREAS, the 2016-2017 Asphalt Overlay Task Order Contract – Package 8 project work will consist of the adjustment of 260 existing water valve box covers and 200 existing manhole covers at an estimated cost of $108,000.00 (the “project work”); and

WHEREAS, the City has received a bid for the project work from J&P Paving Co., Inc., in the amount of $108,000.00 and this bidder was determined to be the lowest responsible bidder; and

WHEREAS, System funds in the amount of $108,000.00 are required for the project work; and

WHEREAS, the total amount of $108,000.00 is available from the System’s Project Fund for the project work; and
WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the expenditure of funds in the amount of $108,000.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2016-2017 Asphalt Overlay Task Order Contract – Package 8, (ii) to approve and make available an amount not to exceed $108,000.00 from the System’s Project Fund to reimburse the City of San Antonio for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay a total amount not to exceed $108,000.00 to the City of San Antonio for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the expenditure of funds in the amount of $108,000.00 for the adjustment of water and sewer facilities by the City in connection with the 2016-2017 Asphalt Overlay Task Order Contract – Package 8 is hereby approved.

2. That a total sum not to exceed $108,000.00 to reimburse the City for the project work costs is hereby made available and is to be expended from the System’s Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay the City an amount not to exceed $108,000.00 for the adjustment of water and sewer facilities by the City in connection with the 2016-2017 Asphalt Overlay Task Order Contract – Package 8.

4. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 1st day of November, 2016.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Kathleen M. Price, P.E., Director, Pipelines, and Genoveva G. Gomez, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE SCHOOL PEDESTRIAN INFRASTRUCTURE IMPROVEMENTS PROJECT

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to reimburse the City of San Antonio (the “City”) in the amount of $132,599.03 for the joint construction of water facility adjustments in connection with the School Pedestrian Infrastructure Improvements Project. This project is located in Council Districts 2 and 3.

- The City proposes to construct sidewalk and pedestrian ramp improvements in the project area illustrated on the attached maps. The City’s improvement work is estimated to cost $1,792,054.35.

- Due to the sidewalk and pedestrian ramp improvements within the School Pedestrian Infrastructure Improvements Project, the existing water meter boxes require relocation to avoid the sidewalks and pedestrian ramps.

- The existing sewer facilities within the project limits do not require adjustment; therefore, there is no sewer work on this project.

- The water adjustment work will consist of the relocations of approximately 73 meter boxes.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2016 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental - Water Category, and Governmental Water Replacements budget line item. The amount is $132,599.03 for water work. The job number is 15-5049-000.
SUPPLEMENTARY COMMENTS:

The City received nine bids for this project on August 16, 2016. The lowest qualified, responsive bidder for this project is Allbrite Constructors of Texas, Inc., a local, non-minority contractor. City Council approved the construction contract on October 20, 2016 and construction is expected to begin January 2017. Time allowed for total construction is 210 calendar days. The request for reimbursement is requested after City Council approves the award of the construction contract to ensure that the contract is awarded, to determine which contractor was awarded the project, to give the System’s staff time to review the bids and establish the reimbursement amount based on the winning bid.

Kathleen M. Price, P.E.
Director
Pipelines

Genoveva G. Gomez, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $132,599.03 FOR THE ADJUSTMENT OF WATER FACILITIES BY THE CITY OF SAN ANTONIO IN CONNECTION WITH THE SCHOOL PEDESTRIAN INFRASTRUCTURE IMPROVEMENTS PROJECT; APPROVING AN AMOUNT NOT TO EXCEED $132,599.03 BE MADE AVAILABLE AND EXPENDED FROM THE SYSTEM’S PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY TO THE CITY OF SAN ANTONIO A TOTAL AMOUNT NOT TO EXCEED $132,599.03 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) intends to construct the School Pedestrian Infrastructure Improvements Project as part of its Capital Improvement Program; and

WHEREAS, the City’s School Pedestrian Infrastructure Improvements Project will require the adjustment of certain water facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, the project work will consist of the relocation of approximately 73 water meters; and

WHEREAS, the City has received a bid for the project work from Allbrite Constructors of Texas, Inc., and this bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in the amount of $132,599.03 are required for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the expenditure of funds in the amount of $132,599.03 for the adjustment of water facilities by the City of San Antonio in connection with the School Pedestrian Infrastructure Improvements Project, (ii) to approve and make available an amount not to exceed $132,599.03 from the System’s Project Fund to reimburse the City of San Antonio for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay a total amount not to exceed $132,599.03 to the City of San Antonio for the project work; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF
TRUSTEES:

1. That the expenditure of funds in the amount of $132,599.03 for the adjustment of water
facilities by the City in connection with the School Pedestrian Infrastructure Improvements Project
is hereby approved.

2. That a total sum not to exceed $132,599.03 to reimburse the City for the project work costs
is hereby made available and is to be expended from the System’s Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby
authorized to pay the City a total amount not to exceed $132,599.03 for the adjustment of water
facilities by the City in connection with the School Pedestrian Infrastructure Improvements Project.

4. It is officially found, determined and declared that the meeting at which this resolution is
adopted was open to the public, and that public notice of the time, place and subject matter of the
public business to be conducted at such meeting, including this resolution, was given to all as
required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason
held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon
any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective,
the remainder of this resolution shall nevertheless remain effective and valid as if it had been enacted
without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED the 1st day of November, 2016.

________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

________________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Kathleen M. Price, P.E., Director, Pipelines, and Genoveva G. Gomez, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVING AN INTERLOCAL AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION IN CONNECTION WITH THE IH 410 @ US 90 DIRECT CONNECTORS - MARBACH PROJECT

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to execute an Interlocal Agreement with the Texas Department of Transportation (TxDOT) to reimburse the San Antonio Water System (the “System”) for the construction cost, consultant services fees, and the System’s staff cost relating to the construction of water and sewer facility adjustments in connection with the IH 410 @ US 90 Direct Connectors - Marbach Project. The reimbursement amount is $1,508,212.80. This project is located in Council Districts 4 and 6.

- TxDOT intends to widen main lanes and frontage roads and reconstruct ramps on the IH 410 @ US 90 Direct Connectors - Marbach Project in the area illustrated on the attached maps. TxDOT’s improvement work is estimated to cost $90,100,000.00.

- Due to proposed improvements of IH 410 @ US 90 Direct Connectors - Marbach Project, the existing water mains that were constructed between 1974 and 2004 require adjustments to avoid conflicts with the TxDOT improvements.

- The existing sewer facilities within the project limits that were constructed between 1984 and 2003 require adjustments to avoid conflicts with the TxDOT improvements.

- The water adjustment work will consist of approximately 742 feet of 6-inch through 16-inch water main, steel casing, and concrete saddles.

- The sewer adjustment work will consist of the adjustment of two manholes to meet new pavement elevations.

- TxDOT requires that an Interlocal Agreement be executed for utility adjustments that are eligible for reimbursement by State law.

- It is anticipated that 100 percent of the water and sewer work will be eligible for reimbursement through the Federal Utility and State Utility Procedures. There is no
enforcement of an Interlocal Agreement with TxDOT
IH 410 @ US 90 Direct Connectors – Marbach Project

construction work to be funded by the System.

- The System’s work will be performed as part of a joint bid with TxDOT and will be paid directly by TxDOT. The System will pay for the engineering services for the project and will be reimbursed by TxDOT at the completion of the project.

- Reimbursement includes $1,333,153.80 for construction, $106,648.00 for consultant fees, and $68,411.00 for the System’s services for a total amount of $1,508,212.80.

- The letting date for this work is in December 2016.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

There is no financial impact from this resolution. The job number is 14-5076-000 for water and 14-5576-000 for sewer.

SUPPLEMENTARY COMMENTS:

Water and sewer facility adjustments for this project will be included in the bid documents issued by TxDOT for the joint bid work. This work will be accomplished concurrently with the highway improvements. TxDOT will reimburse the System for construction costs, consultant services fees, and the System’s staff costs required for the construction of water and sewer facility adjustments that are estimated to be $1,508,212.80.

Kathleen M. Price, P.E.
Director
Pipelines

Genoveva G. Gomez, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT AREA MAP
ATTACHMENT I

LEGEND

★ PROJECT SITE

EDWARDS AQUIFER RECHARGE ZONE

410 @ US 90
DIRECT CONNECTORS - MARBACH
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING AN INTERLOCAL AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION AND AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE THE INTERLOCAL AGREEMENT FOR REIMBURSEMENT TO THE SAN ANTONIO WATER SYSTEM FOR CONSTRUCTION, DESIGN AND PROJECT WORK COSTS IN AN AMOUNT ESTIMATED TO BE $1,508,212.80 IN CONNECTION WITH THE IH 410 @ US 90 DIRECT CONNECTORS - MARBACH PROJECT; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Texas Department of Transportation (the “TxDOT”) is constructing the highway and interchange work for the IH 410 @ US 90 Direct Connectors - Marbach Project; and

WHEREAS, the IH 410 @ US 90 Direct Connectors - Marbach Project requires the adjustment of certain water and sewer facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, the project work will consist of the adjustment of approximately 742 feet of 6-inch through 16-inch water main, steel casing, concrete saddles and two manhole adjustments; and

WHEREAS, the project work costs are eligible for reimbursement through the Federal Utility and State Utility Procedures; and

WHEREAS, TxDOT has requested that the System enter into an Interlocal Agreement for the reimbursement of project work costs; and

WHEREAS, reimbursement includes $1,333,153.80 for construction, $106,648.00 for consultant fees, and $68,411.00 for the System’s services for a total amount of $1,508,212.80; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) approve an Interlocal Agreement with TxDOT for the reimbursement of the construction cost, consultant services fees, and the System’s cost in connection with the IH 410 @ US 90 Direct Connectors - Marbach Project, and (ii) authorize the President/Chief Executive Officer or his duly appointed designee to execute the Interlocal Agreement with TxDOT; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That an Interlocal Agreement with TxDOT in connection with the IH 410 @ US 90 Direct Connectors - Marbach Project is hereby approved.

2. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute an Interlocal Agreement with TxDOT for the reimbursement of the project work costs, consultant service’s fees, and the System’s costs in connection with the IH 410 @ US 90 Direct Connectors - Marbach Project.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

5. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 1st day of November, 2016.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Ashok S. Kaji, P.E., Director, Plants and Major Projects, and Genoveva G. Gomez, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT FOR THE IH 10 GROUND STORAGE TANK PAINTING AND REHABILITATION PROJECT

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $2,338,500.00 to Blastco Texas, Inc., a non-local, SBE firm, in connection with the IH 10 Ground Storage Tank Painting and Rehabilitation Project (the “project”).

- The San Antonio Water System (the “System”) operates and maintains 201 water pump stations and 126 water storage tanks. There is an on-going program to maintain paint coatings on pump station equipment and water tanks to provide for rust and corrosion protection to improve general appearance. The water tanks are also rehabilitated to comply with the Texas Commission on Environmental Quality requirements, the American Water Works Association and the Occupational Safety & Health Administration standards.

- For 2016, the three million gallon IH 10 Ground Storage Tank is programmed for the facility painting and rehabilitation. The tank is located along the west side of IH 10 just north of Loop 1604 adjacent to Fiesta Texas theme park.

- The project includes the repainting of the interior and exterior steel surfaces of the tank, replacement of tank ladders, hatches and vents, and other miscellaneous tank work.

- The project requires removal of existing paint on the tank by proper blasting method, containment of particles during the blasting process, and containment of paint beyond the tank site during the painting process.

- Additional work includes electrical modifications, SCADA, canopy for electrical equipment; piping, valves, and meter improvements; and civil site improvements.

- Bids for the construction of this project have been solicited and Blastco Texas, Inc., has submitted a low responsible amount of $2,338,500.00.

Staff recommends that the System’s Board of Trustees approve this resolution.
FINANCIAL IMPACT:

The 2016 painting and rehabilitation expenditure will be paid from System Funds budgeted in the 2016 budget (Company: 1000, Accounting Unit: 5027500, Account: 511210) for the IH 10 Ground Storage Tank Painting and Rehabilitation Project. The amount is $2,338,500.00 under job number 13-0118.

SUPPLEMENTARY COMMENTS:

A bid opening was held on October 10, 2016, and three firms responded to the request for bids. The System received proposals from the following companies:

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>BID AMOUNT</th>
<th>LOCAL/SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blastco Texas, Inc.*</td>
<td>$2,338,500.00</td>
<td>Non–Local/SBE</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$2,464,900.00</td>
<td></td>
</tr>
<tr>
<td>Classic Protective Coating, Inc.</td>
<td>$2,547,900.00</td>
<td>Non–Local/SBE</td>
</tr>
<tr>
<td>N.G. Painting, LP</td>
<td>$3,221,500.00</td>
<td>Local/Non–SMWB</td>
</tr>
</tbody>
</table>

*Low Responsible Bidder

The bid amount represents a 5.13 percent decrease from the estimated construction cost.


Blastco Texas, Inc., a SBE firm, has proposed to subcontract 7.0 percent of the work to SMWB firms. The total SMWB percentage of participation is 100 percent.

<table>
<thead>
<tr>
<th>IH 10 Ground Storage Tank Painting and Rehabilitation Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLASTCO TEXAS, INC.</td>
</tr>
<tr>
<td>SMWB ANALYSIS</td>
</tr>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE–African American</td>
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<tr>
<td>MBE–Asian</td>
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<tr>
<td>MBE–Hispanic</td>
</tr>
<tr>
<td>MBE–Other</td>
</tr>
<tr>
<td>WBE–Minority</td>
</tr>
<tr>
<td>WBE–Non–Minority</td>
</tr>
<tr>
<td>SMWB Total</td>
</tr>
</tbody>
</table>
Award of Construction Contract
IH 10 Ground Storage Tank Painting and Rehabilitation Project

Ashok S. Kaji, P.E.
Director
Plants and Major Projects

Genoveva G. Gomez, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT SITE MAP
ATTACHMENT II

IH 10 GROUND STORAGE TANK PAINTING
AND REHABILITATION PROJECT

LEGEND
PROJECT LIMITS
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF BLASTCO TEXAS, INC., IN THE AMOUNT OF $2,338,500.00 IN CONNECTION WITH THE IH 10 GROUND STORAGE TANK PAINTING AND REHABILITATION PROJECT; AWARDS A CONSTRUCTION CONTRACT IN THE AMOUNT OF $2,338,500.00 TO BLASTCO TEXAS, INC., FOR THE PROJECT WORK; APPROVING THE EXPENDITURE OF FUNDS IN AN AMOUNT OF $2,338,500.00 FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH BLASTCO TEXAS, INC., AND TO PAY BLASTCO TEXAS, INC., AN AMOUNT NOT TO EXCEED $2,338,500.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the San Antonio Water System (the “System”) operates and maintains 201 water pump stations and 126 water storage tanks; and

WHEREAS, there is an on-going program to maintain paint coatings on pump station equipment and water tanks to provide for rust and corrosion protection to improve general appearance; and

WHEREAS, the water tanks are also rehabilitated to comply with the Texas Commission on Environmental Quality requirements, the American Water Works Association and the Occupational Safety & Health Administration standards; and

WHEREAS, for 2016, the three million gallon IH 10 Ground Storage Tank is programmed for the facility painting and rehabilitation and is located along the west side of IH 10 just north of Loop 1604 adjacent to Fiesta Texas theme park; and

WHEREAS, the IH 10 Ground Storage Tank Painting and Rehabilitation Project (the “project”) includes the repainting of the interior and exterior steel surfaces of the tank, replacement of tank ladders, hatches and vents, electrical improvements, civil site improvements and other miscellaneous work; and

WHEREAS, the System has solicited for the project work; and
WHEREAS, Blastco Texas, Inc., a non-local, SBE firm, is declared the lowest responsible bidder and has submitted the low responsible bid amount of $2,338,500.00 for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept the bid of Blastco Texas, Inc., for a construction contract in the amount of $2,338,500.00 for the project work in connection with the IH 10 Ground Storage Tank Painting and Rehabilitation Project, (ii) to award a construction contract in the amount of $2,338,500.00 to Blastco Texas, Inc., for the project work, (iii) to approve and make available an amount of $2,338,500.00 from the System’s Project Fund for the project work, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with Blastco Texas, Inc., and to pay Blastco Texas, Inc. an amount not to exceed $2,338,500.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of Blastco Texas, Inc., in the amount of $2,338,500.00 for the project work in connection with the IH 10 Ground Storage Tank Painting and Rehabilitation Project is hereby accepted.

2. That a construction contract in the amount of $2,338,500.00 for the project work is hereby awarded to Blastco Texas, Inc.

3. That the expenditures of funds in the amount of $2,338,500.00 for the project work is hereby made available and is to be expended from the System’s Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a standard contract for general construction with Blastco Texas, Inc., and to pay Blastco Texas, Inc. the amount not to exceed $2,338,500.00 for the project work in connection with the IH 10 Ground Storage Tank Painting and Rehabilitation Project.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 1\textsuperscript{st} day of November, 2016.

____________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________
Ernest Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Tamsen R. McNarie, Director, Operations Support, and Jeffrey J. Haby, P.E., Vice President, Production and Treatment

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF 2016 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 3

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $1,904,205.00 to Facilities Rehabilitation, Inc., a non-local, MBE-Hispanic firm, in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 3.

- The San Antonio Water System (SAWS) is required under the Consent Decree to inspect small diameter gravity sewer mains that are clay pipe installed prior to 1983, all small diameter concrete mains, and all large diameter mains over a period not to exceed four years of the date of lodging of the Consent Decree using closed circuit television or pole cameras. SAWS is also required to visually inspect all other mains and clean all mains over a 10-year period.

- Inherent with such a program, there are occasions when numerous manholes require adjustment in order to access the mains for cleaning and inspection.

- During the Capacity and Condition Assessment Phase of the Consent Decree, numerous manholes have been found along drainage ways which are in poor structural condition. The poor structural condition of these manholes allows for inflow during storm events impacting the ability of system to convey the flows. This contract will be used to address these manholes.

- Approximately 469 specific manholes located in the Central Sewershed are included in the contract scope. This contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary manhole adjustments, rehabilitation and replacement.

- The contract will allow for work orders to be issued for adjustment, rehabilitation and/or replacement related to selected manholes. The work orders will be issued and managed by SAWS staff and will be charged against the contract as they are executed.
The standard construction bidding process was used for this contract.

Facilities Rehabilitation, Inc. has submitted the low bid of $1,904,205.00.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

Funds for these contract services to be provided during FY 2016 were included in the FY 2016 Annual Operating Budget and will be financed with revenues from the System Fund. The System Fund will finance the amount of $1,904,205.00 for contract services (Company: 1000; Accounting Unit: 5044500; Account: 511220). The SAWS job number for the replacement of any manholes is 16-1403 (CIP). The SAWS job number for all other work is 16-0116 (O&M).

Funds for these contract services to be provided during FY 2017 will be paid from System funds budgeted in the 2017 Budget, pursuant to and contingent upon Board approval of the 2017 budget with a line item for such expenditures (Company 1000; Accounting Unit 5044500; Account 511220).

**SUPPLEMENTARY COMMENTS:**

SAWS engineering staff prepared the specifications for this project. The engineer’s estimated construction cost is $2,048,000.00.

The bid opening was held on September 28, 2016 at 10:00 a.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>BID AMOUNT</th>
<th>LOCAL/SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities Rehabilitation, Inc.*</td>
<td>$1,904,205.00</td>
<td>Non-Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Texas Pride Utilities, LLC</td>
<td>$1,967,330.00</td>
<td>Non-Local/MBE-Hispanic</td>
</tr>
<tr>
<td>D. Guerra Construction, LLC</td>
<td>$1,976,715.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>National Power Rodding Corporation</td>
<td>$2,001,067.38</td>
<td>Non-Local/SBE</td>
</tr>
<tr>
<td>*Engineer’s Estimate</td>
<td>$2,048,000.00</td>
<td></td>
</tr>
<tr>
<td>Pronto Sandblasting and Coating and Oil Field Services Company, Inc.</td>
<td>$2,357,350.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
</tbody>
</table>

*Low responsible bid
The bid amount represents a 7.02% decrease from the estimated construction cost.

The construction contract will remain in full force for a period of 365 calendar days from the Notice to Proceed date or until funds are exhausted from the contract.

Tamsen R. McNarie
Director, Operations Support

Jeffrey J. Haby, P.E.
Vice President, Production and Treatment

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF FACILITIES REHABILITATION, INC. FOR A CONSTRUCTION CONTRACT IN THE AMOUNT OF $1,904,205.00 IN CONNECTION WITH THE 2016 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 3; AWARDING A CONSTRUCTION CONTRACT IN THE AMOUNT OF $1,904,205.00 TO FACILITIES REHABILITATION, INC. IN CONNECTION WITH THE 2016 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 3; APPROVING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $1,904,205.00 FOR THE PROJECT WORK, AND THAT THE SUBSEQUENT YEAR'S EXPENDITURES ARE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEAR'S BUDGET WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH FACILITIES REHABILITATION, INC. AND TO PAY FACILITIES REHABILITATION, INC. THE AMOUNT OF $1,904,205.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) is required under the Consent Decree to inspect small diameter gravity sewer mains that are clay pipe installed prior to 1983, all small diameter concrete mains, and all large diameter mains over a period not to exceed four years from the date of lodging of the Consent Decree using closed circuit television or pole cameras; and

WHEREAS, the System requires construction services to perform the necessary adjustment, rehabilitation and/or replacement for approximately 469 specific manholes located in the Central Sewershed (the "project work") related to the wastewater collection system maintenance program; and

WHEREAS, this contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary manhole adjustments, rehabilitation and repair work; and
WHEREAS, the System solicited bids for the project work; and

WHEREAS, Facilities Rehabilitation, Inc., a non-local, MBE-Hispanic firm, submitted a bid in the amount of $1,904,205.00 for the project work, and this bid has been determined to be the lowest responsible bid; and

WHEREAS, the total amount of $1,904,205.00 is available from the System Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) accept the bid of Facilities Rehabilitation, Inc. for a construction contract in the amount of $1,904,205.00 in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 3, (ii) award a construction contract in the amount of $1,904,205.00 to Facilities Rehabilitation, Inc. in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 3, (iii) approve the expenditure of funds in the amount of $1,904,205.00 for the project work, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures, and (iv) authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with Facilities Rehabilitation, Inc. and to pay Facilities Rehabilitation, Inc. the amount not to exceed $1,904,205.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of Facilities Rehabilitation, Inc. in the amount of $1,904,205.00 for the project work in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 3 is hereby accepted.

2. That the contract is hereby awarded to Facilities Rehabilitation, Inc. in the amount of $1,904,205.00 for the project work in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 3.

3. That the expenditure of System funds in the amount of $1,904,205.00 for the project work is hereby approved.

4. That a total amount not to exceed $1,904,205.00 consisting of project work costs is hereby made available from the System Fund, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures.

5. That the System's President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a contract with Facilities Rehabilitation, Inc. for the project work and to pay an amount not to exceed $1,904,205.00 to Facilities Rehabilitation, Inc. for the project work in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 3.
6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

8. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 1st day of November, 2016.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Ernesto Arrellano, Jr., Secretary
AGENDA ITEM NO. __14__

TO: San Antonio Water System Board of Trustees

FROM: Tamsen R. McNarie, Director, Operations Support, and Jeffrey J. Haby, P.E., Vice President, Production and Treatment

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF 2016 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 4

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $1,379,150.00 to Facilities Rehabilitation, Inc., a non-local, MBE Hispanic firm, in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 4.

- The San Antonio Water System (SAWS) is required under the Consent Decree to inspect small diameter gravity sewer mains that are clay pipe installed prior to 1983, all small diameter concrete mains, and all large diameter mains over a period not to exceed four years of the date of lodging of the Consent Decree using closed circuit television or pole cameras. SAWS is also required to visually inspect all other mains and clean all mains over a 10-year period.

- Inherent with such a program, there are occasions when numerous manholes require adjustment in order to access the mains for cleaning and inspection.

- During the Capacity and Condition Assessment Phase of the Consent Decree, numerous manholes have been found along drainage ways which are in poor structural condition. The poor structural condition of these manholes allows for inflow during storm events impacting the ability of system to convey the flows. This contract will be used to address these manholes.

- Approximately 299 specific manholes located in the Western Sewershed are included in the contract scope. This contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary manhole adjustments, rehabilitation and replacement.

- The contract will allow for work orders to be issued for adjustment, rehabilitation and/or replacement related to selected manholes. The work orders will be issued and managed by SAWS staff and will be charged against the contract as they are executed.
The standard construction bidding process was used for this contract.

Facilities Rehabilitation, Inc. has submitted the low bid of $1,379,150.00.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

Funds for these contract services to be provided during FY 2016 were included in the FY 2016 Annual Operating Budget and will be financed with revenues from the System Fund. The System Fund will finance the amount of $1,379,150.00 for contract services (Company: 1000; Accounting Unit: 5044500; Account: 511220). The SAWS job number for the replacement of any manholes is 16-1403 (CIP). The SAWS job number for all other work is 16-0117 (O&M).

Funds for these contract services to be provided during FY 2017 will be paid from System funds budgeted in the 2017 Budget, pursuant to and contingent upon Board approval of the 2017 budget with a line item for such expenditures (Company: 1000; Accounting Unit: 5044500; Account: 511220).

**SUPPLEMENTARY COMMENTS:**

SAWS engineering staff prepared the specifications for this project. The engineer’s estimated construction cost is $1,592,000.00.

The bid opening was held on September 28, 2016 at 2:00 p.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>BID AMOUNT</th>
<th>LOCAL/SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities Rehabilitation, Inc.*</td>
<td>$1,379,150.00</td>
<td>Non-Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Guerra, Underground, LLC</td>
<td>$1,418,630.00</td>
<td>Non-Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Texas Pride Utilities, LLC</td>
<td>$1,419,500.00</td>
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<tr>
<td>D. Guerra Construction, LLC</td>
<td>$1,437,810.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Pronto Sandblasting and Coating and Oil</td>
<td>$1,590,200.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Field Services Company, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Low Responsible Bidder</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2016 Annual Sanitary Sewer Manhole Adjustments, Rehabilitation and Replacement Construction Contract, Package 4

FACILITIES REHABILITATION, INC.

<table>
<thead>
<tr>
<th>SBE</th>
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<tbody>
<tr>
<td>MBE - African American</td>
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</tr>
<tr>
<td>MBE - Asian</td>
<td>0.00%</td>
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<tr>
<td>MBE - Hispanic</td>
<td>98.55%</td>
</tr>
<tr>
<td>MBE - Other</td>
<td>0.00%</td>
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<tr>
<td>WBE - Minority</td>
<td>1.45%</td>
</tr>
<tr>
<td>WBE - Non-Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>SMWB Total</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

The bid amount represents a 13.37% decrease from the estimated construction cost.

The construction contract will remain in full force for a period of 365 calendar days from the Notice to Proceed date or until funds are exhausted from the contract.

Tamsen R. McNarie
Director, Operations Support

Jeffrey J. Haby, P.E.
Vice President, Production and Treatment

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF FACILITIES REHABILITATION, INC. FOR A CONSTRUCTION CONTRACT IN THE AMOUNT OF $1,379,150.00 IN CONNECTION WITH THE 2016 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 4; AWARDING A CONSTRUCTION CONTRACT IN THE AMOUNT OF $1,379,150.00 TO FACILITIES REHABILITATION, INC. IN CONNECTION WITH THE 2016 ANNUAL SANITARY SEWER MANHOLE ADJUSTMENT, REHABILITATION AND REPLACEMENT CONSTRUCTION CONTRACT, PACKAGE 4; APPROVING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $1,379,150.00 FOR THE PROJECT WORK, AND THAT THE SUBSEQUENT YEAR'S EXPENDITURES ARE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEAR'S BUDGET WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH FACILITIES REHABILITATION, INC. AND TO PAY FACILITIES REHABILITATION, INC. THE AMOUNT OF $1,379,150.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) is required under the Consent Decree to inspect small diameter gravity sewer mains that are clay pipe installed prior to 1983, all small diameter concrete mains, and all large diameter mains over a period not to exceed four years from the date of lodging of the Consent Decree using closed circuit television or pole cameras; and

WHEREAS, the System requires construction services to perform the necessary adjustment, rehabilitation and/or replacement for approximately 299 specific manholes located in the Western Sewershed (the "project work") related to the wastewater collection system maintenance program; and

WHEREAS, this contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary manhole adjustments, rehabilitation and repair work; and
WHEREAS, the System solicited bids for the project work; and

WHEREAS, Facilities Rehabilitation, Inc., a non-local, MBE-Hispanic firm, submitted a bid in the amount of $1,379,150.00 for the project work, and this bid has been determined to be the lowest responsible bid; and

WHEREAS, the total amount of $1,379,150.00 is available from the System Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) accept the bid of Facilities Rehabilitation, Inc. for a construction contract in the amount of $1,379,150.00 in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 4, (ii) award a construction contract in the amount of $1,379,150.00 to Facilities Rehabilitation, Inc. in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 4, (iii) approve the expenditure of funds in the amount of $1,379,150.00 for the project work, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures, and (iv) authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with Facilities Rehabilitation, Inc. and to pay Facilities Rehabilitation, Inc. the amount not to exceed $1,379,150.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of Facilities Rehabilitation, Inc. in the amount of $1,379,150.00 for the project work in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 4 is hereby accepted.

2. That the contract is hereby awarded to Facilities Rehabilitation, Inc. in the amount of $1,379,150.00 for the project work in connection with the 2016 Annual Sanitary Sewer Manhole Adjustment, Rehabilitation and Replacement Construction Contract, Package 4.

3. That the expenditure of System funds in the amount of $1,379,150.00 for the project work is hereby approved.

4. That a total amount not to exceed $1,379,150.00 consisting of project work costs is hereby made available from the System Fund, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures.

5. That the System's President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a contract with Facilities Rehabilitation, Inc. for the project work and to pay an amount not to exceed $1,379,150.00 to Facilities Rehabilitation, Inc. for the project work

6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

8. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 1st day of November, 2016.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Alissa R. Lockett, P.E., Director, Construction and Maintenance Programs, and Michael S. Brinkmann, Vice President, Distribution and Collection Operations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO EXTEND THE 2015 ANNUAL CONCRETE PLACEMENT WORK ORDER CONSTRUCTION CONTRACT – PACKAGE 1

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution awards an extension to the construction contract in the amount of $559,035.00 to RCO Construction, LLC, a local MBE-Hispanic firm, in connection with the 2015 Annual Concrete Placement Work Order Construction Contract – Package 1.

- Following the repair or replacement of San Antonio Water System (SAWS) buried infrastructure, restoration of driveways, curbs, sidewalks, retaining walls, and other affected concrete areas may be required. Approximately 25 percent of the 2,000 concrete restoration work orders cannot be completed by SAWS forces due to workload; therefore, this contract provides contractor support to assist Distribution and Collection Operations with concrete construction activities.

- This type of annual contract, which has unit prices for various predefined line items, has been in place since 2003, increasing available resources and reducing cycle times, thus providing our customers with improved service.

- Resolution No. 15-130, adopted on June 2, 2015, awarded a construction contract in the amount of $559,035.00 to RCO Construction, LLC, the lowest responsible bidder, for the original contract period. The contract included the provision for an extension with a renewal of funds.

- Work orders will be issued and managed by SAWS operations staff and will be charged against the contract as executed for a time period of up to one (1) year or until funds have been exhausted.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The cost will be paid from System funds in the 2016 and 2017 Distribution and Collection Operations budget (Company: 1000, Accounting Unit: 5029000, Account: 511220) in the amount of $559,035.00 pursuant to and contingent upon Board approval of the 2017 budget with a line item for such expenditures. The SAWS job number for this contract extension is 16-0119.

SUPPLEMENTARY COMMENTS:

During the initial year of this construction contract, RCO Construction, LLC, completed 304 work orders at an average cost of $1,822.40. Each work order was inspected by SAWS staff, and workmanship and performance consistently met or exceeded expectations.

Alissa R. Lockett, P.E.
Director
Construction and Maintenance Programs

Michael S. Brinkmann
Vice President
Distribution and Collection Operations

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING AN EXTENSION TO THE CONSTRUCTION CONTRACT FOR THE 2015 ANNUAL CONCRETE PLACEMENT WORK ORDER CONSTRUCTION CONTRACT – PACKAGE 1 TO RCO CONSTRUCTION, LLC, IN THE AMOUNT OF $559,035.00 FOR THE PROJECT WORK; APPROVING THE EXPENDITURE OF FUNDS AND TO MAKE AVAILABLE THE AMOUNT OF $559,035.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK, PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE 2017 BUDGET WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE, TO EXECUTE A CONTRACT EXTENSION WITH RCO CONSTRUCTION, LLC, AND TO PAY RCO CONSTRUCTION, LLC, THE AMOUNT OF $559,035.00 FOR THE SYSTEM'S OBLIGATIONS UNDER THE TERMS OF THE CONTRACT FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) requires concrete repair services relating to unspecified projects as part of their maintenance program (the “project work”); and

WHEREAS, annual work order concrete placement contracts have been successfully implemented in the past; and

WHEREAS, this contract extension will allow for work orders with defined scopes and schedules to be issued, increasing available resources, allowing for quicker response time, and reducing cycle times; thus, providing our customers with improved service; and

WHEREAS, Resolution No. 15-130, adopted on June 2, 2015, awarded a construction contract in the amount of $559,035.00 to RCO Construction, LLC, the lowest responsible bidder, for the original contract period; the contract included the provision for an extension with a renewal of funds; and
WHEREAS, System funds in the not to exceed amount of $559,035.00 are required for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award an extension to the construction contract for the 2015 Annual Concrete Placement Work Order Construction Contract – Package 1 to RCO Construction, LLC, in the amount of $559,035.00 for the project work, (ii) to approve the expenditure and make available from System Funds in the amount of $559,035.00 for the project work, pursuant to and contingent upon Board approval of the 2017 budget with a line item for such expenditures, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract extension with RCO Construction, LLC, and to pay the amount of $559,035.00 to RCO Construction, LLC, for the System’s obligations under the terms of the contract for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That an extension to the construction contract for the 2015 Annual Concrete Placement Work Order Construction Contract – Package 1 in an amount of $559,035.00 for the project work is hereby awarded to RCO Construction, LLC.

2. That the expenditure of System funds in the not to exceed amount of $559,035.00 for the project work is hereby approved, pursuant to and contingent upon Board approval of the 2017 budget with a line item for such expenditures.

3. That the System’s President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a contract extension with RCO Construction, LLC, and to pay the amount of $559,035.00 to RCO Construction, LLC, for the System’s obligations under the terms of the contract for the project work in connection with the 2015 Annual Concrete Placement Work Order Construction Contract – Package 1.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

6. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 1\textsuperscript{st} day of November, 2016.

__________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

__________________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Alissa R. Lockett, P.E., Director, Construction and Maintenance Programs, and Michael S. Brinkmann, Vice President, Distribution and Collection Operations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO EXTEND THE 2015 ANNUAL CONCRETE PLACEMENT WORK ORDER CONSTRUCTION CONTRACT – PACKAGE 2

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution awards an extension to the construction contract in the amount of $568,135.00 to RCO Construction, LLC, a local MBE-Hispanic firm, in connection with the 2015 Annual Concrete Placement Work Order Construction Contract – Package 2.

- Following the repair or replacement of San Antonio Water System (SAWS) buried infrastructure, restoration of driveways, curbs, sidewalks, retaining walls, and other affected concrete areas may be required. Approximately 25 percent of the 2,000 concrete restoration work orders cannot be completed by SAWS forces due to workload; therefore, this contract provides contractor support to assist Distribution and Collection Operations with concrete construction activities.

- This type of annual contract, which has unit prices for various predefined line items, has been in place since 2003, increasing available resources and reducing cycle times, thus providing our customers with improved service.

- Resolution No. 15-130, adopted on June 2, 2015, awarded a construction contract in the amount of $568,135.00 to RCO Construction, LLC, the lowest responsible bidder, for the original contract period. The contract included the provision for an extension with a renewal of funds.

- Work orders will be issued and managed by SAWS operations staff and will be charged against the contract as executed for a time period of up to one (1) year or until funds have been exhausted.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

The cost will be paid from System funds in the 2016 and 2017 Distribution and Collection Operations budget (Company: 1000, Accounting Unit: 5029000, Account: 511220) in the amount of $568,135.00 pursuant to and contingent upon Board approval of the 2017 budget with a line item for such expenditures. The SAWS job number for this contract extension is 16-0120.

SUPPLEMENTARY COMMENTS:

As of September 7, 2016, RCO Construction, LLC, has completed 167 work orders under this construction contract at an average cost of $2,265.30, which equates to 67% of the contract budget. Each work order was inspected by SAWS staff, and workmanship and performance consistently met or exceeded expectations.

Alissa R. Lockett, P.E.
Director
Construction and Maintenance Programs

Michael S. Brinkmann
Vice President
Distribution and Collection Operations

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING AN EXTENSION TO THE CONSTRUCTION CONTRACT FOR THE 2015 ANNUAL CONCRETE PLACEMENT WORK ORDER CONSTRUCTION CONTRACT – PACKAGE 2 TO RCO CONSTRUCTION, LLC, IN THE AMOUNT OF $568,135.00 FOR THE PROJECT WORK; APPROVING THE EXPENDITURE OF FUNDS AND TO MAKE AVAILABLE THE AMOUNT OF $568,135.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK, PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE 2017 BUDGET WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE, TO EXECUTE A CONTRACT EXTENSION WITH RCO CONSTRUCTION, LLC, AND TO PAY RCO CONSTRUCTION, LLC, THE AMOUNT OF $568,135.00 FOR THE SYSTEM'S OBLIGATIONS UNDER THE TERMS OF THE CONTRACT FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) requires concrete repair services relating to unspecified projects as part of their maintenance program (the “project work”); and

WHEREAS, annual work order concrete placement contracts have been successfully implemented in the past; and

WHEREAS, this contract extension will allow for work orders with defined scopes and schedules to be issued, increasing available resources, allowing for quicker response time, and reducing cycle times; thus, providing our customers with improved service; and

WHEREAS, Resolution No. 15-130, adopted on June 2, 2015, awarded a construction contract in the amount of $568,135.00 to RCO Construction, LLC, the lowest responsible bidder, for the original contract period; the contract included the provision for an extension with a renewal of funds; and
WHEREAS, System funds in the not to exceed amount of $568,135.00 are required for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award an extension to the construction contract for the 2015 Annual Concrete Placement Work Order Construction Contract – Package 2 to RCO Construction, LLC, in the amount of $568,135.00 for the project work, (ii) to approve the expenditure and make available from System Funds in the amount of $568,135.00 for the project work, pursuant to and contingent upon Board approval of the 2017 budget with a line item for such expenditures, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract extension with RCO Construction, LLC, and to pay the amount of $568,135.00 to RCO Construction, LLC, for the System’s obligations under the terms of the contract for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That an extension to the construction contract for the 2015 Annual Concrete Placement Work Order Construction Contract – Package 2 in an amount of $568,135.00 for the project work is hereby awarded to RCO Construction, LLC.

2. That the expenditure of System funds in the not to exceed amount of $568,135.00 for the project work is hereby approved, pursuant to and contingent upon Board approval of the 2017 budget with a line item for such expenditures.

3. That the System’s President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a contract extension with RCO Construction, LLC, and to pay the amount of $568,135.00 to RCO Construction, LLC, for the System’s obligations under the terms of the contract for the project work in connection with the 2015 Annual Concrete Placement Work Order Construction Contract – Package 2.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

6. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 1st day of November, 2016.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

___________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Douglas P. Evanson, Senior Vice President/Chief Financial Officer

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARDING A PROFESSIONAL SERVICES CONTRACT TO PUBLIC FINANCIAL MANAGEMENT, INC. AND ESTRADA HINOJOSA & COMPANY, INC. TO SERVE AS CO-FINANCIAL ADVISORS FOR THE SAN ANTONIO WATER SYSTEM

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the acceptance of the proposal and awarding a professional services contract to Public Financial Management, Inc. (PFM) and Estrada Hinojosa & Company, Inc. (Estrada Hinojosa) to serve as Co-Financial Advisors for the San Antonio Water System (SAWS).

- The services provided by Financial Advisor’s include, but are not limited to the following:
  - Assistance in the management of SAWS’ debt portfolio and identifying other sources of capital financing;
  - Assistance in the planning, structuring, sizing, and marketing of future debt issuances; and
  - Consulting on multi-year financial plans addressing water resource projects, infrastructure replacement, and other capital needs.

- SAWS solicited request for proposals for financial advisor services in August 2016 and received responses from six firms.

- The selection committee evaluated the proposals pursuant to the criteria established in the request for proposals to determine the most qualified firm(s) to provide the required scope of service.

- The firms of PFM and Estrada Hinojosa are recommended to serve as Co-Financial Advisors to SAWS.

- The firms will enter into a professional services contract with SAWS for a five year term. A copy of which, in its substantially final form, is attached to the Resolution as Exhibit A.
Financial Advisor Services

Staff recommends approval of this Resolution.

**FINANCIAL IMPACT:**

Fees for debt related financial advisor services will be paid from bond proceeds which will be authorized by the Board of Trustees at the time of a bond issuance based on the fee schedule outlined in the professional services contract; fees for debt related work not associated with a bond issuance will be authorized by the Senior Vice President/Chief Financial Officer of SAWS, and paid based on a negotiated fixed fee or hourly rate outlined in the professional services contract.

**SUPPLEMENTAL INFORMATION:**

A request for proposals was issued on August 26, 2016. Six responses were received. Using the selection criteria and weighting set forth in the request for proposals, PFM and Estrada Hinojosa were determined to be the most qualified firms to provide the required services.

The following firms responded to the Request for Proposals:

<table>
<thead>
<tr>
<th>NAME OF FIRM</th>
<th>LOCAL/SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal Securities, Inc.</td>
<td>Local/Non-SMWB</td>
</tr>
<tr>
<td>Estrada Hinojosa &amp; Company, Inc.*</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>First Southwest Company</td>
<td>Local/Non-SMWB</td>
</tr>
<tr>
<td>George K. Baum &amp; Company</td>
<td>Non-Local/Non-SMWB</td>
</tr>
<tr>
<td>M.E. Allison &amp; Co., Inc.</td>
<td>Local/SBE</td>
</tr>
<tr>
<td>Public Financial Management, Inc.*</td>
<td>Non-Local/Non-SMWB</td>
</tr>
</tbody>
</table>

*Selected Firms

Douglas P. Evanson  
Senior Vice President/Chief Financial Officer

APPROVED:

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AUTHORIZING A PROFESSIONAL SERVICES CONTRACT WITH PUBLIC FINANCIAL MANAGEMENT, INC. AND ESTRADA HINOJOSA & COMPANY, INC. TO SERVE AS CO-FINANCIAL ADVISORS TO THE SYSTEM FOR A FIVE YEAR TERM; DIRECTING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE SUCH PROFESSIONAL SERVICES CONTRACT; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (SAWS) monitors its outstanding debt and investigates opportunities to manage this debt in an effective and efficient manner; and

WHEREAS, the capital requirements of SAWS over the next five years is over $1.5 billion; and

WHEREAS, SAWS is desirous to debt finance a portion of its Capital Improvements Program; and

WHEREAS, SAWS desires the services of a financial advisor with proven ability in a broad range of financial services; and

WHEREAS, SAWS solicited Request for Proposals for financial advisor services; and

WHEREAS, Six responses to the Request for Proposals were received; and

WHEREAS, the selection committee reviewed the responses pursuant to criteria established in the request for proposals to determine the most qualified firm(s) to provide the required services; and

WHEREAS, the selection committee recommends the execution of a professional services contract with Public Financial Management, Inc. and Estrada Hinojosa & Company, Inc. to provide co-financial advisor services to SAWS; and
WHEREAS, the fees for debt related financial advisor services will be paid from bond proceeds which will be authorized by the Board of Trustees at the time of a bond issuance based on the fee schedule outlined in the professional services contract; fees for debt related work not directly related to the issuance of debt will be authorized by the Senior Vice President/Chief Financial Officer of SAWS and will be paid based on a negotiated fixed fee or hourly rate outlined in the professional services contract; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to enter into a professional services contract with Public Financial Management, Inc. and Estrada Hinojosa & Company, Inc. to serve as co-financial advisors for a five year term; (ii) to approve payment of fees in accordance with the terms and provisions of the professional services contract, not to exceed the amount provided for in the approved budget for the calendar year in which the expenditure is made; and (iii) to further authorize the President/Chief Executive Officer or his duly appointed designee to execute such professional services contract; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That professional services contracts to be entered into with Public Financial Management, Inc. and Estrada Hinojosa & Company, Inc. to serve as co-financial advisors for a term of five year term are hereby authorized and approved.

2. That the professional services contracts, in substantially the form attached as Exhibit A hereto, and the payment of fees outlined in the professional services contract, not to exceed the amount provided for in the approved budget for the calendar year in which the expenditure is made, are hereby approved.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Public Financial Management, Inc. and Estrada Hinojosa & Company, Inc. to serve as co-financial advisors.

4. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution is effective immediately.
PASSED AND APPROVED on the 1\textsuperscript{st} day of November 2016.

______________________________
Berto Guerra, Jr., Chairman

Attest:

______________________________
Ernesto Arrellano, Jr., Secretary

Exhibit A: Form Professional Services Contract
EXHIBIT A

PROFESSIONAL SERVICES CONTRACT

Financial Advisor Services
Contract Number: P-16-001-JG

This contract ("Contract") is entered into by and between the San Antonio Water System Board of Trustees, a water, wastewater, and water recycling agency of the City of San Antonio established and created pursuant to the provisions of Ordinance No. 75686, hereinafter referred to as the "SYSTEM," and PFM Financial Advisors LLC, hereinafter referred to as "CONSULTANT". SYSTEM and CONSULTANT may be referred to herein from time to time as the "Parties" or "Party."

WITNESSETH:

WHEREAS, the SYSTEM, a municipally owned utility providing water, wastewater, and water recycling to a customer base of approximately 1.7 million people, is most concerned with the effective management of all financing issues related to the utility; and

WHEREAS, such financing issues include assistance in the management of the System's debt; identifying other sources of funding; and the planning, structuring, sizing, and marketing of future debt issuance; and

WHEREAS, such financing issues additionally include consulting on multi-year financing plans, addressing water resource projects, infrastructure replacement, and all other capital needs; and

WHEREAS, in order to obtain such professional assistance, the San Antonio Water System released a "Request for Proposal for Financial Advisor Services"; and

WHEREAS, the SYSTEM after reviewing the responses to the Request for Proposal for Financial Advisor Services, elected to award contracts to two (2) firms to serve as co-financial advisors to SYSTEM; and

WHEREAS, it is now necessary to execute a professional services contract for such financial advisor services;

NOW THEREFORE the Parties hereto agree as follows:

1.0 Scope of Services To Be Performed

1.01 General
The Parties hereto understand and agree that CONSULTANT shall provide financial advisor services to the SYSTEM as a co-financial advisor with Estrada Hinojosa & Company, Inc. ("CO-CONSULTANT"). As used herein, reference to CO-CONSULTANT shall mean CO-CONSULTANT or its successors or assigns, as determined by the SYSTEM from time-to-time. CONSULTANT further understands and agrees that all activities shall be in accordance with the
terms and conditions set out in City of San Antonio Ordinance No. 75686, adopted April 30, 1992.

1.02 **Specifications**
CONSULTANT shall undertake the services listed in the Request for Proposal (RFP) Financial Advisor Services, San Antonio Water System dated September 19, 2016 (the “Services”). Such RFP is attached hereto and incorporated herein as Exhibit “A” (the “RFP”). In the event the language of this Contract conflicts with the language in Exhibit “A”, the language of this Contract shall prevail.

1.03 **Compensation**

a. CONSULTANT will be compensated on a per bond basis based on the bond fee schedule, or on a fixed fee basis, as set out in Exhibit “B”, attached hereto. Any fees earned on a per bond basis will be paid at issuance of the bonds, as a deduction from the bond proceeds of the SYSTEM. As CONSULTANT shall be providing services as co-financial advisor with CO-CONSULTANT, CONSULTANT understands it will receive the percentage of the applicable fee, as set out in the schedules shown in Exhibit “B”.

b. During the Term (as herein defined) of this Contract, CONSULTANT also agrees to provide other financial advisory services provided for in the RFP to SYSTEM (“Additional Financial Advisory Services”) as requested in writing by SYSTEM. Any Additional Financial Advisory Services will be compensated in accordance with Exhibit “B” In the event SYSTEM requires Additional Financial Advisory Services from CONSULTANT, SYSTEM shall provide an “Engagement Letter” to CONSULTANT requesting such services. The Engagement Letter shall identify the specific services required of CONSULTANT for the Additional Financial Advisory Services. SYSTEM agrees to compensate CONSULTANT in accordance with Exhibit “B” during the Term of the Contract.

1.04 **Invoicing and Payments**
Invoices will be issued as work progresses itemizing the staff billing rates and hours worked or upon completion of debt transaction utilizing the fee schedule set out in Exhibit “B”, attached hereto, and incorporated herein for all purposes. Copies of supporting documentation will be provided upon the SYSTEM’S request. Payments are due at the address appearing on the invoice within thirty days of receipt, except as otherwise provided herein.

2.0 **Term**
The term (the “Term”) of this Contract shall be for a five (5) year period. This Contract shall commence on December 4, 2016, and terminate at midnight on December 3, 2021.
3.0 Standards of Services and Warranty

3.01 CONSULTANT warrants and represents that it is not aware of any lawsuits or administrative actions pending or contemplated in any court or before any administrative body against CONSULTANT which could result in an outcome which would materially affect the ability of CONSULTANT to perform its obligations hereunder.

3.02 CONSULTANT warrants and represents that it is not aware of any conflicts of interest that will, or could, affect in any manner its ability to objectively perform the services under this Contract and has complied with all statutory requirements relating to disclosure of such interests including but not limited to Texas Local Government Code, Chapter 176 and Texas Government Code, Section 2252.908.

3.03 CONSULTANT warrants and represents that it does not have any financial or economic interest in the SYSTEM or any project of the SYSTEM except for providing the services set out in this Contract.

3.04 CONSULTANT warrants and represents that it has the power and authority to enter into and perform this Contract; this Contract, when executed and delivered, shall be a valid and binding obligation of CONSULTANT enforceable in accordance with its terms; and that CONSULTANT shall, at all times during the Term of this Contract, be qualified, professionally competent, and duly licensed to provide and perform the work and services provided for herein.

3.05 CONSULTANT warrants and represents that there are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy or pursuant to any other debtor relief laws contemplated or filed by CONSULTANT, and CONSULTANT has received no notice of any of the same pending or contemplated against CONSULTANT. CONSULTANT agrees to provide notice to SYSTEM should it receive notice of any of the foregoing during the Term of this Contract.

3.06 In performing this Contract, CONSULTANT agrees to comply with applicable laws and regulations, and to secure, pay for and comply with all permits, governmental fees, licenses, inspections, bonds, security or deposits necessary for proper execution and completion of the services herein. CONSULTANT agrees to not make or permit to be made any improper payments, or to perform any unlawful acts.
3.07 CONSULTANT warrants that it has not employed or retained any company or person other than a bona fide employee working solely for CONSULTANT, to solicit or secure this Contract, and it has not for the purpose of soliciting or securing this Contract paid or agreed to pay any company or person, other than a bona fide employee working solely for CONSULTANT, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award of making of this Contract. For breach of this warranty, the SYSTEM shall have the right to terminate this Contract.

4.0 Confidentiality

"Confidential Information" means all technical, economic, financial, pricing, marketing, or other information that has not been published, is not subject to the Texas Open Records Act, Title 5, Chapter 552, Texas Government Code, and/or is not otherwise available to members of the public and includes, without limitation, trade secrets, proprietary information, customer lists, scientific, technical, and business studies, analyses, processes, methods, procedures, policies, and information. In the event that either Party discloses Confidential Information of the other Party in connection with this Contract (excluding CONSULTANT’s Work Product that is delivered to the SYSTEM or others hereunder), the Party receiving such Confidential Information agrees to the extent of their ability under the law, to hold such confidential and to not disclose to others the Confidential Information for a period of three (3) years from the date of disclosure. These restrictions shall not apply to information that (i) the Parties had in their possession prior to disclosure; (ii) becomes public knowledge through no fault of the receiving Party, (iii) the receiving Party lawfully acquires from a third party not under an obligation of confidentiality to the disclosing Party, (iv) is independently developed by the receiving Party, or (v) is required to be disclosed under laws, rules, regulations or judicial or regulatory process to which the receiving Party is subject, it being agreed, however that except if not practicable or is prohibited by law, prior to any disclosure pursuant to this Section 5.0, at least five (5) business days written notice shall be provided to the SYSTEM to confirm the necessity of such disclosure. The SYSTEM agrees that CONSULTANT may use and publish the SYSTEM name and a general description of the services provided to the SYSTEM in describing CONSULTANT’s experience and qualifications to other potential clients; provided, however, immediately upon written notice from the SYSTEM, CONSULTANT agrees to remove and cease using and publishing the SYSTEM'S name in any publications or media format. This provision shall survive the expiration of the term or earlier termination of this Contract.

5.0 Work Product

"Work Product" consists of all workpapers, schedules, analyses, reports, and other information prepared by CONSULTANT for delivery to the SYSTEM. The SYSTEM shall have the right to make and retain copies and use of all Work Product. The SYSTEM may release the Work Product to third parties at its sole discretion.
risk and discretion. CONSULTANT agrees not to release or present data or information about the Work Product and results of the project to any person outside the SYSTEM without the prior written authorization of the SYSTEM, except as otherwise required by a court of competent jurisdiction or regulatory authority (provided, however, that except if prohibited by law, prior to any disclosure pursuant to this Section 5.0, at least five (5) business days written notice shall be provided to the SYSTEM to confirm the necessity of such disclosure).

6.0 Records

6.1 CONSULTANT and its subcontractors, if any, shall properly, accurately and completely maintain all documents, papers, and records, and other evidence pertaining to the services rendered hereunder, and shall make such materials available to SYSTEM at their respective offices, at all reasonable times and as often as SYSTEM may deem necessary during the Contract period, including any extension or renewal hereof, and the retention period set forth below, for purposes of inspection, examination, and making excerpts and/or copies of same by SYSTEM and any of its authorized representatives.

6.2 CONSULTANT shall retain any and all documents produced as a result of services provided hereunder for a period of four (4) years from the date of termination of the Contract. If at the end of four (4) years there is litigation involving or concerning this documentation or the services provided hereunder CONSULTANT shall retain the records until the resolution of such litigation. SYSTEM may, at its election, require CONSULTANT to return said documents to SYSTEM prior to or at the conclusion of said retention period. CONSULTANT agrees that the SYSTEM or its authorized representative shall have access at a location in San Antonio, Texas, during normal business hours to any and all books, documents, papers, and records of CONSULTANT which are directly pertinent to the services to be performed under this CONTRACT for the purpose of making audits and examinations. This provision shall survive the expiration of the term or earlier termination of this Contract.

7.0 Indemnity

To the maximum extent permitted by law, CONSULTANT agrees to fully indemnify, defend and hold harmless the SYSTEM and the members, agents, employees, officers, directors, and representatives of the SYSTEM, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, reasonable attorney fees, fines, penalties, proceeding, actions, demands causes of action, liability and suits of any kind and nature, including but not limited to, personal injury or death and property damage, made upon the SYSTEM arising out of, resulting from, or related to the negligent acts or omissions of CONSULTANT, any agent, officer, director, representative, employee, contractor or subcontractor of CONSULTANT, and
their representative officers, agents, employees, directors, and representatives, while in the exercise of performance of the rights or duties under this Contract. CONSULTANT shall promptly advise the SYSTEM in writing of any claim or demand against the SYSTEM or CONSULTANT known to CONSULTANT related to or arising out of CONSULTANT's activities under this Contract and shall see to the investigation of and defense of such claim or demand at CONSULTANT's cost. The SYSTEM shall have the right, at its option and at its own expense, to participate in such defense without relieving CONSULTANT of any of its obligations under this paragraph. This provision shall survive the expiration of the term or earlier termination of this Contract. THE FOREGOING NOTWITHSTANDING, IT IS AGREED THAT, WITH RESPECT TO ANY STATUTORY RESTRICTIONS AFFECTING THE VALIDITY OR ENFORCEABILITY OF THE INDEMNIFICATION AND DEFENSE OBLIGATIONS HEREIN, IT SHALL BE SUBJECT TO SUCH RESTRICTIONS, AND THE INDEMNIFICATION AND DEFENSE OBLIGATIONS HEREIN SHALL BE DEEMED TO BE AMENDED, TO THE MINIMUM EXTENT NECESSARY TO CONFORM THEREWITH, AND SHALL OTHERWISE CONTINUE IN FULL FORCE AND EFFECT.

8.0 Insurance Requirements
CONSULTANT hereby understands and acknowledges that the SYSTEM shall in no way be liable to CONSULTANT, its employees or agents for claims which may arise out of or result from CONSULTANT's services under this Contract, whether such services are by CONSULTANT, by any subcontractor or supplier of CONSULTANT or by anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, including, without limitation:

(a) claims under statutory Worker's Compensation laws, disability laws or such other employee benefit laws by CONSULTANT's employees and agents or by those of any subcontractor, suppliers or by anyone directly or indirectly employed by any of them;
(b) claims for damages because of bodily injury, sickness, or disease of CONSULTANT's employees and agents or by those of any subcontractor, supplier or by anyone directly or indirectly employed by any of them; and
(c) claims for damages to or destruction of tangible property of others, including loss of use thereof.

CONSULTANT agrees that it shall maintain the insurance coverage of the types and in the amounts set forth in the RFP.

9.0 Independent Contractor
CONSULTANT's work shall be performed by CONSULTANT as an independent contractor and not as an agent, employee or partner of the SYSTEM. CONSULTANT shall be solely responsible for, and have exclusive control over: (a) the means, methods, tools, techniques, sequences and procedures of the work; and (b) the acts, errors and omissions of its employees, subconsultants, sub-subconsultants, suppliers and their respective agents and
employees, and other persons or entities performing portions of the work for or on behalf of the CONSULTANT or any of its subconsultants. Any instruction or direction by SYSTEM with respect to the work shall be deemed to relate to the results the SYSTEM desires to obtain from the work, and shall in no way affect CONSULTANT’s status as an independent contractor as described herein. Nothing in this Contract shall create a partnership or joint enterprise between the SYSTEM and CONSULTANT.

10.0 Assignment
CONSULTANT’s shall not assign, transfer, convey, or otherwise dispose of this Contract, or any portion thereof, or any right, title or interest in, to, or under the same, without the previous written consent of the SYSTEM. CONSULTANT shall not assign by power of attorney or otherwise any of the monies or other considerations to become due and payable by the SYSTEM under this Contract, without the previous written consent of the SYSTEM. CONSULTANT shall notify the SYSTEM in writing by certified mail in accordance with Section 23.0 below, that such assignment, transfer, conveyance or subletting, or others disposition of this Contract or any portion thereof, or any right, title or interest in, to, or under the same is contemplated. If CONSULTANT does not receive written approval by the SYSTEM through the Project Manager set forth in Section 22.0 below within thirty days of receipt of such initial request by the Project Manager, such contemplated assignment, transfer, conveyance, or other disposition of this Contract or any portion thereof, or any right, title or interest in, to, or under the same, shall be deemed disapproved. In no event shall the SYSTEM be liable in excess of the consideration of this Contract in the case of any such assignment, transfer, conveyance, or other disposition of the Services which is subject hereof. The SYSTEM reserves the right to withhold any payment hereafter provided for in the event of an assignment of a portion of the work without the previous written consent and knowledge of the SYSTEM and by reserving such right, the SYSTEM shall not be deemed to have waived its right to declare a full breach of this Contract for CONSULTANT’s failure to comply with provisions hereof, such remedy being alternative only and exercisable at the option of the SYSTEM. Use of sub-consultants or subcontractors by CONSULTANT or subsidiary or affiliate firms of CONSULTANT for technical or professional services shall not be considered an assignment of a portion of this Contract. Nothing herein shall be construed to give any rights or benefits hereunder to anyone other than the SYSTEM and CONSULTANT; there are no third-party beneficiaries under this Contract.

11.0 Dispute Resolution
11.01 General
Prior to any anticipated litigation between SYSTEM and CONSULTANT, both Parties hereby agree that disputed matters shall be submitted to the SYSTEM administrative appellate procedures as described below:
11.02 Except as otherwise provided in this Contract, any dispute concerning a question of fact arising under this Contract which is not disposed of by mutual agreement shall be initially decided by the SYSTEM which shall reduce its decision to writing and promptly mail or otherwise furnish a copy thereof to CONSULTANT. The decision of the SYSTEM shall be final and conclusive unless within thirty (30) calendar days from the date of issuance of such decision by the SYSTEM, CONSULTANT sends by certified mail, a written notice of appeal in accordance with the notice procedures established in Section 22.0 herein. In connection with an appeal under this Section, CONSULTANT shall be offered an opportunity to be heard and to offer evidence in support of the appeal to persons to SAWS personnel be promptly appointed by the SYSTEM’s President/CEO to review such disputed matters. The SYSTEM department sponsoring the project will also be allowed to present information supporting the SYSTEM’S position.

11.03 Pending final decision by the President/CEO after a dispute hearing, CONSULTANT shall proceed diligently with the performance of the Contract in accordance with such decision. Neither the SYSTEM nor CONSULTANT is precluded from resorting to litigation or other remedy at law or in equity to perfect a legal filing after this the SYSTEM’s administrative review process is completed and prior to the expiration of an applicable statute of limitations.

12.0 Obligations of the SYSTEM

12.01 Information to be Furnished by the SYSTEM
Appropriate SYSTEM staff, as identified by the SYSTEM Project Manager for this project, shall use good faith efforts to supply CONSULTANT with information in the SYSTEM'S possession that is requested by CONSULTANT and that is reasonably necessary to complete the work described herein.

12.02 Prompt Notice
The SYSTEM shall use good faith efforts to give prompt written notices to CONSULTANT whenever the SYSTEM observes or otherwise becomes aware of any development that materially affects the scope or timing of CONSULTANT’s services under this Contract.

13.0 CONSULTANT Working Relationship For Debt Issuance Transactions and the Commercial Paper Program
During the Term of this Contract, CONSULTANT shall fulfill its obligations under this Contract pursuant to the manner set out herein with regard to debt issuance including the commercial paper program.
13.01 **System Discretion and Work Order System**

a. CONSULTANT shall be involved in the financial transactions undertaken by the SYSTEM at the sole discretion of the SYSTEM. The Parties understand and agree that CONSULTANT shall assume the role of “Lead Financial Advisor” on each transaction unless notified otherwise by the SYSTEM. If such change is made, the “Bond Fee Schedule” shall change accordingly. See Exhibit B.

b. The SYSTEM shall utilize a Work Order System, as herein defined, for debt issuance transactions and the commercial paper program to be undertaken pursuant to this Contract. The work order system shall be implemented by the SYSTEM’S Project Manager. Each transaction shall be covered by an individual work order. The work order will include the details of the transaction and the individuals from each firm who shall be involved in each transaction.

13.02 **Compensation and Responsibility Per Transaction**

a. As the lead advisor, CONSULTANT shall be compensated with sixty percent (60%) of the total fee paid by the SYSTEM for bond transactions in accordance with the terms of the Contract, and CO-CONSULTANT shall receive forty percent (40%) of bond transactions fees. The Lead Financial Advisor on each transaction shall, among other things, be responsible for all quantitative analysis and assigning the division of responsibilities between the two firms, subject to the approval of the SYSTEM, in a proportion that reflects the 60/40 division of compensation. CONSULTANT shall be solely responsible for the determination of the individuals from its firm who will be involved in each transaction, subject to the approval of the SYSTEM. CONSULTANT shall be compensated pursuant to the bond scale fee set out in Exhibit “B” and in accordance with Section 1.03(a) above.

b. CONSULTANT shall be compensated the Additional Financial Advisory Services Retainer as set out in Exhibit “B” and in accordance with Section 1.03(b) above.

c. The SYSTEM reserves the right in its sole discretion to modify the division of compensation herein and in Exhibit “B” by written notice to CONSULTANT from time-to-time.

14.0 **CONSULTANT Working Relationship For Matters Other Than Debt Issuance Transactions and Commercial Paper Program**

During the Term of this Contract, CONSULTANT shall fulfill their obligations under this Contract which are not the subject of Section 14.00 above, pursuant to the manner set out for those matters in the Scope of Services in Exhibit “A”, and as provided for in Section 1.03.b., herein.
14.01 **Work Order System**
The SYSTEM shall utilize a work order system (the "Work Order System" or "Work Order") for each matter to be undertaken pursuant to this Contract. The work order system shall be implemented by the SYSTEM'S Project Manager. Each matter shall be covered by an individual work order, including Additional Financial Advisory Services. The work order will include the details for the matter, a budget for the matter, the Lead Financial Advisor for the matter, and the individuals from each firm who shall be involved in each matter. The Engagement Letter provided for in Section 1.03.b., shall provide for a Work Order to authorize the work on the project provided for in the Engagement Letter.

14.02 **Termination**
This Contract may be terminated by the SYSTEM for its convenience by giving thirty (30) days written notice to CONSULTANT. This Contract may be terminated by either Party upon written notice should the other Party fail substantially to perform in accordance with this Contract through no fault of the other Party. Failure to perform includes failure of the SYSTEM to promptly pay CONSULTANT in accordance with the terms herein. Upon receipt of the written notice of termination, the Firm in receipt of such notice shall have thirty (30) days from the date of receipt of such written notice, the Contract shall be deemed terminated. In the event of termination, CONSULTANT shall be paid in full for all work previously authorized, performed and earned up to the date of notice of termination. It being agreed that compensation for any portion of the fee payable on a retainer basis shall be prorated up to the date of notice of termination, and any fee payable for any bond issuance shall be payable only if the closing has occurred and bonds issued to the SYSTEM prior to the date of notice of termination. If no termination is implemented, relationships and obligations created by this Contract shall terminate at the expiration of the Term and upon completion of all the Services set out in Exhibit "A" to this Contract.

15.0 **Court of Jurisdiction**
If the SYSTEM and CONSULTANT cannot agree on the use of dispute resolution to resolve any outstanding claims, counterclaims, disputes, and other matter in question arising out of or relating to this Contract, then resolution of said disputes shall be decided by a court of competent jurisdiction in the State of Texas. This Contract shall be governed by and construed in accordance with Texas law. Venue for any action or proceedings arising under or pertaining to this Contract (including those arising under Federal Law) shall be exclusively in Bexar County, Texas.

16.0 **Force Majeure**
The Sections of this Contract shall be subject to all applicable Federal, State, County and Municipal Laws, Executive Order, Ordinances, Rules, Regulations, and Acts, and this Contract shall not be terminated, in whole or in part, nor shall
the Parties hereto be held liable in damages, for failure to comply therewith, if compliance is prevented by, or the failure is the result of, any such law, order, ordinance, rule, regulation, or act, or due to force majeure. The term "force majeure" as used herein shall mean: an act of God, including but not limited to, storms, floods, washouts, earthquakes, landslides, fires and lighting; acts of the public enemy; wars, blockage, insurrections, riots or other public disorders; lockouts, strikes or other labor disturbances, epidemics or quarantine regulation, freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, fuel, service or material not the fault of the Parties.

17.0 Underwriting Prohibited
CONSULTANT understands and agrees that it is prohibited to underwrite the debt of the SYSTEM.

18.0 Other System Consultants
The SYSTEM shall, separately and independently of this Contract, select bond counsel and other agents, and shall be directly involved in the selection of all other bond issue related service providers, including underwriters (in the event of a negotiated sale), printing companies, escrow/paying agents, bond insurers, and verification agents. CONSULTANT understands and agrees that it is required to both coordinate and work in conjunction with all other professional firms involved in any transaction.

19.0 Conflict of Interest
CONSULTANT understands and agrees that it is not permitted to undertake any representation which constitutes a conflict of interest as defined by the rules of practice in the State of Texas. In the even with CONSULTANT becomes aware of a conflict of interest or potential conflict of interest it shall immediately notify the SYSTEM in writing of such conflict or potential conflict.

20.0 Disclosure Form
CONSULTANT shall fill out a disclosure form. A copy of such disclosure form is attached hereto and incorporate herein as Exhibit “C”.

21.0 Designation of Project Managers
As the SYSTEM of CONSULTANT recognize that close supervision of the work by both Parties and good communication between the Parties are essential to achieve adequate performance of the work described in this Contract, each Party hereby agrees to designate its respective Project Manager, who is charged with the onsite supervision of the performance of the work under this Contract. It is further agreed that, should it be necessary to change any such designated Project Manager, notice of such change, to include designation of the replacement Project Manager, will be given immediately in writing to both the other Party’s Project Manager and the person to whom notices will be furnished pursuant to Section 22.00, “Notices”, below.
The SYSTEM hereby designates the following person as its Project Manager:

Doug P. Evanson  
Senior Vice President & Chief Financial Officer  
2800 U.S. Hwy 281 North  
P.O. Box 2449  
San Antonio, Texas 78298-2449  
(210) 233-3803

PFM Financial Advisors LLC hereby designates the following person as Project Manager:

Dan Hartman  
Managing Director  
PFM Financial Advisors LLC  
4350 North Fairfax Drive, Suite 580  
Arlington, VA 22203  
(703) 741-0175  
(703) 516-0283 (fax)  
hartmand@pfm.com

22.0 **Notices**  
All notices herein required or permitted to be given or furnished under this Contract given by either Party to the other shall be valid only if given in writing and served upon the other Party by hand delivery or by certified or registered mail return receipt requested, postage prepaid, addressed as follows:

**If to The SYSTEM:**

Doug P. Evanson  
Senior Vice President & Chief Financial Officer  
2800 U.S. Hwy 281 North  
P.O. Box 2449  
San Antonio, Texas 78298-2449  
(210) 233-3803

**WITH A COPY TO:**

Nancy Belinsky  
Vice President & General Counsel  
2800 U. S. Hwy 281 North  
P.O. Box 2449  
San Antonio, Texas 78298-2449
If to PFM Financial Advisors LLC

Dan Hartman
Managing Director
PFM Financial Advisors LLC
4350 North Fairfax Drive, Suite 580
Arlington, VA 22203
(703) 741-0175
(703) 516-0283 (fax)
hartmand@pfm.com

Each party shall have the right, from time to time, to designate a different person or address by notice given in conformity with this Section.

23. Appropriations
CONSULTANT understands and agrees that the payment for Retainer Services under this Contract is subject to the continued availability of funds through appropriations by the SYSTEM or other sources authorized by law to pay for such services. CONSULTANT shall have no cause of action against SYSTEM for the non-performance of SYSTEM if such funds are not available. Neither SYSTEM, its officials, employees, agents, attorneys, nor any other individual acting on behalf of SYSTEM makes any representation or warranty as to whether any appropriation will from time to time, be made by the governing body of SYSTEM, or whether such funds will become otherwise available. The failure of SYSTEM to appropriate sufficient funds will not cause SYSTEM to be in default under this Contract, and CONSULTANT's sole and exclusive remedy shall be to terminate this Contract.

24.0 Equal Employment Opportunity/Minority Business Enterprise
CONSULTANT agrees not to engage in employment practices which have the effect of discriminating against any employee or applicant for employment; and, will take affirmative steps to ensure that applicants are employed and employees are treated during employment without regard to their race, color, religion, national origin, sex, age, handicap, or political belief or affiliation. Specifically, CONSULTANT agrees to abide by all applicable provisions of the Nondiscrimination Clause and the Small and Minority Business Advocacy Clause as contained in the City of Antonio's current Affirmative Action Plan on file in the City Clerk's Office. In the event non-compliance occurs, CONSULTANT, upon written notification by the SYSTEM, will commence compliance procedures within thirty (30) days.

25.0 SMWB
Consultant does not have SMWB participation for this Contract.

26.0 Interest in Water System Agreements Prohibited
CONSULTANT acknowledges that it is informed that the Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as those terms
are defined in the Ethics Code, from having a financial interest in any contract with the City or any City agency such as City owned utilities. CONSULTANT represents and certifies that this Contract is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of the City or SYSTEM. CONSULTANT further represents and certifies that it has tendered to the SYSTEM all necessary disclosures and other documents in compliance with the SYSTEM's Code of Ethical Standards, including, without limitation, a Discretionary Contracts Disclosure Statement.

No officer or employee of the SYSTEM shall have a financial interest, directly or indirectly, in any contract with the SYSTEM, or shall be financially interested, directly or indirectly, in the sale to the SYSTEM of any land, materials, supplies or service, except on behalf of the SYSTEM as an officer or employee. This prohibition extends to the CPS Energy, the City of San Antonio, and other City boards and commissions other than those which are purely advisory.

Gift Policy – SYSTEM employees are prohibited from soliciting, accepting or agreeing to accept any gifts from outside sources; please see Section M. – Gifts or Benefits of the Water System's Code of Ethical Standards. Section M of the Water System's Code of Ethical Standards regarding Gifts or Benefits is available on the SAWS Business Center website.

To report suspected ethics violations impacting the San Antonio Water System, please call 1-800-687-1918.

Severability

If any provision of this Contract be held unenforceable, the remaining provisions shall not be affected thereby but shall remain in full force and effect.
IN WITNESS OF WHICH THIS CONTRACT HAS BEEN EXECUTED IN DUPLICATE ON THIS ___ DAY OF ____________, 2016.

SAN ANTONIO WATER SYSTEM

BY: ____________________________
Robert R. Puente
TITLE: President & Chief Executive Officer

PFM FINANCIAL ADVISORS LLC

BY: ____________________________
Daniel Hartman
TITLE: Managing Director

EXHIBITS:
Exhibit A: RFP
Exhibit B: Bond Fee Schedule
Exhibit C: Disclosure Form
EXHIBIT “A”

Request for Proposals for Financial Advisor Services
Solicitation Number: R-16-008-JG
Issued September 19, 2016
I. EXCEPTIONS

The purpose of this page is to revise items outlined in the Request for Proposals for the Financial Advisor Services, issued September 19, 2016. The SYSTEM and the CONSULTANT recite and agree as follows:

A. Section IV. Submitting a Response, Item C. Response Format, Number 4 Team Qualifications and Experience

• Identify the proposed financial advisory team, including: the principal-in-charge who will have overall responsibility for the direction and supervision of the team; a description of the responsibilities of each team member; brief resumes of each member describing at a minimum their education, qualifications, professional experience, and related licenses or certifications. Please note that changes in members of the team will require advance notice to SAWS.

• For the assigned personnel, describe their financial advisory experience and the results of their last three transactions. Explain how these individuals contributed to these financing efforts. Also explain how these individuals and their experience would be beneficial to the Scope of Services requested.

• Provide a description of the experience of the assigned personnel regarding the placement of debt instruments with the Texas Water Development Board. Provide the work performed, including the dollar amount of the debt issue or other financing.

• Outline and describe the experience of the assigned personnel and their accomplishments in working with rating agencies during the last five years. Include a brief discussion of the applicability of this experience to the future benefit of SAWS. Describe the firm’s approach to rating agency presentations.

• Describe the firm’s interest rate derivatives capability and the experience of the assigned personnel dedicated to this area. Specifically describe the capability of the assigned personnel to make recommendations concerning derivatives transactions and evaluate derivatives pricing.

• Describe the experience of the assigned personnel with variable rate transactions.

• Provide a statement of availability of key personnel to SAWS. If located outside of San Antonio, provide the proposed plan for providing coverage to SAWS for staff meetings, Board meetings, City Council meetings, and other briefings.

• Describe the experience of the personnel who will be assigned to this contract, have in working with Co-Financial Advisors and how the firm expects to work and communicate with the Co-Financial Advisor and SAWS.

All other terms, conditions and provisions of Section IV. Submitting a Response remain as outlined in the Request for Proposals for the Financial Advisor Services, issued September 19, 2016, and in full force and effect as of the date thereof.

Professional Services Contract – Financial Advisor Services
Contract Number: P-16-001-JG
EXHIBIT “A”
B.

SAWS STANDARD INSURANCE & CERTIFICATE OF LIABILITY INSURANCE REQUIREMENTS

1. Commercial Insurance Specifications ("Specifications"):  
   a. Commencing on the date of this Contract, the CONSULTANT shall, at his own expense, purchase, maintain and keep in force such lines of insurance coverage as will protect him and the San Antonio Water System ("SAWS") and the City of San Antonio ("the City") and their employees and agents from claims, which may arise out of or result from his operations under this Contract, by himself, or by anyone directly employed by any of them or by anyone for whose acts any of them may be liable, including, without limitation, the following lines of insurance coverage:

   1) Workers' Compensation (WC) insurance that will protect the CONSULTANT, SAWS and the City from claims under statutory Workers' Compensation laws, disability laws or such other employee benefit laws and that will fulfill the requirements of the jurisdiction in which the work is to be performed.

   The minimum policy limits of liability for this line of insurance coverage shall be statutory limits.

   This line of insurance coverage shall be endorsed to provide a Waiver of Subrogation in favor of SAWS and the City with respect to both this insurance coverage and the Employers' Liability (EL) insurance (as specified immediately below in section 1.a.2).

   2) Employers' Liability (EL) insurance (Part 2 under the standard Workers' Compensation insurance policy) that will protect the CONSULTANT, SAWS and the City for damages because of bodily injury, sickness, disease of vendor's employees apart from that imposed by Workers' Compensation laws.

   The EL line of insurance coverage shall have minimum policy limits of liability of not less than:

   - $1,000,000.00 Bodily Injury by Accident
   - $1,000,000.00 Bodily Injury by Disease – Each Employee
   - $1,000,000.00 Bodily Injury by Disease – Policy Limit

   3) Commercial General Liability (CGL) insurance that will protect the CONSULTANT, SAWS and the City from claims for damages because of bodily injury, personal injury, sickness, disease or death and insurance that will protect the CONSULTANT, SAWS and the City from claims for damages to or destruction of tangible property of others, including loss of use thereof.
This line of insurance coverage shall:

- Afford coverage for Products Liability and/or Completed Operations and, Contractual Liability.

The minimum policy limits of liability for this line of insurance coverage shall be:

<table>
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<tr>
<th></th>
<th>Occurrence Limit</th>
<th>General Aggregate</th>
<th>Products/Completed Operations Aggregate</th>
<th>Personal and Advertising Injury</th>
<th>Contractual Liability</th>
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This line of insurance coverage shall be endorsed:

- Naming SAWS, and the City as an Additional Insured for both ongoing and completed operations; and

- To provide a Waiver of Subrogation in favor of SAWS and the City.

All other terms, conditions and provisions of the SAWS Standard Insurance & Certificate of Liability Insurance Requirements, including Section 1, Commercial Insurance Specifications ("Specifications") items 4 and 5, shall remain as outlined in the Request for Proposals for the Financial Advisor Services, issued September 19, 2016, and in full force and effect as of the date thereof.

8.

All other terms, conditions and provisions of the Request for Proposals for the Financial Advisor Services, issued September 19, 2016, shall remain in full force and effect as of the date thereof.
II. Request for Proposals for the Financial Advisor Services, issued September 19, 2016
EXHIBIT “B”

I. Bond Transaction Fee (1.03(a))
SYSTEM will pay a total revenue bond transaction fee (each transaction is defined by a separate offering document, to include fixed rate and variable rate revenue bonds) of $40,000 plus $0.75 per $1,000 debt par amount for up to the first $100 million of a transaction, and $0.45 per $1,000 debt par amount for the incremental amount above $100 million, except for bond transactions placed directly with the Texas Water Development Board. SYSTEM will pay a total revenue bond transaction fee for bond transactions placed directly with the Texas Water Development Board of $15,000 plus $0.70 per $1,000 debt par amount for up to the first $100 million of a transaction, and $0.40 per $1,000 debt par amount for the incremental amount above $100 million. Such total fees shall be shared by CONSULTANT and CO-CONSULTANT, as stipulated in Section 14.02(a) of this Contract (60/40). SYSTEM will pay a commercial paper transaction fee of a total of $50,000 for credit substitutions and transactions to increase program size that involve an offering memorandum, and $25,000 for an extension of the then current credit agreement, both of which total fees shall also be shared by CONSULTANT and CO-CONSULTANT, as set forth in Section 13.02(a) of this Contract (60/40).

II. Additional Financial Advisory Services - Retainer (1.03(b))
SAWS will pay a total monthly retainer of $10,000 per month, subject to a 3% annual escalation, beginning January 1, 2018, to cover Additional Financial Advisory Services, as requested in writing by SYSTEM. This monthly retainer assumes 30-35 hours of work each month on average. On a quarterly basis, SYSTEM and CONSULTANT agree to review the work provided for Additional Financial Advisory Services. SYSTEM maintains at its discretion the ability to change the compensation structure for Additional Financial Advisory Services, at the end of each quarter, from a monthly retainer fee to hourly fees in accordance with Additional Financial Advisory Services – Hourly Rate specified below. SYSTEM may also amend the monthly retainer fee, with mutual written consent of CONSULTANT, at the end of each quarter year.

III. Additional Financial Advisory Services – Hourly Rates
To the extent SYSTEM has specific projects and tasks, such as development of a financial model or a specific study, which are not covered in the Additional Financial Advisory Services, or if SYSTEM elects to utilize hourly billing for such Additional Financial Advisory Services, SYSTEM would pay the hourly rates identified in the table or a blended rate for all professional employees (no charges for administrative staff) of $360 per hour.
CONSULTANT HOURLY RATES

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IV. Expenses

In addition to the fees outlined in I, II and III above, all reasonable out-of-pocket expenses would be reimbursed on an actual cost basis, with no markup or multiplier, as set forth below:

A. Reasonable transportation in connection with out of town travel.
B. Postage, courier services and overnight delivery services.
C. State and local taxes shall not be reimbursed by the SYSTEM.
D. Computer time charges shall not be a reimbursable expense.
E. Local phone conference calls and cellular phone service shall not be a reimbursable expense.
F. Meals shall not be a reimbursable expense unless in connection with out of town travel.
G. Reimbursable expenses included on any invoice shall have copies of invoices, receipts, and other evidence of expenses.

Expenses for any transaction are capped at $5,000.
EXHIBIT "C"

Disclosure Form
PROFESSIONAL SERVICES CONTRACT

Financial Advisor Services
Contract Number: P-16-005-JG

This contract ("Contract") is entered into by and between the San Antonio Water System Board of Trustees, a water, wastewater, and water recycling agency of the City of San Antonio established and created pursuant to the provisions of Ordinance No. 75686, hereinafter referred to as the "SYSTEM," and Estrada Hinojosa & Company, Inc., hereinafter referred to as "CONSULTANT." SYSTEM and CONSULTANT may be referred to herein from time to time as the "Parties" or "Party."

WITNESSETH:

WHEREAS, the SYSTEM, a municipally owned utility providing water, wastewater, and water recycling to a customer base of approximately 1.7 million people, is most concerned with the effective management of all financing issues related to the utility; and

WHEREAS, such financing issues include assistance in the management of the System's debt; identifying other sources of funding; and the planning, structuring, sizing, and marketing of future debt issuance; and

WHEREAS, such financing issues also additionally include consulting on multi-year financing plans, addressing water resource projects, infrastructure replacement, and all other capital needs; and

WHEREAS, in order to obtain such professional assistance, the San Antonio Water System released a "Request for Proposal for Financial Advisor Services"; and

WHEREAS, the SYSTEM after reviewing the responses to the Request for Proposal for Financial Advisor Services, elected to award contracts to two (2) firms to serve as co-financial advisors to SYSTEM; and

WHEREAS, it is now necessary to execute a professional services contract for such financial advisor services;

NOW THEREFORE the Parties hereto agree as follows:

1.0 Scope of Services To Be Performed
1.01 General
The Parties hereto understand and agree that CONSULTANT shall provide financial advisor services to the SYSTEM as a co-financial advisor with PFM Financial Advisors LLC. ("CO-CONSULTANT"). As used herein, reference to CO-CONSULTANT shall mean CO-CONSULTANT or its successors or assigns, as determined by the SYSTEM from time-to-time. CONSULTANT further understands and agrees that all activities shall be in accordance with the
terms and conditions set out in City of San Antonio Ordinance No. 75686, adopted April 30, 1992.

1.02 Specifications
CONSULTANT shall undertake the services listed in the Request for Proposal (RFP) Financial Advisor Services, San Antonio Water System dated September 19, 2016 (the “Services”). Such RFP is attached hereto and incorporated herein as Exhibit “A” (the “RFP”). In the event the language of this Contract conflicts with the language in Exhibit “A”, the language of this Contract shall prevail.

1.03 Compensation
a. CONSULTANT will be compensated on a per bond basis based on the bond fee schedule, or on a fixed fee basis, as set out in Exhibit “B”, attached hereto. Any fees earned on a per bond basis will be paid at issuance of the bonds, as a deduction from the bond proceeds of the SYSTEM. As CONSULTANT shall be providing services as co-financial advisor with CO-CONSULTANT, CONSULTANT understands it will receive the percentage of the applicable fee, as set out in the schedules shown in Exhibit “B”.

b. During the Term (as herein defined) of this Contract, CONSULTANT also agrees to provide other financial advisory services provided for in the RFP to SYSTEM (“Additional Financial Advisory Services”) as requested in writing by SYSTEM. Any Additional Financial Advisory Services will be compensated in accordance with Exhibit “B”. In the event that SYSTEM requires Additional Financial Advisory Services from CONSULTANT, SYSTEM shall provide an “Engagement Letter” to CONSULTANT requesting such services. The Engagement Letter shall identify the specific services required of CONSULTANT for the Additional Financial Advisory Services. SYSTEM agrees to compensate CONSULTANT in accordance with Exhibit “B” during the Term of the Contract.

1.04 Invoicing and Payments
Invoices will be issued as work progresses itemizing the staff billing rates and hours worked or upon completion of debt transaction utilizing the fee schedule set out in Exhibit “B”, attached hereto, and incorporated herein for all purposes. Copies of supporting documentation will be provided upon the SYSTEM’S request. Payments are due at the address appearing on the invoice within thirty days of receipt, except as otherwise provided herein.

2.0 Term
The term (the “Term”) of this Contract shall be for a five (5) year period. This Contract shall commence on December 4, 2016, and terminate at midnight on December 3, 2021.
3.0 **Standards of Services and Warranty**

3.01 CONSULTANT warrants and represents that it is not aware of any lawsuits or administrative actions pending or contemplated in any court or before any administrative body against CONSULTANT which could result in an outcome which would materially affect the ability of CONSULTANT to perform its obligations hereunder.

3.02 CONSULTANT warrants and represents that it is not aware of any conflicts of interest that will, or could, affect in any manner its ability to objectively perform the services under this Contract and has complied with all statutory requirements relating to disclosure of such interests including but not limited to Texas Local Government Code, Chapter 176 and Texas Government Code, Section 2252.908.

3.03 CONSULTANT warrants and represents that it does not have any financial or economic interest in the SYSTEM or any project of the SYSTEM except for providing the services set out in this Contract.

3.04 CONSULTANT warrants and represents that it has the power and authority to enter into and perform this Contract; this Contract, when executed and delivered, shall be a valid and binding obligation of CONSULTANT enforceable in accordance with its terms; and that CONSULTANT shall, at all times during the Term of this Contract, be qualified, professionally competent, and duly licensed to provide and perform the work and services provided for herein.

3.05 CONSULTANT warrants and represents that there are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy or pursuant to any other debtor relief laws contemplated or filed by CONSULTANT, and CONSULTANT has received no notice of any of the same pending or contemplated against CONSULTANT. CONSULTANT agrees to provide notice to SYSTEM should it receive notice of any of the foregoing during the Term of this Contract.

3.06 In performing this Contract, CONSULTANT agrees to comply with applicable laws and regulations, and to secure, pay for and comply with all permits, governmental fees, licenses, inspections, bonds, security or deposits necessary for proper execution and completion of the services herein. CONSULTANT agrees to not make or permit to be made any improper payments, or to perform any unlawful acts.
3.07 CONSULTANT warrants that it has not employed or retained any company or person other than a bona fide employee working solely for CONSULTANT, to solicit or secure this Contract, and it has not for the purpose of soliciting or securing this Contract paid or agreed to pay any company or person, other than a bona fide employee working solely for CONSULTANT, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award of making of this Contract. For breach of this warranty, the SYSTEM shall have the right to terminate this Contract.

4.0 Confidentiality

"Confidential Information" means all technical, economic, financial, pricing, marketing, or other information that has not been published, is not subject to the Texas Open Records Act, Title 5, Chapter 552, Texas Government Code, and/or is not otherwise available to members of the public and includes, without limitation, trade secrets, proprietary information, customer lists, scientific, technical, and business studies, analyses, process or methods, procedures, policies, and information. In the event that either Party discloses Confidential Information of the other Party in connection with this Contract (excluding CONSULTANT’s Work Product that is delivered to the SYSTEM or others hereunder), the Party receiving such Confidential Information agrees to the extent of their ability under law, to hold as confidential and to not disclose to others the Confidential Information for a period of ten (10) years from the date of disclosure. These restrictions shall not apply to information that (i) the Parties had in their possession prior to disclosure; (ii) becomes public knowledge through no fault of the receiving Party, (iii) the receiving Party lawfully acquires from a third party not under an obligation of confidentiality to the disclosing Party, (iv) is independently developed by the receiving Party, or (v) is required to be disclosed under laws, rules or regulations to which the receiving Party is subject, it being agreed, however, that except if prohibited by law, prior to any disclosure pursuant to this Section 5.0, at least five (5) business days written notice shall be provided to the SYSTEM to confirm the necessity of such disclosure. The SYSTEM agrees that CONSULTANT may use and publish the SYSTEM name and a general description of the services provided to the SYSTEM in describing CONSULTANT’s experience and qualifications to other potential clients; provided, however, immediately upon written notice from the SYSTEM, CONSULTANT agrees to remove and cease using and publishing the SYSTEM’S name in any publications or media format. This provision shall survive the expiration of the term or earlier termination of this Contract.

5.0 Work Product

"Work Product" consists of all workpapers, schedules, analyses, reports, and other information prepared by CONSULTANT for delivery to the SYSTEM. The SYSTEM shall have the right to make and retain copies and use of all Work Product. The SYSTEM may release the Work Product to third parties at its sole
risk and discretion. CONSULTANT agrees not to release or present data or information about the Work Product and results of the project to any person outside the SYSTEM without the prior written authorization of the SYSTEM, except as otherwise required by a court of competent jurisdiction or regulatory authority (provided, however, that except if prohibited by law, prior to any disclosure pursuant to this Section 5.0, at least five (5) business days written notice shall be provided to the SYSTEM to confirm the necessity of such disclosure).

6.0 Records
6.1 CONSULTANT and its subcontractors, if any, shall properly, accurately and completely maintain all documents, papers, and records, and other evidence pertaining to the services rendered hereunder, and shall make such materials available to SYSTEM at their respective offices, at all reasonable times and as often as SYSTEM may deem necessary during the Contract period, including any extension or renewal hereof, and the retention period set forth below, for purposes of inspection, examination, and making excerpts and copies of same by SYSTEM and any of its authorized representatives.

6.2 CONSULTANT shall retain any and all documents produced as a result of services provided hereunder for a period of four (4) years from the date of termination of the Contract. If at the end of four (4) years there is litigation involving or concerning this documentation or the services provided hereunder, CONSULTANT shall retain the records until the resolution of such litigation. SYSTEM may, in its election, require CONSULTANT to return said documents to SYSTEM prior to or at the conclusion of said retention period. CONSULTANT agrees that the SYSTEM or its authorized representative shall have access at a location in San Antonio, Texas, during normal business hours to any and all books, documents, papers, and records of CONSULTANT which are directly pertinent to the services to be performed under this CONTRACT for the purpose of making audits and examinations. This provision shall survive the expiration of the term or earlier termination of this Contract.

7.0 Indemnity
To the maximum extent permitted by law, CONSULTANT agrees to fully indemnify, defend and hold harmless the SYSTEM and the members, agents, employees, officers, directors, and representatives of the SYSTEM, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, reasonable attorney fees, fines, penalties, proceeding, actions, demands causes of action, liability and suits of any kind and nature, including but not limited to, personal injury or death and property damage, made upon the SYSTEM arising out of, resulting from, or related to the negligent acts or omissions of CONSULTANT, any agent, officer, director,
representative, employee, contractor or subcontractor of CONSULTANT, and their representative officers, agents, employees, directors, and representatives, while in the exercise of performance of the rights or duties under this Contract. CONSULTANT shall promptly advise the SYSTEM in writing of any claim or demand against the SYSTEM or CONSULTANT known to CONSULTANT related to or arising out of CONSULTANT's activities under this Contract and shall see to the investigation of and defense of such claim or demand at CONSULTANT's cost. The SYSTEM shall have the right, at its option and at its own expense, to participate in such defense without relieving CONSULTANT of any of its obligations under this paragraph. This provision shall survive the expiration of the term or earlier termination of this Contract. 

THE FOREGOING NOTWITHSTANDING, IT IS AGREED THAT, WITH RESPECT TO ANY STATUTORY RESTRICTIONS AFFECTING THE VALIDITY OR ENFORCEABILITY OF THE INDEMNIFICATION AND DEFENSE OBLIGATIONS HEREIN, IT SHALL BE SUBJECT TO SUCH RESTRICTIONS, AND THE INDEMNIFICATION AND DEFENSE OBLIGATIONS HEREIN SHALL BE DEEMED TO BE AMENDED, TO THE MINIMUM EXTENT NECESSARY TO CONFORM THERewith, AND SHALL OTHERWISE CONTINUE IN FULL FORCE AND EFFECT.

8.0 Insurance Requirements
CONSULTANT hereby understands and acknowledges that the SYSTEM shall in no way be liable to CONSULTANT, its employees or agents for claims which may arise out of or result from CONSULTANT's services under this Contract, whether such services be by CONSULTANT, by any subcontractor or supplier of CONSULTANT or by anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, including, without limitation:

(a) claims under statutory Worker's Compensation laws, disability laws or other employee benefit laws by CONSULTANT's employees and agents or by those of any subcontractor, suppliers or by anyone directly or indirectly employed by any of them; or
(b) claims for damages because of bodily injury, sickness, or disease of CONSULTANT's employees and agents or by those of any subcontractor, supplier or by anyone directly or indirectly employed by any of them; and
(c) claims for damages to or destruction of tangible property of others, including loss of use thereof.

CONSULTANT agrees that it shall maintain the insurance coverage of the types and in the amounts set forth in the RFP.

9.0 Independent Contractor
CONSULTANT's work shall be performed by CONSULTANT as an independent contractor and not as an agent, employee or partner of the SYSTEM. CONSULTANT shall be solely responsible for, and have exclusive control over: (a) the means, methods, tools, techniques, sequences and procedures of the work; and (b) the acts, errors and omissions of its employees,
subconsultants, sub-subconsultants, suppliers and their respective agents and employees, and other persons or entities performing portions of the work for or on behalf of the CONSULTANT or any of its subconsultants. Any instruction or direction by SYSTEM with respect to the work shall be deemed to relate to the results the SYSTEM desires to obtain from the work, and shall in no way affect CONSULTANT’s status as an independent contractor as described herein. Nothing in this Contract shall create a partnership or joint enterprise between the SYSTEM and CONSULTANT.

10.0 Assignment
CONSULTANT’s shall not assign, transfer, convey, or otherwise dispose of this Contract, or any portion thereof, or any right, title or interest in, to or under the same, without the previous written consent of the SYSTEM. CONSULTANT shall not assign by power of attorney, or otherwise any of the monies or other considerations to become due and payable by the SYSTEM under this Contract, without the previous written consent of the SYSTEM. CONSULTANT shall notify the SYSTEM in writing by certified mail in accordance with Section 22.0 below, that such assignment, transfer, conveyance or subletting, or others disposition of this Contract or any portion thereof, or any right, title or interest in, to, or under the same is contemplated. If CONSULTANT does not receive written approval by the SYSTEM through the Project Manager set forth in Section 22.0 below within thirty days of receipt of such initial request by the Project Manager, such contemplated assignment, transfer, conveyance or other disposition of this Contract or any portion thereof, or any right, title or interest in, to, or under the same, shall be deemed disapproved. In no event shall the SYSTEM be liable in excess of the consideration of this Contract in the case of any such assignment, transfer, conveyance, or other disposition of the Services which is subject hereof. The SYSTEM reserves the right to withhold any payment hereafter provided for in the event of an assignment of a portion of the work without the previous written consent and knowledge of the SYSTEM and by reserving such right, the SYSTEM shall not be deemed to have waived its right to declare a full breach of this Contract for CONSULTANT’s failure to comply with provisions hereof, such remedy being alternative only and exercisable at the option of the SYSTEM. Use of sub-consultants or subcontractors by CONSULTANT or subsidiary or affiliate firms of CONSULTANT for technical or professional services shall not be considered an assignment of a portion of this Contract. Nothing herein shall be construed to give any rights or benefits hereunder to anyone other than the SYSTEM and CONSULTANT; there are no third-party beneficiaries under this Contract.

11.0 Dispute Resolution
11.01 General
Prior to any anticipated litigation between the SYSTEM and CONSULTANT, both Parties hereby agree that disputed matters shall be submitted to the SYSTEM administrative appellate procedures as described below:
11.02 Except as otherwise provided in this Contract, any dispute concerning a question of fact arising under this Contract which is not disposed of by mutual agreement shall be initially decided by the SYSTEM which shall reduce its decision to writing and promptly mail or otherwise furnish a copy thereof to CONSULTANT. The decision of the SYSTEM shall be final and conclusive unless within thirty (30) calendar days from the date of issuance of such decision by the SYSTEM, CONSULTANT sends by certified mail, a written notice of appeal in accordance with the notice procedures established in Section 22.0 herein. In connection with an appeal under this Section, CONSULTANT shall be offered an opportunity to be heard and to offer evidence in support of the appeal to persons to be promptly appointed by the SYSTEM’S President/CEO to review such disputed matters. The SYSTEM department sponsoring the project will also be allowed to present information supporting the SYSTEM’S position.

11.03 Pending final decision by the President/CEO after a dispute hearing, CONSULTANT shall proceed diligently with the performance of the Contract in accordance with such decision. Neither the SYSTEM nor CONSULTANT is precluded from resorting to litigation or other remedy at law or in equity to perfect a legal filing after this the SYSTEM’S administrative review process is completed and prior to the expiration of an applicable statute of limitations.

12.0 Obligations of the SYSTEM
12.01 Information to be Furnished by the SYSTEM
Appropriate SYSTEM staff, as identified by the SYSTEM Project Manager for the project, shall use good faith efforts to supply CONSULTANT with any information in the SYSTEM’S possession that is requested by CONSULTANT and that is reasonably necessary to complete the work described herein.

12.02 Prompt Notice
The SYSTEM shall use good faith efforts to give prompt written notices to CONSULTANT whenever the SYSTEM observes or otherwise becomes aware of any development that materially affects the scope or timing of CONSULTANT’s services under this Contract.

13.0 CONSULTANT Working Relationship For Debt Issuance Transactions and the Commercial Paper Program
During the Term of this Contract, CONSULTANT shall fulfill its obligations under this Contract pursuant to the manner set out herein with regard to debt issuance including the commercial paper program.
13.01 System Discretion and Work Order System

a. CONSULTANT shall be involved in the financial transactions undertaken by the SYSTEM at the sole discretion of the SYSTEM. The Parties understand and agree that CO-CONSULTANT shall assume the role of “Lead Financial Advisor” on each transaction unless notified otherwise by the SYSTEM. If such change is made, the “Bond Fee Schedule” shall change accordingly. See Exhibit B.

b. The SYSTEM shall utilize a Work Order System, as herein defined, for debt issuance transactions and the commercial paper program to be undertaken pursuant to this Contract. The work order system shall be implemented by the SYSTEM’S Project Manager. Each transaction shall be covered by an individual work order. The work order will include the details of the transaction and the individuals from each firm who shall be involved in each transaction.

13.02 Compensation and Responsibilities Per Transaction

a. As the co-financial advisor, CONSULTANT shall be compensated with forty percent (40%) of the total fee paid by the SYSTEM for bond transactions in accordance with the terms of the Contract, and CO-CONSULTANT shall receive sixty percent (60%) of bond transactions fees. The Lead Financial Advisor on each transaction shall, among other things, be responsible for all quantitative analysis and assigning the division of responsibilities between the two firms, subject to the approval of the SYSTEM, in a proportion that reflects the 60/40 division of compensation. CONSULTANT shall be solely responsible for the determination of the individuals from the firm who shall be involved in each transaction, subject to the approval of the SYSTEM. CONSULTANT shall be compensated pursuant to the bond scale fee set out in Exhibit “B” and in accordance with Section 1.03(c) above.

b. CONSULTANT shall be compensated the Additional Financial Advisory Services-Retainer as set out in Exhibit “B” and in accordance with Section 1.03(b) above.

c. The SYSTEM reserves the right in its sole discretion to modify the division of compensation herein and in Exhibit “B” by written notice to CONSULTANT from time-to-time.

14.0 CONSULTANT Working Relationship For Matters Other Than Debt Issuance Transactions and Commercial Paper Program

During the Term of this Contract, CONSULTANT shall fulfill their obligations under this Contract which are not the subject of Section 14.00 above, pursuant to the manner set out for those matters in the Scope of Services in Exhibit “A”, and as provided for in Section 1.03.b., herein.
14.01 **Work Order System**
The SYSTEM shall utilize a work order system (the "Work Order System" or "Work Order") for each matter to be undertaken pursuant to this Contract. The work order system shall be implemented by the SYSTEM'S Project Manager. Each matter shall be covered by an individual work order, including Additional Financial Advisory Services. The work order will include the details for the matter, a budget for the matter, the Lead Financial Advisor for the matter, and the individuals from each firm who shall be involved in each matter. The Engagement Letter provided for in Section 1.03.b., shall provide for a Work Order to authorize the work on the project provided for in the Engagement Letter.

14.02 **Termination**
This Contract may be terminated by the SYSTEM for its convenience by giving thirty (30) days written notice to CONSULTANT. This Contract may be terminated by either Party upon written notice should the other Party fail substantially to perform in accordance with this Contract through no fault of the other Party. Failure to perform includes failure of the SYSTEM to promptly pay CONSULTANT in accordance with the terms herein. Upon receipt of the written notice of termination, the Party of receipt of such notice shall have thirty (30) days from the date of receipt of such notice to cure an event of default under the Contract. If such Party does not cure such default within thirty (30) days of receipt of written notice, the Contract shall be deemed terminated. In the event of termination, CONSULTANT shall be paid in full for all work previously authorized, performed and earned up to the date of notice of termination, it being agreed that compensation for any portion of the fee payable on a retainer basis shall be prorated up to the date of notice of termination, and any fee payable for any bond issuance shall be payable only if the closing has occurred and bonds issued to the SYSTEM prior to the date of notice of termination. If no termination is implemented, relationships and obligations created by this Contract shall terminate at the expiration of the Term and upon completion of all the Services set out in Exhibit “A” to this Contract.

15.0 **Court of Jurisdiction**
If the SYSTEM and CONSULTANT cannot agree on the use of dispute resolution to resolve any outstanding claims, counterclaims, disputes, and other matter in question arising out of or relating to this Contract, then resolution of said disputes shall be decided by a court of competent jurisdiction in the State of Texas. This Contract shall be governed by and construed in accordance with Texas law. Venue for any action or proceedings arising under or pertaining to this Contract (including those arising under Federal Law) shall be exclusively in Bexar County, Texas.

16.0 **Force Majeure**
The Sections of this Contract shall be subject to all applicable Federal, State, County and Municipal Laws, Executive Order, Ordinances, Rules, Regulations, and Acts, and this Contract shall not be terminated, in whole or in part, nor shall...
the Parties hereto be held liable in damages, for failure to comply therewith, if
compliance is prevented by, or the failure is the result of, any such law, order,
ordinance, rule, regulation, or act, or due to force majeure. The term "force
majeure" as used herein shall mean: an act of God, including but not limited
to, storms, floods, washouts, earthquakes, landslides, fires and lighting; acts of
the public enemy; wars, blockage, insurrections, riots or other public disorders;
lockouts, strikes or other labor disturbances, epidemics or quarantine
regulation, freight embargoes or failures; exhaustion or unavailability or delays
in delivery of any product, labor, fuel, service or material not the fault of the
Parties.

17.0 Underwriting Prohibited
CONSULTANT understands and agrees that it is prohibited to underwrite the debt
of the SYSTEM.

18.0 Other System Consultants
The SYSTEM shall, separately and independently of this Contract, select bond
counsel and other agents, and shall be directly involved in the selection of all other
bond issue related service providers, including underwriters (in the event of a
negotiated sale), printing companies, escrow/paying agents, bond insurers, and
verification agents. CONSULTANT understands and agrees that it is required to
both coordinate and work in conjunction with all other professional firms involved
in any transaction.

19.0 Conflict of Interest
CONSULTANT understands and agrees that it is not permitted to undertake any
representation which constitutes a conflict of interest as defined by the rules of
practice in the State of Texas. In the event with CONSULTANT becomes aware
of a conflict of interest or a potential conflict of interest it shall immediately notify
the SYSTEM in writing of such conflict or potential conflict.

20.0 Disclosure Form
CONSULTANT shall fill out a disclosure form. A copy of such disclosure form
is attached hereto and incorporated herein as Exhibit “C”.

21.0 Designation of Project Managers
As the SYSTEM of CONSULTANT recognize that close supervision of the work
by both Parties and good communication between the Parties are essential to
achieve adequate performance of the work described in this Contract, each Party
hereby agrees to designate its respective Project Manager, who is charged with
the on site supervision of the performance of the work under this Contract. It is
further agreed that, should it be necessary to change any such designated Project
Manager, notice of such change, to include designation of the replacement Project
Manager, will be given immediately in writing to both the other Party’s Project
Manager and the person to whom notices will be furnished pursuant to Section
22.00, “Notices”, below.
The SYSTEM hereby designates the following person as its Project Manager:

Doug P. Evanson  
Senior Vice President & Chief Financial Officer  
2800 U.S. Hwy 281 North  
P.O. Box 2449  
San Antonio, Texas 78298-2449  
(210) 233-3803

Estrada Hinojosa & Company, Inc. hereby designates the following person as Project Manager:

Donald Gonzales  
Managing Director  
Estrada Hinojosa & Company, Inc.  
100 West Houston Street, Suite 1400  
San Antonio, TX 78205  
(210) 223-4888  
(210) 223-4849 (fax)  
dgonzales@ehmuni.com

22.0 Notices  
All notices herein required or permitted to be given or furnished under this Contract given by either Party to the other shall be valid only if given in writing and served upon the other Party by hand delivery or by certified or registered mail return receipt requested, postage prepaid, addressed as follows:

If to The SYSTEM:

Doug P. Evanson  
Senior Vice President & Chief Financial Officer  
2800 U.S. Hwy 281 North  
P.O. Box 2449  
San Antonio, Texas 78298-2449  
(210) 233-3803

WITH A COPY TO:

Nancy Belinsky  
Vice President & General Counsel  
2800 U. S. Hwy 281 North  
P.O. Box 2449  
San Antonio, Texas 78298-2449
If to Estrada Hinojosa & Company, Inc.

Donald Gonzales  
Managing Director  
Estrada Hinojosa & Company, Inc.  
100 West Houston Street, Suite 1400  
San Antonio, TX 78205  
(210) 223-4888  
(210) 223-4849 (fax)  
dgonzales@ehmuni.com

Each party shall have the right, from time to time, to designate a different person or address by notice given in conformity with this Section.

23. **Appropriations**  
CONSULTANT understands and agrees that the payment for Retainer Services under this Contract is subject to the continued availability of funds through appropriations by the SYSTEM or other sources authorized by law to pay for such services. CONSULTANT shall have no cause of action against SYSTEM for the non-performance of SYSTEM if such funds are not available. Neither SYSTEM, its officials, employees, agents, attorneys, nor any other individual acting on behalf of SYSTEM makes any representation or warranty as to whether any appropriation will from time to time, be made by the governing body of SYSTEM, or whether such funds will become otherwise available. The failure of SYSTEM to appropriate sufficient funds will not cause SYSTEM to be in default under this Contract, and CONSULTANT’s sole and exclusive remedy shall be to terminate this Contract.

24.0 **Equal Employment Opportunity/Minority Business Enterprise**  
CONSULTANT agrees not to engage in employment practices which have the effect of discriminating against any employee or applicant for employment; and, will take affirmative steps to ensure that applicants are employed and employees are treated during employment without regard to their race, color, religion, national origin, sex, age, handicap, or political belief or affiliation. Specifically, CONSULTANT agrees to abide by all applicable provisions of the Nondiscrimination Clause and the Small and Minority Business Advocacy Clause as contained in the City of Antonio’s current Affirmative Action Plan on file in the City Clerk’s Office. In the event non-compliance occurs, CONSULTANT, upon written notification by the SYSTEM, will commence compliance procedures within thirty (30) days.

25.0 **SMWB**  
Consultant does not have SMWB participation for this Contract.

26.0 **Interest in Water System Agreements Prohibited**  
CONSULTANT acknowledges that it is informed that the Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as those terms
are defined in the Ethics Code, from having a financial interest in any contract with the City or any City agency such as City owned utilities. CONSULTANT represents and certifies that this Contract is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of the City or SYSTEM. CONSULTANT further represents and certifies that it has tendered to the SYSTEM all necessary disclosures and other documents in compliance with the SYSTEM’s Code of Ethical Standards, including, without limitation, a Discretionary Contracts Disclosure Statement.

No officer or employee of the SYSTEM shall have a financial interest, directly or indirectly, in any contract with the SYSTEM, or shall be financially interested, directly or indirectly, in the sale to the SYSTEM of any land, materials, supplies or service, except on behalf of the SYSTEM as an officer or employee. This prohibition extends to the CPS Energy, the City of San Antonio, and other City boards and commissions other than those which are purely advisory.

Gift Policy – SYSTEM employees are prohibited from soliciting, accepting or agreeing to accept any gifts from outside sources; please see Section M – Gifts or Benefits of the Water System’s Code of Ethical Standards. Section M of the Water System’s Code of Ethical Standards regarding Gifts or Benefits is available on the SAWS Business Center website.

To report suspected ethics violations impacting the San Antonio Water System, please call 1-800-687-1918.

27.0 Severability
If any provision of this Contract be held unenforceable, the remaining provisions shall not be affected thereby and shall remain in full force and effect.
IN WITNESS OF WHICH THIS CONTRACT HAS BEEN EXECUTED IN DUPLICATE ON THIS ____ DAY OF ___________, 2016.

SAN ANTONIO WATER SYSTEM

BY: ______________________________________
    Robert R. Puente

TITLE: President & Chief Executive Officer

ESTRADA HINOJOSA & COMPANY, INC.

BY: ______________________________________
    Donald Gonzales

TITLE: Managing Director

EXHIBITS:
Exhibit A:         RFP
Exhibit B:         Bond Fee Schedule
Exhibit C:         Disclosure Form
EXHIBIT "A"

Request for Proposals for Financial Advisor Services
Solicitation Number: R-16-008-JG
Issued September 19, 2016
I. **Bond Transaction Fee (1.03(a))**

SYSTEM will pay a total revenue bond transaction fee (each transaction is defined by a separate offering document, to include fixed rate and variable rate revenue bonds) of $40,000 plus $0.75 per $1,000 debt par amount for up to the first $100 million of a transaction, and $0.45 per $1,000 debt par amount for the incremental amount above $100 million, except for bond transactions placed directly with the Texas Water Development Board. SYSTEM will pay a total revenue bond transaction fee for bond transactions placed directly with the Texas Water Development Board of $15,000 plus $0.70 per $1,000 debt par amount for up to the first $100 million of a transaction, and $0.40 per $1,000 debt par amount for the incremental amount above $100 million. Such total fees shall be shared by CO-CONSULTANT and CONSULTANT as stipulated in Section 14.02(a) of this Contract (60/40). SYSTEM will pay a commercial paper transaction fee of a total of $50,000 for credit substitutions and transactions to increase program size that involve an offering memorandum, and $25,000 for an extension of the then current credit agreement, both of which total fees shall also be shared by CO-CONSULTANT and CONSULTANT, as set forth in Section 13.02(a) of this Contract (60/40).

II. **Additional Financial Advisory Services - Retainer (1.03(b))**

SAWS will pay a total monthly retainer of $2,500 per month, subject to a 3% annual escalation beginning January 1, 2018, to cover Additional Financial Advisory Services, as requested in writing by SYSTEM. This monthly retainer assumes 40 hours of work each month on average. On a quarterly basis, SYSTEM and CONSULTANT agree to review the work provided for Additional Financial Advisory Services. SYSTEM maintains at its discretion the ability to change the compensation structure for Additional Financial Advisory Services, at the end of each quarter, from a monthly retainer fee to hourly fees in accordance with Additional Financial Advisory Services - Hourly Rate specified below. SYSTEM may also amend the monthly retainer fee, with mutual written consent of CONSULTANT, at the end of each quarter year.

III. **Additional Financial Advisory Services – Hourly Rates**

To the extent SYSTEM has specific projects and tasks, such as development of a financial model or a specific study, which are, in the mutual opinion of SYSTEM and CONSULTANT, not covered in the Additional Financial Advisory Services-Retainer, or if SYSTEM elects in a written notice to CONSULTANT to utilize hourly billing for such Additional Financial Advisory Services, SYSTEM shall pay the hourly rates identified in the table.
CONSULTANT HOURLY RATES

<table>
<thead>
<tr>
<th>CONSULTANT EMPLOYEE TITLE</th>
<th>HOURLY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director</td>
<td>$325</td>
</tr>
<tr>
<td>Senior Vice President</td>
<td>$275</td>
</tr>
<tr>
<td>Vice President</td>
<td>$200</td>
</tr>
<tr>
<td>Assistance Vice President</td>
<td>$175</td>
</tr>
</tbody>
</table>

IV. Expenses

In addition to the fees outlined in I, II and III above, all reasonable out-of-pocket expenses would be reimbursed on an actual cost basis, with no markup or multiplier, as set forth below:

A. Reasonable transportation in connection with out of town travel.
B. Postage, courier services and overnight delivery services.
C. State and local taxes shall not be reimbursed by the SYSTEM.
D. Computer time charges shall not be a reimbursable expense.
E. Local phone conference calls and cellular phone service shall not be a reimbursable expense.
F. Meals shall not be a reimbursable expense unless in connection with out of town travel.
G. Reimbursable expenses included on any invoice shall have copies of invoices, receipts, and other evidence of expenses.

Expenses for any transaction are capped at $5,000.
EXHIBIT "C"

Disclosure Form
TO: San Antonio Water System Board of Trustees

FROM: Nancy Belinsky, Vice President and General Counsel

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF A SETTLEMENT OF THE LAWSUIT OF SOUTHWESTERN BELL TELEPHONE COMPANY D/B/A AT&T TEXAS AGAINST THE SAN ANTONIO WATER SYSTEM.

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution approves settlement of a lawsuit filed by Southwestern Bell Telephone Company d/b/a AT&T Texas (“Plaintiff”) against USIC Locating Services, LLC (“USIC”) and the San Antonio Water System (“System”) and the System’s obligation under the settlement agreement. The resolution also authorizes expenditures in the total amount of $67,500.00, for purposes of the settlement and authorizes the President/Chief Executive Officer and the System’s Legal Counsel to execute the settlement agreement.

- Plaintiff alleged System employees damaged AT&T’s property while digging to replace or repair a water main, on or about September 18, 2013, at or near 1765 Thousand Oaks, in San Antonio, Bexar County, Texas, allegedly causing $151,458.61 in damages.

- Liability for the incident and the amounts of damages claimed by Plaintiff were disputed by the System.

- The suit was mediated and settled on October 24, 2016 (subject to Board approval).

- The System and Plaintiff desire to resolve all differences and all outstanding claims against one another. The System recommends settlement of the System’s portion of this claim in the amount of $67,500.00.

- Plaintiff agreed to settle the claim for an amount totaling $67,500.00 from the System and $7,500.00 from USIC.

- The System has agreed to pay $67,500.00 to Plaintiff Southwestern Bell Telephone Company d/b/a AT&T Texas.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

Settlement of this lawsuit is for the amount of $67,500.00 will be paid from the System Fund. The required funding of $67,500.00 is available in FY 2016 from the System Fund budget; Company: 1000, Accounting Unit: 8111800, Account: 511510, Total 2016 amount: $67,500.00.

Nancy Belinsky
Vice President and General Counsel

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING SETTLEMENT OF THE LAWSUIT OF SOUTHWESTERN BELL TELEPHONE COMPANY D/B/A AT&T TEXAS AGAINST THE SAN ANTONIO WATER SYSTEM; APPROVING THE SYSTEM’S FINANCIAL OBLIGATION UNDER THE SETTLEMENT; AUTHORIZING EXPENDITURES IN THE TOTAL AMOUNT OF $67,500.00 FROM THE SYSTEM FUND FOR PURPOSES OF THE SETTLEMENT; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER AND THE SYSTEM’S LEGAL COUNSEL TO EXECUTE THE SETTLEMENT AGREEMENT AND TO PAY $67,500.00 TO SOUTHWESTERN BELL TELEPHONE COMPANY D/B/A AT&T TEXAS AND ITS ATTORNEYS, FOR THE SYSTEM’S OBLIGATIONS UNDER THE TERMS OF THE SETTLEMENT AGREEMENT; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, Plaintiff Southwestern Bell Telephone Company d/b/a AT&T Texas (“Plaintiff”) filed a lawsuit in Cause No. 2015-CI-15630, Southwestern Bell Telephone Company d/b/a AT&T Texas vs. San Antonio Water System and USIC Locating Services, LLC, in the 288th Judicial District Court, Bexar County, Texas, seeking damages, penalties, costs, expenses, pre-judgment interest and attorneys’ fees, against USIC Locating Services, LLC and the San Antonio Water System (“System”); and

WHEREAS, Plaintiff alleges System employees damaged AT&T’s property while digging to replace or repair an underground water line, on or about September 18, 2013, at or near 1765 Thousand Oaks, in San Antonio, Bexar County, Texas, allegedly causing $151,458.61 in damages; and

WHEREAS, the liability of the System for the incident and the amount of damages claimed by Plaintiff were disputed by the System; and

WHEREAS, Plaintiff’s claims were mediated and settled on October 24, 2016, subject to Board approval; and

WHEREAS, Plaintiff has agreed to settle all claims in the lawsuit against the System for an amount totaling $67,500.00; and
WHEREAS, the facts of this case, the avoidance of further fees and expenses, and other relevant circumstances favor settlement of this claim; and

WHEREAS, both the System and Plaintiff now desire to resolve all differences and settle all claims against one another; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the settlement of the lawsuit of Southwestern Bell Telephone Company d/b/a AT&T Texas against the System, (ii) to approve the System’s financial obligation of $67,500.00, which includes all alleged damages, fees and costs under the settlement, (iii) to authorize expenditures in the total amount of $67,500.00 from the System Fund for the purposes of the settlement, and (iv) to authorize the President/Chief Executive Officer and the System’s Legal Counsel to execute the settlement agreement and pay $67,500.00 to Plaintiff and its attorneys of record, for obligations under the terms of the settlement agreement, now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the settlement of the lawsuit by Southwestern Bell Telephone Company d/b/a AT&T Texas against the San Antonio Water System is hereby approved.

2. That the amount authorized to settle the claim, including all alleged damages, costs and fees, shall consist of $67,500.00, payable to Southwestern Bell Telephone Company d/b/a AT&T Texas and its attorneys, for the settlement of the lawsuit.

3. That the amount of $67,500.00 is to be expended from the System Fund for the System’s obligation under the settlement and is hereby authorized.

4. That the President/Chief Executive Officer and the System’s Legal Counsel are hereby authorized to execute the settlement agreement between the System and Southwestern Bell Telephone Company d/b/a AT&T Texas and its attorneys for the System’s obligation under the terms of the settlement agreement.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 1st day of November, 2016.

____________________________
Berto Guerra, Jr., Chairman

ATTEST:

____________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Kathleen M. Price, P.E., Director, Pipelines, and Genoveva G. Gomez, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT FOR THE W31: IH-10 BOERNE STAGE TO OLD FREDERICKSBURG SANITARY SEWER PROJECT

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $14,401,477.70 to BRH-Garver Construction L.P., non-local, non-SMWB contractor, in connection with the W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project. This project is located in Council District 8.

- The contract that is the subject of the attached resolution will authorize work that is required by Section V. B. Early Action Program of the Consent Decree between the San Antonio Water System (the “System”), the United States of America, and the State of Texas that was lodged in the United States District Court for the Western District of Texas on July 23, 2013.

- The W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project was identified in the Comprehensive Wastewater Master Plan developed by the System’s Master Planning Division. The mains are in poor condition due to deterioration and lack sufficient capacity to handle future sewer flows due to growth and inflow and infiltration during peak storm events.

- The W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project will install approximately 3.6 miles of 33-inch, 36-inch and 42-inch gravity sewer main along Interstate Highway 10 from Rim Drive to approximately 2,500 feet south of Boerne Stage Road. This project will also eliminate the Falcon Lift Station (LS #169) and Woodland Hills Lift Station (LS #232) and abandon approximately 3.2 miles of existing 8-inch, 10-inch and 12-inch force main. This project is part of Early Action Phase I of the Consent Decree to be complete before July 2019.

- BRH-Garver Construction L.P., a non-local, non-SMWB contractor, is now declared the lowest responsible bidder and has submitted the low responsible bid of $14,401,477.70.

Staff recommends that the Board approve this resolution.
**FINANCIAL IMPACT:**

The Project Fund will finance this Capital Improvement Program project included in the CY 2016 Capital Improvement Program wastewater core business, Main Replacement Category, W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project. The amount is $14,401,477.70 for sewer related work and the job number is 09-2502.

**SUPPLEMENTARY COMMENTS:**

CAS Consulting & Services, Inc. prepared the plans and specifications for this project under their professional services contract. The engineer’s estimated construction cost was $19,046,071.00.

Four firms responded to the request for bids. A bid opening was held on October 7, 2016, at 2:00 P.M. The following bids were submitted:

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>BID AMOUNT</th>
<th>LOCAL/SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRH-Garver Construction L.P.*</td>
<td>$14,401,477.70</td>
<td>Non–Local /Non-SMWB</td>
</tr>
<tr>
<td>Spiess Construction Co. Inc.</td>
<td>$14,841,370.00</td>
<td>Non–Local/SBE</td>
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<td>S.J. Louis Construction of Texas, Ltd.</td>
<td>$15,217,334.28</td>
<td>Local/Non–SMWB</td>
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<tr>
<td>Oscar Renda Contracting, Inc.</td>
<td>$16,598,835.50</td>
<td>Non–Local/Non–SMWB</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$19,046,071.00</td>
<td></td>
</tr>
</tbody>
</table>

*Low Responsible Bidder

**W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project**

**BRH-GARVER CONSTRUCTION L.P.**

**SMWB ANALYSIS – BOARD AWARD**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
<td>1.95%</td>
</tr>
<tr>
<td>MBE–African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE–Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE–Hispanic</td>
<td>4.32%</td>
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<tr>
<td>MBE–Other</td>
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</tr>
<tr>
<td>WBE–Minority</td>
<td>8.84%</td>
</tr>
<tr>
<td>WBE–Non–Minority</td>
<td>1.89%</td>
</tr>
<tr>
<td><strong>SMWB Total</strong></td>
<td><strong>17.00%</strong></td>
</tr>
</tbody>
</table>

The bid amount represents a 24 percent decrease from the estimated construction cost.

This contract has 540 days for construction completion.
Award of Construction Contract
W-31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project

Kathleen M. Price, P.E.,
Director
Pipelines

Genoveva G. Gomez, P.E.
Vice President
Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT AREA MAP
ATTACHMENT I

W-31 IH-10: BOERNE STAGE
TO OLD FREDERICKSBURG

LEGEND
★ PROJECT SITE
☐ EDWARDS AQUIFER RECHARGE ZONE
SAN ANTONIO WATER SYSTEM
PROJECT SITE MAP
ATTACHMENT II

W-31 IH-10: BOERNE STAGE
TO OLD FREDERICKSBURG

LEGEND
- PROJECT LIMITS
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE PROPOSAL OF BRH-GARVER CONSTRUCTION L.P., IN THE AMOUNT OF $14,401,477.70 IN CONNECTION WITH THE W31: IH-10 BOERNE STAGE TO OLD FREDERICKSBURG SANITARY SEWER PROJECT; AWARDING A CONSTRUCTION CONTRACT IN THE AMOUNT OF $14,401,477.70 TO BRH-GARVER CONSTRUCTION L.P., FOR THE PROJECT WORK; AUTHORIZING THE EXPENDITURE OF FUNDS AND MAKING AVAILABLE AN AMOUNT NOT TO EXCEED $14,401,477.70 FROM THE SYSTEM'S PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH BRH-GARVER CONSTRUCTION L.P., AND TO PAY BRH-GARVER CONSTRUCTION L.P., AN AMOUNT NOT TO EXCEED $14,401,477.70 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the San Antonio Water System (the “System”) is undertaking to construct wastewater facilities for the W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project (the “project”) as part of its Capital Improvements Program; and

WHEREAS, this project includes the construction of 3.6 miles of 33-inch, 36-inch and 42-inch gravity sewer main; and

WHEREAS, this project will also eliminate the Falcon Lift Station (LS #169) and Woodland Hills Lift Station (LS #232) and abandon approximately 3.2 miles of existing 8-inch, 10-inch and 12-inch force main; and

WHEREAS, the System has solicited bids for the project work; and

WHEREAS, BRH-Garver Construction L.P., a non-local, non-SMWB contractor, has submitted a bid in the amount of $14,401,477.70 for the project work and this bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in the amount of $14,401,477.70 are required for the project work; and
WHEREAS, the San Antonio Water System Board of Trustees desires (i) to accept the bid of BRH-Garver Construction L.P., in the amount of $14,401,477.70 in connection with the W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project, (ii) to award a construction contract to BRH-Garver Construction L.P., in the amount of $14,401,477.70 for the project work, (iii) to authorize System funds in the amount of $14,401,477.70 for the project work, (iv) to make available an amount not to exceed $14,401,477.70 from the System’s Project Fund for the sewer project work, and (v) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with BRH-Garver Construction L.P., and to pay an amount not to exceed $14,401,477.70 to BRH-Garver Construction L.P., for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of BRH-Garver Construction L.P., in the amount of $14,401,477.70 in connection with the W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project is hereby accepted.

2. That a construction contract in the amount of $14,401,477.70 for the project work is hereby awarded to BRH-Garver Construction L.P.

3. That the expenditure of System funds in the amount of $14,401,477.70 for the project work is hereby authorized and to be made available from the System’s Project Fund.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a construction contract with BRH-Garver Construction L.P., and to pay an amount not to exceed $14,401,477.70 to BRH-Garver Construction L.P., for the project work in connection with the W31: IH-10 Boerne Stage to Old Fredericksburg Sanitary Sewer Project.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 1st day of November, 2016.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Ashok S. Kaji, P.E., Director, Plants and Major Projects, and Genoveva G. Gomez, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT FOR THE DOS RIOS WATER RECYCLING CENTER (WRC) ELECTRICAL SYSTEM IMPROVEMENTS – PHASE 1 PROJECT

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $13,322,100.00 to Alterman, Inc., a local, non-SMWB firm, in connection with the Dos Rios Water Recycling Center (WRC) Electrical System Improvements – Phase 1 Project (the “project”). It also amends Resolution No. 14-175 by authorizing additional funds to CP&Y, Inc., in an amount not to exceed $197,295.00 for related construction phase services.

- The Dos Rios WRC was constructed in 1987. Much of the existing electrical infrastructure at the WRC is nearly 30 years old and has reached the end of its service life.

- An electrical assessment of the Dos Rios WRC was completed in 2012. The assessment investigated compliance with current codes and safety measures, and recommended upgrades and replacement to the electrical infrastructure including several substations, motor control centers and generators.

- The project will be done in multiple phases to minimize impact to plant operations and the Capital Improvement Program budget.

- The Phase 1 project will mainly address the plant’s high voltage electrical distribution system and electrical equipment that is in the poorest condition. The remaining phases will address the plant’s medium and low voltage electrical equipment.

- The Phase 1 project scope includes:
  - Replacement of the plant’s high voltage main electrical distribution system with a new underground raceway system, and the installation of a new main electrical switchgear building to house new electrical distribution equipment; and
  - Replacement of four substations, a motor control center and cables that supply electrical power to operate the first stage aeration blowers and an area of the
dos Rios Water Recycling Center (WRC) Electrical System Improvements – Phase 1

digester complex; and

- Replacement of two generators that supply standby power for the equipment that is located in the headworks area; and
- Associated civil, mechanical, structural, electrical, and instrumentation and controls work.

- Three bids for the construction of this project were received on October 14, 2016.

- CYMI Industrial, Inc., submitted the lowest bid price; however, CYMI Industrial, Inc., could not demonstrate similar experience with past projects and was unable to demonstrate that the Project Manager and Project Superintendent had sufficient experience with similar size and scope projects. As a result, CYMI Industrial, Inc., was deemed non-responsive to the project experience requirements.

- The Design Consultant, CP&Y, reviewed all projects submitted by CYMI Industrial, Inc., as well as the experience of the Project Manager and Project Superintendent and did not recommend CYMI Industrial, Inc., for this project. System staff reviewed the evaluation conducted by CP&Y and concurred with their recommendation.

- Alterman, Inc., submitted the second lowest price of $13,322,100.00. CP&Y reviewed Alterman, Inc.’s project experience and staff experience and recommended Alterman, Inc., for this project. System staff has reviewed the evaluation conducted by CP&Y and concurred with their recommendation and has determined that Alterman, Inc., is the lowest responsible bidder for this project.

- On July 1, 2014, the San Antonio Water System’s Board of Trustees adopted Resolution No. 14-175, which authorized a professional services contract with CP&Y, Inc., in the amount of $998,221.25 to provide professional engineering design services in connection with the project.

- CP&Y, Inc., has provided additional design phase services not included in the original scope. Construction services were utilized to pay for these additional design services. The total required funding to replenish monies in construction phase services is $197,295.00.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the 2015 Capital Improvement Program. This project is included in the Wastewater Core Business, Treatment Category, Dos Rios WRC Electrical System Improvements – Phase 1 project. The total amount is $13,519,395.00 under job number 14-6504.
SUPPLEMENTARY COMMENTS:

A bid opening was held on October 14, 2016, and three firms responded to the request for bids. The following bids were submitted:

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>BID AMOUNT</th>
<th>LOCAL/SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>CYMI Industrial, Inc.**</td>
<td>$11,796,200.00</td>
<td>Non-Local/Non-SMWB</td>
</tr>
<tr>
<td>Alterman, Inc.*</td>
<td>$13,322,100.00</td>
<td>Local/Non-SMWB</td>
</tr>
<tr>
<td>Lambda Construction Co.</td>
<td>$14,533,570.00</td>
<td>Local/SBE</td>
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<tr>
<td>Engineer’s Estimate</td>
<td>$14,667,000.00</td>
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</tr>
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</table>

*Low Responsible Bidder
**Non-Responsive Bidder

The contract allows 600 calendar days for the completion of the work.

The bid amount represents a 9.17 percent decrease from the estimated construction cost. Alterman, Inc., has proposed to subcontract 18.59 percent of the work to SMWB firms.

![SMWB Analysis Table]

The following is a summary of the planned future improvements:

Phase 2: This phase will include the Primary Clarifiers and First Stage Aeration areas. The estimated construction cost is $18,000,000.00 planned for 2019.

Phase 3: This phase will include the Second Stage Aeration and Main Blowers areas. The estimated construction cost is $15,000,000.00 planned for 2022.
Phase 4: This phase will include the remaining areas of the digester, Solids Handling, Effluent Filters, Chlorine Contact Chambers and Disinfection areas. The estimated construction cost is $10,500,000.00 planned for 2025.

*Costs are in 2016 dollars; estimates are preliminary.

Ashok S. Kaji, P.E.
Director
Plants and Major Projects

Genoveva G. Gomez, P.E.
Vice President
Engineering and Construction

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF ALTERMAN, INC., IN THE AMOUNT OF $13,322,100.00 FOR THE CONSTRUCTION OF THE DOS RIOS WATER RECYCLING CENTER (WRC) ELECTRICAL SYSTEM IMPROVEMENTS – PHASE 1 PROJECT; AWARDING A CONSTRUCTION CONTRACT IN THE AMOUNT OF $13,322,100.00 TO ALTERMAN, INC., FOR THE PROJECT WORK; APPROVING EXPENDITURES AND MAKING AVAILABLE AN AMOUNT NOT TO EXCEED $13,322,100.00 FROM THE SYSTEM'S PROJECT FUND FOR THE PROJECT WORK; AMENDING RESOLUTION NO. 14-175 BY AUTHORIZING ADDITIONAL EXPENDITURES IN AN AMOUNT NOT TO EXCEED $197,295.00 TO CP&Y, INC., FOR CONSTRUCTION PHASE SERVICES; AUTHORIZING TOTAL EXPENDITURES IN AN AMOUNT NOT TO EXCEED $13,519,395.00 FROM THE SYSTEM'S PROJECT FUND FOR THE PROJECT WORK AND CONSTRUCTION PHASE SERVICES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH ALTERMAN, INC., AND TO PAY ALTERMAN, INC., THE AMOUNT OF $13,322,100.00 FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY AN ADDITIONAL AMOUNT NOT TO EXCEED $197,295.00 TO CP&Y, INC., FOR THE CONSTRUCTION PHASE SERVICES; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Dos Rios Water Recycling Center (WRC) was constructed in 1987; and

WHEREAS, much of the existing electrical infrastructure at the Dos Rios WRC is nearly 30 years old and has reached the end of its service life; and

WHEREAS, an electrical assessment, completed in 2012, of the Dos Rios WRC investigated compliance with current codes and safety measures, and recommended upgrades and replacement to the electrical infrastructure including several substations, motor control centers and generators; and
WHEREAS, the Dos Rios Water Recycling Center (WRC) Electrical System Improvements – Phase 1 Project (the “project”) will mainly address the plant’s high voltage electrical distribution system and electrical equipment that is in the poorest condition, and the remaining phases will address the plant’s medium and low voltage electrical equipment; and

WHEREAS, the project scope includes replacement of the plant’s high voltage main electrical distribution system with a new underground raceway system, and the installation of a new main electrical switchgear building to house new electrical distribution equipment; replacement of four substations, a motor control center and cables that supply electrical power to operate the first stage aeration blowers and a portion of the digester complex; replacement of two generators that supply standby power for the equipment that is located in the headworks area, and associated civil, mechanical, structural, electrical, and instrumentation and controls work; and

WHEREAS, the San Antonio Water System (the “System”) has solicited bids for the project work; and

WHEREAS, Alterman, Inc., a local, non-SMWB, is declared the lowest responsible bidder and has submitted the low responsible bid of $13,322,100.00 for the project work; and

WHEREAS, on July 1, 2014, the System’s Board of Trustees adopted Resolution No. 14-175, which authorized a professional services contract with CP&Y, Inc., in the amount of $998,221.25 to provide professional engineering design services in connection with the project; and

WHEREAS, additional System funds are needed in the amount of $197,295.00 payable to CP&Y, Inc., for related construction phase services; and

WHEREAS, the San Antonio Water System’s Board of Trustees desires (i) to accept the bid of Alterman, Inc., for a construction contract in the amount of $13,322,100.00 for the project work in connection with the Dos Rios Water Recycling Center (WRC) Electrical System Improvements – Phase 1 Project, (ii) to award a construction contract in the amount of $13,322,100.00 to Alterman, Inc., for the project work, (iii) to authorize System funds in an amount not to exceed $13,322,100.00 for the project work, (iv) to amend Resolution No. 14-175 by authorizing additional funds to CP&Y, Inc., in the amount not to exceed $197,295.00 for related construction phase services, (v) to make available a total amount not to exceed $13,519,395.00 from the System’s Project Fund for the project work and related construction phase services, (vi) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with Alterman, Inc., and to pay the amount of $13,322,100.00 for the project work, and (vii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay an amount not to exceed $197,295.00 to CP&Y, Inc., for related construction phase services; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:
1. That the bid of Alterman, Inc., in the amount of $13,322,100.00 for the project work in connection with the Dos Rios Water Recycling Center (WRC) Electrical System Improvements – Phase 1 Project is hereby accepted.

2. That a construction contract in the amount of $13,322,100.00 for the project work is hereby awarded to Alterman, Inc.

3. That the expenditure of System funds in the amount of $13,322,100.00 for the project work is hereby authorized and approved.

4. That Resolution No. 14-175 with CP&Y, Inc., is hereby amended by authorizing additional expenditures for related construction phase services in an amount not to exceed $197,295.00 from the previous funding authorization of $998,221.25 to a total authorization of $1,195,516.25.

5. That a total sum not to exceed $13,519,395.00 for the project work and construction phase services is hereby made available, and is to be expended from the System’s Project Fund.

6. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a standard contract for general construction with Alterman, Inc., for the project work, and to pay the amount of $13,322,100.00 to Alterman, Inc., for the project work in connection with the Dos Rios WRC Electrical System Improvements – Phase 1 Project.

7. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay to CP&Y, Inc., an additional amount not to exceed $197,295.00 for construction phase services in connection with the Dos Rios WRC Electrical System Improvements – Phase 1 Project.

8. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

9. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

10. This resolution becomes effective immediately upon its passage.
PASSED AND APPROVED this 1st day of November, 2016.

Berto Guerra, Jr., Chairman

ATTEST:

Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Parviz Chavol, P.E., Senior Director, Production & Treatment Operations, and Jeffrey J. Haby, Vice President, Production & Treatment

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF A CONSTRUCTION CONTRACT FOR THE DOS RIOS WATER RECYCLING CENTER SLUDGE BLENDING FACILITIES EXPANSION PROJECT

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract in the amount of $3,135,237.60 to Archer Western Construction, LLC, a local, non-SMWB owned business enterprise, in connection with the Dos Rios Water Recycling Center (WRC) Sludge Blending Facilities Expansion Project.

- Dos Rios WRC was commissioned in 1987 and continues to operate with much of its original equipment. The existing sludge thickening and sludge blend facilities at Dos Rios WRC were constructed in 1996.

- In 2006, the San Antonio Water System (SAWS) consolidated all biosolids processing at Dos Rios WRC which allowed the transfer of biosolids previously generated at Leon Creek, Salado Creek, and Medio Creek WRCs to Dos Rios WRC for thickening and digestion process before final disposal. This consolidation effort did not provide additional facilities at Dos Rios WRC for straining and blending the increased volume of biosolids. The current lack of blending capacity is limiting Operations’ ability to blend, strain, or thicken primary sludge generated at Dos Rios WRC.

- The Dos Rios WRC Sludge Blending Facilities Expansion Project will provide the additional blending facilities to properly blend and thicken all biosolids before digestion process. The project will construct a new 150,000 gallon stainless steel sludge blend tank, gravity belt thickener pump station with variable speed pumps, and all required automation.

- The new sludge blend tank provides the required sludge storage capacity to insure complete mixing of all biosolids from Dos Rios, Leon Creek and Medio Creek WRCs and insures uniform sludge consistency at the thickening facilities. The new gravity belt thickener pump station provides dedicated variable speed feed pumps for each of the plants’ four gravity belt thickeners. Uniform sludge consistency and ability to control biosolids flow to the individual gravity belt thickeners allows operations to produce consistently thicker sludge, reduce polymer consumption, and maximize the current digester capacity.
Archer Western Construction, LLC submitted the low responsive bid of $3,135,237.60.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The construction cost for the Dos Rios WRC Sludge Blending Facilities Expansion Project is budgeted in the 2016 Capital Improvements Program under Wastewater Core Business, Treatment R&R Category, Dos Rios WRC Aeration and Secondary Settling Tank Improvements Project. The Project Fund will finance the total amount of $3,135,237.60. The SAWS Job Number is 16-6507.

**SUPPLEMENTARY COMMENTS:**

An Invitation for Bid was issued on August 26, 2016. A bid opening was held on September 29, 2016 at 10:00 A.M. The following bids were received:

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>BID AMOUNT</th>
<th>LOCAL/SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineer’s Estimate</td>
<td>$3,078,100.00</td>
<td></td>
</tr>
<tr>
<td>Archer Western Construction, LLC*</td>
<td>$3,135,237.60</td>
<td>Local/Non-SMWB</td>
</tr>
<tr>
<td>MGC Contractors, Inc.</td>
<td>$3,170,680.00</td>
<td>Local/Non-SMWB</td>
</tr>
<tr>
<td>Associated Construction Partners</td>
<td>$3,417,890.00</td>
<td>Local/WBE</td>
</tr>
<tr>
<td>Boyer</td>
<td>$4,749,330.00</td>
<td>Local/Non-SMWB</td>
</tr>
</tbody>
</table>

*Low Responsible Bidder

The bid was 1.8% higher than the Engineer’s estimate.

The contract allows 240 calendar days for the completion of the work.
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMWB Analysis – Board Award</strong></td>
<td></td>
</tr>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
<td>3.87%</td>
</tr>
<tr>
<td>MBE - Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Minority</td>
<td>6.06%</td>
</tr>
<tr>
<td>WBE - Non-Minorirty</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>SMWB Total</strong></td>
<td><strong>9.93%</strong></td>
</tr>
</tbody>
</table>

Parviz Chavol, P.E.  
Senior Director  
Production & Treatment Operations  

Jeffrey J. Haby, P.E.  
Vice President, Production & Treatment  

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE BID OF ARCHER WESTERN CONSTRUCTION, LLC IN THE AMOUNT OF $3,135,237.60 FOR THE CONSTRUCTION OF THE DOS RIOS WATER RECYCLING CENTER SLUDGE BLENDING FACILITIES EXPANSION PROJECT; AWARDING A CONSTRUCTION CONTRACT IN THE AMOUNT OF $3,135,237.60 TO ARCHER WESTERN CONSTRUCTION, LLC FOR THE PROJECT WORK; AUTHORIZING THE EXPENDITURE OF FUNDS IN THE AMOUNT OF $3,135,237.60 FOR THE PROJECT WORK; AUTHORIZING TOTAL EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $3,135,237.60 FROM THE SAN ANTONIO WATER SYSTEM'S PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONTRACT WITH ARCHER WESTERN CONSTRUCTION, LLC AND TO PAY ARCHER WESTERN CONSTRUCTION, LLC THE AMOUNT OF $3,135,237.60 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Dos Rios Water Recycling Center (WRC) was commissioned in 1987 and continues to operate with much of its original equipment; and

WHEREAS, the existing sludge thickening and sludge blend facilities at Dos Rios WRC were constructed in 1996; and

WHEREAS, in 2006, the San Antonio Water System (the “System”) consolidated all biosolids processing at Dos Rios WRC, which allowed the transfer of biosolids previously generated at Leon Creek, Salado Creek, and Medio Creek WRCs to Dos Rios WRC; and

WHEREAS, consolidation efforts did not provide additional facilities at Dos Rios WRC, which limited Operations’ ability for straining and blending the increased volume of biosolids; and

WHEREAS, the Dos Rios WRC Sludge Blending Facilities Expansion Project will construct a new 150,000 gallon stainless steel sludge blend tank, gravity belt thickener pump station with variable speed pumps, and all required automation; and
WHEREAS, the System solicited bids for the project work on August 26, 2016, with sealed bids returned on September 29, 2016; and

WHEREAS, Archer Western Construction, LLC, a local, non-SMWB, has submitted a bid of $3,135,237.60 for the project work, and this bid is determined to be the lowest responsible bid; and

WHEREAS, the total amount not to exceed $3,135,237.60 is available from the System’s Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) accept the bid of Archer Western Construction, LLC in the amount of $3,135,237.60 for the project work in connection with the Dos Rios WRC Sludge Blending Facilities Expansion Project, (ii) award a construction contract in the amount of $3,135,237.60 to Archer Western Construction, LLC for the Dos Rios WRC Sludge Blending Facilities Expansion Project, (iii) authorize System funds in the amount of $3,135,237.60 for the project work, (iv) make available a total amount not to exceed $3,135,127.60 from the System’s Project Fund for the project work and (vi) authorize the President/Chief Executive Officer or his duly appointed designee to execute a contract with Archer Western Construction, LLC for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bid of Archer Western Construction, LLC in the amount of $3,135,237.60 for the project work is hereby accepted.

2. That a construction contract in the amount of $3,135,237.60 for the project work is hereby awarded to Archer Western Construction, LLC.

3. That the expenditure of System funds in the amount of $3,135,237.60 for the project work is hereby approved.

4. That a total amount not to exceed $3,135,237.60 for the project work is hereby made available and is to be expended from the System’s Project Fund.

5. That the System’s President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a standard contract for general construction with Archer Western Construction, LLC for the project work and to make payment in the amount of $3,135,237.60 to Archer Western Construction, LLC for the project work.

6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.
7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

8. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 1st day of November, 2016.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Andrea Beymer, P.E., Director, Plants and Major Projects, and Genoveva G. Gomez, P.E., Vice President Engineering & Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF ENGINEERING CONTRACT IN CONNECTION WITH THE VISTA RIDGE INTEGRATION PROJECT, OWNER’S REPRESENTATIVE SERVICES

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services engineering contract to Black & Veatch Corporation, a local, non-SMWB firm, and authorizes funds in the amount of $3,988,945.00 for the Vista Ridge Integration Project, Owner’s Representative Services.

- The San Antonio Water System (the “System”) entered into a water transmission and purchase agreement on November 4, 2014 with Abengoa Vista Ridge LLC to provide and deliver alternate water supplies to the System through the Vista Ridge Regional Supply Project. The Vista Ridge Integration Project (VRIP) will deliver water from the Vista Ridge Regional Supply Project to integration points within the distribution system.

- The VRIP consists of approximately 15 miles of transmission main beginning at the proposed pump station located at the Vista Ridge terminus facility in north Bexar County to the Basin Pump Station, with intermediate drop-off points at Bitters and Maltsberger Pump Stations.

- A Request for Qualifications was issued on June 3, 2016 for professional services for this project. The System received four qualification statements and Black & Veatch Corporation was selected through the Architect/Engineer selection process.

- The VRIP Owner’s Representative Contract will provide standard professional engineering services related to facility and pipeline condition assessments, pipeline routing analysis, hydraulic model and water quality analysis, design criteria package development, and construction delivery procurement services. Basic services will be provided for a lump sum fee of $3,644,026.00.

- Supplemental services are defined as necessary project work for which total quantities cannot be readily accounted. These services include detailed design, subsurface utility engineering and locates, community involvement, and easement acquisition support services will be provided for a fee not to exceed $344,919.00.
The total fee for engineering services will not exceed $3,988,945.00.

Additional funds will be required for this project in 2018 in order to provide program management and construction management services for the duration of the contract.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure from the CY 2016 Capital Improvement Program. The project work is included in the Water Delivery Core Business, Vista Ridge Integration Project budget line. The amount is $3,988,945.00 and the job number for this project is 15-8601.

**SUPPLEMENTARY COMMENTS:**

The four firms that provided qualification statements for this project are listed below:

<table>
<thead>
<tr>
<th>NAME OF FIRM</th>
<th>LOCAL/SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>AECOM</td>
<td>Local/Non–SMWB</td>
</tr>
<tr>
<td><strong>Black &amp; Veatch Corporation</strong></td>
<td><strong>Local/Non–SMWB</strong></td>
</tr>
<tr>
<td>Lockwood, Andrews &amp; Newnam, Inc., dba LAN</td>
<td>Local/Non–SMWB</td>
</tr>
<tr>
<td>Tetra Tech, Inc.</td>
<td>Local/Non–SMWB</td>
</tr>
</tbody>
</table>

*Selected Firm

Black & Veatch Corporation proposed to use the following sub-consultants for services on this contract:

<table>
<thead>
<tr>
<th>NAME OF FIRM</th>
<th>PERCENT OF FEE</th>
<th>LOCAL/SMWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maestas &amp; Associates, Inc.</td>
<td>2.50%</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Foster CM Group, Inc.</td>
<td>5.00%</td>
<td>Local/MBE–AABE</td>
</tr>
<tr>
<td>Integrated Testing and Engineering Company of San Antonio, L.P. dba InTEC of San Antonio</td>
<td>2.50%</td>
<td>Local/WBE–Asian</td>
</tr>
<tr>
<td>APSI Construction Management</td>
<td>2.00%</td>
<td>Non–Local/MBE–Asian</td>
</tr>
<tr>
<td>Moreno Cardenas, Inc.</td>
<td>3.00%</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Lone Star Reprographics</td>
<td>0.01%</td>
<td>Local/WBE–Caucasian</td>
</tr>
<tr>
<td>Gupta &amp; Associates, Inc.</td>
<td>1.90%</td>
<td>Non–Local/MBE–Asian</td>
</tr>
<tr>
<td>Signature Automation, LLC</td>
<td>1.90%</td>
<td>Non–Local/MBE–Hispanic</td>
</tr>
<tr>
<td>Mbroh Engineering, Inc.</td>
<td>2.80%</td>
<td>Non–Local/MBE–AABE</td>
</tr>
<tr>
<td>Arias and Associates, Inc.</td>
<td>0.90%</td>
<td>Local/MBE–Hispanic</td>
</tr>
<tr>
<td>San Antonio Testing Laboratory, LLC</td>
<td>0.20%</td>
<td>Local/WBE–Hispanic</td>
</tr>
<tr>
<td>CAS Consulting &amp; Services, Inc.</td>
<td>1.90%</td>
<td>Local/MBE–Asian</td>
</tr>
</tbody>
</table>
SMWB participation for the selected firm is 25.61 percent with include the following:

<table>
<thead>
<tr>
<th>Firm Name</th>
<th>Percentage</th>
<th>Race Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gonzalez + De La Garza &amp; Associates, LLC</td>
<td>0.90%</td>
<td>Local/WBE–Hispanic</td>
</tr>
<tr>
<td>Aquarius Engineering, LLC</td>
<td>0.10%</td>
<td>Non–Local/WBE–Caucasian</td>
</tr>
<tr>
<td>SWCA Environmental Consultants</td>
<td>0.30%</td>
<td>Local/Non–SMWB</td>
</tr>
<tr>
<td>Daniel E. Giammer, Ph.D., P.E.</td>
<td>0.50%</td>
<td>Non–Local/Non–SMWB</td>
</tr>
<tr>
<td>RPS Klotz Associates, Inc.</td>
<td>2.00%</td>
<td>Local/Non–SMWB</td>
</tr>
</tbody>
</table>

**VISTA RIDGE INTEGRATION PROJECT, OWNER’S REPRESENTATIVE SERVICES**

**BLACK & VEATCH CORPORATION**

**SMWB ANALYSIS – BOARD AWARD**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE–African American</td>
<td>7.80%</td>
</tr>
<tr>
<td>MBE–Asian</td>
<td>5.80%</td>
</tr>
<tr>
<td>MBE–Hispanic</td>
<td>8.30%</td>
</tr>
<tr>
<td>MBE–Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE–Minority</td>
<td>3.60%</td>
</tr>
<tr>
<td>WBE–Non–Minority</td>
<td>0.11%</td>
</tr>
<tr>
<td><strong>SMWB Total</strong></td>
<td><strong>25.61%</strong></td>
</tr>
</tbody>
</table>

Andrea Beymer, P.E.  
Director  
Plants and Major Projects

Genoveva G. Gomez, P.E.  
Vice President  
Engineering and Construction

**APPROVED:**

Robert R. Puente  
President/Chief Executive Officer

**Attachments:**

1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING THE PROPOSAL OF AND AWARDING A PROFESSIONAL SERVICES CONTRACT TO BLACK & VEATCH CORPORATION IN AN AMOUNT NOT TO EXCEED $3,988,945.00 FOR THE VISTA RIDGE INTEGRATION PROJECT, OWNER'S REPRESENTATIVE SERVICES; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $3,988,945.00 FROM THE SYSTEM'S PROJECT FUND FOR THE ENGINEERING SERVICES IN CONNECTION WITH THIS PROJECT; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH BLACK & VEATCH CORPORATION AND TO PAY BLACK & VEATCH CORPORATION AN AMOUNT NOT TO EXCEED $3,988,945.00 FOR THE ENGINEERING SERVICES IN CONNECTION WITH THE PROJECT; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE, AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Vista Ridge Integration Project (the “Project”) will deliver water from the Vista Ridge Regional Supply Project's integration points within the distribution system; and

WHEREAS, the Project consists of approximately 15 miles of transmission main beginning at the proposed pump station located at the Vista Ridge terminus facility in north Bexar County to the Basin Pump Station, with intermediate drop-off points at Bitters and Maltsberger Pump Stations; and

WHEREAS, the System requires professional engineering services relating to the preliminary design of the Project; and

WHEREAS, the System has solicited qualification statements for the required project engineering work; and

WHEREAS, Black & Veatch Corporation, a local non-SMWB firm, has been determined to be the most qualified provider of these engineering services on the basis of demonstrated competence and qualifications; and

WHEREAS, basic services will be provided for a lump sum of $3,644,026.00; and
WHEREAS, supplemental services will be provided for a fee not to exceed $344,919.00; and

WHEREAS, the San Antonio Water System’s Board of Trustees desires (i) to accept the proposal of and award a professional services contract to Black & Veatch Corporation in an amount not to exceed $3,988,945.00 for the engineering services in connection with the Vista Ridge Integration Project, Owner’s Representative Services, (ii) to authorize the expenditure of System funds in an amount not to exceed $3,988,945.00 for the design phase of the project engineering work, (iii) to make available a total amount not to exceed $3,988,945.00 from the System’s Project Fund for the engineering services in connection with this project, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a standard professional services contract with Black & Veatch Corporation and to pay an amount not to exceed $3,988,945.00 to Black & Veatch Corporation for engineering services in connection with this Project; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the proposal of Black & Veatch Corporation for the project engineering work in connection with the Vista Ridge Integration Project, Owner’s Representative Services is hereby accepted.

2. That a professional services contract in an amount not to exceed $3,988,945.00 is hereby awarded to Black & Veatch Corporation for the project engineering work in connection with the project.

3. That the expenditure of System funds in an amount not to exceed $3,988,945.00 for the project engineering work is hereby approved.

4. That an amount not to exceed $3,988,945.00 for the project engineering work is hereby made available, and is to be expended from the System's Project Fund.

5. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract for engineering services with Black & Veatch Corporation and to pay an amount not to exceed $3,988,945.00 to Black & Veatch Corporation for the project engineering work provided in connection with this project.

6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such a meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative, or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted.
without the portion held to be unconstitutional, illegal, invalid or ineffective.

8. That this resolution shall become effective upon its passage.

PASSED AND APPROVED this 1st day of November, 2016.

__________________________
Berto Guerra, Jr., Chairman

ATTEST:

__________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Tim Skoglund, P.E., Senior Director, Vista Ridge, and Genoveva G. Gomez, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVING CONTRACT AMENDMENT NO. 1 AND AUTHORIZING ADDITIONAL FUNDS FOR CONSULTING SERVICES IN CONNECTION WITH THE VISTA RIDGE TECHNICAL ADVISOR CONTRACT

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution approves Contract Amendment No. 1 and amends Resolution No. 16-192 by authorizing additional funds to an existing consulting contract with CH2M Hill Engineers, Inc. (CH2M), a local, non-SMWB firm, serving as Technical Advisor to the San Antonio Water System (the “System”) on the Vista Ridge Regional Supply Project. The amendment increases the contract by an amount of $4,100,000.00 to a total contract amount not to exceed $4,500,000.00.

- On August 2, 2016, by Resolution No. 16-192, the System’s Board of Trustees awarded a consulting contract to CH2M and authorized funds in the amount of $400,000.00 in connection with technical support of System’s responsibilities in and monitoring of the Vista Ridge Regional Supply Project. The funds authorized provided only for services needed through Financial Close of the Project. Now that the Project’s Financial Closing Date is imminent, full funding for the Technical Advisor is needed as the Project moves into the construction phase.

- The Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement (WTPA) places on the Vista Ridge Project Company (Project Company) the responsibility for developing, financing, constructing, and operating the project in exchange for a fixed price for water delivered and reimbursement of O&M costs incurred. After expiration of the WTPA at the end of the 30-year term, ownership of project assets will transfer to the System.

- The WTPA places upon the System the responsibility for establishing electric power service for project facilities to be constructed by the Project Company. Electric service is essential for completion and operation of the Project and must be ready for performance testing of the Project no later than 39 months following the Financial Closing Date of the WTPA.

- To ensure that the Project Company executes the project in a way that minimizes the System’s O&M cost obligations and conveys to the System a quality, well-maintained
system at the end of the WTPA term, the System needs the support of a Technical Advisor to assist in review and observation of the project as it moves through development, design, construction, and into operation. The Technical Advisor will also assist the System in technical communication and rate negotiation with the electric service providers who will supply electric power for project facilities.

- The WTPA provides the System with opportunities to review and comment on development and design documents generated by the Project Company, to observe construction progress to confirm conformance with WTPA standards, and to review water payments and O&M cost substantiation.

- The contract term of five years is anticipated to run through the remainder of the Development Phase, all of the Construction Phase, and approximately one year into the Operations Phase of the Project.

- Technical Advisor services that may be provided include:
  
  o Assistance Finalizing Appendices 3, 5, and 9
  o Risk and opportunity analysis of project modification options to optimize the System’s long-term cost and ownership of the infrastructure
  o Review of development documents (e.g. permits, governmental approvals, environmental studies, etc.)
  o Coordination of document review and construction observation efforts
  o Management, tracking, and archiving of documents and schedules
  o Review of design specifications and drawings
  o Construction document review (e.g. shop drawings, design modifications, etc.)
  o Water quality assessment and coordination with the System’s integration project
  o Specialty construction observation by civil, mechanical, process, electrical, and structural engineers
  o Facilities commissioning, performance test coordination, and troubleshooting
  o Support for the System in establishing electric service:
    – Evaluation of power grid infrastructure, service quality and reliability
    – Determination of needed upgrades to power grid and associated costs
    – Design review and construction observation of new power grid infrastructure, if any
    – Assistance during the System’s negotiation of electricity rates
  o Budget Panel support
  o O&M cost substantiation evaluation

- Because the System’s review and observation will largely be reactive to designs, schedules and timelines determined by the Project Company, the Technical Advisor’s services are being provided on a Time & Materials basis of payment. To maintain tight control on expenditures for this type of contract, staff will review Consultant’s periodic work plans, authorize work prior to performance, and conduct monthly meetings to review performance and budget status reports.
Staff recommends that the Board approve this resolution with execution of Amendment No. 1 by the President/Chief Executive Officer or his duly appointed designee being contingent upon the Project reaching Financial Close.

**FINANCIAL IMPACT:**

The availability of funds each year from FY 2016 through FY 2020 to be expended in connection with the amended contract is contingent upon appropriation each year by the System’s Board of Trustees. Once appropriated, expenditures will be funded with revenues from the System Fund. Services will be paid from the Vista Ridge Water Supply Project (Company: 1000, Accounting Unit: 5046500, Account Code: 511312).

**SUPPLEMENTARY COMMENTS:**

CH2M has proposed to subcontract approximately 23% of the total estimated contract value using the following SMWB firms:

- Grubb Engineering – assistance establishing and negotiating rates for electric service
- Foster CM Group – inspection and construction review
- S&GE – inspection and document management
- Hicks & Company – environmental document review
- Integrated Testing and Engineering Company – geotechnical review and materials testing

CH2M originally proposed to subcontract 35% of the total contract value using SMWB firms in large part to fulfill the RFQ requirement for construction inspection services. Staff’s subsequent decision to hire inspectors as direct employees has reduced CH2M’s SMWB participation estimate for the full scope of the proposed services to just below the 25% SMWB participation goal. The overall SMWB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Vista Ridge Technical Advisor</th>
<th>CH2M HILL ENGINEERS, INC.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMWB ANALYSIS – BOARD AWARD</strong></td>
<td></td>
</tr>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE–African American</td>
<td>8.00%</td>
</tr>
<tr>
<td>MBE–Asian</td>
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</tr>
<tr>
<td>MBE–Hispanic</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE–Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE–Minority</td>
<td>6.00%</td>
</tr>
<tr>
<td>WBE–Non–Minority</td>
<td>9.00%</td>
</tr>
<tr>
<td><strong>SMWB Total</strong></td>
<td><strong>23.00%</strong></td>
</tr>
</tbody>
</table>
Approval of Contract Amendment No. 1
Vista Ridge Technical Advisor Contract

Timothy E. Skoglund, P.E.
Senior Director – Vista Ridge
Engineering and Construction

Genoveva G. Gomez, P.E.
Vice President
Engineering and Construction

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING CONTRACT AMENDMENT NO. 1 TO THE EXISTING CONSULTING CONTRACT WITH CH2M HILL ENGINEERS, INC., FOR ADDITIONAL FUNDS IN AN AMOUNT NOT TO EXCEED $4,100,000.00 IN CONNECTION WITH TECHNICAL SUPPORT OF THE VISTA RIDGE REGIONAL SUPPLY PROJECT; AMENDING RESOLUTION NO. 16-192, BY APPROVING ADDITIONAL EXPENDITURES IN AN AMOUNT NOT TO EXCEED $4,100,000.00 FROM THE SYSTEM FUND CONTINGENT UPON ANNUAL APPROPRIATIONS; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE AN AMENDMENT TO THE CONSULTING CONTRACT WITH CH2M HILL ENGINEERS, INC., CONTINGENT UPON THE PROJECT REACHING FINANCIAL CLOSE, AND TO PAY AN ADDITIONAL AMOUNT NOT TO EXCEED $4,100,000.00 TO CH2M HILL ENGINEERS, INC.; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on August 2, 2016 by Resolution No. 16-192, the San Antonio Water System’s (the “System”) Board of Trustees authorized a consulting contract with CH2M Hill Engineers, Inc., and provided funds in the amount of $400,000.00 for services in connection with technical support of the Vista Ridge Regional Supply Project (the “Project”) through the Project’s Financial Closing Date; and

WHEREAS, the Project’s Financial Closing Date is imminent; and

WHEREAS, System has need for additional technical support in establishing electrical power service for the Project and in design review, construction observation, and operating cost evaluation during construction and operations phases of the Project; and

WHEREAS, the total additional funding in the amount of $4,100,000.00 is available from the System Fund contingent upon annual appropriation by the System’s Board of Trustees over the term of the contract increasing its total value to $4,500,000.00; and
WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve Contract Amendment No. 1 to the existing consulting contract with CH2M Hill Engineers, Inc., for additional expenditures in an amount of $4,100,000.00 in connection with technical support of the Vista Ridge Project, (ii) to amend Resolution No. 16-192, by authorizing additional expenditures of System funds in an amount of $4,100,000.00 for the additional consulting services, (iii) to make available an additional amount of $4,100,000.00 from the System Fund contingent upon annual appropriation by the System’s Board of Trustees over the term of the contract increasing its total value to $4,500,000.00, and (iv) to authorize the President/Chief Executive Officer or his duly appointed designee to execute an amendment to the consulting contract with CH2M Hill Engineers, Inc., for the additional consulting services contingent upon the Project reaching Financial Close, and to pay the additional amount of $4,100,000.00 to CH2M Hill Engineers, Inc., for the additional consulting services; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Contract Amendment No. 1 is hereby approved to authorize additional consulting services related to the existing contract with CH2M Hill Engineers, Inc., in an amount not to exceed $4,100,000.00 in connection with technical support of the Vista Ridge Project.

2. That Resolution No. 16-192 is hereby amended by authorizing additional consulting services in an amount not to exceed $4,100,000.00.

3. That an amount of $4,100,000.00 is hereby made available and to be expended from the System Fund for the additional consulting services contingent upon annual appropriation by the System’s Board of Trustees over the term of the contract increasing its total not to exceed value to $4,500,000.00.

4. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute an amendment to the consulting contract with CH2M Hill Engineers, Inc. contingent upon the Project reaching Financial Close, and to pay CH2M Hill Engineers, Inc., an amount not to exceed $4,100,000.00 for the additional consulting services.

5. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

6. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
7. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 1st day of November 2016.

__________________________________________
Berto Guerra Jr., Chairman

ATTEST:

__________________________________________
Ernesto Arrellano, Jr., Secretary
TO: San Antonio Water System Board of Trustees

FROM: Robert R. Puente, President/Chief Executive Officer

SUBJECT: SECOND AMENDMENT TO THE WATER TRANSMISSION AND PURCHASE AGREEMENT BETWEEN THE CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES (SAWS OR THE SYSTEM), AND VISTA RIDGE LLC; AND FINANCIAL CLOSING UNDER SAID AGREEMENT

Board Action Date: November 1, 2016

SUMMARY AND RECOMMENDATION:

The attached resolution approves the Second Amendment to the Water Transmission and Purchase Agreement, making certain modifications and conforming amendments to the Water Transmission and Purchase Agreement, delegates to the System’s President/Chief Executive Officer the authority to declare achievement of Financial Close under the Water Transmission and Purchase Agreement, and authorizes the execution of various agreements and documents related to the foregoing.

- The System and Vista Ridge LLC (formerly known as Abengoa Vista Ridge, LLC and now referred to herein as the Project Company) are parties to that certain Water Transmission and Purchase Agreement, dated as of November 2, 2014 and as amended on June 10, 2016 (such agreement, as amended, the WTPA). Capitalized terms used herein and not otherwise defined shall have the meaning provided for in the WTPA.
- Pursuant to the terms and provisions of the WTPA, the Project Company plans to produce, deliver and sell to the System up to 50,000 acre feet per year of potable water (Project).
- The WTPA provides for a Development and Financing Period during which time the Project Company is undertaking, at its sole cost, all required investigations, due diligence and Project development to permit Financial Close to occur. The deadline to achieve Financial Close is May 2, 2017. In the event that Financial Close does not occur by May 2, 2017, the System has the right to terminate the WTPA at no cost, and be paid its Reimbursable Costs, up to $2 Million.
- The WTPA provides the prerequisites to achievement of Financial Close thereunder (the Financial Close Conditions).
- The Project Company will enter into an Amended and Restated Public-Private Partnership Framework Agreement among the Project Company; the Central Texas Regional Water Supply Corporation (Water Supply Corporation); Garney Companies, Inc.; VRRSP Consultants, LLC; Pape-Dawson Engineers, Inc.; Sumitomo Mitsui Banking Corporation, as Administrative Agent and Collateral Agent, which provides for the various roles and responsibilities of such parties, and ownership of certain Project Assets by the Water Supply Corporation.
The Project Company has notified SAWS of its satisfaction of the Financial Close Conditions to a substantial degree and, as a result of such substantial satisfaction, has requested that SAWS recognize achievement and declare the occurrence of Financial Close under the WTPA.

In response to this Project Company request, SAWS has agreed to amend the Financial Close Conditions in the manner evidenced in the second amendment to the WTPA, a copy of which is attached to the Resolution as Exhibit A (Second Amendment).

The Second Amendment generally provides for the following:

- Conforming changes to reflect the current transaction and current financing structure
  - Definitions, financing document titles, Project Contracts
  - Revisions to Appendices to reflect the Project description, financing plan, sample payment calculations

- Completion of documents required to be updated at Financial Close
  - Appendices for Technical Specifications, Performance Test Procedures and Standards, Guaranteed Maximum Electrical Utilization and Demand, and Insurance Requirements

- Financial Close Condition Changes – deferral of certain obligations
  - Deferred delivery of the executed Operating Service Agreement until such time as the Operating Service Provider is chosen
  - Well Field Facilities Site Real Property Interests
    - Deferred until June 10, 2017 the obligation to acquire 2 acre sites around each of the wells to accommodate landowner concerns with well locations
  - Terminus Site
    - Acquisition of the entire Terminus Site will occur at Financial Close
    - SAWS will have a right of entry to the Terminus Site for SAWS’ due diligence purposes at Financial Close
    - Project Company will deliver SAWS a preliminary site plan dividing the SAWS Portion of the Terminus Site from Project Company portion of the Terminus Site at Financial Close, which will become final unless the parties agree to a revised site plan by January 6, 2017. The SAWS portion of the Terminus Site (platted lot) will be conveyed to SAWS by March 13, 2017 and the owners of the Terminus Site will execute a Reciprocal Easement Agreement for reciprocal use of portions of the Terminus Site
    - SAWS Interconnection Improvements Completion Date (~39 months to test and ~42 months to pay for water) will be extended if mitigation measures required to be completed by the Project Company at Terminus Site causes SAWS a delay in completing its improvements at the Terminus Site
Second Amendment to the Water Transmission and Purchase Agreement for the Vista Ridge Regional Water Supply Project

- Post Oak Savannah Ground Water Conservation District Groundwater (POSGCD) Permits
  - At Financial Close, the Project Company must have a Permit issued by POSGCD that expires on or after September 11, 2044, for the Drilling and Operating Permit, and September 15, 2034, for the Transportation Permit
  - If by September 15, 2031, the Transportation Permit has not been extended beyond September 15, 2034, and all the Senior Debt has been repaid, then SAWS can deduct $50 million from the water purchase payments

- Amendment to Parent Company Guaranty
  - Guaranty from Garney Holding Company amended to provide that if SAWS terminates the WTPA because of a Project Company default for failure to timely perform certain deferred obligations (well field site property and easement acquisitions and terminus site conveyance), in addition to damages that SAWS would be entitled to, Garney Holding Company will be obligated to pay SAWS damages, up to $2 million.

- In addition, the Resolution authorizes the System’s President and Chief Executive Officer to execute certain other documents related to the transaction, including, without limitation:
  - Creditor’s Remedies Agreement: This document, by and between SAWS and the Project Lenders (and joined by the Project Company and the Water Supply Corporation), establishes the process for Lender “step-in” rights to cure defaults under the WTPA, and for Lender substitution of a new project company in the event of Lender foreclosure under their lien.
  - Stand-By Deed of Trust: This document grants the System a lien over the Project Assets to secure the conveyance obligations to SAWS under the WTPA and the Real Property Conveyance Agreement (between SAWS and the Water Supply Corporation, being the RPCA); that is, if the Project Assets are not conveyed to SAWS when and in the title condition required by the WTPA and RPCA, SAWS can foreclose the lien and take the Project Assets.
  - Lien Priority Agreement: This document, by and between SAWS and the Project Lenders, establishes the relationship between the SAWS Stand-By Deed of Trust and the Lender’s lien, providing in particular, that the SAWS Stand-By Deed of Trust will survive Lender foreclosure.
  - Amended Guaranty Agreement: This document provides for the extension of the Guaranty to SAWS from Garney Holding Company to cover performance of certain limited obligations of the Project Company after Financial Close.
  - Reciprocal Easement Agreement: This document grants certain rights of joint use of the Terminus Site by the owners of the Terminus Site at the time of conveyance of the SAWS Portion of the Terminus Site.
• **Deed to SAWS Portion of the Transmission Pipeline Terminus Site:** This document will convey to SAWS its portion of the Terminus Site and certain easements related thereto.

• **Substitution Agreements for Design Build Contractor and Operating Service Provider:** These agreements provide SAWS certain rights with the Design Build Firm and the Operating Service Provider in the event of a termination of the WTPA.

• The System will also be required to execute certain other additional agreements, documents and certifications necessary to implement the effect of declaring Financial Close, such as Memorandum of Agreements, Contract Administrative Memoranda, notices and similar documents.

SAWS staff recommends approval of the attached resolution approving the Second Amendment to the WTPA, allowing for execution of the Second Amendment to the WTPA and various associated documents, and delegating to the SAWS President and Chief Executive Officer the authority to declare Financial Close under the WTPA upon determination, in his discretion, of the satisfaction of the Financial Close Conditions, provided that such authority to declare Financial Close shall expire if not exercised by 11:59 p.m., Central Time, on November 15, 2016.

**FINANCIAL IMPACT:**

This specific proposed action authorizes the System’s President and CEO to determine that the conditions to Financial Close have occurred, and declare Financial Close has occurred, after which time the Project moves to the Construction Period. After Financial Close, the System 1) will begin construction of the improvements required to integrate the Project water into the SAWS distribution system, anticipated to cost approximately $143.5 million, and 2) will pay for all Project water made available pursuant to the terms of the WTPA. At the full delivery of 50,000 acre feet per year, the total annual groundwater price during the thirty (30) year term of the WTPA is $80,300,000, plus the operating, maintenance and electric costs, currently estimated to be approximately $18,000,000 per year, subject to final discussions and negotiations with the ultimate Operating Service Provider and electric utilities.
San Antonio City Council approved a Water Supply Fee Plan through 2020, including establishing a 'not-to-exceed' Water Supply Fee which will ensure sufficient revenues are in place to cover the necessary envisioned expenses associated with the Project.

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO. __________

A RESOLUTION OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES CONSENTING TO AND APPROVING AMENDMENTS TO THE WATER TRANSMISSION AND PURCHASE AGREEMENT BETWEEN THE CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM, AND VISTA RIDGE LLC; DELEGATING TO THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE SYSTEM THE AUTHORITY TO DECLARE ACHIEVEMENT OF FINANCIAL CLOSE UNDER THE AGREEMENT; AUTHORIZING THE EXECUTION OF AGREEMENTS AND DOCUMENTATION RELATED TO THE FOREGOING; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City Council (the City Council) of the City of San Antonio, Texas (the City) previously established a component unit of the City known as the San Antonio Water System (SAWS or the System) for the purpose of operating and maintaining the City’s water and wastewater utility system, which component unit is under the management and control of the Board of Trustees (the Board) established and created pursuant to the provisions of Ordinance No. 75686 adopted by the City Council on April 30, 1992;

WHEREAS, the City, acting by and through the Board, and Vista Ridge LLC (formerly known as Abengoa Vista Ridge, LLC and now referred to herein as the Project Company) are parties to that certain Water Transmission and Purchase Agreement, dated as of November 2, 2014 and as amended on June 10, 2016 (such agreement, as amended, the WTPA); and

WHEREAS, the initial execution of the WTPA, as well as the amendment thereto, has been approved by requisite action of the City Council (Ordinance No. 2014-10-30-0818 adopted on October 30, 2014) and the Board (Resolution No. 14-269 adopted on September 29, 2014, Resolution No. 14-274 adopted on October 15, 2014, and Resolution No. 16-138 adopted on May 18, 2016), which respective actions of the City Council and the Board are hereafter referred to as the Prior Authorization; and

WHEREAS, the WTPA provides the prerequisites to achievement of Financial Close thereunder (the Financial Close Conditions); and

WHEREAS, the Project Company has notified SAWS of its satisfaction of the Financial Close Conditions to a substantial degree and, as a result of such substantial satisfaction, has requested that SAWS recognize achievement and declare the occurrence of Financial Close under the WTPA; and

WHEREAS, in response to this Project Company request, SAWS has agreed to amend the Financial Close Conditions in the manner evidenced in the second amendment to the WTPA, a copy of which is attached hereto as Exhibit A (the Second Amendment); and

WHEREAS, no WTPA amendments effectuated pursuant to the Second Amendment constitute a Reserved Amendment (as such term is defined in Resolution No. 16-138 of the Board previously incorporated by reference herein); and
WHEREAS, the declaration of achievement of Financial Close under the WTPA requires the execution of collateral agreements and documentation determined by SAWS to be necessary and desirable to implement the effect of a declaration of achievement of Financial Close under the WTPA; and

WHEREAS, the Board hereby finds and determines that the adoption of this Resolution is in the best interests of the residents of the City and the System's customers; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE SAN ANTONIO WATER SYSTEM THAT:

SECTION 1. Approval of Second Amendment. Pursuant to, in accordance with, and under authority provided by the WTPA and the Prior Authorization, the Second Amendment (a final version of which is attached hereto as Exhibit A) is hereby approved by the Board. As a result and in reflection of such approval, references to the WTPA in the remainder of this Resolution shall mean the WTPA, as amended by the Second Amendment.

SECTION 2. Approval of Related Agreements. To implement the effect of the declaration of achievement of Financial Close under the WTPA, the WTPA requires the execution and delivery of additional agreements, documents, and certifications (including, but not limited to, those documents identified in and appended to this Resolution under Exhibit B hereto). For such reason, the Board hereby approves the execution of such agreements, documentation, and certificates.

SECTION 3. Delegation Authority. The Board hereby delegates to the President and Chief Executive Officer of the System or the authorized designee thereof (any of the foregoing, an Authorized Official) the authority to declare Financial Close under the WTPA upon determination, in his discretion, of the satisfaction of the Financial Close Conditions. In addition, the Board hereby authorizes an Authorized Official to take such action, including the authority to execute any necessary documentation (being the agreements and other documentation identified and/or referenced in Sections 1 and 2 above), to effectuate the authorizations and directives of the Board herein made. Any action taken by an Authorized Official to effectuate such provisions, including (without limitation) execution of agreements and other documentation on behalf of the Board, shall serve as evidence of the act and deed of the Board for any and all purposes.

SECTION 4. Time of the Essence. Because of the necessity to achieve finality of the matters that are the subject of this Resolution, the Board hereby directs that the actions hereunder approved be undertaken by an Authorized Official on the earliest permissible date and time subsequent to the Board's approval hereof, subject to an Authorized Official's determination that necessary prerequisites to any such action have theretofore occurred. Notwithstanding the foregoing, the authorization herein granted to an Authorized Official shall expire if not exercised by 11:59 p.m., Central Time, on November 15, 2016; provided, however (and only if achievement of Financial Close under the WTPA is declared by such previously-identified time), an Authorized Official's authority to execute those agreements identified in Exhibit B that will have an effective date subsequent to the date of achievement of Financial Close (and agreements,
certificates, consents, variances, waivers, approvals, and other documents ancillary or related thereto) shall extend for the duration of the WTPA, so long as it remains valid, binding, and in effect.

SECTION 5. **Essentiality of Water Resources.** The Board hereby affirms its position that the Project water to be made available pursuant to the WTPA is necessary and essential to the present and future operation and planning of the System in order to produce water resources to meet the current and projected needs of the System’s customers.

SECTION 6. **Inconsistent Provisions.** All resolutions and ordinances, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters ordained herein.

SECTION 7. **Governing Law.** This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 8. **Severability.** If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 9. **Definition of Terms.** Capitalized terms used herein without definition shall have the meaning ascribed thereto in the WTPA.

SECTION 10. **Incorporation of Preamble Recitals.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals and other statements therein are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 11. **Public Meeting.** It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 12. **Effective Date.** This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

* * *
PASSED AND APPROVED this 1st day of November, 2016.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Ernesto Arrellano Jr., Secretary
EXHIBIT A

SECOND AMENDMENT TO WATER TRANSMISSION AND PURCHASE AGREEMENT
THIS SECOND AMENDMENT TO THE VISTA RIDGE REGIONAL SUPPLY PROJECT WATER TRANSMISSION AND PURCHASE AGREEMENT (this “Amendment”) is made and dated as of November [____], 2016, between the City of San Antonio, Texas (the “City”) acting by and through the San Antonio Water System Board of Trustees, established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq. and Chapter 1502, as amended, Texas Government Code (“SAWS”), and Vista Ridge LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Project Company”).

RECITALS

WHEREAS, the City acting by and through SAWS and the Project Company have entered into the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement, dated as of November 4, 2014, as amended (the “Water Transmission and Purchase Agreement”), whereby the Project Company has agreed to produce, treat, make available and sell to SAWS potable water on a long term basis, all as more particularly described therein; and

WHEREAS, the Water Transmission and Purchase Agreement was amended on June 10, 2016, in connection with the acquisition by Garney P3 LLC of a majority interest in the Project Company and SAWS consent thereto; and

WHEREAS, the City acting by and through SAWS and the Project Company desire to further amend the Water Transmission and Purchase Agreement to make certain changes, including, without limitation, conforming changes in connection with the Project Company’s financing of the water supply project and the occurrence of Financial Close.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1. DEFINITIONS. All capitalized terms used and not otherwise defined herein have the meanings set forth in the Water Transmission and Purchase Agreement.

SECTION 2. AMENDED WATER TRANSMISSION AND PURCHASE AGREEMENT PROVISIONS.

The Water Transmission and Purchase Agreement is hereby amended by inserting or deleting, as applicable, the marked changes set forth on the blackline attached hereto as Attachment A.

SECTION 3. CONFORMED WATER TRANSMISSION AND PURCHASE AGREEMENT. Promptly following the execution of this Amendment, the parties shall execute a Contract Administration Memorandum which will contain a conforming Water Transmission and Purchase Agreement reflecting the changes contained herein for the administrative purposes of the parties.

SECTION 4. OTHER TERMS OF WATER TRANSMISSION AND PURCHASE AGREEMENT REMAIN IN EFFECT. All terms and conditions of the Water Transmission and Purchase Agreement which are not expressly modified or deleted by the terms of this Amendment shall remain in effect.
SECTION 5. **INTERPRETATION.** The interpretation provisions set forth in Section 1.2 of the Water Transmission and Purchase Agreement will apply, mutatis mutandis, to any interpretation of this Amendment.

SECTION 6. **BINDING EFFECT.** This Amendment shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the parties.

SECTION 7. **NO REFERENCE REQUIRED.** All notices, communications, agreements, certificates, documents or other instruments executed and delivered after the execution and delivery of this Amendment may refer to the Water Transmission and Purchase Agreement without making specific reference to this Amendment, but nevertheless all such references shall include this Amendment unless the context requires otherwise.

SECTION 8. **COUNTERPARTS.** This Amendment may be executed in counterparts, which together shall constitute one and the same instrument.

SECTION 9. **DUE AUTHORIZATION, EXECUTION AND DELIVERY.** This Amendment has been duly authorized, executed and delivered by all necessary action of each party.

[Signature page follows]
IN WITNESS WHEREOF, the parties have caused this Second Amendment to the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement to be executed by their duly authorized representatives as of the date first set forth above.

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES

BY: ____________________________
Name: Robert R. Puente
Title: President and Chief Executive Officer

VISTA RIDGE LLC

BY: ____________________________
Name: Scott A. Parrish
Title: President
ATTACHMENT A

Attached are blacklines of the following articles of the Water Transmission and Purchase Agreement and Appendices and Transaction Forms to the Water Transmission and Purchase Agreement that were modified pursuant to this Amendment. Items that are not listed below or attached hereto remain unchanged pursuant to this Amendment.

1. Recitals of the Water Transmission and Purchase Agreement
2. Article 1 of the Water Transmission and Purchase Agreement
3. Article 2 of the Water Transmission and Purchase Agreement
4. Article 4 of the Water Transmission and Purchase Agreement
5. Article 6 of the Water Transmission and Purchase Agreement
6. Article 7 of the Water Transmission and Purchase Agreement
7. Article 8 of the Water Transmission and Purchase Agreement
8. Article 9 of the Water Transmission and Purchase Agreement
9. Article 10 of the Water Transmission and Purchase Agreement
10. Article 13 of the Water Transmission and Purchase Agreement
11. Article 14 of the Water Transmission and Purchase Agreement
12. Article 17 of the Water Transmission and Purchase Agreement
13. Article 18 of the Water Transmission and Purchase Agreement
14. Article 23 of the Water Transmission and Purchase Agreement
15. Article 26 of the Water Transmission and Purchase Agreement
16. Appendix 1 (Description of the Project)
17. Appendix 2 (Governmental Approvals)
18. Appendix 3 (Technical Specifications)
19. Appendix 4 (Design and Construction Review Procedures, Commissioning and Substantial Completion)
20. Appendix 5 (Performance Test Procedures and Standards)
21. Appendix 6 (Operating and Maintenance Standards)
22. Appendix 7 (Insurance Requirements)
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WATER TRANSMISSION AND PURCHASE AGREEMENT

between

THE CITY OF SAN ANTONIO, TEXAS

ACTING BY AND THROUGH
THE SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES

and

ABENGOA VISTA RIDGE, LLC

Dated
November 4, 2014
As Amended on
June 10, 2016

And as Further Amended on November __, 2016
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VISTA RIDGE REGIONAL SUPPLY PROJECT
WATER TRANSMISSION AND PURCHASE AGREEMENT

This VISTA RIDGE REGIONAL SUPPLY PROJECT WATER TRANSMISSION AND PURCHASE AGREEMENT is entered into on November 4, 2014, and amended on June 10, 2016 and further amended on November __, 2016, between the City of San Antonio, Texas (the “City”), acting by and through the San Antonio Water System Board of Trustees established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq. and Chapter 1502, as amended, Texas Government Code (“SAWS”), and Abengoa-Vista Ridge, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Project Company”).

RECITALS

WHEREAS, the City and SAWS have determined that it is in the City’s and SAWS’ best interests to contract with a private entity to supplement and diversify SAWS’ existing and projected water inventory; and

WHEREAS, the water supply project will consist of the production, treatment, delivery and sale to SAWS of up to 50,000 acre-feet per year of potable water on a long term basis, based on the acquisition of water rights and the design, construction, financing, operation and maintenance of new production wells, pumping stations, raw water collection and transmission pipelines, storage tanks and appurtenant facilities; and

WHEREAS, pursuant to Section 252.021 of the Texas Local Government Code, SAWS issued on January 14, 2011, Solicitation No. P-11-003-DS entitled Request for Competitive Sealed Proposals Regarding the Provision and Delivery of Alternative Water Supplies for the purpose of bringing SAWS’ future water supply needs to the marketplace and inviting proposals for potential non-Edwards Aquifer supplies to be compared, selected or rejected on a competitive basis; and

WHEREAS, SAWS received nine responses to the solicitation on July 22, 2011, from a variety of public and private vendors, including a response submitted by Abengoa Water USA, an Affiliate of the Project Company; and

WHEREAS, on March 8, 2013, SAWS issued Addendum #1 to the solicitation and received revised proposals in response to Addendum #1; and

WHEREAS, SAWS engaged in a comprehensive evaluation of the competing proposals in accordance with the criteria of the solicitation; and

WHEREAS, at its July 1, 2014 meeting, the Board of Trustees accepted the proposal by the Project Company in response to the solicitation on the basis that it was the most advantageous to SAWS and the City considering the evaluation factors set forth in the solicitation, subject to the negotiation of an acceptable contract and receipt of required support from the City Council; and

WHEREAS, in July, 2014 negotiations were initiated with the Project Company, which negotiations have concluded with this Water Transmission and Purchase Agreement; and

WHEREAS, on September 29, 2014 and October 15, 2014, the Board of Trustees adopted Resolution Number 14-269 and 14-274, respectively, authorizing the
execution and delivery of this Water Transmission and Purchase Agreement and requesting its approval by the San Antonio City Council; and

WHEREAS, on October 30, 2014, by Ordinance, the San Antonio City Council approved this Water Transmission and Purchase Agreement; and

WHEREAS, SAWS desires to purchase and take delivery of, and the Project Company desires to produce, transport, make available and sell potable water in accordance with this Water Transmission and Purchase Agreement; and

WHEREAS, the Project Company intends to cause a Texas non-profit water supply corporation to be formed in a manner consistent with Texas Water Code 49.222(a) for the purpose of acquiring easements, rights of way and other interests necessary to construct and own a transmission line for the transportation of potable water to SAWS for the public use of the citizens of San Antonio and regional communities; and

WHEREAS, payment of the monthly water purchase payments and all other amounts payable hereunder by SAWS to the Project Company will be made solely from revenues of SAWS available thereto under City Ordinance No. 75686, and shall not be an obligation of the City’s general fund, any other City enterprise fund or any other asset or revenue of the City; and

WHEREAS, this Water Transmission and Purchase Agreement was amended on ________June 10_____, 2016, in connection with the acquisition by Garney P3 LLC of a majority interest in the Project Company and SAWS consent thereto; and

WHEREAS, this Water Transmission and Purchase Agreement was further amended on November ____, 2016, in connection with the Project Company’s financing of the water supply project;

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto, intending to be legally bound, covenant and agree as follows:
“Collection Pipelines Rights-of-Way” means the 50 feet-wide rights-of-way in the Well Field Facilities Site within which the Collection Pipelines and roads to the Well Field Facilities are to be constructed.

“Commercial Operation Date” has the meaning set forth in Section 8.6(D) (Commercial Operation Date).

“Commercial Operation Longstop Date” has the meaning set forth in Section 8.6(B) (Commercial Operation Longstop Date Defined).

“Commissioning Plan” has the meaning set forth in Section 4.9.1 (General Commissioning Plan Requirements) of Appendix 4 (Design and Construction Review Procedures, Commissioning and Substantial Completion) and in Section 8.1(B) (Commissioning Plan).

“Compensable Costs” has the meaning set forth in Section 17.3(A) (General Principles).

“Compensation Adjustment Event” has the meaning set forth in Section 17.8 (Form of Compensation Adjustment For Events Occurring After the Conforming Contract Amendment Date).

“Confidential Project Company Information” has the meaning set forth in Section 26.13 (SAWS’ Confidentiality Obligations).

“Confidential SAWS Information” has the meaning set forth in Section 26.12 (Project Company’s Confidentiality Obligations).

“Conforming Contract Amendment” means the amendment of this Water Transmission and Purchase Agreement to make conforming changes in connection with SAWS consent to the Change-in-Control effectuated by the Membership Interest and Purchase Agreement.

“Conforming Contract Amendment Date” means June ____10, 2016, the date on which this Water Transmission and Purchase Agreement was amended by the Conforming Contract Amendment.

“Construction Governmental Approvals” means all Governmental Approvals required from time to time during the Construction Period for the commencement and continuance of the Construction Work, excluding the Project Company Public Water Supplier Designation.

“Construction Management Agreement” means the Construction Management Agreement, dated April 10, 2015, between the Project Company and the Water Supply Corporation.

“Construction Period” means the period from and including the Financial Closing Date through the Commercial Operation Date.

“Construction Quality Management Plan” means the Project Company’s plan for quality assurance and quality control in implementing the Construction Work to be developed in accordance with the requirements set forth in Section 4.7 (Quality
(10) Applicable written equipment manufacturers’ specifications;

(11) Applicable Insurance Requirements; and

(12) Any other standard, term, condition or requirement specifically provided in this Water Transmission and Purchase Agreement to be observed by the Project Company.

Section 1.2(X) (Applicability, Stringency and Consistency of Contract Standards) shall govern issues of interpretation related to the applicability and stringency of the Contract Standards.

“Contract Year” means each of:

(1) The period from the Contract Date to the next December 31;

(2) Each subsequent period of 12 calendar months commencing on January 1; and

(3) The period from January 1 in the year in which this Water Transmission and Purchase Agreement expires or is terminated (for whatever reason) to and including the Termination Date.

Any computation made or requirement established on the basis of a Contract Year shall be adjusted on a pro rata basis to take into account any Contract Year of less than 365 or 366 days, whichever is applicable.

“Conveyance Litigation” means litigation relating to the conveyance of the Project Assets, including any failure to convey the Project Assets to SAWS.

“Cost Substantiation” has the meaning described in Section 17.14 (Cost Substantiation).

“Counties” means each of the counties in which the Project Sites are located, including Burleson, Lee, Bastrop, Caldwell, Guadalupe, Comal and Bexar Counties.

“Credit Agreement” means the Credit Agreement among the Project Company, the Water Supply Corporation, the Lenders, and the DSRA L/C Issuing Banks party thereto from time to time, and Sumitomo Mitsui Banking Corporation, as administrative agent, executed and delivered by the parties thereto on the Financial Closing Date.

“Creditors’ Remedies Agreement” means the creditors’—remedies agreement Creditors’ Remedies Agreement to be entered into on or before the Financial Closing Date between among SAWS, the Senior Debt Creditors and the Project Company pursuant to Section 4.1(B) (Financial Closing Date Conditions Defined, the form of which is attached hereto as Transaction Form H (Creditors’ Remedies Agreement).

“Cross County Water Supply Corporation” means the Cross County Water Supply Corporation, a not-for-profit water supply corporation organized and existing under Chapter 67 of the Texas Water Code.
“Daily Delivered Water Units” has the meaning specified in Section 10.3 (Product Water Supply and Demand Definitions).

“Daily Maximum Volume” has the meaning specified in Section 10.3 (Product Water Supply and Demand Definitions).

“Deductions” means those deductions from the otherwise applicable Monthly Water Purchase Payments that SAWS is permitted to take as offsets (1) on account of a failure by the Project Company to obtain an extension of the Groundwater Transportation Permit, pursuant to Section 9.8(G) (Deductions for Failure to Obtain a Groundwater Transportation Permit Extension); (2) on account of SAWS having taken delivery of Off-Specification Water, pursuant to Section 10.2(D) (Remedies for Breach of Product Water Quality Guarantee – Off-Specification Product Water); and (3) on account of any electrical power consumption of the Project exceeding the Guaranteed Maximum Electricity Utilization and Guaranteed Maximum Electricity Demand pursuant to Appendix 9 (Guaranteed Maximum Electricity Utilization and Demand).

“Deductions Credit” has the meaning set forth in Section 17.6 (Deductions Credit).

“Demand Shortfall Units” has the meaning specified in Section 10.3 (Product Water Supply and Demand Definitions).

“Depositary Agreement” means the Collateral Agency and Depositary Agreement among the Project Company, the Water Supply Corporation and various agents executed and delivered by the parties thereto on the Financial Closing Date.

“Design Build Contractor” means Garney Companies, Inc.

“Design Documents” means the Project Company’s plans, drawings, shop drawings, record drawings, specifications, sketches, graphic representations, calculations, electronic files and other design documents prepared in connection with the Construction Work.

“Design Requirements” means the design requirements for the Project set forth in Appendix 3 (Technical Specifications).

“Design Requirements Change” means a change in the Design Requirements made between the Financial Closing Date and the Commercial Operation Date (1) as a result of a Project Company request agreed to by SAWS pursuant to Section 5.7 (Project Company-Requested Design Requirements Changes), or (2) at the request of SAWS pursuant to Section 5.8 (SAWS-Requested Design Requirements Changes).

“Development and Financing Period” means the period from and including the Contract Date through the Financial Closing Date.
Purchase Agreement under collective bargaining agreements, employment agreements or under any other agreements with employees of the Project Company, including severance (whether accrued or not) and vacation pay accrued.

“Encumbrance” means any Lien, lease, mortgage, security interest, charge, judgment, judicial award, attachment or encumbrance of any kind with respect to the Project.

“End of Term Performance Evaluation Period” has the meaning set forth in Section 11.6(D) (Applicable End of Term Performance Evaluation Period).

“End of Term Performance Evaluation Requirements” has the meaning set forth in Section 11.5.2 (End of Term Performance Evaluation Requirements) of Appendix 11 (End of Term Project Condition Requirements).

“Environmental Mitigation Measures” means any environmental mitigation measures set forth in the Governmental Approvals required to be obtained by the Project Company.

“EPA” means the United States Environmental Protection Agency and any successor agency.

“EPC Agreement” means the Engineering, Procurement and Construction Agreement to be entered into between the Water Supply Corporation or the Project Company, pursuant to the Construction Management Agreement, and the EPC Contractor on or before the Financial Closing Date.

“EPC Contractor” means Garney Companies, Inc., or another design and construction company that is an Affiliate of Garney Holding Company and that is reasonably acceptable to SAWS.

“Equity Contribution Agreement” means the Equity Contribution Agreement to be entered into on or before the Financial Closing Date between among the Project Company, the Shareholders, and the Senior Debt Creditors pursuant to Section 4.1(B) (executed and delivered by the parties thereto on the Financial Closing Date Conditions Defined).

“Excess Product Water” has the meaning set forth in Section 10.3 (Product Water Supply and Demand Definitions).

“Excluded Assets” has the meaning set forth in Section 12.5 (Excluded Assets) of Appendix 12 (Project Assets and Liabilities).

“Excluded Liabilities” has the meaning set forth in Section 12.7 (Excluded Liabilities) of Appendix 12 (Project Assets and Liabilities).

“Excused Supply Shortfall Units” has the meaning specified in Section 10.3 (Product Water Supply and Demand Definitions).

“Exit Performance Test” has the meaning set forth in Section 11.6(C) (Non-Compliance With End of Term Performance Evaluation Requirements).
“Expiration Date” means (1) the date that is 30 years following the Commercial Operation Date, or (2) such later date not to exceed 50 years following the Commercial Operation Date as may be established pursuant to Section 10.7 (Extension of Term).

“Fees and Costs” means reasonable fees and expenses of employees, attorneys, architects, engineers, expert witnesses, contractors, consultants and other persons, and costs of transcripts, printing of briefs and records on appeal, copying and other reimbursed expenses, and expenses reasonably incurred in connection with investigating, preparing for, defending or otherwise appropriately responding to any Legal Proceeding.

“Final Completion” means completion of the Construction Work in compliance with the Design Requirements and the requirements of Section 8.8 (Final Completion).

“Financial Close” has the meaning set forth in Section 4.1(B)(25) (Financial Close).

“Financial Close Contract Amendment” means the amendment of this Water Transmission Purchase Agreement to make conforming changes in connection with the occurrence of Financial Close.

“Financial Close Contract Amendment Date” means November __, 2016, the date in which this Water Transmission and Purchase Agreement was amended by the Financial Close Contract Amendment.

“Financial Close Financial Model” means the financial model delivered on or before the Financial Closing Date which meets the requirements set forth in Section 4.1(B)(25) (Financial Close).

“Financial Closing Date” has the meaning set forth in Section 4.3(A) (Satisfaction of the Financial Closing Date Conditions and Establishment of Financial Closing Date).

“Financial Closing Date Conditions” has the meaning set forth in Section 4.1(B) (Financial Closing Date Conditions Defined).

“Financial Closing Longstop Date” has the meaning set forth in Section 4.3(B) (Financial Closing Longstop Date Defined).

“Fitch” means Fitch Ratings Ltd., or any of its successors and assigns. If such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally-recognized securities rating agency designated by SAWS.

“Fixed Compensable Costs” has the meaning set forth in Section 17.3(B) (Determination of Compensable Costs).

“Flow Rate” means the rate of flow of Product Water delivered to SAWS measured at the Project Flow Meter, and expressed in CFS.
“Force Majeure Event” has the meaning set forth in Section 5.2(D) (Force Majeure Events).

“GAAP” means generally accepted accounting principles in effect and consistently applied in the United States (including the accounting recommendations published in the Handbook of the American Institute of Certified Public Accountants).

“Garney Change-in-Control” has the meaning set forth in subsection 24.6(A) (Garney Change-in-Control Defined).

“Garney Companies, Inc.” means Garney Companies, Inc., a corporation organized and existing under the laws of the State of Missouri.

“Garney Holding Company” means Garney Holding Company, a corporation organized and existing under the laws of the State of Missouri.


“Garney P3 LLC” means Garney P3 LLC, a limited liability company organized and existing under the laws of the State of Missouri.

“Good Engineering and Construction Practice” means those methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally recognized and accepted as good practice in the design and construction of drinking water wells, treatment and pumping facilities and pipelines as observed in the State.

“Good Management Practice” means the methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally recognized and accepted as good operation, maintenance, repair, replacement and management practices as observed for drinking water wells, treatment and pumping facilities, and pipelines as observed in the State.

“Governmental Approvals” means all permits, licenses, authorizations, consents, certifications, exemptions, rulings, entitlements and approvals issued by a Governmental Body of whatever kind and however described which are required under Applicable Law to be obtained or maintained by any person with respect to the Contract Obligations.

“Governmental Body” means any federal, State, regional or local legislative, executive, judicial or other governmental board, department, agency, authority, commission, administration, court or other body (including SAWS, acting in its governmental capacity other than as a party to this Water Transmission and Purchase Agreement), or any official thereof, having jurisdiction in any way over or in respect of any aspect of the performance of this Water Transmission and Purchase Agreement or the Project. A Governmental Body includes the POSGCD and any other Governmental Body with jurisdiction over Raw Groundwater or the Project Site Conveyance Instruments.
“Groundwater Drilling and Operating Permit” means the Amended and Restated Drilling and Operating Permit (Permit No. POS-D&O/A&M-0001), issued and effective on January 13, 2008, by Director of the Board of Trustees of the POSGCD to Blue Water Systems, LP, or a successor Drilling and Operating Permit to be issued by POSGCD to the Project Company as a partial replacement of the foregoing permit.

“Groundwater Lease Conveyance Agreement” means the Groundwater Lease Conveyance Agreement, dated January 31, 2015, between the Project Company; Blue Water Vista Ridge, LLC; Blue Water Regional Supply Project LP; and the Master Lease Trust, attached hereto as Reference Document 2 (Groundwater Lease Conveyance Agreement).

“Groundwater Leases” means the leases listed in Exhibit A to Reference Document 2 (Groundwater Lease Conveyance Agreement).

“Groundwater Lessee” means Blue Water Vista Ridge, LLC or the Master Lease Trust, as assignee.

“Groundwater Lessors” means the owners of the fee interest in the Raw Groundwater and the lessors under the Groundwater Leases.

“Groundwater Supply Agreement” means the Groundwater Supply Agreement, dated November 4, 2014, between SAWS and Blue Water Vista Ridge, LLC, executed in substantially the form set forth as Transaction Form E (Groundwater Supply Agreement).

“Groundwater Transportation Permit” means the Amended Permit to Transport Groundwater from within the POSGCD (Permit No. POS-T-0001), issued by the Board of Trustees of the POSGCD to Blue Water Systems, LP on September 14, 2004 and amended effective September 14, 2010, or any new permit issued to the Project Company that allows the Project Company to transport Raw Groundwater from the POSGCD, or a successor Groundwater Transportation Permit to be issued by POSGCD to the Project Company as a partial replacement of the foregoing permit.

“Guaranteed Maximum Annual Electricity Costs” means the Project Company’s guaranteed maximum annual electricity costs for the Project for which SAWS is responsible and which are calculated based on the applicable Guaranteed Maximum Electricity Utilization, the Guaranteed Maximum Electricity Demand, Product Water delivered, and the electricity provider’s applicable per unit electric rate, all as provided in Section 17.11(B) (Annual Settlement of Electricity Costs).

“Guaranteed Maximum Electricity Demand” has the meaning specified in Appendix 9 (Guaranteed Maximum Electricity Utilization and Demand).

“Guaranteed Maximum Electricity Utilization” has the meaning specified in Appendix 9 (Guaranteed Maximum Electricity Utilization and Demand).

“Guaranty Agreement” means the Guaranty Agreement, dated the Conforming Contract Amendment Date, between executed and delivered by Garney Holding Company and SAWS, executed on the Conforming Contract Amendment Date and as amended on the Financial Closing Date in the form set forth as Transaction Form A (Garney Guaranty Agreement).
“Hazardous Substance” means any hazardous waste, hazardous product, contaminant, toxic substance, deleterious substance, dangerous good, pollutant, waste, reportable substance, and any other substance, in respect of which the storage, manufacture, handling, disposal, treatment, generation, use, transport, remediation or release into or presence in the environment is prohibited, controlled or regulated under Applicable Law pertaining to the environment or otherwise, or is capable of causing harm to human health or the environment, including “hazardous substances” as defined under CERCLA and “hazardous waste” as defined under RCRA.

“Hazardous Substance Management Program” means the written Hazardous Substances management program developed by the Project Company during the Construction Period in accordance with Appendix 4 (Design and Construction Review Procedures, Commissioning and Substantial Completion), and updated during the Operating Period.

“High Service Pump Station” means the high service pump station, cooling tower, water treatment facilities, tanks and related and appurtenant facilities to be constructed on the High Service Pump Station Site for the collection, treatment and storage of Raw Groundwater prior to its conveyance as Product Water to the Transmission Pipeline System, as further described in Appendix 1 (Description of the Project).

“High Service Pump Station Site” means the site of approximately 18 acres upon which the High Service Pump Station is to be constructed.

“Income Tax” means any tax imposed on the income of a person by any federal, State or local Governmental Body.

“Independent Evaluator” means a qualified independent evaluator or evaluation firm with demonstrated skill and experience of water utility property similar to the Project, not otherwise associated with the transactions contemplated hereby, selected with the mutual consent of the parties for the purpose of evaluating and determining the condition of the Project pursuant to Section 11.3 (Project Evaluations) and Appendix 11 (End of Term Project Condition Requirements). The Independent Evaluator may be an engineer or other technical professional competent to perform such services.

“Index Linked” means, with respect to an amount at any time, that the amount is increased as of January 1 of each Contract Year (commencing on January 1 of the Contract Year ending on December 31, 2016) by adding to it (1) an amount equal to such amount, multiplied by (2) the percentage representing the increase in the Inflation Index from (a) the Inflation Index for the last six months of the Contract Year ending on December 31, 2014, to (b) the Inflation Index for the last six months of the Contract Year immediately preceding the Contract Year for which a determination is to be made.

“Inflation Index” means, with respect to items related to the Operating Work, the Consumer Price Index, All Urban Consumers (CPI-U) (1982-84 = 100) for the San Antonio MSA published by the Bureau of Labor Statistics of the United States Department of Labor; provided, however, that if such Consumer Price Index shall cease to exist or is changed, then the term “Inflation Index” shall mean such other or similar index or formula as the parties reasonably select.

“Initial Senior Debt” means the Senior Debt issued at Financial Close, subject to Section 7.1(J) (Execution of the Senior Secured Credit Facility).
“Make-Up Units” has the meaning specified in Section 10.3 (Product Water Supply and Demand Definitions).

“Master Lease Trust” means the Burleson/Milam Master Lease Trust, a Texas trust formed under the Texas Trust Act.

“Mediator” means any person serving as a mediator of disputes hereunder pursuant to Section 18.2 (Non-Binding Mediation).


“mg” or “MG” means millions of gallons.

“mgd” or “MGD” means millions of gallons per day.

“mg/L” means milligrams per liter.

“Midrange Partial Flow” has the meaning set forth in Section 5.5 (Performance Test Sequence of Events) of Appendix 5 (Performance Test Procedures and Standards).

“Minimum Performance Criteria” has the Meaning set forth in Section 5.4 (Minimum Performance Criteria) of Appendix 5 (Performance Test Procedures and Standards).

“Monthly Delivered Water Units” means, for any Billing Period and subject to Section 10.2(E) (Remedies for Breach of Product Water Quality Guarantee - Unacceptable Product Water), the number of Units actually made available by the Project Company and received and taken by SAWS.

“Monthly Water Purchase Payment” means the monthly amount to be paid by SAWS for the purchase of Product Water, calculated as provided in Section 17.5 (Monthly Water Purchase Payments).

“Moody’s” means Moody’s Investors Service Inc. or any of its successors and assigns. If such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally-recognized securities rating agency designated by SAWS.

“Non-Binding Mediation” means the voluntary system of dispute resolution established by Section 18.2 (Non-Binding Mediation) for addressing disputes arising under this Water Transmission and Purchase Agreement.

“Notice of Acceptance” has the meaning set forth in Section 8.5(B) (Notice and Report of Acceptance).

“Notice of Final Completion” has the meaning set forth in Section 8.8(B) (Notice and Report of Final Completion),
“NPDES Project Permit” means any National Pollutant Discharge Elimination System (NPDES) Permit for the Project required to be obtained by the Project Company from TCEQ, and all subsequent renewals.

“NTU” means nephelometric turbidity unit.

“O & M Budget Panel” has the meaning set forth in Section 17.3(A) (General Principles).

“Off-Specification Product Water” means Product Water conveyed to SAWS that does not strictly conform to the Product Water Quality Guarantee in every respect and to any extent whatsoever, irrespective of whether any such non-conformity as to any Product Water quality parameter may be considered material or immaterial. Off-Specification Product Water does not include Unacceptable Product Water.

“Operating and Maintenance Standards” means the standards for the operation, maintenance and management of the Project as set forth in Appendix 6 (Operating and Maintenance Standards).

“Operating and Maintenance Unit Price” has the meaning set forth in Section 17.3(B) (Determination of Compensable Costs).

“Operating Notice” means a written notice given by one party to the other hereunder relating to routine operational matters arising under this Water Transmission and Purchase Agreement following the Commercial Operation Date specifically required hereunder to be given as an “Operating Notice”.

“Operating Period” means the period between the Commercial Operation Date and the Termination Date.

“Operating Protocol” means the protocol governing operation of the Project, including all interface, coordination, and water delivery and supply policies, procedures, plans and protocols to be established, adopted and revised in accordance with Article 9 (Operation and Management of the Project) and Appendix 6 (Operating and Maintenance Standards).

“Operating Service Agreement” means the Operating Service Agreement to be entered into between the Project Company and the Operating Service Provider on or before subsequent to the Financial Closing Date pursuant to Section 4.113.1(BF) (Financial Closing Date Conditions Defined Operating Service Provider).

“Operating Service Provider” means the person designated by the Project Company and approved by SAWS as the Operating Service Provider in the manner provided in subsection 13.1(F) (Operating Service Provider), or any assignee or replacement entity permitted under this Water Transmission and Purchase Agreement.

“Operating Service Provider Breakage Costs” means the amount payable by the Water Supply Corporation to the Operating Service Provider under the Operating Service Agreement as a direct result of the exercise by SAWS of an option to purchase the Project Assets pursuant to Section 23.1(A) (Option) and the resulting termination of this Water Transmission and Purchase Agreement, which shall be reasonable as compared to an amount that would be agreed to between comparable, independent persons in comparable transactions and comparable circumstances, as such amount shall be approved by SAWS.
when the Operating Service Agreement is negotiated pursuant to Section 4.1(B) (Financial Closing Date Condition Defined) Section 13.1(F) (Operating Service Provider).

“Operating Work” means everything required to be furnished and done relating to the operation, maintenance and management of the Project by the Project Company pursuant to this Water Transmission and Purchase Agreement during the Operating Period.

“OSHA” means the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 650 et seq., including the applicable regulations promulgated thereunder, each as amended or superseded from time to time.

“Other Project Assets” has the meaning set forth in Section 12.4 (Other Project Assets) of Appendix 12 (Project Assets and Liabilities).

“Overdue Rate” means the maximum rate of interest permitted by the laws of the State, if applicable, or 7.5 percent annually, whichever is lower.

“Performance Guarantees” means the guarantees of performance made by the Project Company specifically set forth in Section 10.2 (Product Water Quality Guarantee); Section 10.12 (Project Company Disposal of Residuals); Section 10.13 (Project Company Disposal of Wastewater); and Appendix 8 (Performance Guarantee Requirements).

“Performance Test” means the performance test to be conducted pursuant to Appendix 5 (Performance Test Procedures and Standards) for the achievement of Acceptance.

“Performance Test Protocol” has the meaning set forth in Section 8.3(A) (Performance Test Protocol).

“Permitted Debt” has the meaning set forth in Section 7.1(C) (Limitations on Project-Secured Debt).

“Permitted Debt Issuance Date” has the meaning specified in Section 10.7(B) (Issuance of Permitted Debt for Capital Modifications Required Due to an Uncontrollable Circumstance).

“Permitted Encumbrances” means, as of any particular time, any one or more of the following:

(1) Encumbrances for utility charges, taxes, rates and assessments not yet delinquent or, if delinquent, the validity of which is being contested diligently and in good faith by the Project Company or Water Supply Corporation and against which the Project Company or Water Supply Corporation has established appropriate reserves in accordance with GAAP;

(2) Any Encumbrance arising out of any judgment rendered which is being contested diligently and in good faith by the Project Company or Water Supply Corporation, the execution of which has been stayed or against which a bond or bonds in the aggregate principal amount equal to such judgments shall have been posted with a financially-sound insurer and which does not have a material and adverse effect on the ability of the Project
appeal or review have not expired) and against which the Project Company or Water Supply Corporation has established appropriate reserves or bonded against, at SAWS’ request (such appropriateness, in connection with Acceptance, to be determined by the Senior Debt Creditors);

(9) Encumbrances for taxes, assessments, or other governmental charges which are not delinquent, or if delinquent are payable without penalty or are being contested in good faith; provided that, with respect to any taxes, assessments or other governmental charges which are being contested the Project Company or Water Supply Corporation established appropriate reserves or bonded against, at SAWS’ request (such appropriateness, in connection with Acceptance, to be determined by the Senior Debt Creditors);

(10) Exceptions to title, of record, listed in a Title Insurance Policy being an easement, restriction or other matter customarily accepted by a water pipeline operator in Texas which individually or in the aggregate do not materially adversely affect the value or operation of the Project for the purposes for which it is or may reasonably be expected to be used;

(11) Encumbrances granted under any Senior Debt Financing Agreements, including the rights of the Senior Debt Creditors or to secure obligations owed by the Water Supply Corporation to the Project Company;

(12) Encumbrances securing indebtedness for the payment, redemption or satisfaction of which money (or evidences of indebtedness) in the necessary amount shall have been deposited in trust with a trustee or other holder of such indebtedness; and

(13) Encumbrances created as a result of a Change-in-Law.

“Personal Information” means information about a person, the disclosure of which would constitute an unwarranted invasion of privacy.


“POSGCD” means the Post Oak Savannah Groundwater Conservation District, located in Milam and Burleson Counties, Texas, Ground Water Management Area 12.

“POSGCD Rules and Regulations” means the Rules and Management Plan of the POSGCD, established by POSGCD pursuant to Chapter 36 of the Texas Water Code.

“Product Water” means Raw Groundwater which has been treated at the Project in accordance with the Contract Standards. Product Water includes Off-Specification Product Water, but does not include Unacceptable Product Water.

“Product Water Delivery Point” means the flange in the pipe between the Project Company Storage Tank and SAWS Storage Tanks on the Project Company Portion of the Transmission Pipeline Terminus Site designated by the parties for determining the transfer of ownership of Product Water from the Project Company to SAWS and, in the
event SAWS exercises its right to sell Product Water to any person pursuant to Section 26.5 (Opportunities), the delivery points established pursuant to such subsection.

“Product Water Quality Guarantee” has the meaning set forth in Section 10.2(B) (Additional Product Water Quality Standards).

“Product Water Quality Sampling Location” means the location at which the quality of Product Water is sampled and measured for purposes of determining compliance with the Performance Guarantees, which shall be located between the Product Water Delivery Point and the Project Company Storage Tank or another location approved by the parties.

“Project” means the Vista Ridge Regional Supply Project, consisting of (1) the acquisition by the Project Company of Raw Groundwater under the Groundwater Lease Conveyance Agreement, the Groundwater Drilling and Operating Permit and the Groundwater Transportation Permit, and (2) the construction on the Project Sites of the Project Improvements for the production and treatment of Raw Groundwater and the transmission and making available of Product Water at the Product Water Delivery Point. The Project includes all Project Real Property, related structures and equipment, and roads, grounds, fences and landscaping appurtenant thereto, and all Capital Modifications. The Project does not include the SAWS Distribution System or the SAWS Interconnection Improvements.

“Project Assets” means the Project Real Property and the Other Project Assets.

“Project Assets Purchase Date” has the meaning set forth in Section 23.3(A) (Notice of Exercise of Project Assets Purchase Option).

“Project Assets Purchase Price” means the applicable price payable by SAWS to the Project Company for the purchase of the Project Assets pursuant to Article 23 (SAWS Project Assets Purchase Options).

“Project Assets Transfer Date” means the earlier of the Project Assets Purchase Date and the Expiration Date.

“Project By-Products” means Residuals and Wastewater requiring disposal by the Project Company in accordance with Section 9.1(A) (Operation and Management Responsibility for the Project) and Article 10 (Performance).

“Project Company” means Vista Ridge LLC (formerly known as Abengoa Vista Ridge, LLC), a limited liability company organized and existing under the laws of the State of Delaware, and its permitted successors and assigns.

“Project Company Bankruptcy-Related Event” has the meaning set forth in Section 20.1(C) (Project Company Bankruptcy-Related Event Defined).

“Project Company Event of Default” has the meaning set forth in Section 20.1(A) (Project Company Events of Default Defined).

“Project Company Make-Up Units” has the meaning specified in Section 10.6(A) (Project Company Make-Up Units).
“Project Company Person” means:

(1) Any owner, shareholder, or member holding 5% or more of the equity ownership interests of Garney Holding Company, Abengoa or the Project Company, or a director, officer, employee or agent of Garney Holding Company, Abengoa or the Project Company in each case acting as such; or

(2) A Project Contractor, any Subcontractor and any representative, advisor (including any legal and financial advisor) of the Project Company, in any such Person’s capacity as a provider of services directly or indirectly to the Project Company in connection with the Project.

“Project Company Portion of the Transmission Pipeline Terminus Site” has the meaning set forth in Section 4.1(B)(10) (Conveyance to SAWS of the SAWS Portion of the Transmission Pipeline Terminus Site).

“Project Company Public Water Supplier Designation” means the public water supplier designation required to be issued by TCEQ to the Project Company and authorizing the use of Product Water as a source of potable water for public consumption through the SAWS Distribution System.

“Project Company Reimbursable Costs” has the meaning set forth in Section 4.6(A) (Project Company Reimbursable Costs Defined).

“Project Company-Related Loans” means the loans entered into or debt incurred by the Project Company as of the Conforming Contract Amendment Date, as further described in Appendix 22 (Project Company-Related Loans).

“Project Company Remediable Breach” has the meaning set forth in Section 20.1(B) (Project Company Remediable Breach Defined).

“Project Company Representative” means the individual specified in writing by the Project Company as the representative of the Project Company from time to time for all purposes of this Water Transmission and Purchase Agreement.

“Project Company-Requested Capital Modification” means a Project Company-Requested Capital Modification made pursuant to Section 12.2 (Capital Modifications at Project Company Request).

“Project Company-Requested Capital Modification Financing” means a financing by the Project Company of permitting, design and construction costs resulting from a Project Company-Requested Capital Modification effected pursuant to Section 7.3 (Financing the Capital Costs of Project Company-Requested Capital Modifications).

“Project Company Storage Tank” means the Product Water holding structure, to be designed, constructed, tested and maintained by the Project Company on the Transmission Pipeline Terminus Site for the storage of Product Water prior to SAWS taking delivery, as more particularly described in the Design Requirements. The Project Company Storage Tank includes the pipe between the Project Company Storage Tank and the SAWS Storage Tanks up to the Product Water Delivery Point; the portion of such pipe between the Product Water Delivery Point and the SAWS Storage Tanks shall constitute part of the SAWS Storage Tanks. The Project Flow Meter and related totalizer shall be
located on the Project Company Storage Tank side of the Product Water Delivery Point and constitute part of the Project Company Storage Tank.

“Project Construction Loan Agreement” means the Loan Agreement, to be effective on or before the Financial Closing Date, required to be entered into between the Project Company and the Water Supply Corporation pursuant to Section 4.1(B) (Financial Closing Date Conditions Defined).

“Project Contractor” means the EPC Design Build Contractor, the Operating Service Provider, the Water Supply Corporation and the parties to the Groundwater Lease Conveyance Agreement, and “Project Contractors” means any two or all of them.

“Project Contracts” means the EPC Public-Private Partnership Framework Agreement, the Design Build Contract, the Water Transportation Agreement, and the Operating Service Agreement, and the Groundwater Lease Conveyance Agreement.

“Project Costs” means, without duplication, costs and expenses incurred by the Project Company on or prior to the date on which Final Completion has occurred in connection with the development, design, engineering, permitting, construction, financing, installation, equipping, assembly, inspection, start-up, testing and initial operations of the Project; the leasing and preparation of the Project Sites; together with an adequate contingency, which costs and expenses shall include: (1) all amounts payable under the EPC Agreement Design Build Contract and the other agreements relating to any of the foregoing activities, any state sales taxes on equipment or other goods or services, amounts payable for power and other utilities relating to construction, start-up and testing, and all project development expenses and fees incurred by the Project Company or any of its Affiliates; (2) interest incurred on or in respect of the Permitted Debt and any other amounts required to be paid by the Project Company under the agreements with respect to the Permitted Debt, including fiduciary fees; (3) bond insurer payments and payments contemplated by any bond insurance policy, and the fees and expenses and other reimbursement of the issuer, and any agent or trustee party to the agreements with respect to the Permitted Debt; (4) legal, accounting, consulting, financial advisory and other transaction fees and expenses incurred by the Project Company and its Affiliates prior to Final Completion; (5) operating and maintenance costs incurred on or prior to Final Completion; (6) the costs of obtaining surety bonds, letters of credit or other security required to be delivered under an agreement or Governmental Approval on or prior to Final Completion (including any cash collateral required to be provided in connection therewith and security deposits made to applicable counterparties); and (7) costs incurred in compliance with Governmental Approvals.

“Project Equipment” means all manufactured equipment, property or assets, whether or not constituting personal property or fixtures, constituting part of the Project, including tanks (other than concrete tanks), basins (other than concrete basins), process and treatment, mechanical, piping (with an original useful life of less than 20 years), electrical, instrumentation and controls, remote monitoring and communications, HVAC, chemical and other storage and feed systems, cranes and hoists, and any ancillary, appurtenant and support equipment and systems utilized in or at the Project.

“Project Flow Meter” means the flow meter built in conformance with the requirements of Appendix 3 (Technical Specifications) for measuring the volume of Product Water of which SAWS has taken delivery, and located between the Project Water Delivery
Point and the Project Company Storage Tank or another location on the Transmission Pipeline Terminus Site agreed to by the parties.

**“Project Improvements”** means the Well Field Facilities and the Transmission Pipeline System.

**“Project Real Property”** means: (1) the Well Field Facilities, (2) the Well Field Facilities Site Real Property Interests, (3) the Project Company Portion of the Transmission Pipeline Terminus Site, (4) the Transmission Pipeline System, and (5) the Transmission Pipeline System Real Property Interests. Project Real Property also includes any other interest in real property acquired by the Project Company or the Water Supply Corporation that is ancillary to the Project Real Property. Project Real Property does not include any rights to Raw Groundwater, the Groundwater Leases, the Groundwater Drilling and Operating Permit or the Groundwater Transportation Permit.

**“Project Real Property Conveyance Agreement”** means the Project Real Property Conveyance Agreement, dated June —10, 2016, between SAWS and the Water Supply Corporation, attached hereto as Reference Document 43 (Project Real Property Conveyance Agreement).

**“Project Schedule”** means the schedule set forth in Attachment 4A (Preliminary Project Schedule) of Appendix 4 (Design and Construction Review Procedures, Commissioning and Substantial Completion) and updated in accordance with Section 4.2.3 (Project Schedule Updates) of Appendix 4.

**“Project Site Conveyance Instruments”** means the Groundwater Leases, the Transmission Pipeline Easements, and the instruments conveying the Well Field Facilities Site Real Property Interests to the Project Company or Water Supply Corporation.

**“Project Site Leases”** means any lease of all or any portion of the Project Sites.

**“Project Site Lessors”** means the Groundwater Lessors and the Transmission Pipeline Easement Grantors.

**“Project Sites”** means the Well Field Facilities Site, the Transmission Pipeline Alignment and the Transmission Pipeline Terminus Site.

**“Project Structures”** means all structures, buildings, concrete tanks and basins, appurtenances (including valves, gates and weirs), and piping (with an original useful life of equal to or greater than 20 years) constituting part of the Project, other than Project Equipment.

**“Proposed Financing”** has the meaning specified in Section 10.7(B) (Issuance of Permitted Debt for Capital Modifications Required Due to an Uncontrollable Circumstance).

**“Public Information Act”** means the Texas Public Information Act, Chapter 552 of the Texas Government Code.

**“Public-Private Partnership Framework Agreement”** means the Amended and Restated Public-Private Partnership Framework Agreement among the Project Company; the Water Supply Corporation; Garney Companies, Inc.; VRRSP Consultants, LLC; Pape-
Dawson Engineers, Inc.; Sumitomo Mitsui Banking Corporation, as administrative agent; and Sumitomo Mitsui Banking Corporation, as collateral agent, executed and delivered by the parties thereto on the Financial Closing Date.

“Punch List” means the list prepared at the time of Substantial Completion (and periodically revised as necessary), which list shall set forth (1) all items of Construction Work which remain to be performed or corrected in order to ensure that the Project fully complies with all of the standards and requirements set forth herein (and shall include those items of Construction Work damaged or destroyed by the Project Company during completion of the Performance Test) and which do not affect the performance or safe and continued operation of the Project, and (2) an assessed valuation of each such item of Construction Work that is equal to 150% of the estimated cost thereof. The final Punch List shall be provided to SAWS by the Commercial Operation Date. The Punch List shall not include any items of Construction Work, alone or in the aggregate, the non-completion of which (a) prevents the Project from being used for its purpose as described in this Water Transmission and Purchase Agreement in accordance with Applicable Law, (b) prevents the Project from operation and maintenance on a legal, safe, environmentally sound and reliable basis, or (c) could have a materially adverse effect on the operation, maintenance, performance, warranties, efficiency, safety or reliability of the Project or the environment.


“Qualified Commercial Bank” means a reputable domestic or foreign commercial bank:

(1) Whose long term and short term debt is rated “A3” or higher by Moody’s, “A” or higher by Standard & Poor’s, and “A” or higher by Fitch (the lower of the three applying if there is a split rating); and

(2) Which maintains a banking office, branch or agency in San Antonio or Houston, Texas.

“Qualified Insurer” means a reputable insurer authorized to conduct business in the State and having a credit rating of:

(1) A-VIII or better with A.M. Best; or

(2) The equivalent thereof by any other recognized insurance rating agency.

“Rating Service” means Moody’s, Standard & Poor’s or Fitch.

“Raw Groundwater” means groundwater drawn from the Carrizo-Wilcox Aquifer or the Simsboro Aquifer for treatment and conveyance to SAWS by the Project Company in accordance with the Contract Standards.

“Raw Groundwater Permits” means the permits listed in Reference Document 1 (Blue Water Systems Raw Groundwater Permits) issued by the POSGCD permitting Blue Water Systems to produce and transport Raw Groundwater.
Interconnection Improvements. The “SAWS Distribution System” shall not include the Project.

“SAWS Engineer” has the meaning set forth in Section 5.4(l) (SAWS Engineer).

“SAWS Event of Default” has the meaning set forth in Section 21.1 (SAWS Events of Default).

“SAWS Fault” means:

(1) A breach by SAWS of any of its obligations under this Water Transmission and Purchase Agreement; or

(2) A breach of any representation or warranty by SAWS under this Water Transmission and Purchase Agreement; or

(3) Willful misconduct of SAWS or a SAWS Indemnitee; or

(4) A negligent act or omission of SAWS or a SAWS Indemnitee; or

(5) A City Discriminatory Change in Law.

“SAWS Indemnitee” has the meaning set forth in Section 25.1 (Project Company’s Obligation to Indemnify).

“SAWS Interconnection Improvements” means the SAWS Storage Tanks and the other improvements required to be constructed by SAWS pursuant to Section 6.2 (SAWS Interconnection Improvements), as generally described in Appendix 13 (SAWS Interconnection Improvements).

“SAWS Interface Cabinet” means the interface for electronic communications and security information between SAWS and the Project Company to be installed by SAWS at the Transmission Pipeline Terminus Site as the operating interface between the SAWS Distribution System and the Project.

“SAWS Make-Up Units” has the meaning specified in Section 10.6(B) (SAWS Make-Up Units).

“SAWS Portion of the Transmission Pipeline Terminus Site” has the meaning set forth in Section 4.1(B)(9) (Other Section 26.1(D) (Due Diligence Documents for the SAWS Portion of the Transmission Pipeline Terminus Site).

“SAWS Public Water Supplier Designation” means SAWS’ existing public water supplier designation issued by TCEQ authorizing the use of the SAWS Distribution System to supply potable water for public consumption.

“SAWS Reimbursable Costs” has the meaning set forth in Section 4.7(A) (SAWS Reimbursable Costs Defined).
“SAWS Representative” or “SAWS Administrator” means the individual SAWS employee specified in writing by SAWS as the representative of SAWS from time to time for all purposes of this Water Transmission and Purchase Agreement.

“SAWS-Requested Design Requirement Change” has the meaning set forth in Section 5.8 (SAWS-Requested Design Requirements Changes).

“SAWS-Requested Capital Modification” means a SAWS-Requested Capital Modification made pursuant to Section 12.3 (Capital Modifications at SAWS Request).

“SAWS-Requested Capital Modification Financing” means a financing by the Project Company of permitting, design and construction costs resulting from a SAWS-Requested Capital Modification effected pursuant to Section 7.2(A) (Financing SAWS-Requested Capital Modification Capital Costs).

“SAWS-Requested Design Requirement Change” has the meaning set forth in Section 5.8 (SAWS-Requested Design Requirements Changes).

“SAWS Storage Tanks” means the storage tanks to be constructed by SAWS on the Transmission Pipeline Terminus Site as part of the SAWS Interconnection Improvements, as generally described in Appendix 13 (SAWS Interconnection Improvements).

“SCADA” means supervisory control and data acquisition.

“Scheduled SAWS Interconnection Improvements Completion Date” has the meaning set forth in Section 6.2(B)(Scheduled SAWS Interconnection Improvements Completion Date).

“Security Plan” has the meaning set forth in Section 9.7 (Security).

“Senior Debt” means debt or other obligations issued or incurred by the Project Company under the Senior Debt Financing Agreements (including debt or other obligations issued or incurred in connection with a Refinancing) secured by a first lien on all or substantially all of the revenues and assets of the Project Company, including the Initial Senior Debt.

“Senior Debt Creditors” means the lenders, bondholders or other parties (including any hedge or swap providers), as the case may be, and their respective agents and trustees holding Senior Debt under the Senior Debt Financing Agreements.

“Senior Debt Discharge Date” means the date on which the Obligations (as defined in the Credit Agreement) have been paid in full in accordance with the terms of the Credit Agreement and the Secured Parties (as defined in the Credit Agreement) have released the Liens granted pursuant to the Security Documents (as defined in the Credit Agreement), in each case other than in connection with a Refinancing thereof and, if all or any portion of the Senior Debt has been Refinanced, all obligations and liabilities arising under or in connection with such Refinanced Senior Debt have been paid in full (including any hedge or swap termination fees, make-whole or call premiums, and all other amounts owing to any Senior Debt Creditor) and the Senior Debt Creditors thereof shall have released all Liens granted in connection thereof.
“Senior Debt Financing Agreements” means the following as and to the extent that the same may be in effect to document the issuance or incurrence of Senior Debt that may be outstanding from time to time: (1) the Credit Agreement and any other loan or credit agreement and any notes issued pursuant thereto; (2) any bond indenture and the bonds issued pursuant thereto; (3) any security agreement relating to collateral pledged to secure Senior Debt, which may include all assets and contract rights of the Project Company and the Water Supply Corporation with respect to the Project; (4) any trust or collateral agency agreement relating to the administration of such collateral on behalf of the Senior Debt Creditors; (5) any interest rate hedge agreement entered into by the Project Company for the purpose of fixing or capping interest rates that might otherwise be floating rates; (6) the Creditors’ Remedies Agreement and other consents to assignment or direct agreements between the Senior Debt Creditors and SAWS relating to the assignment of this Water Transmission and Purchase Agreement by the Project Company and the rights of the Senior Debt Creditors thereunder; and (7) any guaranties, letters of credit and other third party assurances provided to the Senior Debt Creditors by third parties as additional security.

“Senior Secured Credit Facility” means the approximately $838,000,000 credit facility further described in Appendix 16 (Plan of Development and Financing and Garney Holding Company Letter of Support) Credit Agreement.

“Service Area” means all territory in which customers are served by SAWS Distribution System during the Term hereof.

“Shareholder” means any holder or owner of Shares.

“Shares” means shares or other equity interests of any class in the capital of the Project Company.

“Simsboro Aquifer” means the Simsboro aquifer, as delineated by the TWDB.

“Specified Change in Tax Law” means the coming into effect of any Applicable Law which results in a new Tax imposed by the United States, the State or the City and paid by the Project Company, the Project Contractor or any Subcontractors with respect to the performance of the Contract Obligations, including any value added Taxes or any Taxes measured by gross receipts. New Taxes shall not include any Taxes based on or measured by net income; any unincorporated business, payroll, franchise or employment Tax; or any Taxes imposed by a foreign government or any of their agencies.

“Standard & Poor’s” means Standard & Poor’s Financial Services LLC, a division of The McGraw-Hill Companies, Inc., or any of its successors and assigns. If such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally-recognized securities rating agency designated by SAWS.

“Standby Deed of Trust” has the meaning set forth in Section 19.7 (Standby Deed of Trust), as further described in Reference Document 43 (Project Real Property Conveyance Agreement).

“State” means the State of Texas.

“Subcontract” means any contract entered into by a Project Contractor (except Project Contracts), or a subcontractor of Project Contractor of any tier, with one or
“Variable Compensable Costs” has the meaning set forth in Section 17.3(B) (Determination of Compensable Costs).

“Variable Compensable Costs Unit Price” has the meaning set forth in Section 17.3(E) (Budgeted Variable Compensable Costs Unit Price).

“Wastewater” means (1) any process wastewater produced at the Project, and (2) any Product Water produced at the Well Field Facilities that requires discharge from the Transmission Pipeline before reaching the Product Water Delivery Point for any reason, including flushing requirements or any failure to meet disinfection standards under the Product Water Quality Guarantee.

“Water Supply Corporation” means the Central Texas Regional Water Supply Corporation, a not-for-profit water supply corporation organized under Chapter 67 of the Texas Water Code and authorized to exercise the power of eminent domain under Section 49.222(a) of the Texas Water Code, and its permitted successors and assigns.

“Water Transmission and Purchase Agreement” means this Water Transmission and Purchase Agreement, and includes all Water Transmission and Purchase Agreement Amendments, including the Conforming Contract Amendment and the Transaction Forms and Financial Close Contract Amendment; and the Appendices.

“Water Transmission and Purchase Agreement Amendment” has the meaning set forth in Section 26.7 (Water Transmission and Purchase Agreement Amendments).

“Water Transportation Agreement” means the Amended and Restated Water Transportation Agreement, dated March 9, 2015, between the Project Company and the Water Supply Corporation executed and delivered by the parties thereto on the Financial Closing Date.

“Well Field Facilities” means the facilities and roads to be constructed on the Well Field Facilities Site for the production, collection, treatment, storage and pumping of Raw Groundwater, consisting of the Wells and the Collection Pipelines.

“Well Field Facilities Site” means the land upon which the Well Field Facilities are to be constructed, including approximately 50,000 acres located in Burleson County, Texas, near the intersection of SH 21 and FM 696, approximately eight miles from the City of Caldwell, Texas. The Well Field Facilities Site is more particularly described in Appendix 1 (Description of the Project).

“Well Field Facilities Site Real Property Interests” means (1) a fee simple absolute interest in the Well Sites, and (2) permanent easements for the Collection Pipelines Rights-of-Way.

“Well Field Meters” has the meaning set forth in Section 10.10(C) (Well Field Meters).

“Wells” means wells, casings, related pumping equipment and appurtenant facilities to be constructed on the Well Field Facilities Site for the pumping and production of Raw Groundwater, as further described in Appendix 1 (Description of the Project).
(J) References to Documents and Standards. Each reference to an agreement, document, standard, principle or other instrument includes a reference to that agreement, document, standard, principle or instrument as amended, supplemented, substituted, novated or assigned.

(K) References to All Reasonable Efforts. The expression “all reasonable efforts” and expressions of like import, when used in connection with an obligation of either party, means taking in good faith and with due diligence all commercially reasonable steps to achieve the objective and to perform the obligation, including doing all that can reasonably be done in the circumstances taking into account each party’s obligations hereunder to mitigate delays and additional costs to the other party, and in any event taking no less steps and efforts than those that would be taken by a commercially reasonable and prudent person in comparable circumstances but where the whole of the benefit of the obligation and where all the results of taking such steps and efforts accrued solely to that person’s own benefit.

(L) References to Treatment. The terms “treat,” “treated,” “treatment,” “treating” and any similar terms, when used with respect to Raw Groundwater, shall mean and refer to the operation of the Project by the Project Company to clarify, filter, disinfect and treat Raw Groundwater and make available Product Water to SAWS, all in accordance with this Water Transmission and Purchase Agreement.

(M) References to “Making Available Product Water”. The expressions “making available,” “make available,” “made available” and any similar expressions, when used with respect to Product Water, shall mean and refer to conditions in which (1) there is Product Water in the Project Company Storage Tank at a level that is higher than the level of the opening of the pipe connecting the Project Company Storage Tank to the SAWS Storage Tank, and (2) there is Product Water in the Transmission Pipeline System that is free to flow without obstruction into the Project Company Storage Tank to replenish continuously (with further replenishment of the Product Water in the Transmission Pipeline System) any Product Water in the Project Company Storage Tank to such higher level as Product Water moves from the Project Company Storage Tank to the SAWS Storage Tank. In the event both of the conditions described in items (1) and (2) above are satisfied and in effect, Product Water shall be deemed to have been made available hereunder. In the event either or both of the conditions described in items (1) and (2) are not satisfied and in effect, Product Water shall be deemed not to have been made available hereunder. The resulting agreement shall be documented in a Contract Administration Memorandum developed pursuant to Section 10.4(D) [Protocol for Determining Number of Units of Product Water Not Made Available].

(N) References to “Take Delivery Of”. The expression “take delivery of”, and any similar expressions, when used with respect to Product Water, shall mean and refer to the operation by SAWS of the gravity feed system at the SAWS Interconnection Improvements to move Product Water from the Project Company Storage Tank through the Product Water Delivery Point into the SAWS Storage Tanks. The number of Units that SAWS takes delivery of on any day shall be measured by the totalizer attached to the Project Flow Meter.
there are different levels of stringency among such applicable Contract Standards, the most stringent of the applicable Contract Standards shall govern. Any reference in this Water Transmission and Purchase Agreement to materials, equipment, systems or supplies (whether such references are in lists, notes, specifications, schedules, or otherwise) shall be construed to require the Project Company to furnish the same, at minimum, in accordance with the grades and standards therefor indicated in this Water Transmission and Purchase Agreement.

(Y) Delivery of Documents in Digital Format. In this Water Transmission and Purchase Agreement, the Project Company is obligated to deliver reports, records, designs, plans, drawings, specifications, proposals and other documentary submittals in connection with the performance of its duties hereunder. The Project Company agrees that all such documents shall be submitted to SAWS both in printed form (in the number of copies indicated) and, at SAWS’ request, in digital form. Digital copies shall consist of computer readable data submitted in any standard interchange format which SAWS may reasonably request to facilitate the administration and enforcement of this Water Transmission and Purchase Agreement. In the event that a conflict exists between the signed or the signed and stamped hard copy of any document and the digital copy thereof, the signed or the signed and stamped hard copy shall govern.

(Z) Obligations to Provide Assistance. The obligations of a party to cooperate with, to assist or to provide assistance to the other party hereunder shall be construed as an obligation to use the party's personnel resources to the extent reasonably available in the context of performance of their normal duties, and not to incur material additional overtime or third party expense unless requested and reimbursed by the assisted party.

(AA) Third-Party Rights. This Water Transmission and Purchase Agreement is exclusively for the benefit of SAWS and the Project Company and shall not provide any third parties (with the sole exceptions of the rights of any third-party SAWS Indemnitees as provided in Section 25.1 (Project Company’s Obligation to Indemnify) with any remedy, claim, liability, reimbursement, cause of action or other rights.

(BB) Acting Reasonably and in Good Faith; Discretion. Each party shall act reasonably and in good faith in the exercise of its rights hereunder, except where a party has the right to act in its “discretion” by the express terms hereof. When a party has “discretion”, it means that party has the sole, absolute and unfettered discretion, with no requirement to act reasonably or provide reasons unless specifically required under the provisions of this Water Transmission and Purchase Agreement. When a party does not have “discretion” it means that the party shall act reasonably. A party may exercise any termination right hereunder in its discretion.

(CC) Convenience Termination. The exercise by SAWS or the Project Company of its right of convenience termination under any provision of this Water Transmission and Purchase Agreement shall not be deemed a breach of any implied duty of good faith dealing or a SAWS Event of Default or a Project Company Event of Default, nor shall any damages be payable by SAWS or the Project Company on account thereof. The only compensation payable by SAWS or the Project Company upon the exercise of their respective convenience termination options shall be the amounts specified herein in connection therewith.

(DD) References to Acquire. The terms “acquire,” “acquiring,” “acquired,” “acquisition” and any similar terms, when used with respect to a recordable real estate
interest, shall mean that the real estate interests have been obtained in the name of the acquirer and such interests have been recorded in the appropriate land records.
the ability of the Project Company to perform its obligations hereunder or under any such other agreement or instrument.

(F) **No Litigation Affecting the Project Contractors.** To the best of its knowledge, there is no Legal Proceeding, at law or in equity, before or by any court or Governmental Body pending, overtly threatened or publicly announced against a Project Contractor, in which an unfavorable decision, ruling or finding could reasonably be expected to have a material and adverse effect on the execution and delivery of any Project Contract by the respective Project Contractor or the validity, legality or enforceability of any Project Contract against the Project Contractor that is party to the Project Contract, or on the ability of a Project Contractor to perform its obligations under its respective Project Contract.

(G) **Groundwater Leases.** Groundwater leases listed in Reference Document 2 are in force and effect sufficient to provide groundwater, in aggregate, in a volume at least equal to the Baseline Annual Volume, subject to the authority for such groundwater to be pumped, withdrawn, and transported under the terms of the Groundwater Drilling and Operating Permit and the Groundwater Transportation Permit.

(H) **Sufficiency of Groundwater Permitting Arrangements.** The existing Groundwater Drilling and Operating Permit and the existing Groundwater Transportation Permit constitute legal authority sufficient for the pumping, withdrawal and transportation of Raw Groundwater from the Carrizo-Wilcox Aquifer and the Simsboro Aquifer commencing on the Commercial Operation Date in volumes at least equal to the Baseline Annual Volume, subject only to the terms and conditions of such permits.

(I) **Intellectual Property.** The Project Company owns, or has sufficient rights to use, all Intellectual Property necessary for the Project without any known material conflict with the rights of others.

(J) **Plan of Development and Financing and Garney Holding Company Letter of Support.** The statements made by Garney Holding Company in the Plan of Development and Financing and the Garney Holding Company Letter of Support, are an expression of Garney Holding Company’s good faith intention as to the manner in which Garney Holding Company intends to proceed to develop and finance the Project in order to reach the Financial Closing Date.

(K) **Compliance with Applicable Law Generally.** The Project Company is in compliance in all material respects with Applicable Law pertaining to the Project Company’s business and services.

(L) **No Public Utility Regulation.** The Project Company is not and will not by reason of this Water Transmission and Purchase Agreement or otherwise be a “retail public utility” within the meaning of Chapter 13 of the Texas Water Code, and is not and will not be subject to the jurisdiction over utility rates of the TCEQ or Public Utility Commission of Texas.

(M) **Practicability of Performance.** Subject to, and in accordance with, the terms of this Water Transmission and Purchase Agreement, the Project Company assumes the risk of the practicability and possibility of performance of the Project and the Contract Obligations on the scale, within the time for completion, and in the manner required...
ARTICLE 4

DEVELOPMENT AND FINANCING PERIOD

SECTION 4.1.  FINANCIAL CLOSING DATE CONDITIONS.

(A)  Documents Delivered Prior to the Conforming Contract Amendment Date. The parties acknowledge that, on or before the Conforming Contract Amendment Date, the following documents were executed and delivered in connection with the execution and delivery of this Water Transmission and Purchase Agreement:

1. The Garney Holding Company Letter of Support, attached hereto in Appendix 16 (Plan of Development and Financing and Garney Holding Company Letter of Support);
2. The Guaranty Agreement;
3. The Groundwater Lease Conveyance Agreement; and
4. The Groundwater Supply Agreement.

(B)  Financial Closing Date Conditions Defined. The obligations of the Project Company and SAWS to proceed with their respective obligations hereunder during the Construction Period and the Operating Period shall not commence unless and until all of the following conditions (the “Financial Closing Date Conditions”) are satisfied or have been waived by SAWS:

1. Transmission Pipeline System Real Property Interests. The Water Supply Corporation shall have acquired (i) at a minimum, 184,000 linear feet of the Transmission Pipeline Easements, and (ii) all of the other Transmission Pipeline System Real Property Interests other than the Transmission Pipeline Easements. In acquiring easements, the Project Company shall comply with Section 26.1(A) (Right-of-Way Easements). Notwithstanding anything in Section 1.2(DD) (References to Acquire) to the contrary, the Project Company shall not be required to have recorded the Transmission Pipeline Easements until June 10, 2017.

2. Well Field Facilities Site Real Property Interests. The Project Company, acting in cooperation with the Water Supply Corporation, as appropriate, shall have acquired all of the Well Field Facilities Site Real Property Interests. In acquiring easements, the Project Company shall comply with Section 26.1(A) (Right-of-Way Easements).

3. Transmission Pipeline Terminus Site Acquisition and Preliminary Site Plan; SAWS Right of Entry. The Project Company shall have acquired fee simple absolute title to the Transmission Pipeline Terminus Site, and shall have delivered to SAWS a preliminary site plan of the Transmission Pipeline Terminus Site acceptable to SAWS in its discretion. The preliminary site plan shall indicate the anticipated division of the Transmission Pipeline Terminus Site into the Project Company Portion of the Transmission Pipeline Terminus Site and the anticipated SAWS Portion of the Transmission Pipeline Terminus Site. The Project Company also shall have granted, or caused the Water Supply Corporation to grant, SAWS a right of entry to the

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Transmission Pipeline Terminus Site, effective from the Financial Closing Date through the date of conveyance of title to the SAWS Portion of the Transmission Pipeline Terminus Site pursuant to Section 26.1(E)(Conveyance to SAWS of the SAWS Portion of the Transmission Pipeline Terminus Site), sufficient for all purposes of the SAWS Interconnection Improvements, including performing engineering, analysis and such additional surface, subsurface and geotechnical studies or tests as deemed necessary by SAWS prior to the commencement of construction of the SAWS Interconnection Improvements.

(3) Transmission Pipeline Terminus Site Survey, Environmental Site Assessment and Title Commitment. The Project Company shall provide, with respect to the Transmission Pipeline Terminus Site, (a) a survey prepared by a registered professional land surveyor licensed in the State satisfying the requirements of a Category 1A, Condition II Survey, sufficient for a title company to issue all requested survey endorsements, certified to SAWS, the title company and the Project Company; (b) a Phase I Environmental Site Assessment (i) dated no more than 180 days prior to the Financial Closing Date, (ii) made in accordance with then-current ASTM standards, (iii) naming SAWS as a “user”, (iv) unless recommending further action, sufficient to satisfy the “all appropriate inquiries” necessary for SAWS to be an “innocent landowner” or “bona fide prospective purchaser”, together with any other follow-up reports obtained by the Project Company or Water Supply Corporation; and (c) a title commitment from Chicago Title Insurance Company or such other reputable title company to issue an owner policy of title insurance to the Water Supply Corporation for the Transmission Pipeline Terminus Site.

(4) Groundwater Leases and Permits. Groundwater Leases sufficient for the production of the Baseline Annual Volume shall be in full force and effect, and there shall be no material breach or event of default existing under such Groundwater Leases sufficient for the production of the Baseline Annual Volume by any party thereto. The Groundwater Drilling and Operating Permit and the Groundwater Transportation Permit shall constitute legal authority sufficient for the pumping, withdrawal and transportation of Raw Groundwater from the Carrizo-Wilcox Aquifer and the Simsboro Aquifer commencing on the Commercial Operation Date in volumes at least equal to the Baseline Annual Volume and to continue such pumping, withdrawal and transportation for a term of not less than 30 years commencing not earlier than September 1, 2014, subject only to the terms and conditions of such permits, for a term extending to or beyond September 11, 2044 (in the case of the Groundwater Drilling and Operating Permit) and to or beyond September 15, 2034 (in the case of the Groundwater Transportation Permit). No other legal authority shall be required for such pumping, withdrawal and transportation from the POSGCD or any other Governmental Body.

(5) Groundwater Lease Conveyance Agreement. The Groundwater Lease Conveyance Agreement shall be in full force and effect, and there shall be no material breach or event of default existing thereunder by either party thereto.

(6) Raw Groundwater Parameters. The Project Company shall have drilled additional test wells and tested all additional samples of Raw
Groundwater in the Well Field to the extent reasonably required in order to permit the Project Improvements to be designed and constructed in accordance with Good Engineering and Construction Practice, and in a manner that will allow the Project to achieve Acceptance and be operated and maintained in accordance with the Performance Guarantees.

(6) Project Site Conditions. The Project Company shall have made all soil test borings in the Project Sites and made all Project Site inspections and reasonably required in order to permit the Project Improvements to be designed and constructed in accordance with Good Engineering and Construction Practice, and in a manner that will allow the Project to achieve Acceptance and be operated and maintained in accordance with the Performance Guarantees.

(7) Land Use Proceedings and Government Approvals. The Project Company shall have conducted and completed all zoning, planning and land use proceedings, and shall have submitted applications for and obtained all Governmental Approvals required to be obtained, for the commencement of construction of the Project.

(8) Public-Private Partnership Framework Agreement and Water Transportation Agreement. The Public-Private Partnership Framework Agreement and the Water Transportation Agreement shall have been duly authorized, executed and delivered by the parties thereto.

(9) Design Build Contract and Design Build Contractor Substitution Agreement. The Design Build Contract shall have been duly authorized, executed and delivered by the Water Supply Corporation and the Design Build Contractor, and the Design Build Contractor Substitution Agreement (in the form set forth as Transaction Form B) shall have been duly authorized, executed and delivered by the Water Supply Corporation, the Design Build Contractor and SAWS.

(10) Transmission Pipeline Terminus Site Plan. The Project Company shall have delivered to SAWS a site plan of the Transmission Pipeline Terminus Site showing:

(a) that the proposed location of the Project Company Storage Tank and related portions of the Transmission Pipeline System, and the SAWS Storage Tanks and related portion of the SAWS Interconnection Improvements, as set forth in Appendix 1 (Description of the Project), on the Transmission Pipeline Terminus Site is in compliance with all applicable building and setback lines and does not encroach on or interfere with existing easements (whether on, above or below ground in any material matter); and

(b) no encroachments from the Project Company Storage Tank and related portions of the Transmission Pipeline System, and the SAWS Storage Tanks and related portion of the SAWS Interconnection Improvements, extending to adjacent property or from adjacent property onto the Project, nor any gaps, gores, projections, protrusions or other survey defects which
will have a material adverse impact on the use of the Transmission Pipeline Terminus Site.

(9) Other Due Diligence Documents for the Transmission Pipeline Terminus Site. The Project Company shall provide SAWS, with respect to that portion of the Transmission Pipeline Terminus Site being conveyed to SAWS (the “SAWS Portion of the Transmission Pipeline Terminus Site”) pursuant to Section 4.1(B)(10) (Conveyance to SAWS of a Portion of the Transmission Pipeline Terminus Site), a survey prepared by a registered professional land surveyor licensed in the State satisfying the requirements of a Category IA, Condition II Survey, sufficient for a title company to issue all requested survey endorsements, certified to SAWS, the title company and the Project Company; a Phase I Environmental Site Assessment (i) dated no more than 180 days prior to the conveyance to SAWS of the SAWS Portion of the Transmission Pipeline Terminus Site, (ii) made in accordance with then-current ASTM standards, (iii) naming SAWS as a “user”, (iv) unless recommending further action, sufficient to satisfy the “all appropriate inquiries” necessary for SAWS to be an “innocent landowner” or “bona fide prospective purchaser”, together with any other follow-up reports obtained by the Project Company or Water Supply Corporation; and a title commitment from Chicago Title Insurance Company or such other reputable title company to issue an owner policy of title insurance to SAWS, based on a value which is the allocable cost of such tract based on the Project Company’s purchase price (on a per-square-foot allocation), subject only to those exceptions to title of record in the Official Public Records of Real Property of Bexar County, Texas that do not materially affect the ability of SAWS to use the SAWS Portion of the Transmission Pipeline Terminus Site for the purposes of this Water Transmission and Purchase Agreement. The Project Company shall, prior to and as a condition of conveyance described in Section 4.1(B)(10) (Conveyance to SAWS of a Portion of the Transmission Pipeline Terminus Site), cure any defects to title, and cause to be removed from the title commitment, that materially affect the ability of SAWS to use the SAWS Portion of the Transmission Pipeline Terminus Site for the purposes of this Water Transmission and Purchase Agreement. The SAWS Portion of the Transmission Pipeline Terminus Site must be separately platted as its own lot, at Project Company’s sole expense, prior to conveyance pursuant to Section 4.1(B)(10) (Conveyance to SAWS of a Portion of the Transmission Pipeline Terminus Site). If the Phase I Environmental Site Assessment recommends further action, the Project Company shall, as a condition precedent to Financial Close, cause all necessary remediation to be performed to the satisfaction of the Senior Debt Creditors and SAWS such that SAWS can qualify as an “innocent landowner” and “bona fide prospective purchaser.”

(10) Conveyance to SAWS of a Portion of the Transmission Pipeline Terminus Site. The Project Company shall have conveyed to SAWS, without compensation, good and indefeasible title to and interest in SAWS Portion of the Transmission Pipeline Terminus Site, on a deed form subject to SAWS approval, acting reasonably, subject only to those recorded exceptions to title that are permissible under Section 4.1(B)(9) (Other Due Diligence Documents for the Transmission Pipeline Terminus Site). At the closing of the conveyance to SAWS of the SAWS Portion of the Transmission Pipeline Terminus Site, SAWS and the Project Company shall execute such
reasonable and customary documents required by the title company to close such transaction and issue to SAWS the owner policy of title insurance subject to no exceptions or exclusions that have not been approved by SAWS, and shall each pay such reasonable and customary expenses as are typically allocated to a buyer and seller for a closing of a real estate transaction in San Antonio, Texas. The remaining portion of the Transmission Pipeline Terminus Site is the “Project Company Portion of the Transmission Pipeline Terminus Site.”

(11) EPC Agreement. The Project Company shall have caused the definitive EPC Agreement to be negotiated and executed with the EPC Contractor. The EPC Contractor shall be a licensed contractor in the State. The EPC Agreement shall provide for the engineering, procurement, construction and completion of the Project Improvements on a fixed-price, turnkey basis.

(12) Operating Service Agreement. The Project Company shall have negotiated and executed the definitive Operating Service Agreement between the Project Company and the Operating Service Provider. The Operating Services Agreement shall provide for the operation, maintenance, repair and replacement of the Project for the Term.

(13) Construction Management Agreement. The Project Company shall have negotiated and executed the definitive Construction Management Agreement with the Water Supply Corporation. The Construction Management Agreement shall provide for the management of the construction of the Project Improvements under the EPC Agreement by the Water Supply Corporation.

(14) Water Transportation Agreement. The Project Company shall have negotiated and executed the definitive Water Transportation Agreement with the Water Supply Corporation. The Water Transportation Agreement shall provide for the transportation of Product Water to the Project Company Water Storage Tank through the Transmission Pipeline by the Water Supply Corporation.

(15) Project Construction Loan Agreement. The Project Company shall have negotiated and executed the definitive Project Construction Loan Agreement with the Water Supply Corporation. The Project Construction Loan Agreement shall provide for a loan from the Project Company to the Water Supply Corporation to finance the design and construction of the portions of the Project to be owned by the Water Supply Corporation.

(16) Required Construction Period Insurance. The Project Company shall have submitted to SAWS certificates of insurance for all Required Construction Period Insurance.

(17) Representations. The Project Company shall have delivered to SAWS a certificate of an authorized officer to the effect that the representations of the Project Company set forth in Section 2.2 (Representations and Warranties of the Project Company) hereof are true and correct in all material respects as of the Financial Closing Date as if made on and as of the Financial Closing Date (except to the extent such
representations expressly refer to an earlier or other date, in which case they shall be true and correct as of such earlier or other date).

(13) **Legal Proceedings.** There shall be no Legal Proceeding, at law or in equity, pending before or by any court or Governmental Body, which seeks to enjoin or restrict the construction or operation of the Project in the manner or for the purposes contemplated by this Water Transmission and Purchase Agreement that would substantially impair the Project Company's ability to perform the Contract Obligations. In addition, without limiting any of the foregoing, the Project Company shall have provided confirmation satisfactory to SAWS in its discretion that the litigation involving Blue Water Systems, LP, as described in Appendix 21 (Certain Litigation Matters), shall have been resolved to the satisfaction of SAWS in its discretion, including, at a minimum, a copy of the final unappealable judgment dismissing such litigation with prejudice.

(14) **Financial Condition.** The Project Company shall provide financial statements of the Project Company and Garney Holding Company, audited if available, for the most recently completed fiscal year and quarterly period. There shall not have occurred any change, financial or otherwise, in the condition of the Project Company since the Contract Date, or in the condition of Garney Holding Company since the Conforming Contract Amendment Date, that would materially and adversely affect the ability of the Project Company or Garney Holding Company to perform their respective obligations under this Water Transmission and Purchase Agreement, the Guaranty Agreement, the Groundwater Lease Conveyance Agreement or any other Transaction Agreement.

(15) **Project Company Counsel Opinion.** The Project Company shall deliver to SAWS such favorable opinions of counsel for the Project Company, in customary form for project financing transactions, as to this Water Transmission and Purchase Agreement, any agreements made pursuant hereto, matters of law covered by the representations of the Project Company set forth in Section 2.2(A), (B), (C), (D) and (E) (Representations and Warranties of the Project Company), and as to such other matters of law as SAWS may reasonably request, together with appropriate certified authorizing resolutions and incumbency certificates. Such opinions shall further state in substance that the Project Company owns the Groundwater Drilling and Operating Permit and the Groundwater Transportation Permit, and has the right under the leasehold estate granted by the Groundwater Lease Conveyance Agreement to produce Raw Groundwater from the Well Field Facilities Site and transport such Raw Groundwater through the Transmission Pipeline to the Project Company Storage Tank.

(16) **Blue Water Vista Ridge, LLC Counsel Opinion.** The Project Company shall deliver to SAWS such favorable opinions of counsel for Blue Water Vista Ridge, LLC, in customary form for project financing transactions, as to the Groundwater Lease Conveyance Agreement and the Groundwater Supply Agreement, any agreements made pursuant thereto, matters of law covered by the legal representations of Blue Water Vista Ridge, LLC set forth therein, and as to such other matters of law as SAWS may reasonably
request, together with appropriate certified authorizing resolutions and incidence certificates.

(17) **Water Supply Corporation Counsel Opinion.** The Project Company shall deliver to SAWS a letter from counsel for the Water Supply Corporation substantially in the form attached as Transaction Form F (Opinion of Counsel to the Water Supply Corporation).

(22) **Completion of Appendices 3, 5 and 9.** Appendices 3 (Technical Specifications), 5 (Performance Test Procedures and Standards) and 9 (Guaranteed Maximum Electricity Utilization and Demand) shall be completed as provided therein.

(18) **Project Real Property Ownership.** The Project Company shall have delivered a certificate to SAWS, as of the Financial Closing Date, as to which elements of the Project Real Property are owned by the Project Company and which elements are owned by the Water Supply Corporation, together with appropriate evidence thereof.

(19) **Financial Close.** Financial Close shall have occurred. In connection therewith:

(a) **Financial Close Defined.** Financial Close shall be deemed to have occurred when (1) Initial Senior Debt has been issued Secured Credit Facility has been duly authorized, executed and delivered by the parties thereto, (2) the “Initial Funding Date” has occurred under the definitive Senior Debt Financing Agreements on a permanent basis, and equity has been definitively committed under Secured Credit Facility, (3) the Equity Contribution Agreement for the financing in full of amounts sufficient to pay the costs of achieving Acceptance as projected in the Financial Close Model has been duly authorized, executed and delivered by the parties thereto, and (24) the other requirements of this Section 4.1(B) (Financial Closing Date Conditions Defined) have been met. If the Senior Secured Credit Facility is executed, Financial Close shall not be deemed to have occurred except as described in Section 4.1(B)(25)(b) (Initial Senior Debt Requirements). Financial Close shall not include (1) elective payments by or on behalf of Garney Holding Company or its Affiliates for early construction costs (or financing arrangements made to pay such costs), (2) any transaction in which the Initial Senior Debt is issued to or purchased by Garney Holding Company or any Affiliate of Garney Holding Company, or (3) any transaction in which any such Project Costs are not financed on a permanent basis in a bona fide third-party transaction. Financing on a permanent basis includes construction financing in which the lender does not require committed take-out financing as a condition to making the construction loan.

(b) **Initial Senior Debt Requirements.** The Initial Senior Debt shall comply with Section 7.1 (Project Financing) and the Project shall be financed substantially in compliance with Appendix 16 (Plan of Development and Financing and Garney Holding Company Letter of Support), subject to such exceptions as SAWS, acting reasonably, may approve. If the Senior Secured Credit Facility is executed, Financial Close shall not be deemed to have occurred until all of the Financial Closing Date Conditions hereunder have been satisfied and all conditions to the initial disbursement of loan proceeds
under the Senior Secured Credit Facility have been satisfied or waived by the parties thereto (provided that any such waiver shall be subject to SAWS' consent in its discretion). Alternatively, in the event that the Senior Secured Credit Facility is not executed, the Project Company shall use commercially reasonable efforts to issue Initial Senior Debt using a method of permissible financing in accordance with the requirements of this Water Transmission and Purchase Agreement, including tax-exempt private activity bonds (which, if issued, are assigned an investment grade rating by at least two Rating Services) to the extent private activity bond volume cap is reasonably available for such purposes and taking into account the overall impact on the Project and the costs and equity returns associated with such a financing in relation to alternative financing methods. Any Initial Senior Debt not issued by the Project Company as tax-exempt private activity bonds is not required to be rated by any Rating Service and, if rated, is not required to carry an investment-grade credit rating by any Rating Service. To the extent required by State law, any Initial Senior Debt issued by or on behalf of the State or any local government shall be approved by the Texas Attorney General and registered with the Texas Comptroller of Public Accounts and issued under and pursuant to Chapter 1371, as amended, Texas Government Code and other Applicable Law providing a legal basis for such issuance of debt.

(b) (c) SAWS Review. The Project Company shall provide to SAWS (1) for its review, reasonably in advance of any proposed bond or securities offering or bank loan commitment Financial Close, copies of the draft Senior Debt Financing Agreements and, if applicable, the draft preliminary official statement or preliminary offering memorandum, and (2) reasonable advance notice of the commencement of any bond offering or loan commitment.

(c) (d) Financial Model. The Project Company shall have submitted to SAWS a financial model (the "Financial Close Financial Model") meeting the requirements of this Section 4.1(B)(25)(d), Section 4.1(B)(19)(c) (Financial Model). The Financial Close Financial Model:

(1) Shall be prepared by or on behalf of the Project Company in good faith and in accordance with generally accepted standards prevailing for the preparation of similar models in connection with the project financing of major public works projects of a similar size;

(2) Shall be audited and verified by an independent recognized model auditor;

(3) Shall fairly disclose all material cost, revenue and other financial assumptions and projections used by the Project Company in determining to enter into this Water Transmission and Purchase Agreement and by shareholders in purchasing Shares;

(4) Shall be the financial model that was used as the basis for the decision by the Senior Debt Creditors to enter into the Senior Debt Financing Agreements (either directly or indirectly in the preparation of the disclosure documents that were provided in a bond or securities offering or placement) and, if applicable, by the Rating Services in rating or shadow rating the Initial Senior Debt; and
(5) Shall be prepared in a format and using a methodology consistent with the Contract Date Financial Model so as to enable the proper determination of the Target Equity Return Amount.

SAWS shall have the right to review and comment on the Financial Close Financial Model to ensure that it was prepared in a manner consistent with the Contract Date Financial Model. This Financial Closing Date Condition shall not be deemed to have been satisfied until the parties execute a Contract Administration Memorandum which reflects the discount rate and the pre-tax internal rate of return generated by the Financial Close Financial Model and refers to the appropriate Financial Close Financial Model tabs and rows, as further described in Section 10.7(B) (Issuance of Permitted Debt for Capital Modifications Required Due to an Uncontrollable Circumstance) and Section 23.1(B) (Project Assets Purchase Price). Upon the execution of the Contract Administration Memorandum, this Water Transmission and Purchase Agreement shall be deemed to be amended to reflect such references, rate of return and discount rate. The Project Company shall bear the entire risk of any errors in or omissions from the Financial Close Financial Model, and shall not be entitled to any compensation from or other redress against SAWS in relation to any loss or damage that it suffers in consequence of such error or omission. In no event shall the agreement of the parties to establish the Financial Close Financial Model for certain purposes hereunder be construed to mean that the Project Company is entitled to receive a guaranteed rate of return on equity invested in connection with the Project.

(d) Creditors’ Remedies Agreement. The Senior Debt Creditors and the Project Company shall have negotiated and executed the definitive Creditors’ Remedies Agreement with SAWS, which shall have been approved by SAWS in its discretion, Credit Agreement, Equity Contribution Agreement and Depositary Agreement. The Creditors’ Remedies Agreement shall provide for step-in and cure rights by the Senior Debt Creditors, the Credit Agreement, Equity Contribution Agreement and the Depositary Agreement shall have been duly authorized, executed and delivered by the parties thereto.

(e) All Conditions. The parties acknowledge and agree that the conditions itemized in Section 4.1(B) (Financial Closing Date Conditions Defined), other than Section 4.1(B)(25) (Financial Close), are independent of the Financial Close, and must be satisfied in order for the Financial Closing Date to be established, irrespective of whether such conditions are or are not prerequisites of Financial Close.

(f) Financial Close Contract Administration Memorandum. On or promptly following the Financial Closing Date, the parties shall execute a Contract Administration Memorandum which confirms that all of the Financial Closing Date Conditions were satisfied, specifies the Financial Closing Date and reflects the parties’ acknowledgement and agreement that Financial Close has been deemed to have occurred.

(20) Amended Guaranty Agreement. The amendment to the Guaranty Agreement in the form set forth in Transaction Form A (Garney
Guaranty Agreement) shall have been duly authorized, executed and delivered by the parties thereto.

(21) Acceptability and Effectiveness of Documents. Each of the agreements, documents and instruments identified in Section 4.1(B) (Financial Closing Date Conditions Defined) shall have terms and conditions that are materially consistent with this Water Transmission and Purchase Agreement; shall not materially and adversely affect the rights and obligations of SAWS hereunder; and shall be valid, in full force and effect and enforceable against each party thereto on the Financial Closing Date. No such agreement, document or instrument shall be subject to the satisfaction of any outstanding condition precedent except those expressly to be satisfied after the Financial Closing Date, no party to any such document, instrument or agreement shall be in default or imminent default thereunder, and each party shall have received such certificates or other evidence reasonably satisfactory to it of such facts as such party shall have reasonably requested.

(C) Official Certificate as to Certain Matters. The conditions specified in subsections (1), (2), (3), (5), (6), (7), (8), (9), (11) of this Section 4.1(B) (Financial Closing Date Conditions Defined) shall be deemed to have been satisfied upon the delivery of a certificate of a duly authorized officer of the Project Company confirming the matters set forth in such certificates, absent manifest error or credible evidence of fraud.

(D) Expenses. All costs and expenses incurred by the Project Company in performing the Development and Financing Work shall be for the account of the Project Company and shall not be reimbursable by SAWS, except as and to the extent provided in Section 4.4(B) (SAWS Termination On or Before the Financial Closing Longstop Date) in the event SAWS exercises its right to terminate this Water Transmission and Purchase Agreement during the Development and Financing Period.

SECTION 4.2. SAWS DEVELOPMENT AND FINANCING PERIOD RESPONSIBILITIES AND RIGHTS.

(A) Initial Senior Debt. In connection with the Initial Senior Debt, SAWS at its own cost and expense shall:

(1) SAWS Information. Cooperate with and assist the Project Company in connection with the issuance of the Initial Senior Debt by (a) providing any information, certifications or documents that are in SAWS possession and that are reasonably required in connection with the issuance by the Project Company of the Initial Senior Debt, and (b) if the Initial Senior Debt Financing involves an offering or placement of bonds, providing a letter to the Project Company and to the lead investment business or placement agent, prior to the issuance of any preliminary official statement or preliminary offering memorandum, as to whether the Financial Closing Date Conditions have or have not been satisfied as of the date of the letter.

(2) Representations. Deliver to the Project Company a certificate of an authorized officer to the effect that the representations of SAWS set forth in Section 2.1 (Representations and Warranties of SAWS) hereof are
true and correct in all material respects as if made on and as of the Financial Closing Date.

(3) **SAWS Counsel Opinion.** Deliver to the Project Company and to the Senior Debt Creditors such favorable opinions of counsel for SAWS, in customary form for project financing transactions, as to this Water Transmission and Purchase Agreement, any agreements made pursuant hereto, matters of law covered by the representations of SAWS set forth in Section 2.1 (Representations and Warranties of SAWS), and as to such other matters of law as to the Project Company may reasonably request set forth in Transaction Form K (Opinion of Counsel to SAWS), together with appropriate certified authorizing resolutions and incumbency certificates.

(4) **Modifications to this Water Transmission and Purchase Agreement.** Make such modifications, corrections and clarifications to this Water Transmission and Purchase Agreement, the Project Real Property Conveyance Agreement, the Groundwater Supply Agreement or any other agreement directly related thereto to which SAWS is a party as may reasonably be requested by the Project Company to facilitate the issuance of the Initial Senior Debt, except that no such modification, correction or clarification shall increase or potentially increase the cost of Product Water to SAWS, reduce the economic benefit of the Project to SAWS, or materially and adversely affect the rights and obligations of SAWS hereunder.

(B) **Failure of Compliance by SAWS.** No failure by SAWS for any reason to comply with its obligations under Section 4.2(A) (Initial Senior Debt) shall constitute a breach by SAWS of this Water Transmission and Purchase Agreement or an Event of Default by SAWS hereunder. If, however, (1) SAWS fails for any reason to comply with such obligations within 30 days following receipt of a written request for the items specified in Section 4.2(A) (Initial Senior Debt), and (2) the Project Company shall have satisfied the Financial Closing Date Conditions (other than Section 4.1(B)(25) Section 4.1(B)(19) (Financial Close)), SAWS shall be deemed to have exercised its right to terminate this Water Transmission and Purchase Agreement for convenience as provided in Section 4.4 (SAWS Convenience Termination Option During the Development and Financing Period), and shall pay the Project Company the termination payment specified in Section 4.4(B) (SAWS Termination On or Before the Financial Closing Longstop Date) (as applicable to the date of termination) within 60 days following receipt of such written request.

**SECTION 4.3. CLOSING THE DEVELOPMENT AND FINANCING PERIOD.**

(A) **Satisfaction of the Financial Closing Date Conditions and Establishment of Financial Closing Date.** The Project Company shall provide SAWS with periodic reports regarding the satisfaction of the Financial Closing Date Conditions, and shall give SAWS prompt written notice when all of the Financial Closing Date Conditions have been achieved. Upon the satisfaction or waiver by SAWS of the Financial Closing Date Conditions, the parties shall hold a formal closing at a location reasonably determined by SAWS acknowledging such satisfaction, delivering copies of all relevant documents, and certifying that the Financial Closing Date has occurred. The Construction Period shall thereupon commence. The date of such closing shall be the “Financial Closing Date” hereunder. On or promptly following the Financial Closing Date, the Project Company shall deliver to SAWS copies of the executed Senior Debt Financing Agreements (in the case of the Senior Secured Credit Facility, to the extent not already delivered to SAWS in final form
as of the Financial Closing Date in accordance with Section 7.1(J) (Execution of the Senior Secured Credit Facility) and all related closing documents provided in connection with Financial Close.

**(B) Financial Closing Longstop Date Defined.** The “Financial Closing Longstop Date” shall mean the date that is 910 days following the Contract Date. The Financial Closing Longstop Date is not subject to extension for any reason.

**(C) Failure by the Project Company to Satisfy the Financial Closing Date Conditions.** If, by the Financial Closing Longstop Date, the Project Company fails to satisfy all of the Financial Closing Date Conditions, and any such failure has not been waived by SAWS, SAWS may terminate this Water Transmission and Purchase Agreement pursuant to Section 4.4(D) (SAWS Termination After the Financial Closing Longstop Date). No such failure shall constitute a breach by the Project Company of this Water Transmission and Purchase Agreement or a Project Company Event of Default. SAWS shall not have any payment, compensation, reimbursement or other obligation to the Project Company on account of any such failure.

**SECTION 4.4. SAWS CONVENIENCE TERMINATION OPTION DURING THE DEVELOPMENT AND FINANCING PERIOD.**

**(A) SAWS Convenience Termination Option Generally.** At any time from the Contract Date until the Financial Closing Date, SAWS shall have the right, exercisable in its discretion for any reason by written notice to the Project Company, to terminate this Water Transmission and Purchase Agreement; provided, however, that, SAWS shall not exercise such termination option during the period between the issuance of any preliminary official statement or offering or placement memorandum relating to the Initial Senior Debt through the Financial Closing Date. The date of delivery of any such written termination notice shall be the Termination Date hereunder. The execution of the Senior Secured Credit Facility shall not limit the rights of SAWS under this Section 4.4 in any manner.

**(B) SAWS Termination On or Before the Financial Closing Longstop Date.** If the Financial Closing Date has not occurred and SAWS exercises its termination option pursuant to Section 4.4(A) (SAWS Convenience Termination Option Generally) on or before the Financial Closing Longstop Date, SAWS shall pay the Project Company, within 60 days following the Termination Date, an amount equal to Project Company Reimbursable Costs. Concurrently with payment by SAWS to the Project Company of the termination payment due upon any convenience termination of this Water Transmission and Purchase Agreement under this Section 4.4(B) (SAWS Termination On or Before the Financial Closing Longstop Date) and subject to Section 26.13 (SAWS’ Confidentiality Obligations), the Project Company shall deliver to SAWS copies of, and transfer title to, all of the property developed or acquired during the period commencing on the Contract Date and ending on the Termination Date that was funded by the Project Company Reimbursable Costs, including designs, studies, surveys, professional work product, contract rights, and interests of any kind in real property. Such property may be used by SAWS thereafter for any purpose, but without liability of the Project Company with respect thereto. All such property (1) shall be delivered without any representation or warranty as to its content or conclusions, including title or the practicability or feasibility of the completion or operation of the Project, and (2) shall exclude any property or contract rights to Raw Groundwater that was not funded by the Project Company Reimbursable Costs.
manner consistent with SAWS' Product Water purchase obligations under this Water Transmission and Purchase Agreement.

(B) **Scheduled SAWS Interconnection Improvements Completion Date.** SAWS should cause construction of the SAWS Interconnection Improvements to be substantially complete, and capable of taking delivery of Product Water for purposes of commencing the Performance Test as described in Appendix 5 (Performance Test Procedures and Standards), by the date that is 1,170 days following the Financial Closing Date (the "**Scheduled SAWS Interconnection Improvements Completion Date**"). SAWS shall regularly apprise the Project Company as to the progress of construction.

(C) **Completion Delay.** A delay or failure by SAWS for any reason to complete construction of the SAWS Interconnection Improvements, to any extent or by any date, shall not be a breach of this Water Transmission and Purchase Agreement or a SAWS Event of Default. The parties acknowledge and agree, however, that a delay or failure by SAWS to complete the SAWS Interconnection Improvements may impede the ability of the Project Company on a timely basis to commence and complete the Performance Test or to achieve the Commercial Operation Date. Accordingly, subject to subsection (D) of this Section (Project Company Mitigation Measures) and to Section 26.4(A)(Mitigation by the Project Company):

1. For each day during the period (a) commencing on the Scheduled SAWS Interconnection Improvements Completion Date and (b) ending on the day that the SAWS Interconnection Improvements are completed to the level required to allow the Project Company to begin, continue and complete the Performance Test, and on which the Project Company has achieved Substantial Completion and is prepared to commence the Performance Test, SAWS shall pay the Project Company, as a Direct Payment, an amount equal to the daily general conditions costs reasonably incurred by the **EPC Design Build** Contractor attributable to the delay in beginning, continuing and completing the Performance Test; and

2. For each day during the period (a) commencing on the day that the Project Company would have achieved the Commercial Operation Date and been able to make available Product Water in daily volumes at least equal to the Baseline Daily Volume but for the failure of SAWS for any reason to have completed construction of the SAWS Interconnection Improvements by the Scheduled SAWS Interconnection Improvements Completion Date to the level required to allow the Project Company to begin, continue and complete the Performance Test (but not earlier than 1,260 days following the Financial Closing Date), and (b) ending on the Commercial Operation Date, Product Water in a volume up to the Baseline Daily Volume shall be deemed to have been made available, and SAWS shall pay the Project Company (1) the Capital and Raw Groundwater Unit Price, multiplied by (2) the Baseline Daily Volume.

(D) **Project Company Mitigation Measures.** In the event the Project Company fails to complete the mitigation measures required to be undertaken by the Project Company under Appendix 13 (SAWS Interconnection Improvements), including acquisition of other land that may be required to satisfy endangered species or other mitigation requirements, SAWS shall be relieved of its payment obligations under subsection (C) of this Section to the extent that any delay in, stoppage of, or failure to
complete construction of the SAWS Interconnection Improvements is reasonably attributable to such failure.

(E) (D) Operation, Maintenance, Repair and Replacement. SAWS shall use reasonable efforts to operate, maintain, repair and replace the SAWS Interconnection Improvements during the Term so as to permit the delivery of Product Water to the SAWS Distribution System in accordance with this Water Transmission and Purchase Agreement.

SECTION 6.3. SAWS INTERFACE CABINET.

The parties shall cooperate to assure the timely installation and testing by SAWS of the SAWS Interface Cabinet at the Project.

SECTION 6.4. NOTICE OF SHUTDOWNS AND CLOSURES.

(A) Notice. SAWS shall give notice as soon as practicable of any shutdown or closure of the SAWS Distribution System that may prevent or limit SAWS from receiving Product Water. SAWS’ notice shall include a written report:

(1) Describing the shutdown or closure;

(2) Stating the date on which the shutdown or closure began and its estimated duration, to the extent known; and

(3) Summarizing the likely consequences of the shutdown or closure of SAWS’ ability to take delivery of Product Water under this Water Transmission and Purchase Agreement.

(B) Updates. SAWS shall provide the Project Company with weekly updates, together with further details and supporting documentation, as it receives or develops additional information pertaining to the shutdown or closure. In particular, SAWS shall notify the Project Company as soon as the shutdown or closure has ceased and of the time when it reasonably expects to be again capable of receiving Product Water.
ARTICLE 7
PROJECT FINANCING AND REFINANCING

SECTION 7.1. PROJECT FINANCING.

(A) Project Company Financing. The Project Company is solely responsible, subject to SAWS obligations under Article 4 (Development and Financing Period), for obtaining and repaying all financing necessary for the design, permitting and construction of the Project at its own cost and risk and without recourse to SAWS, both initially, as may be required to complete the Project and for any Project purpose during the Term. SAWS shall have the right to review and comment on any Senior Debt Financing Agreements, including all agreements pertaining to the Senior Secured Credit Facility. The Project Company, subject to SAWS obligations under Article 4 (Development and Financing Period), exclusively bears the risk of (1) the availability or unavailability at any time and for any reason of tax-exempt private activity bond financing for the Project, and (2) any changes in the interest rate, payment provisions or the other terms and conditions of any of its financings. SAWS shall have no obligation to provide financing for the Project or for any Project Company-Requested Capital Modifications (other than Project Company-Requested Capital Modifications pursuant to Section 12.3(B) (Inability of Project Company to Obtain Financing)), or for any other purpose; provided, however, that this provision is not intended to relieve SAWS of its obligations related to SAWS Fault, including under Section 16.3 (Project Company Relief Due to a SAWS Fault).

(B) Adequacy of Initial Senior Debt Proceeds to Pay Project Costs. The proceeds of the Initial Senior Debt shall be applied to the payment of Project Costs in the manner provided by the Senior Debt Financing Agreements. In the event the proceeds of the Equity Contribution Agreement and the Initial Senior Debt are insufficient to pay all Project Costs necessary to achieve Substantial Completion and Acceptance, the Project Company shall provide any additional financing required to pay the balance of such Project Costs.

(C) Limitations on Project-Secured Debt. The Project Company shall not issue any debt secured by the Project or its revenues other than the following (any such debt constituting “Permitted Debt” hereunder): (1) Senior Debt; (2) debt for Project Costs; (3) debt for Final Completion; (4) debt issued for Refinancing purposes; (5) debt to finance short-term Project cash flow requirements; (6) debt to finance Capital Modifications; (7) debt to finance letters of credit to secure the Project Company’s obligations under agreements and Governmental Approvals with respect to the Project; (8) debt to finance the costs of compliance with Governmental Approvals; (9) debt in connection with interest rate or other hedging arrangements related to the financing of the Project; and (10) subordinated debt issued for Project purposes. The term of any Permitted Debt issued by the Project Company shall not extend beyond the Expiration Date then in effect, except as provided in Section 10.7(B) (Issuance of Permitted Debt for Capital Modifications Required Due to an Uncontrollable Circumstance).

(D) Permitted Debt Other than Senior Debt. SAWS, notwithstanding any other provision of this Water Transmission and Purchase Agreement, shall have no obligation under this Water Transmission and Purchase Agreement for making any payment measured or calculated by or with reference to Permitted Debt, nor shall the issuance of any Permitted Debt result in an adjustment of the Unit Price except as provided in Section 7.6 (Refinancing and Refinancing Gain).
Default), except to the extent that consideration of the Bridge Loan has been taken into account in establishing the amount of the Senior Secured Credit Facility.

(J) Execution of the Senior Secured Credit Facility. The Project Company reasonably expects that the Senior Secured Credit Facility will be executed on or about July 1, 2016 and that the initial disbursement thereunder will occur on or about September 30, 2016 based on satisfaction or waiver of all conditions precedent specified therein by such date. Upon execution, the Senior Secured Credit Facility will have the status of Senior Debt hereunder such that the Project Company’s obligations thereunder will be secured by a first lien on all or substantially all of the revenues and assets of the Project Company, notwithstanding the fact that Financial Close hereunder will not occur until satisfaction of all conditions specified in Section 4.1(B)(25)(b); provided, however, that such lien shall remain subject to all rights reserved to SAWS hereunder prior to Financial Close without limitation, including those arising under Section 4.4 hereof. On or promptly following the execution of the Senior Secured Credit Facility, the Project Company shall deliver to SAWS copies of all executed agreements pertaining to the Senior Secured Credit Facility, which shall constitute Senior Debt Financing Agreements hereunder. In no event shall the Senior Secured Credit Facility permit disbursements of loan proceeds prior to Financial Close hereunder.

SECTION 7.2. FINANCING THE CAPITAL COSTS OF SAWS-REQUESTED CAPITAL MODIFICATIONS.

(A) Financing SAWS-Requested Capital Modification Capital Costs. In the event SAWS requests the Project Company to make Capital Modifications pursuant to Section 12.3 (Capital Modifications at SAWS Request), the Project Company shall use all reasonable efforts to finance the design and construction costs of such SAWS-Requested Capital Modifications to the extent permitted under the Senior Debt Financing Agreements. The parties acknowledge that (1) the resulting increase in the Capital and Raw Groundwater Unit Price will be based on the actual debt service payable by the Project Company on the Permitted Debt issued for such purposes (and any other reasonable costs and expenses incurred by the Project Company in connection with such Permitted Debt), and an equitable adjustment to the Project Company’s equity return to reflect the terms of any SAWS-Requested Capital Modification Financing, and (2) such Permitted Debt shall have a final maturity concurrent with the Expiration Date; provided, however, that in no event shall any such Permitted Debt adversely affect any credit rating of any Senior Debt.

(B) SAWS Rights With Respect to SAWS-Requested Capital Modification Financings. The Project Company acknowledges that SAWS has a direct interest in the terms under which the Permitted Debt is issued and new equity is raised for a SAWS-Requested Capital Modification Financing. Accordingly, the Project Company shall assure that SAWS and its financial advisors are substantially involved in all matters pertaining to the development and execution of the plan of financing for any such Permitted Debt, including direct participation in and review of the structuring, maturities, interest rates and pricing of any such Permitted Debt. Permitted Debt issued for such purposes shall not be sold or issued without the approval of SAWS, acting reasonably.

(C) SAWS Right to Finance SAWS-Requested Capital Modification Capital Costs. SAWS shall have the right but not the obligation, in its discretion and in lieu of any Project Company-Requested Capital Modification Financing by the Project Company, to finance any SAWS-Requested Capital Modification Capital Costs itself. In such event, SAWS shall pay the Project Company for such costs from the proceeds of a SAWS direct recourse financing or from SAWS internally-generated funds, and there shall be no
information), SAWS’ consent shall be deemed to have been given. If at any time any material amendment is made to any Senior Debt Financing Agreement or the Project Company enters into any replacement Senior Debt Financing Agreement (or any agreement which affects the interpretation or application of any Senior Debt Financing Agreement), the Project Company shall deliver to SAWS a copy of each such material amendment or agreement within 10 Business Days of the date of its execution or creation, certified as a true copy by an officer of the Project Company. With respect to the Credit Agreement and the Depositary Agreement, a matter affecting SAWS as set forth above shall be deemed material if, in an adverse way with respect to SAWS, it: (1) amends the definition of Operating and Maintenance Expenses in the Credit Agreement, if such proposed amendment would affect clause (k) of such definition; (2) modifies the inclusion of amounts payable as Operating and Maintenance Expenses in clause (B) of Section 3.03(a)(iii) and in clause (B) of Section 3.03(b)(i) of the Depositary Agreement; (3) increases the aggregate principal amount of Senior Debt (other than (i) treating overdue amounts as principal and (ii) capitalizing interest during the construction period by increasing the principal amount on each interest payment date by the amount of the applicable interest payment) including, without limitation, the advancing of funds pursuant to the Credit Agreement in excess of the principal amount of the Initial Senior Debt and the re-lending of principal that has been repaid, or (4) restructures the principal amortization of the Initial Senior Debt (including by use of hedging arrangements), in either case which proposed increase or restructurating would have the effect of increasing the portion of the Project Assets Purchase Price attributable to the Senior Debt; or (5) such amendment, modification or action otherwise has the effect of increasing the portion of the Project Assets Purchase Price attributable to Senior Debt.

REFINANCING AND REFINANCING GAIN.

(A) Consent Required for Refinancing. The Project Company shall not enter into any Refinancing without the prior written consent of SAWS. Such consent will not be unreasonably withheld or delayed if the Refinancing occurs after the Commercial Operation Date, has no material and adverse effect on the Project Company’s ability to perform its obligations under this Water Transmission and Purchase Agreement, and does not increase any liability or potential liability of SAWS (unless SAWS is specifically compensated for such liability or potential liability).

(B) SAWS’ Share of Refinancing Gain. SAWS shall be entitled to receive a 25 percent share of any Refinancing Gain arising from a Refinancing.

(C) Project Company Proposal to Refinance. The Project Company shall promptly provide SAWS with full details of any proposed Refinancing, including:

(1) All proposed revisions to the Senior Debt Financing Agreements; and
(2) **SAWS’ estimated share of the Refinancing Gain, expressed in terms of the reduction of the Capital and Raw Groundwater Unit Price described in (D) (Reduction in the Capital and Raw Groundwater Unit Price).**

SAWS shall (before, during and within two years after any Refinancing) have unrestricted rights of audit over any books, records and other documentation (including any aspect of the calculation of the Refinancing Gain) used in connection with such Refinancing; provided, however, that the Project Company shall not be required to provide SAWS any income statement showing profit or loss (provided that the Project Company recognizes that profit and loss information may become discernible to SAWS through the Cost Substantiation process upon the delivery of financial records for the purposes hereof.

(D) **Reduction in the Capital and Raw Groundwater Unit Price.** SAWS shall receive its share of any Refinancing Gain as a reduction in the Capital and Raw Groundwater Unit Price, in accordance with Section 17.8(B) (Adjustments to the Unit Price), over the period ending on the Expiration Date. Any such reduction in the Capital and Raw Groundwater Unit Price shall reflect the savings in actual debt service payable with respect to the Senior Debt.

(E) **Calculation of Refinancing Gain.** SAWS and the Project Company shall negotiate in good faith the basis and method of calculation of the Refinancing Gain and the reduction in the Capital and Raw Groundwater Unit Price resulting from SAWS’ share of the Refinancing Gain. The Refinancing Gain will be calculated after taking into account the reasonable and proper professional costs that the Project Company directly incurs in relation to the Refinancing and SAWS’ costs that the Project Company pays pursuant to Section 7.6(F)–Section 7.6(G) (SAWS’ Expenses). If SAWS and the Project Company are unable to agree on the basis and method of calculation of the Refinancing Gain or the reduction in the Capital and Raw Groundwater Unit Price, the dispute may be referred to Non-Binding Mediation.

(F) **SAWS Information.** SAWS shall cooperate with and assist the Project Company in connection with any Refinancing by providing any information, certification or documents that are in SAWS possession and that are reasonably required in connection with the Refinancing.

(G) **SAWS’ Expenses.** The Project Company shall pay SAWS’ reasonable and properly incurred third party professional services costs in connection with a Refinancing, such costs to be paid to SAWS by the Project Company within 60 days after receipt of a valid invoice in respect of such amount following the close of the Refinancing.
Article 8  Water Transmission and Purchase Agreement  Completion and Acceptance of the Project

(3) **EPC Design Build** Contractor Letter of Confirmation. The **EPC Design Build** Contractor shall have delivered a letter to SAWS and the SAWS Engineer confirming the matters stated in (2) (Achievement of Minimum Performance Criteria);

(4) **Operating Governmental Approvals.** All Governmental Approvals required under Applicable Law, including the Project Company Public Water Supplier Designation, which are required to be obtained by the Project Company as of the Commercial Operation Date for the performance of the Operating Work shall have been duly obtained by the Project Company and shall be in full force and effect. True and correct copies of all such Governmental Approvals, to the extent not in SAWS’ possession, shall have been delivered to SAWS to the extent required by Section 5.5(B)(Copies) and Section 9.8(E) (Copies of Operating Governmental Approvals);

(5) **No Encumbrances.** There are no Encumbrances registered or recorded on the Project Sites or any part of the Project other than Permitted Encumbrances;

(6) **Governmental Body Readiness Confirmations.** To the extent required under Applicable Law, all other Governmental Bodies having jurisdiction have confirmed (and issued all pertinent Governmental Approvals or other documents in respect thereof) that all buildings and structures comprising the Project on the Project Sites are ready for use and occupancy;

(7) **Required Operating Period Insurance.** The Project Company has obtained and submitted to SAWS endorsements and certificates of insurance for all Required Insurance specified in Section 7.2 (Insurance During the Operating Period) of Appendix 7 (Insurance Requirements); and

(8) **Final Electronic Operation and Maintenance Manuals.** The Project Company has delivered to SAWS the final Electronic Operation and Maintenance Manual.

(B) **Notice and Report of Acceptance.** When the Project Company believes that it has achieved Acceptance, it shall deliver to SAWS and the SAWS Engineer a notice thereof (the “**Notice of Acceptance**”). The Notice of Acceptance shall contain a report in a form acceptable to SAWS, and with sufficient detail to enable SAWS to determine that Acceptance has been achieved.

(C) **Achievement of Acceptance.** SAWS and the SAWS Engineer shall, within 30 days following receipt of the Notice of Acceptance, inspect the Project and all Construction Work and either (a) deliver a certificate to the Project Company certifying that the requirements under clauses (1) through (8) of Section 8.5(A) (Conditions) have been satisfied, or (b) notify the Project Company in writing that Acceptance has not been achieved, stating in detail the reasons therefor. In the event that Acceptance has not been achieved, the Project Company shall promptly take such action or perform such Construction Work to effect compliance with Acceptance, and shall issue to SAWS and the SAWS Engineer another Notice of Acceptance pursuant to (B) (Notice and Report of Acceptance). Such procedure shall be repeated as necessary until Acceptance has been achieved. Any expense incurred by SAWS in any such repeated inspections and reviews shall promptly be reimbursed by the Project Company as a Direct Payment.
Purchase Agreement. SAWS reserves the right to reject, modify, alter, amend, delete or supplement any information supplied, or term or condition proposed, by the Project Company which would have the effect described in the preceding sentence, provided that any such action by SAWS shall not cause the Project Company to fail to comply with Applicable Law.

(C) Non-Compliance and Enforcement. The Project Company shall report to SAWS, immediately upon obtaining knowledge thereof, all notices or communications it receives with respect to violations of the terms and conditions of any Project Site Lease, Governmental Approval or Applicable Law pertaining to the Project. The failure of the Project Company to comply with any Governmental Approval in all material respects shall constitute a breach of this Water Transmission and Purchase Agreement.

(D) Reports to Governmental Bodies. The Project Company shall, in accordance with the Contract Standards, prepare all periodic reports, make all information submittals and provide all notices to all Governmental Bodies required by all Governmental Approvals and under Applicable Law with respect to the Project, including sampling and testing results. Such reports shall contain all information required by the Governmental Body, and may be identical to comparable reports prepared for SAWS, if such are acceptable to the Governmental Body. The Project Company first shall provide SAWS with copies of such regulatory reports prior to their filing as and to the extent required pursuant to Section 9.8(B) (Data and Information).

(E) Copies of Operating Governmental Approvals. The Project Company shall make available for review and copying by SAWS, upon request, copies of the Operating Governmental Approvals and related applications.

(F) Potential Regulatory Change. The Project Company shall keep SAWS regularly advised as to potential material changes in regulatory requirements affecting the Project or the Raw Groundwater of which the Project Company becomes aware, together with anticipated responses to such potential changes (including potential Capital Modifications and the acquisition of additional water rights).

(G) Deductions For Failure to Obtain a Groundwater Transportation Permit Extension. If, following the later of (i) September 15, 2031, and (ii) the Senior Debt Discharge Date, the Groundwater Transportation Permit has not been extended to or beyond September 15, 2044, then, until such extension has occurred, Deductions shall be imposed against the entirety of SAWS’ Monthly Water Purchase Payment obligations until such time as the total amount of such Deductions equals $50,000,000.

SECTION 9.9. SAWS ACCESS TO PROJECT.

(A) General Access. Subject to (1) reasonable safety precautions and execution of waivers of liability on the part of SAWS visitors, (2) reasonable prior notice requirements required by the Project Company, and (3) reasonable limitations imposed by the Project Company for purposes of assuring minimum disruption to operations of the Project (in all cases to be established in the Operating Protocol), SAWS shall have the right at any time to visit and inspect the Project and related records and observe the Project Company’s performance of the Operating Work in order to determine compliance with the Contract Standards, including the Project Company’s obligations under Article 11 (Maintenance, Repair and Replacement); provided that unless a Project Company Event of Default shall have occurred and be continuing arising directly from an alleged failure of the Project Company to act within Contract Standards, or other exigent circumstances exist
(C) Compliance. Compliance with the Product Water Quality Guarantee shall be measured at the Product Water Quality Sampling Location. SAWS shall have no obligation prior to or after taking delivery of any Product Water made available by the Project Company to conduct tests to determine whether such Product Water meets the Product Water Quality Guarantee or is Off-Specification Product Water or Unacceptable Product Water. SAWS may, however, conduct tests to make such a determination, either by testing Product Water in the Project pursuant to Section 10.10(B) (SAWS Testing Rights) or by testing Product Water in the SAWS Distribution System.

(D) Remedies for Breach of Product Water Quality Guarantee - Off-Specification Product Water. In the event SAWS takes delivery of any Product Water that constitutes Off-Specification Product Water: (1) each Unit of such Off-Specification Water shall be deemed to constitute a Monthly Delivered Water Unit; (2) SAWS shall have the right in its discretion to impose a Deduction in the amounts specified in Table 8-2 of Appendix 8 (Performance Guarantee Requirements); (3) SAWS in its discretion may cease taking delivery of Product Water until appropriate measures have been taken so that Product Water that is taken delivery of by SAWS upon the resumption of deliveries will not constitute Off-Specification Product Water; and (4) SAWS shall further have the additional remedies set forth in Section 10.8 (SAWS Remedies for Non-Compliance With Performance Guarantees). Any Unit of Product Water made available by the Project Company but not taken delivery of by SAWS pursuant to the exercise of its rights under this Section shall not constitute a Monthly Delivered Water Unit.

(E) Remedies for Breach of Product Water Quality Guarantee - Unacceptable Product Water. In the event SAWS takes delivery of any Product Water that constitutes Unacceptable Product Water: (1) each Unit of Unacceptable Product Water shall be deemed not to constitute a Monthly Delivered Water Unit; (2) SAWS shall have no obligation to compensate the Project Company for such Unit of Unacceptable Product Water; (3) SAWS in its discretion may cease taking delivery of Product Water until appropriate measures have been taken so that Product Water that is taken delivery of by SAWS upon resumption of deliveries will not constitute Unacceptable Product Water; (4) SAWS shall have the right to bring an action for damages; and (5) SAWS shall further have the additional remedies set forth in Section 10.8 (SAWS Remedies for Non-Compliance With Performance Guarantees). Any damages payable by the Project Company as a result of any such judgment or settlement shall be paid as a Direct Payment.

(F) Boil Water and Do Not Drink Notices. In the event the TCEQ requires the issuance of a “boil water” or “do not drink” notice on the basis of the quality of Product Water of which SAWS has taken delivery: (1) the Project Company shall, if reasonably required by SAWS, terminate the Operating Service Agreement and enter into a replacement Operating Service Agreement in accordance with Section 13.4 (Project Contracts), (2) such notice shall constitute a Project Company Remediable Breach pursuant to Section 20.1(B) (Project Company Remediable Breach Defined), and (3) SAWS shall have the further remedies specified herein, including those specified in Section 10.8 (SAWS Remedies for Non-Compliance with Performance Guarantees). If, at any time during the Term following the issuance of a first such notice, the TCEQ subsequently requires the issuance of a second such notice on the basis of the quality of Product Water delivered to SAWS, a Project Company Event of Default shall be deemed to have occurred and SAWS may pursue the remedies available under Article 19 (Remedies of the Parties), Article 20 (Project Company Events of Default), and Article 22 (Termination).

(G) Reporting Off-Specification Product Water and Unacceptable Product Water. The Project Company shall report to SAWS the making available to SAWS of any
on any day in the months of November, December, January and February, and (2) in any volume up to 149.2 Units in all other months, except that:

1. In the first and second months of March and the first and second months of April following the Commercial Operation Date, the daily volume limits shall be 137.0 Units; and

2. Subject to the daily limitations of 137.0 Units and 149.2 Units as provided above, on any day when there are Excused Supply Shortfall Units standing to the account of the Project Company or Demand Shortfall Units standing to the account of SAWS, the Project Company shall have the right to make available Product Water constituting Make-Up Units so long as the maximum volume of Product Water made available in any Contract Year does not exceed 53,000 Acre Feet; and

3. Subject to daily limitations of 137.0 Units and 149.2 Units as provided above, on any day when there are no Excused Supply Shortfall Units standing to the account of the Project Company or Demand Shortfall Units standing to the account of SAWS, the Project Company shall have the right to make available Product Water constituting Make-Up Units (“Advance Project Company Make-Up Units”) up to a maximum of 3,000 Advance Project Company Make-Up Units at any time outstanding, which Advance Project Company Make-Up Units shall be available for application whenever Excused Supply Shortfall Units subsequently occur.

(C) Extended Shutdowns. The Project Company acknowledges that its right to supply Product Water may be limited by the requirements of Section 6.6 of Appendix 6 (Operating and Maintenance) related to extended shutdowns.

(D) Protocol for Determining Number of Units of Product Water Not Made Available. Product Water shall be deemed to have been made available hereunder as provided in Section 1.2[M](References to “Making Available Product Water”). Not later than the date on which SAWS approves the Operating Service Provider and the terms of the Operating Service Agreement pursuant to Section 13.1[E](Operating Service Provider), SAWS and the Project Company shall develop and agree on protocols or conventions for measuring the number of Units of Product Water that has not been made available in any circumstance of Product Water unavailability. The resulting agreement shall be reflected in a Contract Administration Memorandum.

SECTION 10.5. SAWS OBLIGATION TO TAKE DELIVERY OF AND PURCHASE PRODUCT WATER.

(A) SAWS Obligation to Take Delivery and Purchase Product Water Following the Commercial Operation Date. Following the Commercial Operation Date, SAWS shall take delivery of and purchase all Product Water made available by the Project Company, subject to and in accordance with the limits set forth in Section 10.4(B) (Supply Following Commercial Operation Date) and the terms and conditions of this Water Transmission and Purchase Agreement.

(B) SAWS Obligation to Pay for Demand Shortfall Units Following the Commercial Operation Date. To the extent that in any Billing Period following the Commercial Operation Date there are any Demand Shortfall Units that have not been made up by SAWS Make-Up Units, SAWS shall pay the Unit Price for such Demand Shortfall Units.
10.4(B) (Supply Following Commercial Operation Date), shall use all reasonable efforts to deliver Product Water so as to create SAWS Make-Up Units.

SECTION 10.7. EXTENSION OF TERM.

(A) Shortfall Units. The Term shall be extended as and to the extent required:

(1) Excused Supply Shortfall Units. To allow for any Excused Supply Shortfall Units that have accrued and have not been made up through Make-Up Units, to be made available by the Project Company and taken delivery of and purchased by SAWS;

(2) Demand Shortfall Units. To allow for any Demand Shortfall Units that have accrued and have not been made up through Make-Up Units, to be made available by the Project Company and taken delivery of and purchased by SAWS without further compensation.

The Project Company shall provide written notice to SAWS, at least 90 days prior to the Expiration Date, as to whether and to what extent the Expiration Date will need to be extended as of the date thereof to account for the matters described in this Section 10.7(A) (Shortfall Units), together with the basis therefor. On or before the Expiration Date, the parties shall execute a Contract Administration Memorandum confirming the extended Expiration Date. Throughout the extended Term, the Project Company shall provide quarterly updates as to such matters, as well as additional information related to events that occur during the extended Term that may require additional extensions.

(B) Issuance of Permitted Debt for Capital Modifications Required Due to an Uncontrollable Circumstance. In the event that the Project Company determines that additional Permitted Debt is required to be issued for Capital Modifications required due to the occurrence of an Uncontrollable Circumstance, then the Term shall be extended subject to and in accordance with the following:

(1) As soon as practicable after the Project Company becomes aware of the need to issue additional Permitted Debt, the Project Company shall provide to SAWS the following information at least 45 days prior to the date on which the Project Company proposes to issue the Permitted Debt (the “Permitted Debt Issuance Date”):

   (a) a term sheet and other relevant information on the terms of the proposed Capital Modification;

   (b) details concerning any proposed financing of such proposed Capital Modification including the amount of any anticipated equity contribution and the principal amount and anticipated interest rate pertaining to any additional Permitted Debt proposed to be issued (the “Proposed Financing”);

   (c) the Contract Date Financial Close Financial Model (which targets a pre-tax internal rate of return of 13.741% (as referenced on the “Quarterly Calculations” tab, row 2256)); and
(d) a pro-forma post-Proposed Financing Financial Model, which modifies the Contract Date Financial Close Financial Model by making the following adjustments to take into account the Proposed Financing:

   (i) Entry of the proposed equity contribution, if any, into the Contract Date Financial Close Financial Model as of the proposed Permitted Debt Issuance Date. This incremental equity contribution will be assumed to earn a pre-tax internal rate of return of 13.741% (which was the pre-tax internal rate of return anticipated to be earned in the Contract Date Financial Model);

   (ii) Entry of the proposed Permitted Debt issuance amount into the Contract Date Financial Close Financial Model as of the Permitted Debt Issuance Date. This debt issuance will be assumed to bear interest at the rate set forth in subsection (1)(b) above;

   (iii) Holding the Capital and Raw Groundwater Unit Price constant, extend the Term for the necessary number of years quarters to amortize the proposed Permitted Debt issuance to maturity (assuming level debt service payments which begin at the date that is 20 years following the Commercial Operation Date Senior Debt Discharge Date as anticipated in the Financial Close Financial Model ([March 2049]) or such later date as may be necessary assuming principal balances of Initial Senior Debt or previously issued Permitted Debt remain outstanding beyond the date that is 30 years following the Commercial Operation Date Senior Debt Discharge Date); and

   (iv) To the extent that the cash flows associated with the extension of Term in subsection (1)(d)(iii) above have not been sufficient to generate a pre-tax internal rate of return of 13.741% in accordance with the review of the Contract Date Financial Model’s “Quarterly Calculations” tab, row 2256 on the incremental equity contribution referred to in item (i) of this subsection, further extend the Term (beyond the extension described in subsection (1)(d)(iii) above) for the additional necessary number of quarters to achieve this target level of return. For purposes of this computation, it is assumed that all cash flows previously being utilized to service Permitted Debt will now be available to provide additional equity returns.

(2) Following receipt of the information from the Project Company set forth in subsection (1) above, SAWS shall within 21 days review and, if in agreement, provide its approval to the Proposed Financing and its requisite extension of the Term, such approval not to be unreasonably withheld. In the event SAWS does not approve such extension, it shall provide the reasons therefor in detail in writing to the Project Company within such 21 day-period and shall make available representatives with decision-making authority at a mutually agreed time and place to meet with equivalent representatives of the Project Company within 10 days thereafter to discuss and review in detail the information set forth in the submittals of the Project Company and the reasons for the disapproval of SAWS.

(3) SAWS shall cooperate with the Project Company and provide reasonable assistance to the Project Company with respect to each financing
pursuant to this Section 10.7(B) (Issuance of Permitted Debt for Capital Modifications Required Due to an Uncontrollable Circumstance).

(4) Upon completion of the Proposed Financing, the steps outlined in subsection (1)(d) above will be completed using the actual interest rates achieved in order to determine the ultimate extension of the Term. A copy of the Contract Date Financial Close Financial Model taking into account the actual results of the financing will be forwarded to SAWS within 10 days of the Financial Close closing of the Proposed Financing, with the actual extension of the Term being as determined in this Contract Date such adjusted Financial Close Financial Model. The parties shall document any extension of the Term by executing a Contract Administration Memorandum.

(5) The parties acknowledge that in the event that the Project Company determines that additional Permitted Debt is required to be issued to pay for Capital Modifications required due to the occurrence of any Uncontrollable Circumstances during the extended Term, then the parties shall follow the same procedures set forth in this Section 10.7 (Extension of Term) in order to further extend the Term, subject to the limitations set forth in this Section 10.7 (Extension of Term).

(C) Maximum Term Extension. The maximum Term extension resulting from any or all of the extensions provided for in Sections 10.7(A) (Shortfall Units) and 10.7(B) (Issuance of Permitted Debt for Capital Modifications Required Due to an Uncontrollable Circumstance) shall be 20 years following the original Expiration Date.

(D) No Increase in Capital and Raw Groundwater Unit Price. During the period of any extension of the original Term occurring under this Section 10.7 (Extension of Term), there shall be no adjustment of the Capital and Raw Groundwater Unit Price for any reason, including the reasons that caused an extension of the original Term.

SECTION 10.8. SAWS REMEDIES FOR NON-COMPLIANCE WITH PERFORMANCE GUARANTEES.

(A) Remedies. If the Project Company fails to comply with any Performance Guarantee and is not excused from performance as a result of an Uncontrollable Circumstance, the Project Company shall, without relief under any other Performance Guarantee, and in addition to the payment of Deductions and any other remedy provided herein, allowed by Applicable Law or required by a Governmental Body:

(1) notify SAWS promptly (and in any event not later than 24 hours) of the Project Company’s having knowledge of any such non-compliance;

(2) provide SAWS promptly (and in any event not later than 24 hours) with copies of any notices sent to or received from the EPA, the TCEQ, the POSGCD or any other Governmental Body having regulatory jurisdiction with respect to any violations of Applicable Law;

(3) pay any other resulting fines, levies, assessments, impositions, penalties or other charges resulting therefrom;
ARTICLE 13

CONTRACTING AND LABOR PRACTICES

SECTION 13.1. USE OF PROJECT CONTRACTORS AND SUBCONTRACTORS.

(A) Project Contractors and Subcontractors. SAWS acknowledges that the Project Company may carry out the Contract Obligations by contracting such obligations to Project Contractors, who in turn may contract all or part of their obligations under any Project Contract to one or more Subcontractors.

(B) Surety Bonds. The Project Company shall cause the EPC Design Build Contractor to provide the performance and payment bonds required under the EPC Agreement Design Build Contract, and shall cause the Operating Service Provider to provide the operations performance bond required under the Operating Service Agreement.

(C) Use of Project Contractors, Subcontractors and Key Individuals. The Project Company shall use the Project Contractors, Subcontractors and Key Individuals listed in Appendix 14 (Project Company and Project Contractors Information) or such others as SAWS in its discretion may approve, acting without unreasonable delay, for the performance of the Contract Obligations in the roles indicated in Appendix 14 (Project Company and Project Contractors Information). The Operating Service Provider shall be designated as provided in subsection (F) of this section.

(D) Restricted Persons. In performing the Contract Obligations, the Project Company shall not contract with, or allow any of its Project Contractors or any material Subcontractors to contract with, any person that is a Restricted Person. In the event that SAWS determines that the Project Company has contracted with, or allowed Project Contractor to enter into a material contract with, a person that is, in SAWS’ reasonable opinion, a Restricted Person, SAWS shall notify the Project Company and the Project Company shall replace (or use commercially reasonable efforts to cause the Project Contractor to replace) such person within 30 days.

(E) SAWS Access to and Communications with Project Contractors and Subcontractors. The Project Company shall provide SAWS with access to the Project Contractors and Subcontractors as follows:

(1) General Communications. The Project Company shall grant SAWS’ Director of Engineering and Director of Operations (or management personnel senior to such positions) direct access to the Project Contractors and Subcontractors and their senior management personnel (including the head of security) for meetings and email, telephone and fax communications regarding any material aspect of the work being performed by the Project Contractor or Subcontractor or Blue Water Vista Ridge, LLC. This right of direct access shall apply during normal business hours and at any time during emergencies. Any such meetings on communications shall require 12 hours advance notice to and the approval of the Project Company, acting reasonably, except where SAWS reasonably believes that a material breach of this Water Transmission and Purchase Agreement has occurred or may imminently occur, in which case such notice and approval shall not be required. The Project Company, upon request, shall have the right to be present at any such meetings, and to receive copies of any such communications (including reasonable advance notice of any meetings).
the exercise of its rights under this paragraph, SAWS shall not unreasonably interfere with, and shall have no right to direct, the performance of the Operating Work. The Operating Service Agreement shall expressly obligate the Operating Service Provider to respond promptly to any communication from SAWS’ Director of Engineering and Director of Operations (or management personnel senior to such positions), to attend any meeting reasonably called by such SAWS personnel, and to furnish any material information requested by SAWS personnel, in each case that has a bearing on the performance of the Contract Obligations with respect to which the Project Contractor has responsibility, involvement or knowledge.

(2) Other Communications During the Construction Period. During the Construction Period, the Construction Superintendent or his or her delegate shall be available to be contacted by SAWS’ on-site representative: (1) on a 24 hours per day basis for emergency response; and (2) during normal business hours for safety concerns or other issues requiring immediate attention.

(3) Other Communications During the Operating Period. During the Operating Period, the Chief Operator or its designee shall be available to be contacted by SAWS on a 24 hours per-day basis for emergency response and operational coordination.

(F) Operating Service Provider. As of the Conforming Contract Amendment Date, the Operating Service Provider has not been designated. The Operating Service Provider shall be designated no later than 18 months prior to the Commercial Operation Date. The Project Company shall give notice to SAWS of a proposed Operating Service Provider, together with the proposed form of Operating Service Agreement, at least 90 days prior to the date on which the Project Company intends to execute the Operating Service Agreement. The parties understand that the Project Company may propose an Operating Service Provider seeking to also serve as an equity investor in the Project. In such event, the Operating Service Provider shall execute both the Operating Service Agreement and an Equity Contribution Agreement, and will also be subject to Section 24.2 (Limitations on Change in Control). SAWS shall have the right, in its discretion, to approve the Operating Service Provider and the terms and conditions of the Operating Service Agreement. Notice of SAWS approval or disapproval shall be given to the Project Company not later than 60 days thereafter. At any time prior to the execution of the Operating Service Agreement, SAWS may request the Project Company to consider contracting with SAWS to serve as the Operating Service Provider upon terms and conditions proposed by SAWS. In the event SAWS makes such a request, the Project Company shall consider the request in good faith. Neither party shall be obligated, however, to enter into an Operating Service Agreement except in its discretion. The Operating Service Provider shall be a highly qualified and experienced operator of water production, treatment and distribution facilities with substantial experience in projects of a similar scale or nature, nationally or internationally, to the Project. Concurrently with the execution and delivery of the Operating Service Agreement, the Water Supply Corporation, the Operating Service Provider and SAWS shall execute and deliver the Operating Service Provider Substitution Agreement in the form set forth as Transaction Form C.

(G) Design Build Contractor Substitution Agreement and Operating Service Provider Substitution Agreement. The Project Company acknowledges the rights of SAWS under the Design Build Contractor Substitution Agreement and Operating Service Provider Substitution Agreement.
SECTION 13.2. WATER SUPPLY CORPORATION.

(A) Formation and Intended Use. The parties acknowledge that the Project Company has caused the Water Supply Corporation to be formed with the intent of having the Water Supply Corporation facilitate and serve the public purpose of the Project in the manner described herein; that on or before the Financial Closing Date the Project Company has executed the Construction Management Agreement, the Project Construction Loan Agreement, the Water Transportation Agreement with the Water Supply Corporation; and that the Project Company expects to request on or before the Financial Closing Date the Water Supply Corporation to execute the Operating Service Agreement with the Operating Service Provider and to execute the EPC Agreement with the EPC Contractor as provided in Section 13.1(F)(Operating Service Provider). The Project Company shall have the right to contract and conduct business with the Water Supply Corporation as contemplated hereby.

(B) Water Supply Corporation Related Covenants. The Project Company:

1. Covenants that neither the Project Company, nor Garney Holding Company or any of their Affiliates shall (a) take or cause to be taken, or (b) to the extent they have legal authority, permit or suffer to be taken, any action (including actions in connection with or related to the creation of the Water Supply Corporation, the appointment of its members, or entering into or performing their obligations under any agreement with the Water Supply Corporation) the effect of which, individually or as a whole, would cause the Water Supply Corporation to lose its status as a not-for-profit corporation under Applicable Law, or to lose its authority under Applicable Law to perform any of its obligations that are material to the Project, the Real Property Conveyance Agreement, or this Water Transmission and Purchase Agreement;

2. Shall obtain from the Water Supply Corporation a mortgage on the Project Real Property securing the Water Supply Corporation’s payment obligations under the Project Construction Loan Agreement and performance obligations with respect to the conveyance of the Project Real Property upon dissolution, which mortgage shall be subordinate to the mortgage securing the Senior Debt and the Standby Deed of Trust;

3. Shall cause the Water Supply Corporation to perform all of the obligations to be performed by the Water Supply Corporation under any agreement entered into by the Water Supply Corporation with any party; and

4. Unconditionally and absolutely guarantees to SAWS the performance of all of the obligations of the Water Supply Corporation under its formation documents or under any agreement entered into by the Water Supply Corporation with any party that are material to the Project, the Project Real Property Conveyance Agreement or this Water Transmission and Purchase Agreement.

(C) Severance and Continued Effect. The Project Company acknowledges and agrees that the use of the Water Supply Corporation is not essential to the ability of the Project Company to perform the Contract Obligations, and that the Project can be accomplished and the Contract Obligations can be performed without the use of the Water
Supply Corporation. If, at any time during the Term, the Water Supply Corporation for any reason (including reasons related to its status or powers as a not-for-profit corporation or a water supply corporation) is determined in any Legal Proceeding not to have the authority under Applicable Law to enter into or perform its obligations or exercise its intended powers under any agreement related to the Project:

(1) No such determination shall affect the Project Company’s sole and complete responsibility for the performance of all of the obligations that the Project Company intended to be performed by the Water Supply Corporation, including specifically the Project Company’s ownership of all of the Project Real Property and obligation to acquire and hold Project Real Property and to assign and convey such Project Real Property to SAWS upon the expiration hereof or upon the termination of this Water Transmission and Purchase Agreement following SAWS exercise of its right to purchase the Project Assets hereunder, all as provided in Articles 3 and 4 and otherwise in the Project Real Property Conveyance Agreement; and

(2) In accordance with Section 1.2(S) (Severability), the parties acknowledge and agree that:

(a) Any term, condition or provision of this Water Transmission and Purchase Agreement relating to the Water Supply Corporation that is determined in any such Legal Proceeding to be invalid, unenforceable or illegal shall be severed from this Water Transmission and Purchase Agreement;

(b) Such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability or legality of the remaining provisions of this Water Transmission and Purchase Agreement, which shall continue in effect; and

(c) The continued effectiveness of this Water Transmission and Purchase Agreement as modified is not contrary to the basic understandings and intentions of the parties, and there is no need to negotiate any new provisions to restore this Water Transmission and Purchase Agreement to its original intent and effect.

SECTION 13.3. PROJECT CONTRACTS AND SUBCONTRACTS.

(A) Terms and Actions. The Project Company shall retain full responsibility to SAWS under this Water Transmission and Purchase Agreement for all matters related to the Contract Obligations. No failure of a Project Contractor or Subcontractor used by the Project Company in connection with the provision of the Contract Obligations shall relieve the Project Company from its obligations hereunder to perform the Contract Obligations. The Project Company shall be responsible for settling and resolving with all Project Contractors and Subcontractors all claims arising from the actions or inactions of the Project Company or Project Contractor or Subcontractor.

(B) Indemnity for Claims. The Project Company shall pay or cause to be paid to the EPC Design Build Contractor and the Operating Service Provider all amounts due in accordance with their respective Project Contracts and Subcontracts. No Project Contractor or Subcontractor shall have any right against SAWS for labor, services, materials or equipment furnished for the Contract Obligations. The Project Company acknowledges that its indemnity obligations under Section 25.1 (Project Company’s Obligation to
ARTICLE 14

INSURANCE, DAMAGE AND DESTRUCTION

SECTION 14.1. INSURANCE.

A. Required Insurance. At all times during the Term, the Project Company shall obtain, maintain and comply with the terms and conditions of the Required Insurance, and shall pay all premiums with respect thereto as the same become due and payable; provided, however, that the Project Company shall not be obligated to carry Required Insurance to the extent and for any period that coverage for any particular risk or event is not available on commercially reasonable terms. SAWS in any such circumstances shall bear no risk or responsibility upon the occurrence of any such uninsured or underinsured risk or event.

B. Project Contractors and Subcontractors. The Project Company shall ensure that all Project Contractors and Subcontractors secure and maintain all insurance coverage and other financial sureties required by Applicable Law in connection with their presence and the performance of their duties at or concerning the Project.

C. Compliance with Insurer Requirements. The Project Company shall comply promptly with the requirements of all insurers providing the Required Insurance pertaining to the Project. The Project Company shall not knowingly do or permit anything to be done that results in the cancellation or the reduction of coverage under any policy of Required Insurance.

D. Proof of Insurance Coverage. Annually, the Project Company shall furnish, or shall cause Project Contractor to furnish, SAWS with (1) any endorsements to the policies for such insurance obtained for the Project, and (2) certificates of insurance from each insurance carrier showing that the insurance required under such Project Contract is in force, the amount of the carrier’s liability thereunder, and further providing that the insurance will not be canceled, changed or not renewed until the expiration of at least 360 days (or 10 days in the case of cancellation due to non-payment of premiums) after written notice (by certified mail, return receipt requested) of such cancellation, change or non-renewal has been received by SAWS. Each policy of insurance (or renewal policy of insurance) furnished hereunder shall: (a) evidence the existence and coverage amounts of the Required Insurance; and (b) show SAWS as an “additional insured” or “named insured”, as required by Appendix 7 (Insurance Requirements) for the particular policy of Required Insurance.

E. Failure to Provide Insurance Coverage. If the Project Company fails to pay or cause to be paid any premium for Required Insurance, or if any insurer cancels any Required Insurance policy and the Project Company fails to obtain replacement coverage so that the Required Insurance is maintained on a continuous basis, SAWS may, but is not obligated to, pay such premium or procure similar insurance coverage from another insurer and upon such payment by SAWS the amount thereof shall be immediately reimbursable as a Direct Payment to SAWS by the Project Company. The failure of the Project Company to obtain and maintain any Required Insurance shall not relieve the Project Company of its liability for any losses, be a satisfaction of any Project Company liability under this Water Transmission and Purchase Agreement or in any way limit, modify or satisfy the Project Company’s indemnity obligations hereunder.

F. Use of Property Insurance Proceeds. The Senior Debt Financing Agreements shall provide that property insurance proceeds shall be deposited in a
(F) Payment of Major Repair and Replacement Compensable Costs. The Project Company shall be compensated for Major Repair and Replacement Compensable Costs as a Direct Payment to be made in the Billing Period following the Billing Period in which the major repair or replacement is actually made. No accruals shall be included in Compensable Costs for any such costs, regardless of their amount. SAWS may reserve for such costs in its discretion.

(G) Actual Compensable Costs. The O & M Budget Panel, in connection with establishing the Annual Settlement Amount, shall determine the Compensable Costs to which the Project Company was entitled to receive in the preceding Contract Year (the “Actual Compensable Costs”). In connection therewith the Project Company shall provide Cost Substantiation for Compensable Costs to the O & M Budget Panel. The determination by the O & M Budget Panel as to Actual Compensable Costs shall be final and non-appealable to any forum. In the event that Actual Compensable Costs exceed the Budgeted Compensable Costs for a Contract Year, SAWS shall pay the difference to the Project Company as a Direct Payment. In the event that Budgeted Compensable Costs exceed the Actual Compensable Costs for a Contract Year, the Project Company shall pay the difference to SAWS as a Direct Payment. Payment by the obligated party of such Direct Payment shall be made by May 1 following the end of the Contract Year with respect to which payment is due.

SECTION 17.4. UNIT PRICE.

The “Unit Price” for Product Water delivered in volumes up to the Baseline Annual Volume shall be an amount equal to the sum of (1) the Capital and Raw Groundwater Unit Price, and (2) the Variable Compensable Costs Unit Price.

SECTION 17.5. MONTHLY WATER PURCHASE PAYMENTS.

SAWS shall pay the Project Company a Monthly Water Purchase Payment for each Billing Period during the Term equal to:

(1) The number of Daily Delivered Water Units delivered during such Billing Period (less any SAWS Make-Up Units, which have been previously paid for as Demand Shortfall Units), multiplied by the Unit Price; plus

(2) The number of Demand Shortfall Units occurring during such Billing Period that have not been made up during such Billing Period by SAWS Make-Up Units, multiplied by the Unit Price; plus

(3) One-twelfth of the Budgeted Fixed Compensable Costs for the applicable Contract Year; plus or minus

(4) Direct Payments,

all subject to the adjustments provided for in this Article.

SECTION 17.6. DEDUCTIONS CREDIT.

The “Deductions Credit” component of the Direct Payments shall be the sum of all Deductions (including any Deductions imposed pursuant to Section 9.8(G) (Deductions for Failure to Obtain a Ground Water Transportation Permit Extension) and
Appendix 9 (Guaranteed Maximum Electricity Utilization and Demand) imposed with respect to the applicable Billing Period.

SECTION 17.7. DIRECT PAYMENTS.

The Direct Payments component of the Monthly Water Purchase Payments, which may be a charge or a credit, shall be equal to the net amount of the Direct Payments with respect to the applicable Billing Period.

SECTION 17.8. FORM OF COMPENSATION ADJUSTMENTS FOR EVENTS OCCURRING AFTER THE CONFORMING CONTRACT AMENDMENT DATE.

(A) General. This Water Transmission and Purchase Agreement provides increased or decreased compensation to the Project Company over the Term based on the occurrence of specified events following the Conforming Contract Amendment Date ("Compensation Adjustment Events"). Such payments and adjustments shall be paid and made either as an adjustment to the Unit Price or a Direct Payment, as provided in this Section. The Project Company shall substantiate its entitlement to additional compensation in the manner required by Section 17.14 (Cost Substantiation).

(B) Adjustments to the Unit Price. Compensation to the Project Company shall be payable as an adjustment to the appropriate Charge component of the Unit Price ("Unit Price Adjustments"), and other adjustments to the appropriate Charge component of the applicable Unit Price shall be made, in accordance with and subject to the terms and conditions of this Water Transmission and Purchase Agreement, upon the occurrence of the events described in the following Sections:

(1) Section 5.10 (Good Management Practice and Good Engineering and Construction Practice);

(2) Section 7.2(A) (Financing SAWS- Requested Capital Modification Capital Costs);

(3) Section 7.6 (Refinancing and Refinancing Gain);

(4) Section 12.3 (Capital Modifications at SAWS Request);

(5) Section 16.3 (Project Company Relief Due to a SAWS Fault).

The adjustment to one or more of the Charge components of the Unit Price to be made under this Section shall be established at the time the appropriate compensation relief is agreed upon, and such compensation shall be payable solely to the extent that SAWS is obligated to make Monthly Water Purchase Payments based on the Unit Price with respect to Product Water delivered or available for delivery hereunder. The Project Company acknowledges, accordingly, that any failure by the Project Company to deliver or make available for delivery Product Water for which it would have been entitled to payment based on the Unit Price (including the adjustment to one or more Charge components thereof reflecting such compensation relief) will result in a reduction in the compensation relief to which it would have been entitled upon the occurrence of the compensation relief circumstance had the Project Company delivered or made available for delivery such Product Water.
whether compensation is to be paid as part of adjustment to the Unit Price or as a lump sum, as provided in Section 17.8 (Form of Compensation Adjustments for Events Occurring After the Conforming Contract Amendment Date). Cost Substantiation shall be provided in advance of incurring or paying the cost, except when emergencies or other immediate needs make advance cost substantiation impracticable. The requirement in this Section for Cost Substantiation for costs that are not related to the Capital and Raw Groundwater Unit Price shall not be construed to mean that the Capital and Raw Groundwater Unit Price is subject to change for any reason.

(B) **Competition Practices.** In incurring costs for additional work required due to SAWS-Requested Design Requirements Changes or SAWS-Requested Capital Modifications which are or may be subject to Cost Substantiation, the Project Company shall utilize competitive practices to the maximum reasonable extent (including, where practicable, obtaining three competing quotes or estimates for costs expected to be in excess of $500,000 (Index Linked)), and shall enter into Subcontracts on commercially reasonable terms and prices in light of the work to be performed and SAWS’ potential obligation to pay for it; provided, however, that during the Construction Period, the Project Company shall not be required to utilize competitive practices for additional work self-performed by the EPC Design Build Contractor or by a Subcontractor that is an original party to (and not an assignee under) Subcontracts that pre-existed the need and request for additional work. If the Project Company is not required to utilize competitive practices, it shall instead demonstrate to SAWS that the additional costs in response to a SAWS-Requested Capital Modification hereunder are commercially reasonable.

(C) **Cost Substantiation Certificate.** Any certificate delivered hereunder to substantiate expected or incurred cost shall state the amount of such cost and the provisions of this Water Transmission and Purchase Agreement under which compensation is payable by SAWS, shall describe the competitive or other process utilized by the Project Company to obtain the commercially reasonable price, and shall state that such services and materials are reasonably required and reasonably paid or incurred pursuant to this Water Transmission and Purchase Agreement. The Cost Substantiation Certificate shall be accompanied by copies of such documentation as shall be necessary to demonstrate the reasonableness of the cost. Such documentation shall be in a format reasonably acceptable to SAWS and shall include reasonably detailed information concerning all Subcontracts and self-perform work.

(D) **Evidence of Costs Incurred.** To the extent reasonably necessary to confirm actual incurred costs that are subject to Cost Substantiation, copies of timesheets, invoices, canceled checks, expense reports, receipts and other documents, as appropriate, shall be delivered to SAWS, with the request for reimbursement of such costs.

(E) **Mark-Ups.** For any self-performed construction work requiring Cost Substantiation, the Project Company shall be entitled to (i) in the case of contracts for work totaling more than $2,000,000, a mark-up of 6% for a combination of overhead, risk, profit and contingency for costs of its own personnel, and for subcontracted work a mark-up of 6% for a combination of overhead, risk, profit and contingency for costs of its Subcontractors, and (ii) in the case of contracts for work totaling less than $2,000,000, a mark-up of 10% for a combination of overhead, risk, profit and contingency for costs of its owner personnel, and for subcontracted work a mark-up of 10% for a combination of overhead, risk, profit and contingency for costs of its Subcontractors. There shall be no double mark-up between the Project Company and any contractor relating to the same construction work.
ARTICLE 18

DISPUTE RESOLUTION

SECTION 18.1. FORUM FOR DISPUTE RESOLUTION.

(A) Court Jurisdiction. It is the express intention of the parties that all Legal Proceedings related to this Water Transmission and Purchase Agreement or to the Project or to any rights or any relationship between the parties arising therefrom shall be solely and exclusively initiated and maintained in State or federal courts located in Bexar County, Texas. The Project Company and SAWS each irrevocably consents to the jurisdiction of such courts in any such Legal Proceeding and waives any objection it may have to the laying of the jurisdiction of any such Legal Proceeding.

(B) Waiver of Jury Trial. EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH THIS WATER TRANSMISSION AND PURCHASE AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(C) Disputes as to Acceptance. In the event (1) SAWS and the Project Company become involved in any mediation or judicial proceeding with respect to whether Acceptance has been achieved, and (2) the Project Company determines that it would be appropriate that any corresponding dispute between the Project Company and the EPC Design Build Contractor under the EPC Agreement Design Build Contract (with respect to issues that are substantially identical under both the Water Transmission and Purchase Agreement and the EPC Agreement Design Build Contract) be resolved in that proceeding, SAWS consents to the EPC Design Build Contractor’s joinder to, and consolidated resolution of such substantially identical issues in, that proceeding.

SECTION 18.2. NON-BINDING MEDIATION.

(A) Rights to Request and Decline. Either party may request Non-Binding Mediation of any dispute arising under this Water Transmission and Purchase Agreement. The non-requesting party may decline the request in its discretion. If there is concurrence that any particular matter shall be mediated, the provisions of this Section shall apply. The costs of the Mediator shall be divided equally between SAWS and the Project Company.

(B) Procedure. The Mediator shall be a professional firm or individual mutually acceptable to the parties who has no current or on-going relationship to either party. The Mediator shall have full discretion as to the conduct of the mediation. Each party shall participate in the Mediator’s program to resolve the dispute until and unless the parties reach agreement with respect to the disputed matter or one party determines in its discretion that its interests are not being served by the mediation.

(C) Non-Binding Effect. Mediation is intended to assist the parties in resolving disputes over the correct interpretation of this Water Transmission and Purchase Agreement. No Mediator shall be empowered to render a binding decision.

(D) Relation to Judicial Legal Proceedings. Nothing in this Section shall operate to limit, interfere with or delay the right of either party under this Article to commence judicial Legal Proceedings upon a breach of this Water Transmission and Purchase Agreement by the other party, whether in lieu of, concurrently with, or at the
ARTICLE 23

SAWS PROJECT ASSETS PURCHASE OPTIONS

SECTION 23.1. PROJECT ASSETS PURCHASE AND CONVENIENCE TERMINATION OPTION DURING THE TERM.

(A) **Option.** SAWS shall have the option, exercisable in its discretion, to (A) purchase the Project Assets, and thereby terminate this Water Transmission and Purchase Agreement for its convenience, at any time following the Financial Closing Date.

(B) **Project Assets Purchase Price.** If SAWS exercises its Project Assets purchase option under this Section, SAWS shall pay to the Project Company on the Project Assets Purchase Date a Project Assets Purchase Price (adjusted as appropriate as provided in Section 23.3(C) (Project Company Notice and Determination)) equal to the aggregate amount, without duplication, of:

1. (a) the aggregate amount required to prepay in full any Senior Debt outstanding as of the Project Assets Purchase Date, including any prepayment fees, original issue discount, breakage, hedge or swap termination fees, and other amounts that may be payable to any Senior Debt Creditor as a consequence of early termination; minus (b) an amount equal to all amounts on deposit in the funds and accounts held under the Senior Debt Financing Agreements for the benefit of the Senior Debt Creditors on the Project Assets Purchase Date, to the extent applied to the payment of the amounts identified in item (a) of this subsection. The Project Assets Purchase Price shall not include Project Company Reimbursable Costs;

2. the Employee Payments, the Operating Service Provider Breakage Costs, and employee and lease termination costs and other reasonable costs incurred by the Project Company in terminating and winding up its business; and

3. the present value sum, calculated using quarterly compounding, as of the Project Assets Purchase Date using a discount rate of 8.93165\% [8.02295\%], of the Target Equity Return Amount in the Contract Date Financial Close Financial Model (“Quarterly Calculations” tab, row 2256[2637]) for each of the remaining Contract Years from the Project Assets Purchase Date through the final Contract Year. The Target Equity Return Amount shall mean the quarterly amount shown for each Contract Year as “Pure Equity, Nominal, Pre-SPV-Tax Cash Flows” on the “Quarterly Calculations” tab, row 2256 of the Contract Date[2637] of the Financial Close Financial Model until expiration of the Water Transmission and Purchase Agreement. In order to satisfy the Financial Closing Date Condition set forth in Section 4.1(B)[2519](4c), the parties shall execute a Contract Administration Memorandum which provides an updated discount rate, such discount rate to be determined by multiplying the Target Equity Return Amount generated by the Financial Close Financial Model and 0.65, and row references based on the Financial Close Financial Model, and which sets forth in table or chart form the final Target Equity Return Amount payable for each Contract Year calculated using the methodology set forth in this paragraph (3).
The Project Assets Purchase Price shall not include Project Company Reimbursable Costs.

SECTION 23.2. PROJECT ASSETS PURCHASE OPTION UPON A PROJECT COMPANY EVENT OF DEFAULT.

SAWS shall have the option, exercisable in its discretion, to purchase the Project Assets upon a Project Company Event of Default for a Project Assets Purchase Price equal to (1) the aggregate principal amount of all Senior Debt required to prepay in full any Senior Debt outstanding as of the Termination Date, together with any accrued interest thereon, hedge or swap termination fees, and other amounts that may be payable to any Senior Debt Creditor as a consequence of early termination, minus (2) an amount equal to all amounts on deposit in the funds and accounts held under the Senior Debt Financing Agreements for the benefit of the Senior Debt Creditors on the Project Assets Purchase Date, provided, however, that no Senior Debt shall be deemed to be outstanding for this purpose prior to Financial Close, notwithstanding execution of the Senior Secured Credit Facility, to the extent applied to the payment of the amounts identified in item (1) of this subsection. The Project Assets Purchase Price shall not include Project Company Reimbursable Costs.

SECTION 23.3. PURCHASE OPTION PROCEDURES.

(A) Notice of Exercise of Project Assets Purchase Option. SAWS shall give the Project Company prior written notice of its election to exercise its option to purchase the Project Assets:

1. At least 180 days prior to the Project Assets Purchase Date, in the case of a purchase under Section 23.1 (Project Assets Purchase and Convenience Termination Option During the Term); and

2. On or following the date on which a Project Company Event of Default occurs, in the case of a purchase under Section 23.2 (Project Assets Purchase Option Upon a Project Company Event of Default).

The written notice shall specify the closing date for the purchase and sale of the Project Assets, and such closing date shall be the “Project Assets Purchase Date”.

(B) Notice of Intent Required for Certain Purchase Options. As a condition of SAWS’ right to exercise its Project Assets Purchase Option under Section 23.1 (Project Assets Purchase and Convenience Termination Option During the Term), SAWS shall give the Project Company a notice of intent to exercise its Project Assets Purchase Option at least 270 days prior to the Project Assets Purchase Date. Notwithstanding the delivery of a notice of intent under this Section, SAWS shall have no obligation to exercise the Project Assets Purchase Option that was the subject of such notice.

(C) Project Company Notice and Determination. As soon as practicable after receipt of SAWS’ notice of its election to purchase the Project Assets under Section 23.1 (Project Assets Purchase and Convenience Termination Option During the Term), the Project Company shall, acting reasonably, notify SAWS of the Project Company’s determination of the amount of the Project Assets Purchase Price due, and include in such notice the details and calculations of each component thereof, including certificates from the Senior Debt Creditors as to the amounts owed to them. The Project Company shall provide to SAWS all such documents and information as may be reasonably required by
SECTION 26.1. CERTAIN REAL PROPERTY-RELATED COVENANTS.

(A) Acquisition by the Project Company of Well Field Facilities Site Real Property Interests and Transmission Pipeline Easements. The Project Company, acting in cooperation with the Water Supply Corporation, shall acquire (1) all of the Well Field Facilities Site Real Property Interests no later than June 10, 2017, and (2) all of the Transmission Pipeline Easements no later than June 10, 2017. In acquiring easements, the Project Company shall comply with Section 26.1(G) (Right-of-Way Easements).

(B) Transmission Pipeline Terminus Site Subdivision Property Line and Final Site Plan. The Project Company is obligated under subsections (C), (D), (E) and (F) of this Section to perform various obligations with respect to the Transmission Pipeline Terminus Site. In performing such obligations, the Project Company (1) shall use, as the final subdivision property line, the subdivision property line dividing the SAWS Portion of the Transmission Pipeline Terminus Site from the Project Company Portion of the Transmission Pipeline Terminus Site indicated in Figure 2-9 of Appendix 1 (Description of the Project), and (2) shall use, as the final site plan, the preliminary site plan set forth in Figure 2-9 of Appendix 1 (Description of the Project), unless, by January 6, 2017, the parties agree to establish a different final subdivision property line or a different final site plan or both, in which case the Project Company shall perform such obligations using the agreed upon final subdivision property line or the final site plan.

(C) Final Site Plan Requirements for the Transmission Pipeline Terminus Site. The final site plan for the Transmission Pipeline Terminus Site shall show:

(a) that the proposed location of the Project Company Storage Tank and related portions of the Transmission Pipeline System, and the SAWS Storage Tanks and related portion of the SAWS Interconnection Improvements, as set forth in Appendix 1 (Description of the Project), on the Transmission Pipeline Terminus Site is in compliance with all applicable building and setback lines and does not encroach on or interfere with existing easements (whether on, above or below ground in any material matter); and

(b) no encroachments from the Project Company Storage Tank and related portions of the Transmission Pipeline System, and the SAWS Storage Tanks and related portion of the SAWS Interconnection Improvements, extending to adjacent property or from adjacent property onto the Project, nor any gaps, gores, projections, protrusions or other survey defects which will have a material adverse impact on the use of the Transmission Pipeline Terminus Site.

(D) Due Diligence Documents for the SAWS Portion of the Transmission Pipeline Terminus Site. Not later than January 13, 2017, the Project Company shall provide SAWS, with respect to that portion of the Transmission Pipeline Terminus Site being conveyed to SAWS (the “SAWS Portion of the Transmission Pipeline Terminus Site”)...
Site”) pursuant to Section 26.1(E)(Conveyance to SAWS of the SAWS Portion of the Transmission Pipeline Terminus Site), (a) a proposed subdivision plat of the Transmission Pipeline Terminus Site, subdividing the SAWS Portion of the Transmission Pipeline Terminus Site generally as depicted on the final site plan described in Section 26.1(C)(Final Site Plan Requirements for the Transmission Pipeline Terminus Site), acceptable to SAWS in its discretion; (b) a survey prepared by a registered professional land surveyor licensed in the State satisfying the requirements of a Category 1A, Condition II Survey, sufficient for a title company to issue all requested survey endorsements, certified to SAWS and the title company; (c) an updated Phase I Environmental Site Assessment (i) dated no more than 180 days prior to the conveyance to SAWS of the SAWS Portion of the Transmission Pipeline Terminus Site, (ii) made in accordance with then-current ASTM standards, (iii) naming SAWS as a “user”, (iv) unless recommending further action, sufficient to satisfy the “all appropriate inquiries” necessary for SAWS to be an “innocent landowner” or “bona fide prospective purchaser”, together with any other follow-up reports obtained by the Project Company or Water Supply Corporation; and (d) a title commitment from Chicago Title Insurance Company or such other reputable title company to issue an owner policy of title insurance to SAWS, based on a value which is the allocable cost of such tract based on the Project Company’s purchase price (on a per square foot allocation), subject only to those exceptions to title set forth in Exhibit B to Transaction Form I (Deed to SAWS Portion of the Transmission Pipeline Terminus Site). The SAWS Portion of the Transmission Pipeline Terminus Site must be separately platted as its own lot, at Project Company’s sole expense, prior to conveyance pursuant to Section 26.1(E) (Conveyance to SAWS of the SAWS Portion of the Transmission Pipeline Terminus Site). If the Phase I Environmental Site Assessment recommends further action, the Project Company shall cause all necessary remediation to be performed to the satisfaction of SAWS such that SAWS can qualify as an “innocent landowner” and “bona fide prospective purchaser.”

(E) Conveyance to SAWS of the SAWS Portion of the Transmission Pipeline Terminus Site. Not later than March 13, 2017 the Project Company shall convey to SAWS, or shall cause the Water Supply Corporation to convey to SAWS, without compensation, good and indefeasible title to and interest in SAWS Portion of the Transmission Pipeline Terminus Site, by deed substantially in the form set forth as Transaction Form I (Deed to SAWS Portion of the Transmission Pipeline Terminus Site). At the closing of the conveyance to SAWS of the SAWS Portion of the Transmission Pipeline Terminus Site, SAWS and the Project Company shall execute such reasonable and customary documents required by the title company to close such transaction and issue to SAWS the owner policy of title insurance subject to no exceptions or exclusions other than those set forth in Exhibit B to Transaction Form I (Deed to SAWS Portion of the Transmission Pipeline Terminus Site), and shall each pay such reasonable and customary expenses as are typically allocated to a buyer and seller for a closing of a real estate transaction in San Antonio, Texas. The remaining portion of the Transmission Pipeline Terminus Site is the “Project Company Portion of the Transmission Pipeline Terminus Site.” The Project Company, not later than the date of such conveyance, also shall cause all mitigation measures required to be undertaken by the Project Company under Appendix 13 (SAWS Interconnection Improvements) to be completed so as to cause no interference with or delay to SAWS’ work on the SAWS Portion of the Transmission Pipeline Terminus Site.

(F) Reciprocal Easement Agreements. Concurrently with the conveyance provided for in subsection (E) of this Section, SAWS and the Project Company or the Water Supply Corporation, as applicable, shall execute a reciprocal easement agreement for the Transmission Pipeline Terminus Site substantially in the form set forth as Transaction Form J (Reciprocal Easement Agreement for the Transmission Pipeline Terminus Site),
providing each owner of the Transmission Pipeline Terminus Site with access to the other owner’s portion of the Transmission Pipeline Terminus Site for purposes of this Water Transmission and Purchase Agreement.

**G** (A) Right-of-Way Easements. In acquiring the Transmission Pipeline Easements (other than the Transmission Pipeline Easements acquired by partial assignment of existing easements from Cross County Water Supply Corporation), the Project Company shall use commercially reasonable efforts to obtain such easements on the Right-of-Way Easement Form attached hereto as Transaction Form D (Right of Way Easement Form). Except for such Cross County Water Supply Corporation easement assignments, all such right-of-way easements shall permit the construction of two water pipelines in the right-of-way, shall provide for an easement width of at least 85 feet, for which there shall be no more than a 15 feet overlap into an adjoining electrical easement (both of which may be lessened on a case-by-case basis as reasonably approved by SAWS), and **without SAWS’ consent**, shall not contain any indemnity provisions that would according to their terms apply or purport to apply to SAWS or other provisions that are not reasonable and customary for SAWS utility easements. In the event the Project Company delivers to SAWS a request for its consent to any variances to these easement requirements, and SAWS has not responded to the Project Company’s request within 10 Business Days of receipt, **SAWS’ consent shall be deemed to have been given**. In the case of a Transmission Pipeline Easement acquired by way of a judgment in a condemnation proceeding, such instrument shall be in the form as prescribed for such proceedings, but shall in substance conform to the requirements set forth hereinabove. In acquiring right-of-way easements for the Collection Pipelines Rights-of-Way, the Project Company shall use commercially reasonable efforts to obtain such easements on the Right-of-Way Easement Form attached hereto as Transaction Form D (Right-of-Way Easement Form). The Project Company shall acquire all Transmission Pipeline Easements no later than one year following the Conforming Contract Amendment Date June 10, 2017.

**H** (B) Compliance With Project Site Conveyance Instruments Generally. The Project Company shall comply with its material obligations under the Project Site Conveyance Instruments and keep and maintain the Project Site Conveyance Instruments in full force and effect, and shall promptly notify SAWS of any material breach or default by any party thereto.

**I** (C) Groundwater Leases. With respect to the Groundwater Leases, the Project Company shall, to the extent required in order to provide the Baseline Annual Volume: (1) maintain Raw Groundwater production at levels sufficient to avoid termination of a Groundwater Lease by any Groundwater Lessor, (2) pay all royalties and other amounts due any party thereunder, and (3) comply with all rules and regulations of the POSGCD and other Applicable Law relating to any activity conducted pursuant to rights granted under the Groundwater Leases.

**J** (D) Covenant Against Sale of the Project. The Project Company shall not sell, lease, assign, convey, move or otherwise transfer its ownership or other interests in the Project, the Project Sites, the Project Site Conveyance Instruments or the Raw Groundwater without the consent of SAWS given in its discretion, except in connection with an assignment of this Water Transmission and Purchase Agreement pursuant to Section 24.1 (Limitation on Assignment by Project Company). There shall be no Encumbrances registered or recorded on the Project Sites, the Project Site Conveyance Instruments or the Raw Groundwater or any part of the Project other than Permitted Encumbrances.
IN WITNESS WHEREOF, the parties have caused this Water Transmission and Purchase Agreement to be executed by their duly authorized representatives as of the day and year first above written.

APPROVED BY THE CITY OF SAN ANTONIO, TEXAS, PURSUANT TO CITY ORDINANCE 2014-10-30-0818

By: /s/ Ivy R. Taylor
Name: Ivy R. Taylor
Title: Mayor
Date: November 4, 2014*

THE CITY OF SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

By: /s/ Berto Guerra, Jr.
Name: Heriberto “Berto” Guerra, Jr.
Title: Chairman
Date: November 4, 2014*

ATTEST:

/s/ Leticia Vacek
Leticia Vacek
CITY CLERK

By: /s/ Robert R. Puente
Name: Robert R. Puente
Title: President/Chief Executive Officer
Date: November 4, 2014

APPROVED AS TO FORM:

ABENGOA VISTA RIDGE, LLC

By: /s/ Pedro Almagro Gavilán
Name: Pedro Almagro Gavilán
Title: Manager and President
Date: November 4, 2014*

[* CONFORMED FINANCIAL CLOSE VERSION – JUNE 10, November __, 2016]
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ACRONYMS

CCWSC: Cross Country Water Supply Corporation
HSPS: High Service Pump Station
IPS #1: Intermediate Pump Station, number 1
IPS #2: Intermediate Pump Station, number 2

Financial Close Version, November __, 2016
POSGCD: Post Oak Savannah Groundwater Conservation District
SAWS: San Antonio Water System
TCEQ: Texas Commission on Environmental Quality
MG: Million US Gallons
APPENDIX 1

DESCRIPTION OF THE PROJECT

1. Introduction

1.1. Purpose

The purpose of this Appendix is to provide a general overview of the Project. To the extent any provision of this Appendix is addressed differently or more specifically by a provision in any other Appendix or this Water Transmission and Purchase Agreement, such other provision shall take precedence. To the extent any provision of this Appendix is addressed differently or more specifically by the Technical Memorandum in Attachment 3A of Appendix 3, the higher standard will govern.

1.2. Prologue

This Appendix presents the feasibility, conceptual plans, design criteria and the implementation plan for the Project. This Appendix covers the Project Improvements to produce, treat, store, and deliver 50,000 ac-ft/yr water from Well Field Facilities in Burleson County, Texas, to a delivery point in north Bexar County, Texas. The plan includes sizing and location of the required facilities and a conceptual level plan for implementation. Water quality and integration studies associated with combining the Project source water with SAWS’ Edwards aquifer water sources are also analyzed and discussed.

This Appendix has been prepared to be used in the context of a performance-based contract to deliver water to SAWS. This Appendix is not intended to be a final design and construction report. All assumptions are subject to change based on the future detailed engineering design.

1.3. Project Overview

The Project will deliver up to 50,000 ac-ft/yr of potable water. Basic facilities include Wells, Collection Pipelines, treatment facilities, tanks, pump stations, ground storage tanks, and the Transmission Pipeline.

The Well Field Facilities Site will include Wells in the Carrizo-Wilcox Aquifer and Simsboro Aquifer. The Collection Pipelines will convey the Raw Groundwater to the High Service Pump Station (HSPS) where the water may be cooled, disinfected and may receive some stabilization treatment. The water will then be pumped through the Transmission Pipeline approximately 140 miles to the Transmission Pipeline Terminus Site in northern Bexar County. The Transmission Pipeline diameters...
include 54 and 60 inches. The Transmission Pipeline System includes two intermediate pump stations with storage and a Project Company Storage Tank at the Transmission Pipeline Terminus Site.

The Project overview is shown in Figure 1-1.
Figure 1-1 Project Overview

This Second Amendment amends Appendix 1 by deleting Figure 1-1 in its entirety and replacing it with this Figure 1-1.
1.4. **Planning Factors**

Several factors were taken into consideration in the formulation of the conceptual plans:

- Utilizing fully permitted and vested groundwater rights in Burleson County to meet SAWS water demands
- Location and capacity of the Well Field Facilities
- Engineering design and construction considerations
- Environmental issues (including antiquities)
- Location of the Transmission Pipeline Terminus Site
- Ease of right-of-way acquisition
- Pipeline corridor
- Costs (capital, operation and maintenance)
- Flexibility of integrating additional sources of water

2. **Project Description**

2.1. **Well Field Facilities**

At full capacity, the Project water production facilities will incorporate a Well field with eighteen (18) Wells, an expandable HSPS and approximately 7.5 miles of Collection Pipelines. These Project Improvements are located in Burleson County near the intersection of State Highway (SH) 21 and Farm-to-Market Road (FM) 696, approximately eight miles west of the City of Caldwell, Texas. These facilities and all of their key components, structures and access roads will be constructed on properties for which the Project Company has secured access and appropriate easements.

The Well Field Facilities and individual Wells for the Project were located based on the following:

- Extensive mapping using geophysical logs, geology logs and other tools available defining the character and extent of the aquifer units throughout the central portion of the Carrizo-Wilcox Aquifer
- Known hydraulic characteristics of the aquifer units
• Mapped hydraulic boundaries in the aquifer
• Regional and local groundwater use
• Groundwater conservation district regulations
• Locations of Groundwater Lease property
• Test drilling and production testing

The Simsboro Aquifer and Carrizo-Wilcox Aquifer within Burleson County were selected based on water quality and aquifer hydraulic characteristics. Local groundwater demands are negligible because there is limited irrigation production from these aquifers and municipal usage is low. In Burleson County, most groundwater users obtain their drinking water supplies from shallower aquifers.

**Well Locations**

The distribution of Wells and production distribution between the Simsboro and Carrizo members of the Carrizo-Wilcox Aquifer are shown below. Note that the Project includes a total of 18 Wells, with one Well per aquifer included as a backup (16 + 2 configuration).

Figure 2-1 shows the approximate location of the Well Field Facilities Site and individual Wells at the full delivered 50,000 ac-ft/yr capacity, including standby Wells. All drilling sites shown on Figure 2-1 are permitted for drilling and completion by the Post Oak Savannah Groundwater Conservation District (POSGCD). The Well locations shown are based on meeting specific POSGCD rules and regulations governing the spacing and locating of Wells.

Per the POSGCD rules, two criteria must be met for locating and spacing of Wells. These criteria are:

• Location and spacing of Simsboro Wells:
  - The spacing of a new Simsboro Well from any Well existing in the Simsboro shall be a minimum distance of 1 foot per gpm of production capacity.
  - The location of a new Simsboro Well shall be a minimum of 1/2 foot per gpm from the property line of a different groundwater right holder.

• Location and spacing of Carrizo Wells:
The spacing of a new Carrizo Well from any other Carrizo Well shall be a minimum distance of 2 feet per gpm of production capacity.

The location of a new Carrizo Well shall be a minimum of 1 foot per gpm from the property line of a different groundwater right holder.

The Well locations shown on Figure 2-1 meet these criteria. Drilling permits have been approved and all rights to construct Wells at these sites are fully vested for the term of the existing production permits. Figure 2-1 also shows the permitted maximum production for each Well in gallons per minute.
The well locations shown on Figure 2-1 meet these criteria. Drilling permits have been approved and all rights to construct wells at these sites are fully vested for the term of the existing production permits. Figure 2-1 also shows the permitted maximum production for each well in gallons per minute.
Table 2-1 Project Well Field

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Number of Wells</th>
<th>Typical Yield per Well (gpm)</th>
<th>Total Production Capacity (ac-ft/yr)</th>
<th>Total Capacity by Permit (ac-ft/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simsboro Wells</td>
<td>9</td>
<td>3,000 (a)</td>
<td>42,745</td>
<td>39,745</td>
</tr>
<tr>
<td>Carrizo Wells</td>
<td>9</td>
<td>1,200 (b)</td>
<td>17,057</td>
<td>14,857</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>NA</td>
<td>59,802</td>
<td>54,602</td>
</tr>
</tbody>
</table>

(a) 8 Wells permitted at 3,000 gpm, 1 Well permitted at 2,500 gpm due to Well spacing and property off-set requirements
(b) 8 Wells permitted at 1,200 gpm, 1 Well permitted at 975 gpm due to Well spacing and property off-set requirements

**Simsboro Wells**

Based on modeling efforts and testing of a pilot production Well, the Simsboro Aquifer is fully capable of producing 3,000 gpm, or higher, long-term Well yields. As shown on Figure 2-1, one of the Simsboro Wells is permitted for a slightly different amount. This reduced permitted Well yield is necessary to comply with the POSGCD Well spacing and property off-set requirements, not due to aquifer production characteristics.

Figure 2-2 shows the preliminary Well design for Simsboro Wells in the Well Field Facilities Site. The Wells will be constructed using standard underreamed, gravel packed, municipal Well construction procedures.

Nominal depth of the Simsboro Wells will be 2,700 feet, with approximately 300 feet of screen.

Actual screen settings, Well depths and screen intervals and lengths will vary based on ground level elevation at each site and site specific hydrogeological conditions.

At this time, water quality data indicates carbon steel casing, liner and column pipe are suitable, with an estimated design life of approximately 50 years.

Screens will be carbon steel pipe based, with underbar and stainless steel wire-wrap.

Each Well will be constructed using methods and materials that comply with Texas Commission on Environmental Quality (TCEQ) public water supply system requirements. The Well construction specifications will include the drilling and
logging of an initial test hole and test Well to determine water quality, and to provide site-specific information needed for proper selection of material settings, such as casing seat, screen interval, screen slot size and gravel pack grade. In addition, the Well specifications will include appropriate warranties and guarantees from the EPC Design Build Contractor governing work completion schedules, finished Well efficiency and sand production.

Well pumps will be vertical line-shaft turbine pumps. Pump settings, total dynamic heads, and the resulting number of pump bowls and electric motor horsepower (HP) will vary depending on site specific conditions, Well characteristics and groundwater levels.

Initially, horsepower requirements for the Simsboro Wells will be about 600 HP each.

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Figure 2-2 Simsboro Well Design
**Carrizo Wells**

Carrizo Well yields will be approximately 1,200 gpm. Carrizo Wells in the Well Field Facilities Site are generally permitted to produce up to 1,200 gpm. As shown on Figure 2-3, one of the Carrizo Wells is permitted for a slightly different amount. This lower permitted Well yield is necessary to comply with the POSGCD Well spacing and property off-set requirements, not due to aquifer production characteristics.

Figure 2-3 shows the preliminary Well design for the Carrizo Wells. The Wells will be constructed using generally accepted underreamed and gravel packed municipal Well construction techniques.

Nominal depth of the Carrizo Wells will be 1,200 feet deep with approximately 150 feet of screen. Actual materials, Well depths and screen setting and lengths will vary based on ground level elevation at each site and site specific hydrogeological conditions encountered during construction.

Available water quality data indicates carbon steel materials for casing, liner and column pipe are suitable, with an estimated design life of approximately 50 years. Screens will be carbon steel pipe based, with underbar and stainless steel wire wrap.

All Well construction methods and materials will meet TCEQ’s public water supply requirements. The specifications will include the drilling and logging of an initial test hole and construction of a test Well to determine water quality, and to provide site-specific information needed for the selection of proper material setting such as casing depth, screen interval, screen slot size and gravel pack grade. In addition, the Well specifications will include appropriate warranties and guarantees governing work completion schedules, and finished Well efficiency and sand production.

Pumps used will be vertical line shaft turbine pumps. Pump settings, total dynamic heads and resulting number of pump bowls and electric motor horsepower will vary based on site specific conditions, Well characteristics and aquifer levels. Initial horsepower requirements for the Carrizo Wells are estimated to be about 200 HP each.
Figure 2-3 Carrizo Well Design
Well Head Design

Each Well will include an airline, a water level measurement pipe, a dedicated water level pressure transducer, isolation valves, check valves, and interactive SCADA capabilities.

Isolation valves, check valves and flowmeters will be incorporated on the discharge piping of each Well and at appropriate locations in the Well field piping to measure the flow and isolate the downstream piping for maintenance. See Figure 2-4 for a typical detail of the Well pump discharge piping.

Collection Pipelines

A series of 24-inch through 48-inch water mains will be constructed as part of the Collection Pipelines to deliver water from the various Wells to the HSPS. Figure 2-5 illustrates the planned infrastructure piping network. The mains are sized considering peak flows and friction head losses, and providing the most efficient Well motor operations.

The piping network avoids crossing large streams or creeks. Several piping network segments will cross small branch tributaries of an existing unnamed creek north of State Highway (SH) 21. These tributaries have small drainage areas that provide intermittent flows only after localized rainfall events. Preliminary review of available maps and aerial topography suggest that the potential for impacts to waters of the United States is negligible.

Well Field Facilities Site

The Well Field Facilities will be designed and constructed in accordance with current TCEQ rules and guidelines and recommendations of the American Water Works Association (AWWA). Security provisions recommended under AWWA Guidelines for Physical Security for Water Facilities, December 2006, will be included in all facilities. Those recommendations will include, at a minimum, the following items:

- 8-ft tall security fence with barbwire – intruder strands at the top of the fence of each production Well site and pump station facility
- Separate structures for each Well site hosting a SCADA system
- An all-weather road for access by required vehicles, trucks and repair equipment to each Well site
- One mobile emergency/back-up generator at the Well Field Facilities Site, adequately sized to operate two Well pumps at one of the sites during
electrical service interruptions of the primary electrical service, and to maintain SCADA controls
This Second Amendment amends Appendix 1 by deleting Figure 2-4 in its entirety and replacing it with this Figure 2-4.

Figure 2-4 Well Pump Discharge Piping
Figure 2-5 Collection Pipelines
2.2. Transmission Pipeline System - Description

The Transmission Pipeline System route was developed using many criteria, with a focus on minimizing potential impacts to landowners and businesses along the route, the terrain, and overall length of the route.

Additional parameters considered in developing the Transmission Pipeline Alignment included environmental concerns, endangered species, cultural sites, historical sites, and easement acquisition costs.

The Transmission Pipeline is composed of approximately 140 miles long pipeline and three Transmission Pipeline Pumping Stations:

- HSPS
- Intermediate PS #1 (IPS #1)
- Intermediate PS #2 (IPS #2)

The Transmission Pipeline System includes the Transmission Pipeline and the Project Company Storage Tank. The Transmission Pipeline System begins at the HSPS located at the proximity of the Well Field Facilities Site in Burleson County and terminates at the Transmission Pipeline Terminus Site in Bexar County (Refer to Figure 1-1).

Initial construction standards reflect the depth of cover over the top of pipe will be a minimum of 5 feet below natural ground surface and approximately 10 feet under local, county and state roadways. Potential river crossings include the Cibolo River, Guadalupe River, San Marcos River, and the Colorado River. The Transmission Pipeline Alignment will cross railroad and road rights-of-way at several locations.

Pipeline materials will be evaluated during preliminary studies and when design calculations are completed. The selected materials will comply with the applicable codes and standards such as those by the American Water Works Association (AWWA)

**High Service Pump Station (HSPS)**

The HSPS will receive the water from the Collection Pipelines and after some temperature, preventive disinfection and stability adjustments, pump it to the IPS #1.
The land needed for the HSPS will be covered under an existing Groundwater Lease. The planned layout for the pump station site is in a grassy field that is mostly clear of trees.

Water arriving from the Well Field Facilities Site will first be chemically treated with sodium hypochlorite before entering the variable frequency drive (VFD) operated cooling towers. The flow from the cooling towers will be routed to a ground storage tank.

The **Horizontal split case or** vertical turbine pumps will be fed from the ground storage tank and will deliver the water into the Transmission Pipeline where it will receive further chemical treatment for Langelier saturation index (**LSI**) adjustment before leaving the HSPS to go to the IPS #1.

As is shown on the site layout in Figure 2-6, the HSPS will initially consist of:

### Table 2-2 HSPS Scope

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooling System</td>
<td><strong>Four</strong> Five (45) VFD-operated 10,500 gpm cooling towers</td>
</tr>
<tr>
<td>Storage</td>
<td>One (1) Pre-stressed concrete 4MG ground storage pump-feeding tank</td>
</tr>
<tr>
<td>Treatment</td>
<td>One (1) Dosing system: Sodium Hypochlorite</td>
</tr>
<tr>
<td></td>
<td>One (1) Dosing system: Caustic Soda</td>
</tr>
<tr>
<td></td>
<td>One (1) Chemical Storage facility</td>
</tr>
<tr>
<td>Electrical Services</td>
<td>One (1) Electrical connection facility</td>
</tr>
<tr>
<td>Pump Pad</td>
<td>Four (4) 11,300 gpm @ 495’ TH high service pumps</td>
</tr>
<tr>
<td>Other</td>
<td>Access road and the necessary security items at the site</td>
</tr>
</tbody>
</table>

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Figure 2-6 High Service Pump Station Site Layout

This Amendment amends Appendix 1 by deleting Figure 2-6 in its entirety and replacing it with this Figure 2-6.
Pipe Section 1: HSPS to IPS #1

The Transmission Pipeline from the HSPS to the Intermediate Pump Station (IPS) #1 is approximately 39 miles long and extends across rural properties. The pipe size for this portion of the alignment is planned to be 54-inch diameter pipe capable of delivering the necessary flow rate to IPS #1. The Transmission Pipeline extends from the HSPS, in a northerly direction and subsequently parallels the existing Cross County Water Supply Corporation Project 130 (CCWSC 130) pipeline which was completed in 2011. The Transmission Pipeline is planned to parallel the Project 130 pipeline in a westerly direction toward the IPS #1, for a distance of approximately 27 miles.

IPS #1

Based on the current design, IPS #1 will be located in Bastrop County, TX on an approximately 8-acre site.

The IPS #1 will receive water from the HSPS and pump it to the IPS #2.

The conceptual site layout is presented in Figure 2-7

The IPS #1 will ultimately consist of:

Table 2-3. IPS #1 Scope

<table>
<thead>
<tr>
<th>Storage</th>
<th>One (1) Pre-stressed concrete 4MG ground storage pump-feeding tank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>One (1) Dosing system: Sodium Hypochlorite</td>
</tr>
<tr>
<td></td>
<td>One (1) Chemical Storage facility</td>
</tr>
<tr>
<td>Electrical</td>
<td>One (1) Electrical connection facility</td>
</tr>
<tr>
<td>Services</td>
<td></td>
</tr>
<tr>
<td>Pump Pad</td>
<td>Four (4) 11,300 gpm @ 445’ TH pumps</td>
</tr>
<tr>
<td>Other</td>
<td>Access road and the necessary security items at the site</td>
</tr>
</tbody>
</table>
Figure 2-7 Intermediate Pump Station #1 Site Layout
Pipe section 2: IPS #1 to IPS #2

The Transmission Pipeline from the IPS #1 to the IPS #2 is planned to be approximately 72 miles long and extends through predominately rural properties. A 60-inch diameter pipeline capable of delivering the necessary flow to the IPS #2 is planned for this segment.

The Transmission Pipeline extends from the IPS #1 in a southwesterly direction toward the IPS #2. The Transmission Pipeline is planned to be constructed within a 85-foot wide permanent easement that parallels an existing Lower Colorado River Authority (LCRA) electrical transmission easement. In several instances, the Transmission Pipeline Alignment shifts away from the LCRA easement in order to avoid residential neighborhoods, stock ponds, trees, and existing infrastructure.

IPS #2

Based in the current design, IPS #2 will be located in Guadalupe County, TX on an approximately 8-acre site.

IPS #2 will receive water from IPS #1 and pump the water to the Transmission Pipeline Terminus Site.

The conceptual site layout is presented in Figure 2-8.

The IPS #2 will ultimately consist of:

<table>
<thead>
<tr>
<th>Table 2-4 IPS #2 Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storage</td>
</tr>
<tr>
<td>Treatment</td>
</tr>
<tr>
<td>Electrical Services</td>
</tr>
<tr>
<td>Pump Pad</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>
Figure 2-8 Intermediate Pump Station #2 Site Layout

*This Second Amendment amends Appendix 1 by deleting Figure 2-8 in its entirety and replacing it with this Figure 2-8.*
Pipe Section 3: IPS #2 to Transmission Pipeline Terminus Site

The Transmission Pipeline from the IPS #2 to the Transmission Pipeline Terminus Site is approximately 29 miles long and extends through mostly semi-rural properties. The pipe size for this portion of the Transmission Pipeline System is planned to be a 60-inch diameter pipe. The Transmission Pipeline extends from the IPS #2 in a southwesterly direction toward the Transmission Pipeline Terminus Site. The Transmission Pipeline is planned to be constructed within a 85-foot wide permanent easement that parallels the existing LCRA easement until the Transmission Pipeline Alignment reaches Green Valley Road in Guadalupe County. The Transmission Pipeline Alignment from that point shifts away from the LCRA easement and extends towards the Transmission Pipeline Terminus Site. Multiple roadways under county and State jurisdiction will also be crossed perpendicularly as typically required by local and State regulations.

Transmission Pipeline Terminus Site

The Transmission Pipeline Terminus Site is located in north Bexar County.

The Project Company Storage Tank will receive Product Water from the Transmission Pipeline. The Project Company Storage Tank is located on a high point within the Project. The Transmission Pipeline Terminus Site is located within 12,000 feet of the intersection of Blanco Road and Texas State Highway Loop 1604 (the 1604) in Northern Bexar County, in San Antonio. The conceptual site layout for this facility is presented in Figure 2-9.

The Transmission Pipeline Terminus Site will have the following major facilities:

Table 2-5 Transmission Pipeline Terminus Site Scope

<table>
<thead>
<tr>
<th>Storage</th>
<th>One (1) Pre-stressed concrete ground storage tank. Capacity 10 MG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>One (1) Dosing system: Sodium Hypochlorite</td>
</tr>
<tr>
<td></td>
<td>One (1) Chemical Storage facility</td>
</tr>
<tr>
<td>Electrical Services</td>
<td>One (1) Electrical connection facility</td>
</tr>
<tr>
<td>Other</td>
<td>Access road and the necessary security items at the site</td>
</tr>
</tbody>
</table>

The Transmission Pipeline Terminus Site will be sited large enough to accommodate the SAWS Interconnection Improvements, including a SAWS 10-million-gallon million-gallon tank, pump station and additional treatment facilities.
The Product Water Delivery Point is assumed to be a 48” flange downstream of a 10 MG Project Company Storage Tank. This 10MG storage tank may be the one included in the current design scope or an additional one provided by SAWS. Water is expected to be delivered at the pressure granted by the height of the water surface inside the tank.
This Second Amendment amends Appendix 1 by deleting Figure 2-9 in its entirety and replacing it with this Figure 2-9.

Figure 2-9 Transmission Pipeline Terminus Site Layout
3. **Design Intent and Project Requirements**

3.1. **Transmission Pipeline System**

**Transmission Pipeline Hydraulics**

Planning stage hydraulic calculations have been performed for the sizing of the pipelines and selecting pumps for the Transmission Pipeline Alignment. The calculations in Table 3-1 are based on the final delivery flow of 50,000 ac-ft/yr. Water losses in the Transmission Pipeline are assumed to be 4%. Friction losses in the Transmission Pipeline are based on a Hazen Williams’ Coefficient (C) equal to 120 for the aged pipe. Based on the above assumptions, the total head at each pump station is calculated. Table 3-1 shows pipeline size, pipeline length, static head, friction losses and total head.

**Table 3-1 Hydraulic Calculations**

<table>
<thead>
<tr>
<th></th>
<th>High Service Pump Station</th>
<th>Intermediate Pump Station #1</th>
<th>Intermediate Pump Station #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipe Diameter (in)</td>
<td>54</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Static Lift (ft)</td>
<td>209</td>
<td>131</td>
<td>424</td>
</tr>
<tr>
<td>C Factor</td>
<td>120135</td>
<td>120135</td>
<td>120135</td>
</tr>
<tr>
<td>Head Loss (ft/1,000')</td>
<td>1.32</td>
<td>0.79</td>
<td>0.79</td>
</tr>
<tr>
<td>Segment Length (ft)</td>
<td>205,131</td>
<td>378,141</td>
<td>155,331</td>
</tr>
<tr>
<td>Friction Losses (ft)</td>
<td>286</td>
<td>314</td>
<td>138</td>
</tr>
<tr>
<td>Total Head (ft)</td>
<td>495</td>
<td>445</td>
<td>562</td>
</tr>
</tbody>
</table>

Friction losses include frictional losses from the pipe as well as 15’ losses from elbows and valves.

Note that frictional losses are expected to increase throughout the life of the pipelines. Since this Project will be in operation for at least 30 years, the Transmission Pipeline efficiency and capacity are expected to decrease from year to year despite regular maintenance, which will maintain frictional losses within acceptable levels. The maximum theoretical peak flow rate for the Transmission Pipeline System is estimated to be between 34,880 gpm (new pipe) and 32,548 gpm (30-year pipe).

In order to provide a conservative estimate for the pressure class for each section of the Transmission Pipeline, all pressure losses from valves and elbows are accounted
for along each section of pipeline. Figure 3-1 shows the hydraulic profile of the Transmission Pipeline System.
This Second Amendment amends Appendix 1 by deleting Figure 3-1 in its entirety and replacing it with this Figure 3-1.
**Delivery Variability**

The Project is designed to provide some variations in the delivery of 50,000 ac-ft/year to SAWS. The Project includes allowances for losses due to evaporation (cooling towers) and unavoidable or non-economically repairable leakage on pipes. Table 3-2 provides the design capacities of the major components (and potential losses).

**Table 3-2 Design Capacity of Components**

<table>
<thead>
<tr>
<th></th>
<th>Wellfield</th>
<th>Evaporation (2%)</th>
<th>HSPS</th>
<th>Pipe</th>
<th>Losses (4%)</th>
<th>Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acft /yr</td>
<td>gpm</td>
<td>Acft /yr</td>
<td>gpm</td>
<td>Acft /yr</td>
<td>gpm</td>
</tr>
<tr>
<td><strong>New Pipe with Losses (C=140)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peak</td>
<td>59800</td>
<td>37075</td>
<td>1196</td>
<td>742</td>
<td>58606</td>
<td>36334</td>
</tr>
<tr>
<td>Operation</td>
<td>53028</td>
<td>32875</td>
<td>1061</td>
<td>658</td>
<td>52261</td>
<td>32400</td>
</tr>
<tr>
<td>Margin</td>
<td>6775</td>
<td>4200</td>
<td></td>
<td></td>
<td>6345</td>
<td>3934</td>
</tr>
<tr>
<td>Margin %</td>
<td>13%</td>
<td>13%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Old Pipe with Losses (C=120)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peak</td>
<td>59800</td>
<td>37075</td>
<td>1196</td>
<td>742</td>
<td>58606</td>
<td>36334</td>
</tr>
<tr>
<td>Operation</td>
<td>53028</td>
<td>32875</td>
<td>1061</td>
<td>658</td>
<td>52261</td>
<td>32400</td>
</tr>
<tr>
<td>Margin</td>
<td>6775</td>
<td>4200</td>
<td></td>
<td></td>
<td>6345</td>
<td>3934</td>
</tr>
<tr>
<td>Margin %</td>
<td>13%</td>
<td>13%</td>
<td>12%</td>
<td>12%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Based on the difference between peak and normal operation, Table 3-3 and Table 3-4 illustrate the anticipated recovery time following a downtime within the Project for the initial installation and the 30-year old pipe scenario.

### Table 3-3 Project Recovery (Initial Installation; C factor = 140)

<table>
<thead>
<tr>
<th>Stop Time (minutes)</th>
<th>Base Load (gpm)</th>
<th>Unsold Volume (kgallons)</th>
<th>Excess Capacity (gpm)</th>
<th>Recovery Time (minutes)</th>
<th>Recovery Time (hours)</th>
<th>Recovery Time (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>31,104</td>
<td>467</td>
<td>3,776</td>
<td>124</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>30</td>
<td>31,104</td>
<td>933</td>
<td>3,776</td>
<td>247</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>60</td>
<td>31,104</td>
<td>1,866</td>
<td>3,776</td>
<td>494</td>
<td>8</td>
<td>17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stop Time (hours)</th>
<th>Base Load (gpm)</th>
<th>Unsold Volume (kgallons)</th>
<th>Excess Capacity (gpm)</th>
<th>Recovery Time (minutes)</th>
<th>Recovery Time (hours)</th>
<th>Recovery Time (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>31,104</td>
<td>3,776</td>
<td>3,776</td>
<td>988</td>
<td>17</td>
<td>0.7</td>
</tr>
<tr>
<td>4</td>
<td>31,104</td>
<td>7,465</td>
<td>3,776</td>
<td>1,977</td>
<td>33</td>
<td>1.4</td>
</tr>
<tr>
<td>8</td>
<td>31,104</td>
<td>14,930</td>
<td>3,776</td>
<td>3,954</td>
<td>66</td>
<td>2.7</td>
</tr>
<tr>
<td>24</td>
<td>31,104</td>
<td>44,790</td>
<td>3,776</td>
<td>11,861</td>
<td>198</td>
<td>8.2</td>
</tr>
</tbody>
</table>
### Table 3-4 Project Recovery (30-Year Old Pipe; C factor = 120)

<table>
<thead>
<tr>
<th>Stop Time (minutes)</th>
<th>Base Load (gpm)</th>
<th>Unsold Volume (k gallons)</th>
<th>Excess Capacity (gpm)</th>
<th>Recovery Time (minutes)</th>
<th>Recovery Time (hours)</th>
<th>Recovery Time (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>31,104</td>
<td>467</td>
<td>1,444</td>
<td>323</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>30</td>
<td>31,104</td>
<td>933</td>
<td>1,444</td>
<td>646</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>60</td>
<td>31,104</td>
<td>1,866</td>
<td>1,444</td>
<td>1,293</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Stop Time (hours)</td>
<td>Base Load (gpm)</td>
<td>Unsold Volume (k gallons)</td>
<td>Excess Capacity (gpm)</td>
<td>Recovery Time (minutes)</td>
<td>Recovery Time (hours)</td>
<td>Recovery Time (days)</td>
</tr>
<tr>
<td>2</td>
<td>31,104</td>
<td>3,733</td>
<td>1,444</td>
<td>2.585</td>
<td>43</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>31,104</td>
<td>7,465</td>
<td>1,444</td>
<td>5,170</td>
<td>86</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>31,104</td>
<td>14,930</td>
<td>1,444</td>
<td>10,340</td>
<td>172</td>
<td>7</td>
</tr>
<tr>
<td>24</td>
<td>31,104</td>
<td>44,790</td>
<td>1,444</td>
<td>31,021</td>
<td>517</td>
<td>22</td>
</tr>
</tbody>
</table>

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**Surge Control**

During the detailed design phase of the Project, two potential surge events will be evaluated:

1) A pump shutdown due to power failure at the Project and

2) A sudden valve closing at the Project.

Various surge scenarios will be used to evaluate the impacts of either surge event in the Transmission Pipeline System. The simulation results will be used to evaluate and recommend surge protection devices to provide sufficient surge protection for the Transmission Pipeline System.

The effectiveness of installing air/vacuum valves along the Transmission Pipeline in addition to those at high points and/or installing surge tanks will be studied to control surge pressures. Combination air valves will be installed on each of the pump discharges as well as the common header at each pump station. These extra surge protection devices will be adequately sized during final design.

Also, at each pump station, a surge anticipator/relief line with surge anticipator valve will be installed off of the discharge header and tied into the suction header to relieve surge waves. The surge anticipating valve will activate on the low pressure wave and remain in the open position to dissipate the anticipated return high pressure wave in order to protect the Transmission Pipeline and the equipment at the pump station from any damage caused by unexpected surge pressures. It will also function as a pressure relief valve, and will open when the pressure in the pipe exceeds a preset high pressure limit to protect the equipment from damage caused by unexpected high non-surge pressures.

Final design of surge control equipment will be performed after a thorough transient analysis is completed and will include detailed modeling of all aspects of the Transmission Pipeline under multiple operating scenarios. The Project analysis includes costing for industry standard surge mitigation devices.

**Transmission Pipeline Easements**

The Transmission Pipeline traverses numerous parcels that generally consist of farmland, with lesser lengths located in residential sites and mixed-use developments.

The Project Company shall acquire access (which are broadly described in this section as “easements”) to approximately 450 land parcels for the construction,
operation and maintenance of the Transmission Pipeline. This will be accomplished by means of easements, rights-of-way, or fee interests, which will be acquired by negotiation with the relevant landowners or, if necessary, by means of eminent domain proceedings.

Typically, permanent easements are of sufficient width to allow installation of the pipeline, access for construction equipment, stockpiles of excavated material and staging areas for pipe and bedding material. In evaluating the recommended easement width, it was determined that if the easement is wide enough to construct the Project pipeline, it will be wide enough to provide for operations and maintenance.

With respect to the Well Field Facilities Site and HSPS in Burleson County to the Burleson/Lee County line, Groundwater Leases are in place on the traversed parcels which allow for the construction of the Well pump station, the HSPS and Transmission Pipeline within those properties. Notwithstanding the foregoing, fee simple sites shall be obtained for the Well Sites and the High Service Pump Station Site, and permanent easements shall be acquired for the Transmission Pipeline and gathering lines within those properties.

Additional easements will be required at several locations from the Burleson/Lee County line to IPS #1 in Lee County, where the existing easement width is not adequate to install the pipeline. Temporary construction easement may also be obtained to construct this segment of the pipeline.

Between IPS #1, IPS #2 and the Transmission Pipeline Terminus Site, the planned 85-foot easement will mainly parallel an existing LCRA electrical transmission line easement.

The following is a summary of the course of action to acquire easements for the Project once the route of the Transmission Pipeline has been decided:

a. Identify property owners

b. Develop Right of Entry and Easement forms

c. Obtain Rights of Entry

d. Determine the approximate value of land within the pipeline route

e. Develop a schedule easement acquisition
f. Process title commitments or title runs to reveal the current land owner and any encumbrances 

g. Contract with property appraisers to determine the value of the easement 

h. Complete surveys and appraisals of the properties 

i. Acquire the easement. Task includes negotiating with the landowners 

j. Pay easement and recording fees to finalize transactions 

An experienced local appraiser was consulted in developing a preliminary estimate of easement acquisition costs for property values on a per acre basis by county. 

**Soil Corrosion Control and Cathodic Protection**

The Transmission Pipeline extends west and southwest across a series of Eocene sedimentary deposits to a location near the Bastrop - Caldwell County Line. At that point, and continuing to its terminus at the Transmission Pipeline Terminus Site, bedrock consists of Cretaceous-age marl and shale sedimentary deposits. Formations that will be crossed along the northeastern half of the pipeline include the Sparta Sand, Weches Formation, Queen City Sand, Wellborn Formation, and the Wilcox and Midway Groups. These formations are predominantly comprised of fine- to medium-grained sands, clayey sands and clay. Interbeds of clay, mudstone and sandstone are fairly common.

The southwestern half of the Transmission Pipeline will traverse Cretaceous-age formations identified as the Austin Chalk, Navarro Group and Marlbrook Marl and Pecan Gap Chalk ("upper Taylor Marl"). The Austin Chalk is comprised primarily of chalk and marl and locally may contain bentonitic seams. The Navarro Group and Marlbrook Marl is a mixture of marl, clay, sandstone and siltstone. The Pecan Gap Formation consists of chalk and chalky marl. Stream and river valleys will feature alluvial deposits of sand, clay and gravel to varying depths and horizontal extent.

It is anticipated that the Austin Chalk is likely to contain some beds of relatively hard limestone, requiring special methods of trenching.

The corrosive nature of the soil surrounding pipelines is based on characteristics including electric resistivity, pH, chloride content, sulfate/sulfide content, redox potential and moisture condition.

The soil for the Project will be studied by taking soil bores along the Transmission Pipeline Alignment and testing it for resistivity and pH. The wet chemistry of the soil
will also be studied to determine the chloride content, the sulfate concentration and to verify the pH.

If corrosion protection is warranted, there are common installation methods for each pipe material to combat the corrosive soils. Bar wrapped cylinder concrete pipe can be installed in polyethylene encasement, but more typical is a mortar coating that acts as a barrier between the corrosive soils and the pipe. Steel pipe also commonly uses a urethane or mortar coating as corrosion protection. Fiberglass pipe will not be used or considered as a suitable material for the pipeline.

Cathodic corrosion protection offers an optimum of safety and efficiency. Corrosion evaluation and mitigation measures will be considered during design and development of the Transmission Pipeline System and dependent on the results of the onsite specific corrosion evaluation.

For preliminary study purposes, soil surveys conducted by National Resources Conservation Service indicate that soil is mild to moderately corrosive for concrete and high or moderately high corrosive for uncoated steel. Cathodic protection has been included because it would be beneficial and economical for the life of the pipeline.

Installation of galvanic anode system is one of the options planned for the Project for corrosion protection of the pipeline; active cathodic protection will be studied too.

Suitable measures as per applicable standards will be taken to mitigate any interference current and cross currents from any source. Special protection will be provided at cased-crossing (road crossing/rail crossing etc.). Additional permanent sacrificial anodes for casings/ carrier pipes within casings will be provided if needed. The final cathodic protection system will be decided after the field studies and detailed design is performed.

3.2. Instrumentation and Controls

The Project will utilize a supervisory control and data acquisition (SCADA) system to monitor and control the facilities along the Transmission Pipeline. In general, there are three major components for the SCADA system; the human machine interface (HMI), the programmable logic controller (PLC), and the communication system.

The top-end HMI consists of operators’ workstations, a communication server and a historical server. This will be located at the main control center. The HMI provides the operator with an operator’s interface, alarms, and trending functionality.
PLCs are installed with major equipment or at locations along the Transmission Pipeline where it has direct control of the equipment. The user-defined function block provided by the PLC, together with the classes and objects provided by the HMI, promote consistency throughout the SCADA system.

Fiber optics will be used for the communication between the Well Field Facilities Site and the HSPS, whereas reliable wireless communication system may be used for the communication between the Transmission Pipeline Pumping Stations. The primary/main control center will be located either at the HSPS or at the Transmission Pipeline Terminus Site.

### 3.3. Fire Protection

The fire protection system includes all material, design, fabrication, installation and testing per National Fire Protection Association (NFPA) and local code requirements. The fire protection system includes open head deluge sprinklers with dry pilot activation in the chemical buildings for HSPS and Intermediate Pump Stations. The open head deluge sprinklers will be designed to meet extra hazard per NFPA with a density of 0.30 over the entire area of protection. The ground storage tanks will be protected with two levels of protection and will be designed to meet a density of 0.30 over the surface area of the tank. The valves will be located within a conditioned area of each building. The cooling towers’ fire protection system includes open head deluge sprinklers with dry pilot activation. The cooling towers’ fire protection system will be designed to meet a density of 0.50 over the entire area. Each electrical room will contain dry closed head system or a double interlock pre-action tied to the smoke detection system. Each electrical room’s fire protection packages also include fire alarms, monitoring systems, smoke detection, heat detection, and two 20 pound (lb.) CO$_2$ and six 20 lb. ABC fire extinguishers.

### 3.4. Water Treatment

General water quality data was reviewed and evaluated for Edwards, Carrizo, and Simsboro water. The evaluation results indicate that no water quality parameters exceeded the current PMCLs and SMCLs in any one of these three sources. In addition, the Project water sources are of high quality and have a total dissolved solids content similar to the SAWS’ Edwards supply.

**Stability**

Generally speaking, the water is typically considered in a stable state when a LSI is greater than -0.4 and lower than 0.4. The evaluation results indicate the Carrizo water is under stable conditions with a LSI of 0.15 while the water from Wells in the
Simsboro Aquifer has a slight corrosive tendency based on the calculated LSIs. The Additional Product Water Quality Standards require Product Water with a LSI greater than 0.1. The stability was then evaluated for the water mixture blended from these two sources. Under the current plan, a blending ratio between 20-40% of Carrizo water is considered with a design ratio of 30%. The resulting LSI from this mixed Carrizo-Simsboro blending ratio range is between -0.66 and -0.75 at a temperature of 77°F. The Project Company will treat the Raw Groundwater so that the delivered Product Water falls within the LSI range preferred by SAWS. Treatment to bring the delivered Product Water to within SAWS-preferred LSI range was evaluated. The planned treatment is the addition of caustic (NaOH) solution for adjustment of the pH of the delivered Product Water. The results of the treatment evaluations are summarized in Table 3-5 for a Carrizo/Simsboro blend of 20 percent and 40 percent.
Table 3-5 Water Stability for Blended Source Water after pH Adjustment

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%−40% Carrizo Water</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Caustic Data**

<table>
<thead>
<tr>
<th>Dosage</th>
<th>mg/L as NaOH</th>
<th>11.0–13.9</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>mg/L as solution at 50%</td>
<td>22.0–27.8</td>
</tr>
</tbody>
</table>

**Water Quality**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temperature</td>
<td>°F</td>
<td>77</td>
</tr>
<tr>
<td>Total Alkalinity</td>
<td>mg/L as CaCO₃</td>
<td>174–190</td>
</tr>
<tr>
<td>TDS</td>
<td>mg/L</td>
<td>263–269</td>
</tr>
<tr>
<td>Calcium</td>
<td>mg/L as Ca</td>
<td>9.71–10.2</td>
</tr>
<tr>
<td>pH</td>
<td>standard unit</td>
<td>8.57–8.59</td>
</tr>
</tbody>
</table>

**Water Stability**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH at CaCO₃ Saturation (pHS)</td>
<td>standard unit</td>
<td>8.27–8.28</td>
</tr>
<tr>
<td>Langelier Saturation Index (LSI)</td>
<td></td>
<td>0.30</td>
</tr>
</tbody>
</table>

1 It is assumed a temperature of 77°F is reached in the distribution system after cooling and treatment on the well site.

The evaluation results indicate a resulting LSI after treatment of 0.3 can be reached in the blended source water at a caustic dosages range from 11.0 to 13.9 mg/L as NaOH. The water mixture is under safe and stable conditions after pH adjustment and within the range preferred by SAWS. No stability concern is associated with integration of the Product Water into the SAWS Distribution System.

**Disinfection**

Free chlorine residual is planned for primary disinfection of the source water at the Project treatment facility. It is also used as secondary disinfectant in the Transmission Pipeline System. Since free chlorine is used by SAWS in the SAWS Distribution System, waters from both water supplies are compatible in terms of disinfection mechanism and are not anticipated to create and concerns from blending.

A minimum free chlorine residual of 0.5 mg/L is recommended for design to provide the secondary disinfection as well as prevent bacteria regrowth in the Transmission Pipeline System. It is anticipated that the free chlorine residual should also meet
the minimum residual disinfectant concentration of 0.2 mg/L by the TCEQ for free chlorine in any blending scenarios.

**Cooling**

Based on SAWS requirements the delivered Product Water must not exceed 83° F. The Simsboro water will enter the Well pump at 101° F and the Carrizo water enters at 81° F. These waters will mix in the Well header lines, and will have an estimated temperature of 95.3° after blending. However, this is higher than the 83° SAWS stipulated water temperature. To meet the SAWS temperature requirement, the water will be fed through cooling towers, at the HSPS, before entering the Transmission Pipeline.

Water losses due to evaporation are considered to be 2% of the incoming volume.

The cooling towers are designed to accept incoming water and cool it down to 84° F, using the wet bulb temperature of 78°. This is 1° higher than the SAWS requirement but additional cooling will take place as the Product Water travels approximately 140 miles through the Transmission Pipeline before being delivered to the SAWS Distribution System. The transient time spent in cooler subsurface conditions will provide additional aid in the cooling of the Product Water to the SAWS stipulated 83°.

**Additional Treatment**

Additional Product Water Quality Standards are set forth in Appendix 8 (Performance Guarantees). This includes modifications to the calcium and iron levels. The HSPS site has adequate acreage to accommodate these types of advanced treatment processes, if required by the Project.

A treatment concept for reducing the iron content from the 0.3 mg/L secondary standard in the Product Water delivered to SAWS to an iron concentration of 0.2 mg/L has been evaluated. The HSPS site is currently sized to accommodate the iron removal process if required by SAWS.

In the evaluated process, the existing cooling and chlorination systems may be used for oxidation of iron. Partial flow may be diverted to a filtration system where iron precipitates to be removed. The filtered effluent would be lifted by pumps and blended with unfiltered flow in an in-line mixer prior to the ground storage tanks. The filters may need to be washed periodically and the backwash wastes be sent to a pond. A pilot study is recommended once iron concentrations are actually known to verify the treatment processes and validate the design parameters.
4. Environmental Considerations

This section will identify potential Federal and State requirements that may impact planning, design, construction and operational requirements for the Project.

**Jurisdictional Waters of the US**

According to the National Hydrography Dataset, the Project would potentially cross numerous streams, tributaries and ponds. The Project will require a jurisdictional waters determination and delineation investigation along the Transmission Pipeline Alignment to identify potential waters of the United States, including wetlands. The Project would likely be permitted under Nationwide Permit (NWP) 12 for Utility Line Activities pursuant to Section 404 of the Clean Water Act (CWA).

If there are impacts to wetlands or if impacts to waters of the U.S. exceed 0.10 acres, the U.S. Army Corps of Engineers (USACE) must be notified prior to initiating any activity and a Pre-Construction Notification (PCN) must be prepared and submitted to the USACE-Fort Worth District for approval. Other conditions that could require preparation of a PCN include the presence of federally-listed threatened or endangered species habitat in the vicinity of the Project. If impacts to jurisdictional wetlands and/or waters of the U.S. exceed a half acre or the proposed activity does not meet the general conditions of the NWP 12, an Individual Permit (IP) may be required, which usually requires public notice. Generally, the typical agency review and approval period is 45 to 60 days for NWPs and 270 days for IPs.

**Threatened and Endangered Species**

Prior to final design, a review of technical databases, technical literature, governmental publications, databases, and field surveys will be performed to identify federally threatened, endangered, and candidate plant and animal species in the vicinity of the Project Sites. The habitat assessment will determine whether suitable habitat exists within and adjacent to the Project Sites, taking representative photographs of the Project Sites, and reporting all findings. Protocols for determining required habitat will be performed for the federally threatened, endangered, and candidate species listed in Table 4-1, which lists federally-designated threatened, endangered, and candidate species within the counties where the Project is located. However, according to the Natural Diversity Database, only two federally-listed species occur within five miles of the Transmission Pipeline Alignment. The Houston Toad (Anaxyrus houstonensis) is a federally-designated endangered species and occurs within five miles of the Transmission Pipeline Alignment in Lee County. The Houston toad and bald eagle (Haliaeetus leucocephalus), the latter of which is a federally delisted species (currently in
recovery), has been observed within five miles of the Transmission Pipeline Alignment in Bastrop County.

Table 4-1  Federally-Listed Threatened/Endangered Species Potentially Present

<table>
<thead>
<tr>
<th>Species/Sub-Species</th>
<th>Common Name</th>
<th>Scientific Name</th>
<th>Species Group</th>
<th>Federal Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bexar County</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[unnamed] ground beetle</td>
<td>Rhadine exilis</td>
<td>Insects</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>[unnamed] ground beetle</td>
<td>Rhadine infernalis</td>
<td>Insects</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Black-Capped Vireo</td>
<td>Vireo atricapilla</td>
<td>Birds</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Braken Bat Cave Meshweaver</td>
<td>Cicurina venii</td>
<td>Arachnids</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Cokendolpher Cave Harvestman</td>
<td>Texella cokendolpheri</td>
<td>Arachnids</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Comal Springs Dryopid Beetle</td>
<td>Stygoparnus comalensis</td>
<td>Insects</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Comal Springs Riffle Beetle</td>
<td>Heterelmis comalensis</td>
<td>Insects</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Fountain Darter</td>
<td>Etheostoma fonticola</td>
<td>Fishes</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Golden-Cheeked Warbler</td>
<td>Dendroica chrysoparia</td>
<td>Birds</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Government Canyon Bat Cave Meshweaver</td>
<td>Cicurina vespera</td>
<td>Arachnids</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Government Canyon Bat Cave Spider</td>
<td>Neoleptoneta microps</td>
<td>Arachnids</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Helotes Mold Beetle</td>
<td>Batrisodes venyivi</td>
<td>Insects</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Madla’s Cave Meshweaver</td>
<td>Cicurina madla</td>
<td>Arachnids</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Peck’s Cave Amphipod</td>
<td>Stygobromus pecki</td>
<td>Crustaceans</td>
<td>E</td>
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</tr>
<tr>
<td>Robber Baron Cave Meshweaver</td>
<td>Cicurina baronia</td>
<td>Arachnids</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>San Marcos Gambusia</td>
<td>Gambusia georgei</td>
<td>Fishes</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>San Marcos Salamander</td>
<td>Eurycea nana</td>
<td>Amphibians</td>
<td>T</td>
<td></td>
</tr>
<tr>
<td>Texas Blind Salamander</td>
<td>Typhlomolge rathbuni</td>
<td>Amphibians</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Texas Wild-Rice</td>
<td>Zizania texana</td>
<td>Flowering Plants</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Whooping Crane</td>
<td>Grus Americana</td>
<td>Birds</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>Guadalupe County</td>
<td>Haliaeetus leucocephalus</td>
<td>Birds</td>
<td>DM</td>
<td></td>
</tr>
</tbody>
</table>

Financial Close Version, November __, 2016

2327057.9 038521 CTR 2717480.4 038521 OTH
<table>
<thead>
<tr>
<th>Common Name</th>
<th>Scientific Name</th>
<th>Species Group</th>
<th>Federal Status¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whooping Crane</td>
<td>Grus Americana</td>
<td>Birds</td>
<td>E</td>
</tr>
<tr>
<td>Caldwell County</td>
<td>Haliaeetus leucocephalus</td>
<td></td>
<td>DM</td>
</tr>
<tr>
<td>Bald Eagle</td>
<td>Haliaeetus leucocephalus</td>
<td>Birds</td>
<td>DM</td>
</tr>
<tr>
<td>Houston Toad</td>
<td>Bufo houstonensis</td>
<td>Amphibians</td>
<td>E</td>
</tr>
<tr>
<td>Navasota Ladies’-Tresses</td>
<td>Spiranthes parksii</td>
<td>Flowering Plants</td>
<td>E</td>
</tr>
<tr>
<td>Whooping Crane</td>
<td>Grus Americana</td>
<td>Birds</td>
<td>E</td>
</tr>
<tr>
<td>Bastrop County</td>
<td>Haliaeetus leucocephalus</td>
<td>Birds</td>
<td>DM</td>
</tr>
<tr>
<td>Bald Eagle</td>
<td>Haliaeetus leucocephalus</td>
<td>Birds</td>
<td>DM</td>
</tr>
<tr>
<td>Houston Toad</td>
<td>Bufo houstonensis</td>
<td>Amphibians</td>
<td>E</td>
</tr>
<tr>
<td>Whooping Crane</td>
<td>Grus Americana</td>
<td>Birds</td>
<td>E</td>
</tr>
<tr>
<td>Lee County</td>
<td>Haliaeetus leucocephalus</td>
<td>Birds</td>
<td>DM</td>
</tr>
<tr>
<td>Bald Eagle</td>
<td>Haliaeetus leucocephalus</td>
<td>Birds</td>
<td>DM</td>
</tr>
<tr>
<td>Houston Toad</td>
<td>Bufo houstonensis</td>
<td>Amphibians</td>
<td>E</td>
</tr>
<tr>
<td>Whooping Crane</td>
<td>Grus Americana</td>
<td>Birds</td>
<td>E</td>
</tr>
<tr>
<td>Burleson County</td>
<td>Haliaeetus leucocephalus</td>
<td>Birds</td>
<td>DM</td>
</tr>
<tr>
<td>Bald Eagle</td>
<td>Haliaeetus leucocephalus</td>
<td>Birds</td>
<td>DM</td>
</tr>
<tr>
<td>Houston Toad</td>
<td>Bufo houstonensis</td>
<td>Amphibians</td>
<td>E</td>
</tr>
<tr>
<td>Navasota Ladies’-Tresses</td>
<td>Spiranthes parksii</td>
<td>Flowering Plants</td>
<td>E</td>
</tr>
<tr>
<td>Sharpnose Shiner</td>
<td>Notropis oxyrhynchus</td>
<td>Fishes</td>
<td>C</td>
</tr>
<tr>
<td>Smalleye Shiner</td>
<td>Notropis buccula</td>
<td>Fishes</td>
<td>C</td>
</tr>
<tr>
<td>Whooping Crane</td>
<td>Grus Americana</td>
<td>Birds</td>
<td>E</td>
</tr>
<tr>
<td>Navasota Ladies’-Tresses</td>
<td>Spiranthes parksii</td>
<td>Flowering Plants</td>
<td>E</td>
</tr>
<tr>
<td>Sharpnose Shiner</td>
<td>Notropis oxyrhynchus</td>
<td>Fishes</td>
<td>C</td>
</tr>
<tr>
<td>Smalleye Shiner</td>
<td>Notropis buccula</td>
<td>Fishes</td>
<td>C</td>
</tr>
<tr>
<td>Whooping Crane</td>
<td>Grus Americana</td>
<td>Birds</td>
<td>E</td>
</tr>
</tbody>
</table>

Sources: U.S. Fish and Wildlife Service, 2011

Notes: ¹ C = candidate species, DM = delisted species (in recovery), E = endangered, T = threatened

Both the Houston toad and the bald eagle were identified during the CCWSC 130 Project and both were addressed successfully from a regulatory standpoint without significant loss of time or additional expenditures. Accordingly, currently neither of these issues is believed to constitute a potential concern or unknown with regard to the feasibility of the Project or potential significant delay in the delivery of water. As a part of this Project, a Habitat Assessment Report is expected to be prepared for review and approval.
If habitat for federally listed species is identified, coordination with the U.S. Fish and Wildlife Service would be conducted under a supplemental agreement.

**Archeological**

A Texas Antiquities permit is anticipated to be required to cover any archeological field reconnaissance and survey investigations per the requirements of the Antiquities Code of Texas. An Antiquities permit also allows monitoring of construction and recovery/recording of resources during construction.

A cursory review of the planned Transmission Pipeline Alignment was performed utilizing the Texas Historical Commission Site Atlas (Atlas). This Atlas illustrates previously recorded cultural resources and conducted surveys across the State. Generally, archeological surveys were conducted for the CCWSC 130 Project which shares part of the Transmission Pipeline Alignment with the Project. The historical data indicates that of the remaining Transmission Pipeline Alignment the majority of the Transmission Pipeline properties have never been formally surveyed for archaeological resources. A records research of the properties that have not been surveyed needs to be conducted to determine potential areas along the Transmission Pipeline Alignment that may contain significant archaeological sites. A survey plan would then be developed and the properties would be field assessed to confirm the location of any potential archaeological sites. Below is a list from the Atlas by county of the potential archaeological sites as well as high probability areas (mainly large waterways) traversed by the Transmission Pipeline Alignment which may contain significant archaeological sites:

1. **Burleson County** – None

2. **Lee County** – None anticipated but further study will be done on the short portion of the Transmission Pipeline Alignment that deviates from the CCWSC 130 Project.

3. **Bastrop County** – Colorado River crossing - several previously recorded sites including 41BP75 and 41BP306 near the Transmission Pipeline Alignment are considered significant and the Project Company will have to evaluate these areas during the design of the Transmission Pipeline in order to ensure there are no impacts to the previously recorded sites.

4. **Caldwell County** – San Marcos River crossing near Martindale, high probability of containing significant archaeological sites near the Transmission Pipeline Alignment. The Project Company will evaluate these areas during the
design of the Transmission Pipeline in order to ensure there are no impacts to these areas.

5. **Guadalupe County** – Guadalupe River crossing contains numerous significant, previously recorded significant sites near the Transmission Pipeline Alignment. The Project Company will evaluate these areas during the design of the Transmission Pipeline in order to ensure there are no impacts to these areas.

6. **Bexar County** – Cibolo Creek crossing contains numerous previously recorded significant sites near the Transmission Pipeline Alignment. The Project Company will evaluate these areas during the design of the Transmission Pipeline in order to ensure there are no impacts to these areas.

Note that a majority of the Transmission Pipeline Alignment south and west of the IPS #1 parallels an existing LCRA power line. Therefore, significant issues with archeological sites are currently considered to be unlikely.

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APPENDIX 2

GOVERNMENTAL APPROVALS
APPENDIX 2
GOVERNMENTAL APPROVALS

2.1. PURPOSE

The purpose of this Appendix is to provide an outline of the Governmental Approvals that are expected to be required for the construction and operation of the Project. As required by this Water Transmission and Purchase Agreement, the Project Company shall obtain and maintain all required Governmental Approvals necessary to construct and operate the Project, irrespective of whether such Governmental Approval is identified in this Appendix.

2.2. GOVERNMENTAL APPROVALS

The following tables set forth the Governmental Approvals that are expected to be required for the construction and operation of the Project. The Project Company will be responsible for complying with the terms and conditions contained in the applicable Construction Governmental Approvals and Operating Governmental Approvals, in accordance with this Appendix and Section 5.5 (Construction Governmental Approvals) and Section 9.8 (Operating Governmental Approvals) of this Water Transmission and Purchase Agreement.

<table>
<thead>
<tr>
<th>Permit Type</th>
<th>Granting Permitting Agency</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Emergency Management Agency (FEMA)</td>
<td>Conditional Letter of Map Revision (CLOMR) /Letter of Map Revision (LOMR)</td>
<td>CLOMR-provides FEMA's comment on a proposed project that would, upon construction, affect the hydrologic or hydraulic characteristics of a flooding source and modify the existing regulatory floodway. LOMR-provides FEMA's modification of an effective Flood Insurance Rate Map, or Flood Boundary and Floodway Map, or both.</td>
<td></td>
</tr>
<tr>
<td>Federal Endangered or Threatened Species (Section 7 or 10 Review)</td>
<td>Federal Endangered or Threatened Species (Section 7 or 10 Review)</td>
<td>Section 7- provides interagency cooperation to ensure a federal action does not jeopardize the existence of any listed species. Section 10- obtained when non-federal activities cause harm to animals designated as endangered or threatened by the USFWS.</td>
<td></td>
</tr>
<tr>
<td>Natural Resources Conservation Service</td>
<td>Prime Farmlands</td>
<td>Minimizes the impact programs have on the unnecessary and irreversible conversion of prime farmland to</td>
<td></td>
</tr>
</tbody>
</table>
### Federal

<table>
<thead>
<tr>
<th>Permit Type</th>
<th>Granting Agency</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 404 Permit</td>
<td>United States Army Corps of Engineers</td>
<td>Section 404 Permit</td>
<td>Regulates the discharge of dredged or fill material into waters of the United States, including wetlands.</td>
</tr>
<tr>
<td>Section 10 Permit</td>
<td>United States Army Corps of Engineers</td>
<td>Section 10 Permit</td>
<td>Regulates the placement of any structure below, within, or over navigable waters of the United States, or would involve excavation/ dredging or deposition of material or any obstruction or alteration in navigable waters of the United States.</td>
</tr>
</tbody>
</table>

### State

<table>
<thead>
<tr>
<th>Granting Agency</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Department of Transportation</td>
<td>Right-of-Way and Utility Permits</td>
<td>Provides for the placement of utilities within the right-of-way of State roads and provides for the longer term use.</td>
</tr>
<tr>
<td>Texas Historical Commission</td>
<td>Texas Antiquities Permit</td>
<td>Must be obtained by a registered archeologist for studies at archeological sites and historic buildings on public land.</td>
</tr>
<tr>
<td>Creek Crossing Permits/River Crossing Permit</td>
<td>Lower Colorado River Authority</td>
<td>Creek Crossing Permits/River Crossing Permit</td>
</tr>
<tr>
<td>San Antonio River Authority</td>
<td>Creek Crossing Permits</td>
<td>Creek Crossing Permits</td>
</tr>
<tr>
<td>Creek Crossing Permits/River Crossing Permit</td>
<td>Guadalupe-Blanco River Authority</td>
<td>Creek Crossing Permits/River Crossing permit</td>
</tr>
<tr>
<td>State Granting Agency</td>
<td>Name</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------</td>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>Texas Commission on Environmental Quality</strong></td>
<td>Texas Pollutant Discharge Elimination Permit Storm Water Permits</td>
<td>Regulates discharge of pollutants to surface water of the State of Texas</td>
</tr>
<tr>
<td><strong>Drilling and Operating Permit/Transportation Permit</strong></td>
<td>Post Oak Savannah Groundwater Conservation District</td>
<td>Operations permit/Transportation Permit</td>
</tr>
<tr>
<td><strong>Utility Crossing Approval</strong></td>
<td>Bluebonnet Electrical Cooperative</td>
<td>Provides for notification of the crossing and/or encroachment onto the electric easement and requirements for safe construction and maintenance</td>
</tr>
<tr>
<td><strong>Utility Crossing Approval</strong></td>
<td>CPS Energy</td>
<td>Provides for notification of the crossing and/or encroachment onto the electric easement and requirements for safe construction and maintenance</td>
</tr>
<tr>
<td><strong>Utility Crossing Approval</strong></td>
<td>Lower Colorado River Authority</td>
<td>Provides for notification of the crossing and/or encroachment onto the electric easement and requirements for safe construction and maintenance</td>
</tr>
<tr>
<td><strong>Public Water System Plans Review</strong></td>
<td>Texas Commission on Environmental Quality/TCEQ</td>
<td>Public Water System Plans Review</td>
</tr>
<tr>
<td><strong>Texas Pollutant Discharge Elimination Permit Storm Water Permits</strong></td>
<td>TCEQ</td>
<td>Regulates discharge of pollutants to surface water of the State of Texas</td>
</tr>
<tr>
<td><strong>Texas Antiquities Permit</strong></td>
<td>Texas Historical Commission</td>
<td>Must be obtained by a registered archeologist for studies at archeological sites and historic buildings on public land</td>
</tr>
<tr>
<td><strong>Right of Way and Utility Permits</strong></td>
<td>Texas Department of Transportation</td>
<td>Provides for the placement of utilities within the right-of-way of State roads and provides for the longer term use</td>
</tr>
</tbody>
</table>

[Remainder of page intentionally left blank]
<table>
<thead>
<tr>
<th>Development Application Permit</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bastrop County</td>
<td>Regulates proposed development located on a site within the regulatory 100 year FEMA Flood Plain</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Road Crossing - County Approval</th>
<th>Granting Agency</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bastrop County</td>
<td>Provides for the monitoring and approval of utilization of County right-of-way</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Floodplain Development Permit</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bexar County Infrastructure Services Department</td>
<td>Verifies that development does not have a negative impact on the located on a site within the regulatory 100 - Year FEMA Flood Plain</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stormwater Quality Site Development Permit</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bexar County</td>
<td>Regulates discharges of storm water associated with construction activities over 1 acre</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Utilities Permit</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bexar County</td>
<td>Regulates all construction activities in County-maintained rights of way, including driveways that access County roads</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Roadway Permit</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bexar County - Public Works</td>
<td>Controls all construction activities in County-maintained County maintained rights-of-way; including driveways to access County roads</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Floodplain Development Permit</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bastrop Burleson County</td>
<td>Provides for the monitoring and approval of utilization of County right-of-way</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commissioners Court Approval</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burleson County</td>
<td>Regulates proposed development, inclusive of areas located on a site within the regulatory 100 year FEMA Flood Plain</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Road Crossing - County Approval</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lee Burleson County</td>
<td>Provides for the monitoring and approval of utilization of County right-of-way</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work in the Public Right-of-Way Permit</th>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lee County-Caldwell County-Unit Road Administrator</td>
<td>Administers all the business of the CountyRegulates all construction or activity of any kind within the County's right-of-way, including the building and maintenance of county roads and bridges, installation of overhead or underground utilities</td>
<td></td>
</tr>
<tr>
<td>Permit Type</td>
<td>Authority</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Floodplain Permit Application</td>
<td>Comal County</td>
<td>Regulates proposed development located on a site within the regulatory 100 year FEMA Flood Plain</td>
</tr>
<tr>
<td>Private improvements in the Public Right of Way</td>
<td>Caldwell Comal County (Unit Road Administrator)</td>
<td>Work in the Public Right-of-Way Permit. Regulates all construction or activity of any kind within the County’s right-of-way, including installation of overhead or underground utilities</td>
</tr>
<tr>
<td>Floodplain Development Permit</td>
<td>Guadalupe County Environmental Health</td>
<td>Floodplain Development Permit. Regulates for all development in the 100-year floodplain, as part of the National Flood Insurance Program</td>
</tr>
<tr>
<td>Culvert/Access Permit</td>
<td>Guadalupe County Road and Bridge Department</td>
<td>Roadway/Excavation Permit. Regulates all construction or activity of any kind within the County’s right-of-way, including installation of overhead or underground utilities at culverts and provides for access requirements</td>
</tr>
<tr>
<td>Roadway/Excavation Permit</td>
<td>Guadalupe County Road and Bridge Department</td>
<td>Regulates construction or activity within the County’s right-of-way, including installation of overhead or underground utilities</td>
</tr>
</tbody>
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[Remainder of page intentionally left blank]
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<thead>
<tr>
<th>Road Crossing - County</th>
<th>City</th>
<th>Lee County</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides for the monitoring and approval of utilization of County right-of-way</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development Application</td>
<td>Granting Agency</td>
<td>Lee County</td>
<td>Name</td>
</tr>
<tr>
<td>Description</td>
<td>Administers all the business of the County, including the building and maintenance of county roads and bridges and floodplains</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Floodplain Permit</td>
<td>Lee County</td>
<td>Regulates proposed development located on a site within the regulatory 100 year FEMA Flood Plain</td>
<td></td>
</tr>
<tr>
<td>Tree Permit(s)</td>
<td>City of San Antonio</td>
<td>Tree Permit(s)</td>
<td>Maintain, to the greatest extent possible, existing trees within the city and the extraterritorial jurisdiction (ETJ), and to add to the tree population within the city and the ETJ to promote a high tree canopy goal.</td>
</tr>
<tr>
<td>Building Permit</td>
<td>City of San Antonio</td>
<td>Building Permit</td>
<td>Ensures that all construction activities associated with potentially occupied structures are well coordinated and protect the health, safety, and quality of life of the citizens of San Antonio.</td>
</tr>
<tr>
<td>Site Plan Permit</td>
<td>City of San Antonio</td>
<td>Site Plan Permit</td>
<td>Ensures understanding and compliance with the City's development codes associated with commercial site work, utility work, drainage structures, sidewalks, driveways and grading.</td>
</tr>
<tr>
<td>Stormwater Permit</td>
<td>City of San Antonio</td>
<td>Stormwater Permit</td>
<td>Ensures future construction projects do not adversely impact current drainage systems.</td>
</tr>
<tr>
<td>Floodplain Development Permit</td>
<td>City of San Antonio</td>
<td>Floodplain Development Permit</td>
<td>Regulates proposed development located on a site within the regulatory 100 year FEMA Flood Plain</td>
</tr>
<tr>
<td>Roadway Permit</td>
<td>City of San Antonio Public Works Right-of-Way Management</td>
<td>Roadway Permit</td>
<td>Ensures that all construction activities are well coordinated and impacts are mitigated to reduce public inconvenience, guarantee proper street repair and ensure all regulations are enforced appropriately.</td>
</tr>
<tr>
<td>Roadway Crossing - Public Works Permit</td>
<td>City of Schertz</td>
<td>Roadway Crossing - Public Works Permit</td>
<td>Regulates construction of improvements within City street rights-of-way.</td>
</tr>
<tr>
<td>Floodplain Permit</td>
<td>City of Schertz</td>
<td>Regulates proposed development located on a site within the regulatory 100 year FEMA Flood Plain</td>
<td></td>
</tr>
<tr>
<td>Tree Preservation/Removal Permit</td>
<td>City of Schertz</td>
<td>Tree Removal Permit</td>
<td>Maintain, to the greatest extent possible, existing trees within the city and the extraterritorial jurisdiction (ETJ)</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>----------------</td>
<td>---------------------</td>
<td>-------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Permit for New Pipeline Crossings</td>
<td>Union Pacific</td>
<td></td>
<td>Regulates the crossing of Union Pacific railway lines with utility pipelines.</td>
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</table>

<table>
<thead>
<tr>
<th>Railroad</th>
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<tbody>
<tr>
<td><strong>Granting Agency</strong></td>
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<tr>
<td>Union Pacific</td>
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Litéra® Change-Pro TDC 7.5.0.72 Document comparison done on 10/28/2016 3:19:00 AM

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**Intelligent Table Comparison:** Active  
**Original DMS:** iw://EASTDMS/EAST1/2717481/1  
**Modified DMS:** iw://EASTDMS/EAST1/2717481/2

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APPENDIX 3

TECHNICAL SPECIFICATIONS
APPENDIX 3

TECHNICAL SPECIFICATIONS

3.1. PURPOSE

The purpose of this Appendix is to specify certain Design Requirements and minimum procedures and requirements to be followed by the Project Company in performing the Construction Work, which together with Appendix 1 (Description of the Project), shall collectively constitute the “Technical Specifications” hereunder. The Technical Specifications are intended to result in a Project that achieves the following objectives:

- Efficient and cost-effective design, construction and operation;
- Limiting noise, dust, odors, traffic and lighting impacts to adjacent properties;
- A high degree of coordination between the design, construction and operation elements;
- Design of structures, piping, equipment, and other elements such that they can be maintained while continuing to meet the Performance Guarantees;
- Selection of equipment such that the Project Company’s implementation of the Maintenance, Repair and Replacement Plan, including the Maintenance, Repair and Replacement Schedule, will result in equipment that, at a minimum, meets the End of Term Performance Evaluation Requirements;
- Selection of materials that assure a low incidence of failure, high probability of continued manufacturer support and service, and compatibility with the SAWS Distribution System;
- Construction of an aesthetically-pleasing Project;
- A safe construction and operating environment;
- Mitigation of environmental impacts;
- A safe, adequate and uninterrupted water supply;
- Completion of a Project that produces the Baseline Daily Volume and Baseline Annual Volume of Product Water by the Commercial Operation Longstop Date;
- Include the necessary unit processes, process control, monitoring and control, systems and system redundancy to achieve Acceptance, to continuously meet the Performance Guarantees and to pass the Exit Performance Test;
- A high degree of security for the Project and the Project Sites; and
- Efficient and effective management of Project By-Products

The parties agree to further develop and complete this Appendix, including the preparation of detailed descriptions of all Project Improvements to be designed and constructed by the Project Company, prior to the Financial Closing Date in order to fulfill such purpose and intent. The Project shall be designed and constructed to meet the Performance Guarantees. Nothing in these Technical Specifications shall relieve the Project Company of its obligation to meet the Performance Guarantees.

3.2. APPLICABLE CODES, POLICIES AND INDUSTRY STANDARDS

The Project shall be designed in accordance with the current applicable codes, policies, and industry standards as referenced in this Appendix and the other Appendices...
of this Water Transmission and Purchase Agreement. Reference Standards applicable to the Project include, but are not limited to, the following:

<table>
<thead>
<tr>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Building Code (IBC)</td>
</tr>
<tr>
<td>International Fire Prevention Code (IFC)</td>
</tr>
<tr>
<td>International Energy Conservation Code</td>
</tr>
<tr>
<td>National Electrical Code (NEC)</td>
</tr>
<tr>
<td>International Mechanical Code (IMC)</td>
</tr>
<tr>
<td>International Plumbing Code (IPC)</td>
</tr>
<tr>
<td>American National Standards Institute (ANSI)</td>
</tr>
<tr>
<td>Occupational Safety and Health Administration (OSHA)</td>
</tr>
<tr>
<td>American Association of State Highway and Transportation Officials (AASHTO)</td>
</tr>
<tr>
<td>American Gear Manufacturers Association (AGMA)</td>
</tr>
<tr>
<td>American Institute of Steel Construction (AISC)</td>
</tr>
<tr>
<td>American Iron and Steel Institute (AISI)</td>
</tr>
<tr>
<td>American Petroleum Institute (API)</td>
</tr>
<tr>
<td>American Society of Civil Engineers (ASCE)</td>
</tr>
<tr>
<td>American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE)</td>
</tr>
<tr>
<td>American Society of Mechanical Engineers (ASME)</td>
</tr>
<tr>
<td>American Welding Society (AWS)</td>
</tr>
<tr>
<td>Americans with Disabilities Act (ADA)</td>
</tr>
<tr>
<td>Concrete Reinforcing Steel Institute (CRSI)</td>
</tr>
<tr>
<td>Factory Mutual (FM)</td>
</tr>
<tr>
<td>Institute of Electrical and Electronics Engineers (IEEE)</td>
</tr>
<tr>
<td>National Electric Code (NEC)</td>
</tr>
<tr>
<td>National Electrical Manufacturer's Association (NEMA)</td>
</tr>
<tr>
<td>National Fire Protection Association (NFPA)</td>
</tr>
<tr>
<td>Precast/Prestressed Concrete Institute (PCI)</td>
</tr>
<tr>
<td>Underwriters' Laboratories, Inc. (UL)</td>
</tr>
<tr>
<td>NSF International (f/k/a National Sanitation Foundation) (NSF)</td>
</tr>
<tr>
<td>American Concrete Institute (ACI)</td>
</tr>
<tr>
<td>American Society for Testing and Materials (ASTM)</td>
</tr>
<tr>
<td>American Water Works Association (AWWA)</td>
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<table>
<thead>
<tr>
<th>Organization</th>
</tr>
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<tr>
<td>Architectural Barriers Act with Texas Accessibility Standards</td>
</tr>
<tr>
<td>Texas Department of Transportation (TxDOT)</td>
</tr>
<tr>
<td>Texas Department of Transportation Crossing and Driveway Standards</td>
</tr>
<tr>
<td>Lower Colorado River Authority Creek Crossing/River Crossing Standards</td>
</tr>
<tr>
<td>San Antonio River Authority Creek Crossing Standards</td>
</tr>
<tr>
<td>Guadalupe-Blanco Authority Creek Crossing/River Crossing Standards</td>
</tr>
<tr>
<td>Texas Commission on Environmental Quality- Chapter 290</td>
</tr>
</tbody>
</table>

Financial Close Version, November __, 2016
3.3. TECHNICAL SPECIFICATIONS – PRODUCTION WELL INSTALLATION

The Production Wells for the Project shall be designed in accordance with the AWWA guidelines and the TCEQ regulations pertaining to public supply wells. The Technical Specifications presented below provide an outline of the specifications required to meet these guidelines and regulations.

(A) Technical Specifications: Test Drilling

(1) General
(2) Depth and Diameter
(3) Driller’s Log
(4) Surface Conductor Casing
(5) Drill Cutting Sample Flow Line
(6) Drill Cutting Samples
(7) Sieve Analyses of Drill Cuttings
(8) Geophysical Logging
(9) Unattended Holes
(10) Interval Plugs
(11) Plugging of Hole
(12) Lost Materials or Abandonment of Hole

(B) Technical Specifications: Temporary Well

(1) General
(2) Backfilling and Reaming
(3) Base Material Amounts
(4) Schedule
(5) Construction
(6) Centralizers
(7) Development
(8) Pumping Equipment
(9) Measurement Assembly
(10) Testing Procedure
(11) Water Samples and Chemical Analyses
(12) Lost Materials or Abandonment of Hole
(13) Plugging

(C) Technical Specifications: Production Well

(1) General
(2) Surface Conductor Casing
(3) Welding
(4) Pilot Hole
   (i) Depth and Diameter
   (ii) Pilot Hole Alignment
   (iii) Driller’s Log
   (iv) Drill Cuttings Sample Flow Line
   (v) Drill Cutting Samples
   (vi) Sieve Analyses of Drill Cuttings
   (vii) Geophysical Logging
   (viii) Lost Materials or Abandonment of Hole
(5) Production Casing
   (i) Reaming
   (ii) Alignment Survey
   (iii) Schedule
   (iv) Description
   (v) Depths
   (vi) Centralizers
   (vii) Cementing
   (viii) Samples
(6) Aquifer Production Zone (Screened Interval)
   (i) Method of Reaming and Diameter
   (ii) Depths
   (iii) Caliper Log
(7) Bottom of Well
   (i) Reaming
   (ii) Plugging
(8) Blank Liner Above Screen
   (i) Description
   (ii) Depths
   (iii) Centralizers
(9) Screen
   (i) Description
   (ii) Depths
   (iii) Centralizers
(10) Blank Liner Below Screen
(11) Gravel Pack
   (i) Description
   (ii) Graveling Operation
   (iii) Depths
   (iv) Sterilizing Gravel
(12) Well Development
   (i) Overview of Process
   (ii) Sterilization
(iii) Development Tests
(iv) Cleaning Bottom of Well

(13) Pumping Tests
(i) Testing Rates and Pumping Levels
(ii) Discharge and Flow Measurement Assembly
(iii) Pumping Test Schedule
(iv) Testing Procedure

(14) Water Samples and Chemical Analyses
(15) Microbiological Testing

(16) Guarantees
(i) Well Efficiency Guarantee
(ii) Settleable Solids Guarantee
(iii) Materials and Workmanship Guarantee

(17) Lost Materials or Abandonment of Hole
(18) Production Well Completion
(i) Capping
(ii) Completed Well
(iii) Completion Report

(D) Technical Specifications: Pump Foundation

(1) General
(2) Concrete
(3) Proportions
(4) Compressive Strength
(5) Mixing and Placing
(6) Forms
(7) Curing
(8) Finishing
(9) Rubbing
(10) Concrete Foundations
(11) Concrete Reinforcement
(12) Placing of Reinforcement
(13) Electrical Conduit
(14) Casing Vent

(E) Technical Specifications: Pumping Equipment

(1) General
(2) Base Bid
(3) Motor
(4) Electrical Components
   (i) Subsurface Electrical Components
   (ii) Electrical Controls and Panel
(5) Pump
(6) Subsurface Pumping Equipment
(7) Discharge Head Completion
(8) Pre-Testing of Equipment
(9) Pump Column Pipe
(10) Airline
(11) Measuring Pipe
(12) Disinfection
(13) Acceptance Testing
(14) Microbiological Testing
(15) Materials and Workmanship Guarantee
(16) Discharge Elbow Flange Plate
(17) Painting

(F) Figures

3.4. TECHNICAL SPECIFICATIONS – WELL FIELD PIPING AND HIGH SERVICE PUMP STATION

The following Technical Specifications have been developed using the Construction Specifications Institute (CSI) format (2003) Master Format. The CSI format provides the standardization of construction language specifications. The general requirements in the current applicable codes, policies, and industry standards provided previously in this Appendix and the specific requirements presented below must be read together for a comprehensive set of the construction requirements of the Project.

DIVISION 1 - GENERAL PROVISIONS

01010 - Summary of Work
01045 - Demolition, Cutting and Patching
01051 - Grades, Lines and Levels
01070 - Reference Standards
01300 - Submittals
01305 - Spare Parts
01310 - Construction Schedules
01400 - International Building Code Special Inspections
01410 - Testing Laboratory Services
01500 - Temporary Facilities and Controls
01520 - Security
01600 - Material and Equipment
01640 - Manufacturers’ Services
01710 - Cleaning and Adjusting
01750 - Extended Warranties (greater than 23 months) and Bonds

DIVISION 2 - SITE WORK

02010 - Subsurface Investigation
02200 - Earthwork
02223 - Trench and Excavation Safety Systems
02225 - Trenching, Backfilling, Embedment and Encasement
02227 - Waste Material Disposal
02290 - Erosion Control During Construction
02373 - Drilled Piers
02510 - Buried Steel Pipe and Fittings Mortar Lined and Polyurethane Coated
02515 - PVC Pressure Pipe-Gasketed Joints
02530 - Dewatering and Drainage
02630 - Concrete Manholes
02640 - Ductile Iron Pipe
02675 - Disinfection of Potable Water Facilities
02751 - Concrete Pavement and Sidewalks
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<tbody>
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<td>Chain Link Fences and Gates</td>
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<td>02910</td>
<td>Surface Restoration</td>
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<tr>
<td><strong>DIVISION 3</strong> - CONCRETE</td>
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<tr>
<td>03100</td>
<td>Concrete Formwork</td>
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<tr>
<td>03200</td>
<td>Concrete Reinforcement</td>
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<tr>
<td>03250</td>
<td>Concrete Joints and Embedded Items</td>
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<tr>
<td>03300</td>
<td>Cast-in-Place Concrete</td>
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<tr>
<td>03400</td>
<td>Flowable Fill</td>
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<td>03600</td>
<td>Grout</td>
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<tr>
<td><strong>DIVISION 4</strong> - MASONRY</td>
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<td>04200</td>
<td>Building Masonry</td>
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<tr>
<td><strong>DIVISION 5</strong> - METALS</td>
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<tr>
<td>05120</td>
<td>Structural Steel</td>
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<td>05500</td>
<td>Miscellaneous Metal Fabrications</td>
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<td>05501</td>
<td>Anchor Bolts, Expansion Anchors and Concrete Inserts</td>
</tr>
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<td>05520</td>
<td>Handrails and Railing</td>
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<td>05530</td>
<td>Metal Gratings and Cover Plates</td>
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<tr>
<td><strong>DIVISION 6</strong> - WOOD AND PLASTICS (NOT USED)</td>
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<td><strong>DIVISION 7</strong> - THERMAL AND MOISTURE PROTECTION</td>
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11100 - Pumps, General
11100 - Horizontal Split Case Pumps
11149 - Submersible Sump Pumps
11215 - Vertical Turbine Pumps
11218 - Metering Pumps
11219 - Chemical Transfer Pumps
11300 - Control Valves
11313 - Pumping Unit Testing
11400 - Flow Meters

DIVISION 12 - FURNISHINGS (NOT USED)

DIVISION 13 - SPECIAL CONSTRUCTION
13000 - Wire or Strand Wound, Prestressed Concrete Tank
13110 - Cathodic Protection – Galvanic Anode
13120 - Pre-Cast Concrete Building Prefabricated
13122 - Chemical Tank Cover Structure
13675 - Polyethylene Tanks

DIVISION 14 - CONVEYING SYSTEMS (NOT USED)

DIVISION 15 - MECHANICAL
15000 - Special Conditions for Mechanical Work
15001 - Plant Piping - General
15002 - Field Testing of Piping Systems
15043 - Leakage Test of Hydraulic Structures
15047 - Identification
15061 - PVC Pressure Pipe- Solvent Weld
15063 - Copper Piping
15064 - Steel Pipe and Fittings
15065 - CPVC Pressure Pipe
15072 - Ductile Iron Pipe and Fittings
15073 - Concrete Bar-Wrapped Cylinder Pipe (AWWA C303-Type Pipe)
15100 - Miscellaneous Valves
15101 - Valve Appurtenances
15102 - Butterfly Valves
15103 - Check Valves
15104 - Gate Valves
15107 - Pressure Relief Valve
15108 - Pump Control Valves
15120 - Piping Specialties
15139 - Electric Motor Operator
15140 - Supports and Hangers
15256 - Insulation and Heat Tracing
15500 - HVAC - General (Small Project Specs)
15625 - Cooling Tower

DIVISION 16 - ELECTRICAL
16010 - Electrical General Provisions
16012 - Identification

Financial Close Version, November __, 2016
DIVISION 17 - INSTRUMENTATION

17000 - Instrumentation General Provisions
17100 - Human Machine Interface (HMI) Requirements
17200 - Top End Equipment Requirements
17300 - Programmable Logic Controllers (PLC) Requirements
17315 - PLC Network Requirements
17325 - Uninterruptible Power Supply
17400 - Instrument Panels
17520 - Instruments
17530 - Instrumentation Accessories
17540 - Instrument Commissioning
17600 - System Configuration
17910 - Input/Output List
17920 - Control Narrative

3.5. TECHNICAL SPECIFICATIONS – INTERMEDIATE PUMP STATIONS AND PRODUCT WATER DELIVERY POINT

The following Technical Specifications have been developed using the Construction Specifications Institute (CSI) format (2003) Master Format. The CSI format provides the standardization of construction language specifications. The general requirements in the current applicable codes, policies, and industry standards provided previously in this Appendix and the specific requirements presented below must be read together for a comprehensive set of the construction requirements of the Project.
DIVISION 1 - GENERAL PROVISIONS

01010 - Summary of Work
01045 - Demolition, Cutting and Patching
01051 - Grades, Lines and Levels
01070 - Reference Standards
01300 - Submittals
01305 - Spare Parts
01310 - Construction Schedules
01350 - Operation and Maintenance Data
01360 - Quality Control
01400 - International Building Code Special Inspections
01410 - Testing Laboratory Services
01500 - Temporary Facilities and Controls
01520 - Security
01600 - Material and Equipment
01640 - Manufacturers’ Services
01710 - Cleaning and Adjusting
01750 - Extended Warranties (greater than 12 months) and Bonds

DIVISION 2 - SITE WORK

02010 - Subsurface Investigation
02200 - Earthwork
02220 - Structural Excavation, Fill, and Backfill
02223 - Trench and Excavation Safety Systems
02225 - Trenching, Backfilling, Embedment and Encasement
02227 - Waste Material Disposal
02290 - Erosion Control During Construction
02373 - Drilled Piers
02510 - Buried Steel Pipe and Fittings Mortar Lined and Polyurethane Coated
02515 - PVC Pressure Pipe-Gasketed Joints
02530 - Dewatering and Drainage
02630 - Concrete Manholes
02675 - Disinfection of Potable Water Facilities
02751 - Concrete Pavement and Sidewalks
02831 - Chain Link Fences and Gates

DIVISION 3 - CONCRETE

03100 - Concrete Formwork
03200 - Concrete Reinforcement
03250 - Concrete Joints and Embedded Items
03300 - Cast-in-Place Concrete
03400 - Flowable Fill
03600 - Grout

DIVISION 4 - MASONRY

04200 - Building Masonry
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Vista Ridge Regional Supply Project  
Water Transmission and Purchase Agreement  
Appendix 3 
Technical Specifications

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16373 - Stand Alone Low Voltage Solid State Starters  
16438 - Dry - Type Transformers  
16441 - Switchboard  
16442 - Mini-Power Centers  
16445 - Panelboards - Distribution and Branch Circuits  
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16610 - Lightning Protection  
16700 - Common Control Panel Requirements for Equipment

DIVISION 17 - INSTRUMENTATION

17000 - Instrumentation General Provisions  
17100 - Human Machine Interface (HMI) Requirements  
17200 - Top End Equipment Requirements  
17300 - Programmable Logic Controllers (PLC) Requirements  
17315 - PLC Network Requirements  
17325 - Uninterruptible Power Supply  
17400 - Instrument Panels  
17520 - Instruments  
17530 - Instrumentation Accessories  
17540 - Instrument Commissioning  
17600 - System Configuration  
17910 - Input/Output List  
17920 - Control Narrative

3.6. TECHNICAL SPECIFICATIONS – TRANSMISSION PIPELINES

The following Technical Specifications have been developed using the Construction Specifications Institute (CSI) format (2003) Master Format. The CSI format provides the standardization of construction language specifications. The general requirements in the current applicable codes, policies, and industry standards provided previously in this Appendix and the specific requirements presented below must be read together for a comprehensive set of the construction requirements of the Project.

DIVISION 1 - GENERAL PROVISIONS

01010 - Summary of Work  
01045 - Demolition, Cutting and Patching  
01051 - Grades, Lines and Levels  
01070 - Reference Standards  
01300 - Submittals  
01310 - Construction Schedules  
01350 - Operation and Maintenance Data  
01360 - Quality Control  
01410 - Testing Laboratory Services  
01500 - Temporary Facilities and Controls  
01600 - Material and Equipment  
01710 - Cleaning and Adjusting  
01750 - Extended Warranties (greater than 12 months) and Bonds
## DIVISION 2 - SITE WORK

- 02010 - Subsurface Investigation
- 02100 - Site Preparation
- 02223 - Trench and Excavation Safety Systems
- 02225 - Trenching, Backfilling, Embedment and Encasement
- 02227 - Waste Material Disposal
- 02235 - Riprap
- 02290 - Erosion Control During Construction
- 02314 - Jacking, Boring or Tunneling Pipe
- 02510 - Buried Steel Pipe and Fittings Mortar Lined and Polyurethane Coated
- 02515 - PVC Pressure Pipe-Gasketed Joints
- 02530 - Dewatering and Drainage
- 02630 - Concrete Manholes
- 02675 - Disinfection of Potable Water Facilities
- 02710 - Roadways and Paving
- 02720 - Flexible Base
- 02730 - Prime Coat
- 02740 - Hot Mix Asphalitic Concrete Pavement
- 02755 - Asphalt Treated Base
- 02900 - Fencing
- 02910 - Surface Restoration
- 02950 - Wire Fence and Gates

## DIVISION 3 - CONCRETE

- 03100 - Concrete Formwork
- 03200 - Concrete Reinforcement
- 03250 - Concrete Joints and Embedded Items
- 03300 - Cast-in-Place Concrete
- 03400 - Flowable Fill
- 03600 - Grout

## DIVISION 4 - MASONRY (NOT USED)

## DIVISION 5 - METALS

- 05500 - Miscellaneous Metal Fabrications
- 05501 - Anchor Bolts, Expansion Anchors and Concrete Inserts
- 05530 - Metal Gratings and Cover Plates

## DIVISION 6 - WOOD AND PLASTICS (NOT USED)

## DIVISION 7 - THERMAL AND MOISTURE PROTECTION (NOT USED)

## DIVISION 8 - DOORS AND WINDOWS (NOT USED)

## DIVISION 9 - FINISHES (NOT USED)

- 09900 - Painting

## DIVISION 10 - SPECIALTIES (NOT USED)
DIVISION 11 - EQUIPMENT (NOT USED)

DIVISION 12 - FURNISHINGS (NOT USED)

DIVISION 13 - SPECIAL CONSTRUCTION

13110 - Cathodic Protection – Galvanic Anode

DIVISION 14 - CONVEYING SYSTEMS (NOT USED)

DIVISION 15 - MECHANICAL

15002 - Field Testing of Piping Systems
15064 - Steel Pipe and Fittings
15072 - Ductile Iron Pipe
15073 - Bar-Wrapped Concrete Cylinder Pipe
15100 - Miscellaneous Valves
15101 - Valve Appurtenances
15102 - Butterfly Valves
15104 - Gate Valves
15670 - Water Pipeline Testing
15680 - Disinfection of Water Systems

DIVISION 16 - ELECTRICAL (NOT USED)

DIVISION 17 - INSTRUMENTATION (NOT USED)

3.7. TECHNICAL MEMORANDUM ON STANDARDS OF CONSTRUCTION

Notwithstanding anything in Appendix 1 (Description of the Project) or this Appendix 3 to the contrary, the Project Company agrees to construct the Project Infrastructure Improvements in accordance with the supplemental standards identified in the Technical Memorandum attached as Attachment 3A to this Appendix. To the extent any provision of this Appendix is addressed differently or more specifically by the Technical Memorandum, the higher standard will govern.
ATTACHMENT 3A

TECHNICAL MEMORANDUM

TO: San Antonio Water System

FROM: Kim S. Keefer, PE

COPY: Scott Parrish, Gene Dawson, Pete Patel, Marisa Vergara

Subject: Vista Ridge Regional Supply Project – Project Company’s Memorandum of Intent

The Water Transmission and Purchase Agreement (WTPA) by and between the City of San Antonio (acting by and through the San Antonio Water Systems (SAWS) Board of Trustees) and Vista Ridge LLC (formerly Abengoa Vista Ridge, LLC) (the “Project Company”), dated November 4, 2014 and amended June 10, 2015, includes an Appendix 3- Technical Specifications. Section 3.1 of the Appendix states:

The purpose of this Appendix is to specify certain Design Requirements and minimum procedures and requirements to be followed by the Project Company in performing the Construction Work, which together with Appendix 1 (Description of the Project), shall collectively constitute the “Technical Specifications” hereunder.

As part of the due diligence process, several minimum design and construction procedures and requirements have been discussed and agreed to by representatives of the Central Texas Regional Water Supply Corporation (in the form of their Engineering, Procurement and Construction (EPC) representation) the Project Company and members of SAWS’ staff. These minimum design and construction requirements are enumerated and memorialized below:

**Piping**

- The EPC contractor will design and install a piping system will be designed and installed in compliance with AWWA standards.

- The EPC contractor intends on utilizing C303 concrete pressure pipe, bar-wrapped, steel-cylinder mortar-lined mortar-coated pipe will be used on all well collection and transmission piping 30-inches and greater in diameter having a pressure class of less than 225 PSI.

- The restraint system for the C303 pipe installation will be designed in accordance with AWWA Section M9 and accomplished by employing full-fillet internal welds (weld after backfill) at the joints within the limits of the restrained sections (no skip-welding will be utilized).

- The EPC contractor intends on utilizing C200 mortar-lined polyurethane coated steel pipe will be used having a maximum (Maximum D/t of 240) with full-fillet internal welds (weld...
after backfill) at the joints for all piping 60-inches and greater in diameter having a pressure class of 225 PSI and higher. **No skip welding will be utilized.**

- The well collection piping with a diameter less than 30-inches will be C900 PVC for pipe size 12-inch and smaller and C905 for pipe sizes greater than 12-inch in diameter.

- The **EPC-contractorProject Company** will warrant and pay for all repair costs on any leaks at O-ring joints caused by installation issues for a period of 5-years.

**Concrete Piping Encasements:**

- Concrete piping encasements will be reinforced with fiber mesh if required, no reinforcing steel will be used.

**Embedment and Backfill:**

- Imported bedding material will begin 6” below the pipe invert and extend up-to the pipe spring line.

- Bedding material will be locally available imported material which provides adequate pipe support as determined by the design engineers.

- The **EPC-contractorProject Company** will warrant and pay for the repair costs on any leaks caused by pipe deflection for a period of 5 years.

- Initial backfill material will be select, job excavated material that generally complies with a 2” minus gradation.

- Initial backfill will be mechanically compacted to 90% in non-pavement areas and 95% in roadways.

**Quality Control during Pipeline Installation:**

- Extensive density testing will be performed during the startup of each segment to establish means and methods achieving project required results. Once established, additional testing will be performed daily for quality assurance.

**Air Valves:**

- The **EPC-contractorProject Company** will not be utilizing the required to use Vent-o-mat brand air and vacuum valves.

**Butterfly Valves:**

- The butterfly valves will be AWWA direct bury service valves and may be used for testing purposes where the test pressure of the piping system will be less than the pressure rating of the valve. Test plugs and/or differential pressure will be used where the test pressure exceeds the pressure rating of the valve.
Cathodic Protection:

- Provide impressed current system for cathodic protection for 100% of all metal pipelines. Solar-powered systems may be considered subject to verification and agreement on reliability by SAWS.

Tunnel and Bore:

- Liner plate and casing are both acceptable and the usage of material types will be determined by the Tunneling subcontractor and permitting requirements.
- Casing spacers will be in accordance with AWWA standards as designated in WTPA Appendix 3.
- Painted steel casing pipe spacers will be used in tunnels with steel carrier pipe.
- Tunnels with C303 carrier pipe will utilize mortar bands.
- Cellular Grout will be installed in the annular space of tunnels containing steel carrier pipe, see 2.02.C.1.
- Tunnels containing C303 carrier pipe will not receive annular space grout if acceptable to permitting agency.
- Cellular grout will have a compressive strength between 200 and 300 psi.

Ground Storage Tanks:

- The EPC Contractor will provide AWWA D110, Type III precast, prestressed, concrete circular tanks with steel diaphragm will be provided for ground storage.
- Appurtenances to be industry standard.

Groundwater Wells:

- Well open hole diameter will exceed casing diameter by 6 inches, and annulus to be cemented via interior tremie method.
- Casing will be minimum 0.5-inch thick carbon steel.
- Screen will be pipe-based construction. Screen, underbar, and wire wrap material will be 304 stainless steel.
- All wells will be geophysically logged and CCTV inspected.
• Select wells spatially distributed throughout the well field will be logged with a sonic tool.

**Pump Stations:**

• Pump Station to consist of an open layout with horizontal split case or vertical turbines with a can configuration.

• The pumps will be placed on a slab on grade for support of the pumps and discharge valves/piping.

• Electrical gear for pump station to be housed in a separate enclosed building to protect against environment.

• Chemical feed facilities to be located nearby the electrical enclosure for access to injection points and chemical truck deliveries.

• Cooling towers will be located on the high service pump station site and utilize existing topography to gravity feed storage tank.

• Underground piping will be cement mortar lined fabricated steel pipe with an option for ductile iron piping for smaller lines.

• Above ground piping to be epoxy coated and lined fabricated steel pipe.
APPENDIX 4

DESIGN AND CONSTRUCTION REVIEW PROCEDURES,
COMMISSIONING AND SUBSTANTIAL COMPLETION
APPENDIX 4
DESIGN AND CONSTRUCTION REVIEW PROCEDURES,
COMMISSIONING AND SUBSTANTIAL COMPLETION

PART A: DESIGN AND CONSTRUCTION REVIEW PROCEDURES

4.1. OVERVIEW

4.1.1 Purpose. The purpose of this Appendix is to set forth the procedures for SAWS’ review of the Construction Work to verify that the Project has been designed and constructed in accordance with the Contract Standards, and to provide a process to review Design Requirements Changes.

4.1.2 SAWS Review and Comment on Design Documents. The Project Company shall have the obligation to make available to SAWS Design Documents in accordance with this Appendix. SAWS will have the right to provide comments on Design Documents which identify any issues: (a) of material non-compliance with the Design Requirements; (b) that may reasonably and adversely affect the ability of the Project Company to achieve Acceptance or meet the Performance Guarantees; or (c) which may have a material impact on the SAWS Distribution System (“Material Issue Comments”). The Project Company shall provide written responses to any Material Issue Comments delivered by SAWS indicating if proposed measures will be taken to correct any such material issues. Neither compliance by the Project Company with the Design Requirements, nor review and comment by SAWS of the Design Documents, nor any failure or delay by SAWS in commenting on any design submittals shall in any way relieve the Project Company of full responsibility for the design, construction, performance, operation, maintenance and management of the Project in accordance with the Contract Standards. During the review process set forth in Section 4.4 (SAWS Design Review) of this Appendix, the Project Company may proceed with the Construction Work based on a particular design package, provided that all Material Issue Comments related to that design package are responded to within 30 days of receipt.

4.1.3 Document Ownership

All design and construction information shall remain property of the Project Company until the ownership of such information is transferred to SAWS in accordance with the terms and conditions of this Water Transmission and Purchase Agreement. Any information provided or made available to SAWS with regards to this Section may be defined as confidential by the Project Company and SAWS agrees not to disclose such information as and to the extent provided under Section 26.13 (SAWS Confidentiality Obligations) of this Water Transmission and Purchase Agreement.

4.1.4 Document Review Protocol. No later than 30 days following the Financial Closing Date, the Project Company shall submit to SAWS a document review protocol (the “Document Review Protocol”) which shall identify the key document review packages to be prepared by the Project Company, the expected information availability dates to SAWS and the expected dates for SAWS comments, which shall be reasonable and be based on and consistent with the Project Schedule. The Document Review Protocol shall stipulate that SAWS shall have at least 10 Business Days for review of each document package and provide related Material Issue Comments. The Document Review Protocol shall also require the Project Company to submit to SAWS for review and comment (but not approval) five hardcopies and one electronic copy of the final versions of the record drawings and specifications set forth in: (i) Section 4.6.2(a) (Record Drawings and Specifications) of this
Appendix; and (ii) and the maintenance manuals and other information set forth in Section 4.6.2(b) (Maintenance Manuals) of this Appendix. All other project records required pursuant to Section 4.6.2 (Project Records) of this Appendix, and all other reports, plans, drawings, submittals, and draft and final versions of documentation required to be provided or made available to SAWS may be submitted for review and comment (but not approval) electronically in an agreed upon format and in accordance with Section 1.2(X) (Delivery of Documents in Digital Format) of this Water Transmission and Purchase Agreement. The Document Review Protocol shall also require the Project Company to distribute the document submittals in the manner directed by SAWS.

4.2. PROJECT SCHEDULE

4.2.1 Initial Project Schedule. Attachment 4A (Preliminary Project Schedule) to this Appendix is the initial project schedule (the “Project Schedule”), which the parties have relied upon when entering into this Water Transmission and Purchase Agreement.

4.2.2 Baseline CPM Schedule. Within 45 days following the Financial Closing Date, the Project Company shall prepare a critical path method (“CPM”) Project Schedule that is an accurate representation of the proposed means and methods for accomplishing the Construction Work and reflects the entire scope of the Construction Work as included in this Water Transmission and Purchase Agreement. This updated Project Schedule shall show the breakdown of Construction Work into activities and relationships to the extent required to effectively plan the Project, report work progress and analyze time impacts.

4.2.3 Project Schedule Updates. The Project Company shall, as required from time to time until the Commercial Operation Date, but no less than once per calendar month, update the Project Schedule so that it is at all times an accurate, reasonable and realistic representation of the Project Company’s plans for the completion of the Construction Work in accordance with the requirements of this Water Transmission and Purchase Agreement. The updates shall include:

(a) Adjustments resulting from Design Requirements Changes;
(b) Property acquisition timeline;
(c) As the design progresses, best estimates of:
   (i) The start and completion dates for the major design phases; and
   (ii) The commencement of construction of each heading;
(d) The planned start and completion dates of the major activities of construction;
(e) The planned start and completion dates for fabrication, testing and delivery of the Project and major equipment items; and
(f) The estimated date on which Project construction completion is expected to occur.

The Project Company shall deliver to SAWS for review and comment (but not approval) an updated Project Schedule on a monthly basis to SAWS. Upon delivery, the updated Project
Schedule shall replace the previously issued Project Schedule as the “Project Schedule” under this Water Transmission and Purchase Agreement.

4.3. PROJECT COMPANY DESIGN PROCESS

4.3.1 Phases Generally. The Project Company shall cause the EPC Design Build Contractor to undertake the design in progressive phases, with each phase capturing the information and detail provided in a previous phase.

4.3.2 Construction Drawings Phase. The construction drawings phase shall include construction documents consisting of drawings and specifications describing in detail the requirements for the construction of elements of the Project delivered to SAWS when the design of the Project is:

(a) Approximately 50% complete or better (“Ready for Construction”); and

(b) Final Documents (as defined below).

These construction documents shall be delivered to SAWS for review and comment (but not approval) in a timely way in advance of construction with sufficient detail as to permit SAWS to monitor compliance and to assess the design of that portion of the Project. At such time as all or a portion of the construction documents are finally complete (the “Final Documents”), the Project Company shall deliver the Final Documents to SAWS and the SAWS Engineer. SAWS and the SAWS Engineer shall review and comment on (but not approve) the Final Documents in accordance with the Document Review Protocol and this Appendix.

4.3.3 Documentation Generally. In each phase, the Project Company shall provide to SAWS the level of detail and documentation as required by Good Design and Construction Practice.

4.3.4 Conditions to Issuance of Construction Drawings. The Project Company shall only issue drawings and specifications for construction purposes which have been submitted to SAWS in accordance with the Document Review Protocol. Should SAWS provide comments at a time later than that set forth in the Document Review Protocol, the Project Company’s obligation to respond to such SAWS comments shall be deemed to have been waived.

4.3.5 Document Control and Coordination. The Project Company shall ensure that all documentation made available to SAWS as part of the design process:

(a) indicates the design phase to which it relates, and if it is a document from the construction drawings phase pursuant to Section 4.3.2 (Construction Drawings Phase) of this Appendix, whether such document is part of the Ready for Construction documents or the Final Documents; and

(b) is provided in accordance with the Document Review Protocol.

4.4. SAWS DESIGN REVIEW

4.4.1 Identification of Design Requirements Changes. Any Design Requirements Change shall be submitted in accordance with Sections 5.7 (Project Company-Requested
Design Requirements Changes) and 5.8 (SAWS-Requested Design Requirements Changes) of this Water Transmission and Purchase Agreement.

4.4.2 Time for Project Company Response. When necessary, SAWS may provide written Material Issue Comments in accordance with Section 4.1.2 (SAWS Review and Comment on Design Documents) of this Appendix. The Project Company shall provide a written response to such Material Issue Comments within the time periods set forth in the Document Review Protocol.

4.4.3 Design Submittals During Construction. It is anticipated that there could be some redesign or design clarifications needed during construction and after the Final Documents are completed. This continuing design effort shall be subject to SAWS’ review for compliance and consistency with the applicable Design Requirements in the same manner as set forth in this Appendix with respect to the Design Documents. Material design changes to a particular Final Document performed following the issuance of the Design Document for construction shall be issued under a Design Change Notice (“DCN”) process that accurately tracks and documents changes to the design. Copies of all DCNs will be submitted to SAWS in a timely manner to allow review by SAWS and the ability to make Material Issue Comments in the same manner as set forth with respect to the Design Documents. If a DCN requires a material change from what was reflected in the applications for Governmental Approvals, the DCN must be approved by the appropriate Governmental Body if required by Applicable Law.

4.4.4 Role of SAWS Engineer. The Project Company shall fully cooperate with the SAWS Engineer in connection with the administration of the construction of the Project. The Project Company agrees that SAWS Engineer may: review and monitor construction progress and procedures; determine the completion of specified portions of the Project; review proposed changes to the Design Requirements; review plans, drawings and specifications of the Project for compliance with the Design Requirements; monitor the Performance Test undertaken by the Project Company and review the Project Company’s certified test reports to determine whether the Acceptance Conditions have been satisfied; and perform in-plant observation of fabrication for all pipeline, valves, equipment, and appurtenances.

4.5. SAWS REVIEW DURING CONSTRUCTION

4.5.1 Construction Review Intent. In accordance with the terms and conditions of this Water Transmission and Purchase Agreement, SAWS will review construction activities and participate in construction progress meetings to verify compliance with this Water Transmission and Purchase Agreement, including the construction-related requirements specified in Appendix 3 (Technical Specifications). SAWS’ review and involvement in construction activities is not intended to be a part of the Project Company’s independent quality assurance process and shall not be viewed as an additional layer or integral part of the Construction Quality Management Plan.

4.6. CONSTRUCTION MEETINGS AND REPORTS

4.6.1 Construction Progress Meetings. From the time mobilization for construction commences through the Commercial Operation Date, for the purpose of facilitating the construction process, the Project Company shall schedule, hold, and facilitate construction
progress meetings. SAWS shall have the right, but not the obligation, to attend such meetings.

4.6.2 Project Records. Notwithstanding any other provision of this Water Transmission and Purchase Agreement, the Project Company shall meet the following obligations:

(a) Record Drawings and Specifications. The Project Company shall:

(i) throughout the Construction Period, update the Design Documents (with respect to the drawings, such update shall be in electronic format), including approved shop drawings that are available from the EPC Design Build Contractor and Subcontractors, so as to produce accurate and complete record documents for the Project;

(ii) as requested from time to time during the Construction Period, make available such record drawings and specifications to SAWS or the SAWS Engineer for review to permit SAWS to monitor the Project Company’s compliance with the requirements of this Water Transmission and Purchase Agreement;

(iii) provide an electronic copy of the conformed, approved shop drawings; and

(iv) provide an electronic version and one hard copy of the completed, as-built record drawings and specifications to SAWS as a condition to Final Completion in accordance with Attachment 4B (SAWS Drawing Requirements) of this Appendix. All as-built information shall remain property of the Project Company until the ownership of such information is transferred to SAWS in accordance with the terms and conditions of this Water Transmission and Purchase Agreement. Any as-built information provided or made available to SAWS may be defined as confidential by the Project Company and SAWS agrees not to disclose such information as and to the extent provided under Section 26.13 (SAWS Confidentiality Obligations) of this Water Transmission and Purchase Agreement.

(b) Maintenance Manuals. The Project Company shall make available all maintenance manuals, specifications, warranties and related information, in both written and electronic form, for all the equipment and systems that have been included in the Construction Work for review by SAWS.

(c) Design Records. The Project Company shall retain electronic records of the design development consistent with the record retention requirements of this Water Transmission and Purchase Agreement.

(d) Minutes of Meetings. The Project Company shall promulgate minutes of meetings between SAWS and the Project Company relating to the Construction Work, and shall make available such minutes to SAWS Representative for review and comment.
(e) Inspection Reports and Tests Results. The Project Company shall retain official reports and certified test records of all inspections and tests which were undertaken as part of the construction.

(f) Utility Plans. The Project Company shall retain utility plans for the Project.

(g) Copies of all Governmental Approvals. The Project Company shall retain copies of all Governmental Approvals for the construction and occupation of the Project.

(h) Signed Construction Quality Management Plan. The Project Company shall retain a signed copy of the Construction Quality Management Plan (as defined in Section 4.7 of this Appendix) for the construction and all records of the quality assurance program implemented as required by this Water Transmission and Purchase Agreement.

4.7. QUALITY MANAGEMENT

4.7.1 Quality of the Construction Work. The Project Company is solely responsible for the quality of the Construction Work and acknowledges that a comprehensive quality management system is critical for the proper and timely completion of the Construction Work. At all times during the Construction Period, the Project Company shall comply with the requirements set forth in the Construction Quality Management Plan and this Water Transmission and Purchase Agreement.

4.7.2 Construction Quality Management Plan. The development and implementation of the Construction Quality Management Plan shall be the responsibility of the Project Company. Within 45 days following the Financial Closing Date, the Project Company shall submit for SAWS review and comment (but not approval) its Construction Quality Management Plan that describes how QA/QC will be provided and managed for all design, permitting and construction activities and which shall include, but not be limited to, the following:

(a) Design integration;
(b) Interdisciplinary coordination;
(c) Constructability reviews;
(d) Cost impact analyses;
(e) On-site equipment/materials protection; and
(f) Quality assurance procedures, inspections and testing.

Revisions and updates to the Project Company's Construction Quality Management Plan may be proposed by the Project Company as the Construction Work progresses. Any such changes shall be provided to SAWS for review and comment (but not approval) prior to the start of the element of the Construction Work to which the revision applies.
4.7.3 Construction Quality Management Plan Objectives. The Construction Quality Management Plan, including QA and QC, shall be consistent with and support the following overall quality objectives:

(a) Ensure that the permitting, design, and construction of the Project are consistent with this Water Transmission and Purchase Agreement and the Contract Standards.

(b) Provide for high-quality workmanship.

(c) Integrate and coordinate permit specialists, environmental scientists, designers, engineers, construction contractors, and operators into all review phases of the Construction Work.

(d) Develop systems to ensure that problems are discovered early, resolved in a timely manner, and do not recur.

(e) Provide independent (non-production) oversight equipped with adequate resources to ensure that quality is not compromised by production goals. During the permitting and design phase, independent oversight is defined as having QA/QC personnel separate from and independent of the design production team on whose work QA/QC functions are being performed. During the construction phase, the lead engineering personnel involved in making design decisions shall remain involved (including receiving periodic updates on the progress of the construction and making site visits during key points in the construction related to their respective design expertise) to ensure quality assurance.

(f) Ensure implementation of the QA/QC functions by the use of specified procedures and audit functions.

4.7.4 Quality Review by SAWS. SAWS may, at its discretion, perform its own audits of the Construction Quality Management Plan and for that purpose the Project Company shall make available for review by SAWS, upon request from SAWS, all material records relating to the Construction Quality Management Plan.

4.8. ENVIRONMENTAL REVIEW AND PROTECTION

4.8.1 Compliance With Governmental Approvals. The Project Company shall be solely responsible for developing and complying with all applicable environmental mitigation and management measures required by the Governmental Approvals during the performance of the Construction Work.

4.8.2 Hazardous Substances Management Program. The Project Company shall develop and maintain a written Hazardous Substances management program that includes as a minimum, but is not limited to, the requirements specified in this Section 4.8 (Environmental Review and Protection) (the “Hazardous Substance Management Program”). A copy of the Hazardous Substance Management Program shall be submitted to SAWS. Accidental spills, site contamination, and injury of personnel shall be avoided. SAWS shall notify the Project Company of suspected violations. Any fines that may be levied against SAWS for violations relating to Hazardous Substances connected to the Project shall be reimbursed immediately by the Project Company. All documents required by the
Hazardous Substances Management Program shall be made available to SAWS immediately upon request.

4.8.3 Project Company Hazardous Substances. Any Hazardous Substances related to the Project shall be the responsibility of the Project Company. To the extent required by Applicable Law, the Project Company shall ensure that an EPA identification number is obtained for all Project Company Hazardous Substances, listing the Project Company’s name and Project construction office address as the generator of the Project Company Hazardous Substance. To the extent required by Applicable Law, the Project Company shall be responsible for the identification, analysis, profiling, documentation, reporting, transport and disposal of such Hazardous Substances.

4.8.4 Emergency/Spill Response Plan. The Project Company shall develop an Emergency/Spill Response Plan (“Response Plan”), for each Hazardous Substance or class/group of Hazardous Substances either known to be on the Project Sites or intended to be brought to the Project Sites by the Project Company. As a minimum, the Response Plan must address the following:

(a) Provide a description of on-site equipment used to segregate and contain Hazardous Substances and available to respond to an emergency/spill of the Hazardous Substance;

(b) Notification procedures, including notification to potentially impacted residents and businesses adjacent to the Project;

(c) Response coordination procedures between the Project Company and SAWS;

(d) Provide a Project Sites plan identifying the location of stored Hazardous Substances and location spill containment/response equipment;

(e) Provide a description of the Hazardous Substances handling and spill response training provided to employees of the Project Company, the EPC Design Build Contractor and Subcontractors; and

(f) Provide a description of arrangements with Hazardous Substance and spill response contractors and their response times.

PART B: COMMISSIONING

4.9. PROJECT COMMISSIONING

4.9.1 General Commissioning Plan Requirements. The Project Company shall prepare a commissioning plan which shall provide a protocol for the conduct of all Project start-up and commissioning activities consistent with this Section (the “Commissioning Plan”). As set forth in Section 8.1(B) (Commissioning Plan) of this Water Transmission and Purchase Agreement, the Project Company shall prepare and submit to SAWS for its approval the Commissioning Plan no later than 60 days prior to the anticipated commencement of commissioning of the Project for review and comment by SAWS. Within 30 days after SAWS’ receipt of the Commissioning Plan, SAWS shall provide written notice to the Project Company either acknowledging that the Commissioning Plan is acceptable to SAWS or specifying the deficiencies therein. The content of the Commissioning Plan shall be consistent with the terms and provisions of this Water Transmission and Purchase
Agreement. All commissioning activities shall be performed in compliance with all Applicable Laws, Governmental Approvals, equipment manufacturer warranties and guidelines, the Electronic Operation and Maintenance Manual, Good Design and Construction Practice, and Good Management Practice.

4.9.2 Commissioning Plan Content. The Commissioning Plan shall be a comprehensive plan organized into separate sections addressing overall Project start-up and commissioning procedures and practices, all equipment and each unit operation, all auxiliary Project equipment and systems, and the Project Company’s management, documentation, and oversight of the start-up and commissioning process. At a minimum, the Project Company’s Commissioning Plan shall include the following:

(a) A start-up and commissioning overview with a complete description of start-up and commissioning activities.

(b) The list of prerequisites required for commencing commissioning.

(c) A critical path method (“CPM”) commissioning schedule that sequences all commissioning activities required to achieve Substantial Completion. The commissioning schedule shall incorporate logic to properly sequence activities with precedents and constraints including, but not limited to, Governmental Approvals such that the schedule addresses dry and wet testing, verification of equipment readiness for service, instrumentation and controls calibration, local control and SCADA functionality, and all other steps consistent with Good Design and Construction Practice, Good Management Practice, and all equipment manufacturers’ guidelines and equipment warranty provisions. The commissioning schedule shall also indicate any activities on the critical path that require SAWS actions.

(d) A description of the Project Company’s process for assuring orderly transitions between its construction, start-up, commissioning activities and the Performance Test, and the Operating Period.

(e) An organizational chart for the Project Company’s start-up and commissioning team and a description stating the responsibilities and the level of authority of each Project Company representative in the organizational chart.

(f) The QA/QC procedures for oversight by the EPC Design Build Contractor’s QA/QC staff to assure adherence to the requirements of the Commissioning Plan and the procedures for deficiency correction and tracking/documentation of such corrections.

(g) A description of the procedures the Project Company proposes for inspecting equipment prior to and during functional testing and for developing the Punch List.

(h) The procedures and staffing planned that Project Company intends to use for disinfecting the Project and obtaining all regulatory clearances necessary for starting-up the Project and producing Product Water;
(i) A description of the systems or components of the Project that will be started up as unit processes or sub-process and the sequence in which they will be started up.

(j) A description of the sequence of start-up and commissioning activities the Project Company intends to conduct including the functional testing of individual control loops and unit processes, equipment, generator systems, SCADA demonstrations, and CMMS demonstrations.

(k) A description of the dry testing of the Project, which shall include ensuring proper electrical installation, mechanical installation, valve operation, pump operational readiness, instrumentation calibration and performance, complete and calibrated electronic signals, and control hardware installation. Initial performance during dry testing shall be logged on data sheets maintained by the Project Company and available for review by SAWS.

(l) A description of the wet testing of the Project, which shall include ensuring proper air venting, flushing of all lines and pressure vessels, chlorinating lines and tanks (as appropriate), running water through all systems, control loop check, adjustment and tuning, ensuring proper communications between systems and SCADA, ensuring SCADA system coordinates all systems according to Operating and Maintenance Standards, testing SCADA alarms, starting and testing chemical feed systems, loading cartridge filters.

(m) A description of the approach for coordination with SAWS to facilitate necessary testing, adjustment and calibration of SAWS’ chemical feed and flow control systems at the SAWS Portion of the Transmission Pipeline Terminus Site.

(n) A list of all Governmental Approvals required for functional testing and for Performance Testing and the tracking mechanism the Project Company proposes to use to confirm that the Project Company has obtained all such Governmental Approvals prior to commencing the functional testing and Performance Testing activities for which such Governmental Approvals are required.

(o) A description of the approach for management of Project generated wastewaters confirming that all wastewater created during start-up and commissioning activities can be disposed of in a manner consistent with the provisions of all Governmental Approvals.

(p) A list of all controls system set points and alarms required for operating the Project and for equipment protection. The Project Company shall maintain the list as a controlled document throughout the Construction Period.

(q) A description of the procedure the company will follow for making corrections to its Electronic Operation and Maintenance Manual.

(r) A Flushing Plan, as further described in Section 4.9.3 (Flushing Plan) of this Appendix.
4.9.3 **Flushing Plan.** The Project Company shall prepare a flushing plan which shall provide a protocol for the conduct of all Project flushing, including flushing points, volumes to be flushed, drainage ways, identification of potentially affected parties and mitigation plans and procedures (the “Flushing Plan”). The Project Company shall prepare and submit to SAWS for its approval the Flushing Plan as part of the Commissioning Plan. The content of the Flushing Plan shall be consistent with the terms and provisions of this Water Transmission and Purchase Agreement. All flushing activities shall be performed in compliance with all Applicable Laws, Governmental Approvals, equipment manufacturer warranties and guidelines, the Electronic Operation and Maintenance Manual, Good Design and Construction Practice, and Good Management Practice.

4.9.4 **Start-up Prerequisites.** The Project Company shall complete the following prerequisites prior to commencing start-up:

(a) **Commissioning Plan.** The Project Company has prepared and forwarded a copy of the Commissioning Plan to SAWS and received SAWS’ approval for the plan in accordance with Section 8.1(B) (Commissioning Plan) of this Water Transmission and Purchase Agreement.

(b) **Flushing Plan.** The Project Company has prepared and forwarded a copy of the Flushing Plan to SAWS and received SAWS’ approval for the plan in accordance with subsection 4.9.3 (Flushing Plan) of this Appendix.

(c) **Instrument Calibration.** The Project Company has completed instrument calibration activities required to assure Project instrumentation provides readings accurate within manufacturer’s tolerances only as applicable to the systems and subsystems commissioned. Upon request by SAWS, the Project Company shall produce documentation verifying the completion of such activities.

(d) **SCADA.** The Project Company has completed SCADA programming and testing necessary for operating the Project in both automatic mode and manual mode and a fully functional fiber optic link to SAWS’ SCADA system has been established. Upon request, the Project Company shall deliver to SAWS verification that SCADA testing has been completed.

(e) **Operation and Maintenance Staff Training.** The Project Company completed all operation and maintenance staff training on equipment operations and maintenance provided on-site by the equipment manufacturers or suppliers sufficient to start-up the Project in accordance with Good Industry Practices and provided documentation to SAWS, if requested, certifying all such training has been completed.

(f) **Electronic Operation and Maintenance Manual.** The Project Company completed the draft Electronic Operation and Maintenance Manual and obtained SAWS' comments in accordance with Section 9.5 (Electronic Operation and Maintenance Manual) of this Water Transmission and Purchase Agreement.
(g) **Operating Protocol.** The Project Company and SAWS have jointly developed the Operating Protocol in accordance with this Water Transmission and Purchase Agreement.

(h) **Governmental Approvals.** The Project Company obtained all Governmental Approvals required for commencing Performance Testing.

4.9.5 **Coordination Meetings.** The Project Company shall meet with SAWS and the SAWS Engineer on a regularly scheduled basis to review status of its commissioning activities; to coordinate with SAWS for activities related to system walk-downs with the EPC Design Build Contractor and the development of a Punch List; witnessing equipment functional and operability demonstrations; and to address any other relevant issues. The Commissioning Plan shall define the frequency of all commissioning activity coordination meetings.

4.9.6 **Documentation.** All documentation verifying start-up and commissioning activities shall incorporate checklists which are signed and dated by an authorized representative of the EPC Design Build Contractor’s staff confirming the accuracy of the information on each checklist. An authorized representative of the EPC Design Build Contractor’s staff shall also review and sign and date all such documentation prior to its review by SAWS, or if required, prior to transmittal to SAWS, thus indicating that the information in the checklist has been incorporated into the commissioning records. The Project Company shall submit an electronic copy of such documentation to SAWS. The electronic copies shall be searchable documents supplied in Adobe Acrobat electronic format or other format acceptable to SAWS.

4.9.7 **Commissioning Manager.** The Project Company shall designate a manager who shall be responsible for directing all Substantial Completion Procedures and who shall attend all Project meetings related to construction completion or Substantial Completion Procedures (the “Commissioning Manager”). The direction of all start-up, Substantial Completion Procedures, and Performance Tests shall be the Commissioning Manager’s primary duty. The Project Company shall assure that the Commissioning Manager has sufficient authority to direct start-up and the Substantial Completion Procedures. The Commissioning Manager shall be a Key Individual and the Project Company’s sole representative responsible to schedule Substantial Completion Procedures with SAWS.

4.9.8 **Project Company Responsibilities.** The Project Company shall be responsible for all items that pertain to start-up, commissioning and testing. Overall, the start-up, commissioning and testing decision-making shall be based on the following key objectives:

(a) Protection of the health and welfare of the public;
(b) Protection of the health and safety of the Operating Service Provider staff;
(c) Preservation of the long-term reliability of the Project for supplying potable water;
(d) Protection and preservation of all Project facilities;
(e) Protection of the environment;
(f) Compliance with Applicable Law;

(g) Maximizing the efficiency of commissioning activities of the Project Company and SAWS staff and representatives;

(h) Achieving Acceptance by the Commercial Operation Date; and

(i) Assure that the staff of the Operating Service Provider is competent to perform the operation and maintenance requirements for the Project before Performance Testing commences.

**PART C: SUBSTANTIAL COMPLETION**

4.10. SUBSTANTIAL COMPLETION PROCEDURES

4.10.1 Substantial Completion Procedures Generally. The intent of the Substantial Completion Procedures (as defined below) are to demonstrate that the installed facilities, systems, subsystems, related equipment, and the Project as a whole are ready to perform in accordance with the requirements of this Water Transmission and Purchase Agreement and Design Requirements. The procedures described in this Appendix for determining when the Project Company has achieved Substantial Completion (the “Substantial Completion Procedures”) include pre-commissioning, verification of start-up readiness, Governmental Approval compliance, functionality of individual Project subsystems, testing the back-up power capabilities of the Project and Project commissioning. During the implementation of the Substantial Completion Procedures, the Project Company shall carry out various inspections and pre-performance test activities, the scope and extent of which tests are outlined in this Appendix. Each system, subsystem or facility identified in this Section shall be successfully demonstrated to have the capability to operate both individually, and as a part of the integrated Project.

4.10.2 Performance Testing. The purpose of Performance Testing is to demonstrate that the Project meets all performance requirements set forth in this Water Transmission and Purchase Agreement. This Appendix and Appendix 5 (Performance Test Procedures and Standards) set forth the requirements for the Performance Test of the Project required pursuant to Section 8.3 (Performance Testing) of this Water Transmission and Purchase Agreement.

4.10.3 Construction Testing. To confirm compliance with the Technical Specifications, the Project Company shall submit certified reports. The certified reports shall be from the appropriate certifying entity demonstrating that construction meets the Technical Specifications and has satisfactorily passed relevant testing. For general construction, the reports will be submitted by a professional engineer. For valves and pumps and similar equipment, the certifications shall be factory certifications. Specifically the tests listed in Sections 4.10.4, 4.10.5 and 4.10.6 of this Appendix, and others as required by selection of material, will be conducted and certified reports submitted by the Project Company to SAWS.

4.10.4 Water Main Testing and Documentation Requirements.

(a) PIPE LEAK TEST RECORD, i.e. Hydrostatic Test (FN027-4) (Form 10).
(b) PIPE COATING TESTS for Steel Pipes – Provide reports from testing agency that demonstrate no holidays and repair of holidays.

(c) CATHODIC PROTECTION TESTS – Provide reports signed by Cathodic Protection Engineer.

(d) WELD TESTS – Provide reports signed by Certified Welder for full penetration exterior welds.

(e) DENSITY TESTS – Sand Cone Tests for Gravel & Density test on secondary backfill confirming 95% compaction level. Provide geotechnical lab test reports.

(f) DEFLECTION TESTS – Provide test reports signed by the construction observer/inspector and contractor or televising reports and approval and signed by an engineer if used in lieu of deflection tests.

(g) VERIFY JOINT RESTRAINT SYSTEM – Follow manufacturer’s recommendation – consider valves to be closed.

(h) VERIFY ALL VALVES OPERATE PROPERLY – either through operation and visual operation after installation or factory certification.

(i) RIVER CROSSING – Provide scour analysis report and certification that the pipe was installed at the appropriate depth.

4.10.5 Production Well Testing and Documentation Requirements. Where appropriate, certification can be made by a professional geologist for well testing.

(a) General Information:
   - Copy of Sanitary Control Easements filed w/County Courthouse
   - Construction Data –
     - Well location information per TCEQ requirements
     - casing information (diameter, thickness, length, material type)
     - casing alignment information & surveys
     - screen type, length, slot size, and location of screened intervals
     - cementing information & class of cement
     - gravel pack size, length of gravel pack & location, under ream information
     - geophysical logs (hardcopies & electronic format)
     - color video of final completed well (from surface to total depth)
     - copy of drillers log
   - Copy of State of Texas Water Well Report

(b) Hydrologic Testing:
   - 36 Hour Pump Test - TCEQ 290.41 (c)(3)(A) & (G) (Aquifer parameters)
   - Storativity
   - Drawdown
   - Specific Capacity of each well
4.10.6 Facilities Testing and Documentation Requirements.

(a) GENERAL:

- Site Environmental and Archaeological/Historical Assessments
- Reports of Explorations & Tests of Subsurface Conditions at the Project Sites
- Manifests for the Removal of Hazardous Materials (where applicable)
- Signed and sealed Vendors Certificates, Test Reports & Shop Drawings
- Backflow Prevention Reports (where applicable)

(b) DIVISION 1 – GENERAL PROVISIONS:

Section 01400 International Building Code Special Inspections:
- Certificate of Structural Statement of Special Inspections for buildings signed by Structural Engineer of Record and/or Design Professional in Responsible Charge
- Steel Construction Special Inspection Reports for miscellaneous structural steel, steel joist and metal deck
- Concrete Construction Special Inspection Report for cast-in-place concrete
- Masonry Construction Special Inspection Report for load bearing and reinforced concrete masonry construction
- Soils Special Inspection Report for structural and compacted fill for shallow footings and slabs-on-grade

Section 01640 Manufacturer Field Services:
- Manufacturer’s Certificate of Proper Installation Form signed by an authorized representative
- Certificate of Successful Equipment Testing signed by an authorized Manufacturer’s representative and Contractor’s representative witnessing the test
- System Start Up Testing Form

(c) DIVISION 2 – SITE WORK:

Section 02200 Excavation, Backfill and Compaction:
- Subgrade soil compaction test
- Compaction tests under proposed structures

Section 02220 Structural Excavation Fill and Backfill:
- Test results of materials reused onsite
- Test results for “select materials” brought onsite

Section 02510 Buried Steel Pipe and Fittings epoxy lined and polyurethane coated:
- Welder’s certificates
- Field Weld Test results
- Coatings system test results
- Lining system factory test results

Section 02675 Disinfection of Potable Water Facilities:
- Test results for bacteriological samples
- Test results for disinfection

(d) DIVISION 3 – CONCRETE:

**Section 03200 - Concrete Reinforcement:**
- Rebar Mill Test certificates

**Section 03300 - Cast-in-Place Concrete:**
- Slump tests
- Air content tests
- Temperature tests
- Strength test results

**Section 03400 Flowable Fill:**
- Permeability test
- Subsidence test
- Strength test
- Fluidity test

**Section 03600 – Grout:**
- Strength test results
- Field Control Test Results (when required)

(e) DIVISION 4 – MASONRY:

**Section 04200 Building Masonry:**
- Mortar Test Results
- Grout Strength Tests
- Field Control Test Results (when required)

(f) DIVISION 5 – METALS:

**Section 05120 - Structural Steel**
- Nondestructive test results

**Section 05500 – Structural and Misc. Metals:**
- Bolts & Washers Test Ratings
- Stainless Steel 24 hour Water Test Results

**Section 05501 - Anchor Bolts, Expansion Anchors and Concrete Inserts:**
- Certificates.

(g) DIVISION 7 - THERMAL AND MOISTURE PROTECTION (not used)

(h) DIVISION 9 – FINISHES:

**Section 09820 Pre-stressed Concrete Tanking Coating:**
- Coating Samples

**Section 099000 – Painting:**
- Coating Test Results
Section 09940 – Protective Coatings:
• Coating Test Results

(i) DIVISION 10 – SPECIALTIES:

Section 10520 - Fire-Protection Specialties
• Performance Test Results
• Witnessed Test Results
• Flow Test Results
• Test Certificates

(j) DIVISION 11 – EQUIPMENT:

Section 11100 Horizontal Split Case Pumps:
• Pump Submittal Data Sheet
• Motor Submittal Data Sheet
• Witnessed/Unwitnessed Factory test results
  o Test results shall show no minus tolerance or margin with respect to
capacity, total head or guaranteed efficiency at the specified
conditions. Pumps shall have a continuous down slope in the head-
capacity curve. Pumps shall be within the following plus tolerance:

  ▪ 1) At rated head: +10% of rated capacity
  ▪ 2) At rated capacity: +5% of rated head
  ▪ 3) Provide certified copy of all test data and test curves for the
  pump
  o CERTIFIED TEST REPORTS – Submit the following certified test
  reports for the pump:

    ▪ 1) Provide CTR for pump factory performance tests
    ▪ 2) Provide CTR for metallurgical analysis of castings
    ▪ 3) Provide CTR for stress relieving of components
    ▪ 4) Provide CTR for pump casing hydrostatic tests
    ▪ 5) Provide CTR (with EIR) for pump field tests

• Field test results.
  1. Mounting and Alignment. The pump and motor shall be aligned using
     laser alignment
  2. Vibration Test
  3. Noise Test
• Testing Log
• Functional test results
• Performance test results
• Operational test results
• O&M Manuals
**Section 11200 Vertical Sump Pumps:**
- Pump Submittal Data Sheet
- Motor Submittal Data Sheet
- Witnessed/Unwitnessed Factory test results
- Field test results
- Testing Log
- Functional test results
- Performance test results
- Operational test results
- O&M Manuals

**Section 11220 Vertical Turbine Pumps:**
- Pump Submittal Data Sheet
- Motor Submittal Data Sheet
- Witnessed/Unwitnessed Factory test results
- Field test results
- Testing Log
- Functional test results
- Performance test results
- Operational test results
- O&M Manuals

**Section 11300 Control Valves:**
- Manufacturer’s Certificate of Proper Installation
- Certificate of Successful Equipment Testing
- Start Up Testing Form

**Section 11400 Flow Meters:**
- Manufacturer’s Certificate of Proper Installation
- Certificate of Successful Equipment Testing
- Start Up Testing Form

(k) DIVISION 13 – SPECIAL CONSTRUCTION:

**Section 13122 Chemical Tank Cover Structures:**
- Manufacturer test results
- Certifications
- Test of Wind-Uplift Resistance of Roof Assembly Results
- Canopy Leak - Field Test Results

**Section 13000 Wrapped Pre-stressed Concrete Tank:**
- Leak Test Results
- Disinfection Test Results

**Section 13110 – Cathodic Protection System:**
- System testing results

(l) DIVISION 14 – CONVEYING SYSTEMS (not used)

(m) DIVISION 15 – MECHANICAL:

**Section 15002 - Field Testing of Piping Systems:**
- Hydrostatic Test Results for pressure line
- Leak test results

**Section 15064 - Steel Pipe and Fittings:**
- Hydrostatic Test Results
- Factory Test Results for steel
- Weld Test Results demonstrating full penetration weld
- Welder's Certifications

**Section 15102, 15103, 15104, 15107, 15108 – Valves:**
- Factory Test Results
- Leak Test Results

**Section 15500 - HVAC – General Provisions:**
- Shop Test Results for AC Units, Heating Equipment, Refrigeration Systems, DX Air Handling Units, Fans, Ductwork and Accessories, and Controls
- Field Test Results for AC Units, Heating Equipment, Refrigeration Systems, DX Air Handling Units, Fans, Ductwork and Accessories, and Controls
- Indoor / Outdoor Coil Pressure Test Results
- HVAC Balancing Report

**DIVISION 16 – ELECTRICAL:**

**Section 16060 – Electrical Testing:**
- Independent Third Party Testing Reports
  - In accordance with National Electrical Testing Association – Standard for Acceptance Testing Specifications (NETA-ATS) for Electrical Power Equipment and Systems, ANSI/NFPA 70, NFPA70E, ANSI C2, IEEE 1584 and Manufacturer’s recommendations
- Power System Study Report

**DIVISION 17 – INSTRUMENTATION:**

**Section 17000 - Instrumentation – General Provisions:**
- System Test Results for Field Instruments, Panel Mounted Equipment, Control Loops, Input/Outputs, Programmable Logic Controllers, Communications Interface Equipment, etc.
- Unwitnessed Factory Test (UFT) Results
- System Integration Test (SIT) Results
- Factory Acceptance Test (FAT) Results
- Operational Readiness Test (ORT) Results
- Functional Demonstration Test (FDT) Results
- 30-Day Site Acceptance Test (SAT) Results
- Radio Path Study Results for Communications

4.10.7 **Observation of Substantial Completion Procedures.** SAWS reserves the right to observe and inspect the Substantial Completion Procedures. The Project Company shall provide at least five days’ notice to SAWS prior to commencement of any Substantial Completion Procedure. The Project Company
shall also ensure that each equipment manufacturer representative that is required to witness such Substantial Completion Procedures is present.

4.10.8 Subcontractors Required During Substantial Completion Procedures. Prior to the commencement of any Substantial Completion Procedure, the Project Company will identify all Subcontractors needed during such Substantial Completion Procedure, and define their roles.

4.10.9 Substantial Completion Protocol. As part of the Commissioning Plan required to be prepared and submitted by the Project Company pursuant to subsection 4.9.1 (General Commissioning Plan Requirements) of this Appendix and subsection 8.1(B) (Commissioning Plan) of this Water Transmission and Purchase Agreement, the Project Company shall also prepare and submit a protocol for the conduct of the Substantial Completion Procedures pursuant to this Appendix (the “Substantial Completion Protocol”). The Substantial Completion Protocol shall identify the key Substantial Completion Procedures to be performed and the expected date of such performance as well as expected submittal dates to SAWS related to the Substantial Completion Procedures and the expected dates for SAWS responses, which shall be reasonable and be based on and consistent with the Project Schedule. The content of the Substantial Completion Protocol shall be consistent with the terms and provisions of this Water Transmission and Purchase Agreement. All Substantial Completion Procedures shall be performed in compliance with all Applicable Laws, Governmental Approvals, equipment manufacturer warranties and guidelines, the Electronic Operation and Maintenance Manual, Good Design and Construction Practice, and Good Management Practice.

4.11. SUBSTANTIAL COMPLETION PROCEDURE REQUIREMENTS AND COMPONENTS

4.11.1 General Information. To meet the requirements of Substantial Completion, the Project Company is required to demonstrate that all key Project equipment, processes, systems, subsystems and the Project as a whole function in accordance with the Contract Standards, equipment warranty provisions, all Applicable Laws and Governmental Approvals.

4.11.2 Process and Equipment Performance Requirements. During the Substantial Completion Procedures, the following, at a minimum, shall be demonstrated with respect to all of the tested Project systems and subsystems:

(a) All pumps operate through their specified design range, and are verified for proper rotation, speed, flow rate, pressure and design point;

(b) Project systems and subsystems meet the requirements of the Contract Standards and are installed as designed;

(c) All required automatic, manual control and remote control features are provided and operable;

(d) All required valves, water quality sensors and analyzers, pressure and flow sensors, liquid level sensors, indicators, alarms, signals, leak detectors, monitors, controls, field devices and panel devices, are provided, correctly installed, calibrated and operable over their full range;

(e) All required inlet, outlet, sensor taps, and drain connections are included and operable;
(f) All required liquid dosing metering pumps, accessories, appurtenances, and injection systems, are provided, installed and operable over the full turn down range, for each chemical;

(g) The Project functions as designed upon loss of power, loss of control system, manual start-up and shutdown, and automatic shutdown;

(h) Software and hardware operational interlocks and startup, shutdown, control loop functions, and proper sequencing within all programmable logic controllers, HMIs, SCADA and other control locations are fully functional; and

(i) All equipment manufacturer’s equipment warranty, start-up and operating instructions draft standard operating procedures for system or subsystem start-up, operation and shut down are available on-site.

In addition, the Project Company shall demonstrate a complete Project start-up and shutdown cycle.

4.12. SUBSTANTIAL COMPLETION PROCEDURES REPORT

4.12.1 Substantial Completion Procedures Report Requirements. Upon completion of operational preparedness, and as a condition of Substantial Completion, the Project Company will prepare and submit five copies of the Substantial Completion Procedures report which shall comply with the requirements set forth in this Section and Section 8.1(C) (Substantial Completion Procedures Report) of this Water Transmission and Purchase Agreement (the “Substantial Completion Procedures Report”).

4.12.2 Substantial Completion Procedures Report Contents. The Substantial Completion Procedures Report will include a signed and sealed certification by a State registered professional engineer with thorough and appropriate knowledge of the Project Company’s start-up and commissioning activities and signed by a duly authorized officer of the EPC Design Build Contractor attesting to the facts that the Project has achieved Substantial Completion including that: (i) all equipment has been properly installed correctly and the applicable equipment manufacturers’ post-installation inspection certifications for major equipment are available; (ii) all dry, wet, and functional testing has been satisfactorily completed; (iii) all pre-operational checks are complete, including, but not limited to, flushing and pressure testing piping, tanks, and other such components; (iv) checking automated valve operations, rotating equipment has been properly balanced and vibrations are within manufacturer’s Good Design and Construction Practice; (v) motor rotational direction has been confirmed; (vi) electrical insulation integrity has been confirmed; (vii) all electric over/under voltage or amperage protective equipment is appropriately programmed, calibrated or set; (viii) all instrumentation, valves, metering pumps, and chemical dosing systems have been calibrated (as applicable); (ix) local and remote instrumentation and SCADA readings are consistent; (x) appropriate instrumentation and control set points have been established and hard-wired; (xi) SCADA equipment protective devices function properly; (xii) local and manual equipment controls are fully functional; (xiii) SCADA control system logic functions have been tested, and are fail safe, and function as intended; (xiv) an alarm and set point register has been established documenting all alarm and controls set points; (xv) all equipment is ready for service in accordance with Good Design and Construction Practice, Good Management Practice, and all equipment manufacturer’s guidelines and no equipment warranty
provisions have been voided; (xvi) all wet testing of the Project has been completed successfully; (xvii) the Operating Service Provider staff have available to them, on-site, all required equipment manufacturers’ documentation, including but not limited to operation and maintenance manuals, equipment manufacturers’ equipment manuals and copies of applicable equipment warranties; (xviii) all orientation, classroom and field training necessary to be provided to the Operating Service Provider has been conducted and such staff is competent to operate the Project; and (xix) all Governmental Approvals necessary for subsequent commissioning activities have been received prior to conducting such commissioning steps.
ATTACHMENT 4A
PRELIMINARY PROJECT SCHEDULE
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[This Second Amendment amends Appendix 4 by deleting the project schedule in Attachment 4A in its entirety and replacing it with this project schedule.]
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Page 3 of 12
(c) Primavera Systems, Inc.
### Vista Ridge Project Bills Schedule 9-23-16 Backup.xml

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**Legend:**
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- Actual Work
- Remaining Work
- Critical Remaining Work
- Start Constraint
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**Testing and Commissioning**

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| Test Phase 1 Segment C | 20 | 22-Jan-19 | 19-Feb-19 |
| Test Phase 1 Segment A | 20 | 18-Jan-19 | 15-Feb-19 |
| Test Cathodic Protection Systems Phase 1 | 10 | 11-Sep-19 | 25-Sep-19 |
| Chlorserve Phase 1 | 15 | 193 | 06-Nov-19 | 21-Oct-19 |
| Test and Commission Phase 2 | 205 | 205 | 30-Sep-19 | 21-Oct-19 |
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| Test Phase 2 Segment B | 20 | 04-Jan-19 | 01-Feb-19 |
| Test Cathodic Protection Systems Phase 2 | 15 | 25-Sep-19 | 21-Oct-19 |
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| Test and Commission Phase 3 | 248 | 193 | 06-Nov-19 | 21-Oct-19 |
| Test Phase 3 Segment D | 20 | 248 | 02-Sep-19 | 30-Sep-19 |
| Test Phase 3 Segment C | 20 | 376 | 04-Jan-19 | 01-Feb-19 |
| Test Cathodic Protection Systems Phase 3 | 15 | 25-Sep-19 | 21-Oct-19 |
| Chlorserve Phase 3 | 15 | 193 | 06-Nov-19 | 21-Oct-19 |
| Test Phase 4 Segment D | 20 | 272 | 02-Sep-19 | 30-Sep-19 |
| Test Phase 4 Segment C | 20 | 376 | 04-Jan-19 | 01-Feb-19 |
| Test Cathodic Protection Systems Phase 4 | 15 | 16-Oct-19 | 06-Nov-19 |
| Chlorserve Phase 4 | 15 | 193 | 06-Nov-19 | 21-Oct-19 |
ATTACHMENT 4B
SAWS DRAWING REQUIREMENTS

This Attachment sets forth the requirements with which the as-built construction record drawings delivered by the Project Company shall comply as noted in Section 4.6.2(a)(iv) of this Appendix.

4B.1 RECORD DRAWINGS PREPARATION

4B.1.3 Discussion. Record drawings are a complete set of drawings for a facility reflecting the best understanding of what was constructed or modified. During construction or modification of a facility, a record of the construction of the facility is marked in red on a set of the construction drawing blueprints (that is, a master set of contract redline drawings). Following construction, the master set of contract redline drawings is incorporated into the construction drawings and finalized as record drawings. The record drawings will then be forwarded to SAWS and, to the extent permitted under Applicable Law based on the ownership of such record drawings by the Project Company prior to transfer of their ownership to SAWS in accordance with the terms and conditions of this Water Transmission and Purchase Agreement, SAWS will incorporate such record drawings into SAWS’ archive construction drawing inventory. Any record drawings provided or made available to SAWS may be defined as confidential by the Project Company and SAWS agrees not to disclose such information as and to the extent provided under Section 26.13 (SAWS Confidentiality Obligations) of this Water Transmission and Purchase Agreement.

4B.1.4 Procedure. Procedures for preparation and future updates of record drawings are as follows:

(a) Record Drawing Preparation. The record drawings shall be prepared as follows:

(i) Original AutoCAD addendum/conformed CAD drawing files shall be updated to prepare record drawings.

(ii) Before preparation of the record drawings, the master set of contract redline drawings shall be reviewed by the Project Company to ensure the master set of contract redline drawings represent accurately what was constructed.

(iii) Line work for profiles, plans, details, and other elements that require modifications shall be erased on the original CAD drawing files and drafted according to the master redline drawings developed during construction. All lettering, line patterns, and weights required to revise the original CAD drawings shall match those shown on the existing original CAD drawings. Revisions to the drawings shall be bubble outlined to highlight the revised areas on each drawing. The bubbled outline shall also contain a small triangle with a corresponding revision number as shown in the revision block.

(iv) Notes shall be added on the plan and profile sheets identifying the stations and the type of materials (for example, sand, concrete, or
gravel) used for backfill in the pipe zone. Additional information to be noted on the record drawings includes, but is not limited to:

(a) locations of over excavation; give approximate dimensions and materials;

(b) dewatering well heads/casing left in place;

(c) zones where groundwater was encountered; estimate seepage rate and elevation;

(d) trench conditions that deviate from the originally assumed conditions; give trench width, failures, approximate dimensions of backfill, and type of material;

(e) soil description of trench sidewalls;

(f) soil stabilization treatments left in place, such as piles and bracing;

(g) location of any shoring left in place, such as soldier beams and tunnel supports; and

(h) utility relocations.

(v) The information in item (iv) and any other unusual conditions are to be recorded in the construction daily reports and transferred to the drawings during the preparation of the record drawings.

(vi) The Project Company is responsible for ensuring all revised CAD drawing files have the appropriate signatures and registered professional engineer's seal as provided on the original CAD drawings to the extent required pursuant to Applicable Law.

(vii) SAWS has the right to review and approve the record drawings for consistency with the Contract Standards.

(viii) If construction management services are not performed by the Project Company's Design Engineer, then the Construction Manager's registered professional engineer's stamp is required on the record drawings for construction revisions/record drawing purposes only.

(ix) The Project Company shall include GPS coordinates for all installed improvements in the Record Drawings. GPS coordinates must be listed using the NAD 83 Texas South Central FIPS Zone: 4204 Feet coordinate system.

(b) Annual Update of Record Drawings. In accordance with subsection 9.10(D) (Annual Update of Record Drawings and Documents) of this Water Transmission and Purchase Agreement, the Project Company shall deliver to SAWS an annual update of record drawing in accordance with the Contract Standards. SAWS shall review and approve all updates for consistency with
the Contract Standards. Revisions to the drawing shall be bubble outlined to highlight the revised areas on each drawing. The bubbled outline shall also contain a small triangle with the next succeeding revision number as shown on the revision block. Each revised drawing shall have a description of the change filled in the revision block adjacent to the corresponding revision number with the date drawn, checked, and approved boxed filled in.
APPENDIX 5

PERFORMANCE TEST PROCEDURES AND STANDARDS
APPENDIX 5

PERFORMANCE TEST PROCEDURES AND STANDARDS

5.1. PURPOSE

The purpose of the Performance Test is to demonstrate that the Project has achieved the Minimum Performance Criteria (as defined in Section 5.4 of this Appendix), and has met applicable Contract Standards, and is in compliance with all Applicable Laws (the “Performance Test”). The Performance Test is intended to verify the performance of the Project, including in terms of operability, Product Water quality, Product Water quantity, total power consumption and total chemical consumption. The parties agree to further develop and complete this Appendix, including Performance Test Protocol requirements, data collection, testing and reporting requirements, and any additional minimum performance criteria, by the Financial Closing Date to fulfill such purpose and intent.

5.2. PERFORMANCE TESTING PREREQUISITES

The Project Company shall not commence the Performance Test until the events in Section 8.3(D) (Conditions to Commencement of the Performance Test) of this Water Transmission and Purchase Agreement have occurred.

The Project Company shall submit a detailed Performance Test Protocol to SAWS for its approval no later than 145 days prior to the date upon which the Project Company plans to commence the Performance Test. SAWS will have the right to observe the testing as it occurs. The Project Company shall provide SAWS with at least three Business Days written notice prior to any Performance Test and the reasonable opportunity to observe the test. SAWS cannot request a retest to observe performance if SAWS failed to attend the original test as scheduled.

Prior to the Performance Test, the Project Company shall provide evidence of (i) pressure testing of all pipelines, including the Well Field Facilities and the Transmission Pipeline and their appurtenances, and (ii) testing each of the Project Equipment at the Asset Registry level as identified in Appendix 6 (Operating and Maintenance Standards), including testing of the Transmission Pipeline cathodic protection system, pumps, motors, fiber optic cable communication system, electrical system components, instrumentation system components, and SCADA control system components following the completion of the PLC programming performed by the SAWS systems integrator in accordance with the Design Requirements. SAWS shall make available its SCADA system integrator to verify proper integration of the Project components into SAWS’ SCADA system as required, no later than 30 days prior to the performance of the Performance Test. Testing procedures for each of these tests will be described in the Design Documents Performance Test Protocol, and test reports will be delivered promptly upon completion throughout the Performance Test period. The Commercial Operation Date and Acceptance shall not be deemed to have occurred until all Performance Test-related reports have been properly prepared and delivered to SAWS in accordance with this Appendix and Section 8.3(F) (Test Report) of this Water Transmission and Purchase Agreement.

Prior to commencement of the Performance Test, the Project Company shall have received written notice from SAWS that the SAWS Interconnection Improvements have been completed and SAWS is ready to receive Product Water. The Scheduled SAWS
Interconnection Improvements Completion Date and any completion delays are described in Sections 6.2(B), (C), and (D) of this Water Transmission and Purchase Agreement.

5.3. PERFORMANCE TESTING REQUIREMENTS

The Performance Test shall be conducted in compliance with the Contract Standards, including all Applicable Laws and Governmental Approvals.

To meet the requirements of the Performance Test, the Project Company must demonstrate that the Project meets the following criteria at all times during the Performance Test:

1. The Project performs in a manner that is consistent with Appendix 3 (Technical Specifications), Sections 4.10 (Substantial Completion Procedures) and 4.11 (Substantial Completion Procedure Requirements and Components) of Appendix 4 (Design and Construction Review Procedures), Governmental Approvals, Applicable Law, and all other Contract Standards;

2. The Project has been operated and maintained pursuant to the requirements of the draft preliminary Electronic Operation and Maintenance Manual for the entire duration of the Performance Test;

3. All Project Equipment functions properly as per the manufacturers specifications and recommendations for such operations and there is no need for any material temporary repairs or material overrides of any equipment protective devices to keep the Project Equipment functioning properly during the Performance Test;

4. The Project operates properly with automated and computerized systems in full operation (allowing for periodic manual operation consistent with Good Management Practice) and with only the normal complement of employees included in the Project Company's staffing plan for the Project, with the exception of additional Project Company staffing related to collection and analysis of samples and other test data;

5. The Residuals handling system operates as intended and all solids are removed from the Project Sites in accordance with the draft preliminary Electronic Operation and Maintenance Manual and Applicable Law;

6. Any Off-Specification Product Water and Unacceptable Product Water produced by the Project shall constitute a failure of the Performance Test, and the Performance Test shall immediately terminate;

7. The Project has been operated and maintained in a manner consistent with all Applicable Law and Governmental Approvals;

8. Procedures are in place to prevent Unacceptable Water and Off-Specification Product Water not accepted by SAWS from being introduced into the SAWS Distribution System, and for the disposal of such water; and

9. The Project has achieved the performance specified in Section 5.4 (Minimum Performance Criteria) of this Appendix.
10. The Project operates properly during unexpected loss of power.

If any of the foregoing criteria are not met during a Test Event (as defined in Section 5.5 of this Appendix), that Test Event will be considered to have failed.

5.4. MINIMUM PERFORMANCE CRITERIA

The minimum performance criteria which must be met in order for the Project Company to achieve Acceptance are the flow ranges identified in Sections 5.5.1, 5.5.2 and 5.5.3 of this Appendix and Product Water Quality Guarantee requirements provided in Section 10.2 (Product Water Quality Guarantee) of this Water Transmission and Purchase Agreement and Appendix 8 (Performance Guarantee Requirements) (the "Minimum Performance Criteria"). The Minimum Performance Criteria will be measured at the Product Water Delivery Point (for flow ranges) and Product Water Quality Sampling Locations (for Product Water Quality Guarantee). Failure to comply with any of the Minimum Performance Criteria shall result in the Project Company failing the Performance Test.

5.5. PERFORMANCE TEST SEQUENCE OF EVENTS

The performance test may be divided into three independent events ("Event 1" and "Event 2"), the successful completion of which results in the Project as a whole being rated for a capacity and in SAWS taking delivery of Product Water in the amount of the accepted capacity.

Upon agreement of both parties, the Performance Test may be shortened into a single event, or restructured into two three or more events. The parties will coordinate in advance to determine the best course of action overall.

Event 1, Event 2, or any additional event shall be a “Test Event.”

Each event is described below.

5.5.1 Event 1 - Whole Project Partial Flow Performance Test (16,700 Acre Feet per Contract Year Midrange Partial Flow)

Event 1 will be preceded by the testing described in Section 5.2 (Performance Testing Prerequisites) of this Appendix. The purpose of the Performance Test tied to Event 1 is to obtain Acceptance in accordance with Article 8 (Completion and Acceptance of the Project) of this Water Transmission and Purchase Agreement for operation of the Project as a whole to deliver 16,700 Acre Feet per Contract Year (the “Midrange Partial Flow”) of Product Water to the Product Water Delivery Point with the water quality described in Section 10.2 (Product Water Quality Guarantee) of this Water Transmission and Purchase Agreement and Section 8.2.1 (Product Water Quality Guarantee) of Appendix 8 (Performance Guarantee Requirements). The Midrange Partial Flow will be specifically defined in the Performance Test Protocol as the lowest 7-day sustainable flow the project is designed to deliver falling within the range of 22,400 to 33,600 Acre Feet per Contract Year (20-30 mgd).

It should be noted that only a portion of the Wells and their associated mechanical equipment will need to be released for successful completion of Event 1. That is, as long as sufficient Wells are available to provide a firm capacity of 16,700 Acre Feet per Contract Year Midrange Partial Flow.
Year equal to the Midrange Partial Flow (delivered) within the water quality parameters that SAWS has set forth in Section 10.2 (Product Water Quality Guarantee) of this Water Transmission and Purchase Agreement and Section 8.2.1 (Product Water Quality Guarantee) of Appendix 8 (Performance Guarantee Requirements), then the Project as a whole will be released for production and delivery of 16,700 the Midrange Partial Flow expressed in units of Acre Feet per Contract Year. Likewise, only a portion of the pumps at the pump stations will need to be released for successful completion of Event 1. Any component that cannot demonstrate performance as outlined in Section 5.3 (Performance Testing Requirements) of this Appendix may be substituted for another identical and available Project component. Each piece of equipment at the Asset Registry level that cannot successfully demonstrate performance as outlined in Section 5.3 (Performance Testing Requirements) of this Appendix will need to be successfully demonstrated before final acceptance of Event 32 described in Section 5.5.3.5.2 of this Appendix.

5.5.2 Event 2 - Whole Project Partial Flow Performance Test (33,400 Acre Feet per Contract Year)

Event 2 will be preceded by Event 1, as well as any additional testing needed, including mechanical testing of additional Wells and pumps, to complete Event 2. The purpose of the Performance Test tied to Event 2 is to obtain Acceptance in accordance with Article 8 (Completion and Acceptance of the Project) of this Water Transmission and Purchase Agreement for operation of the Project as a whole to deliver 33,400 Acre Feet per Contract Year of Product Water to the Product Water Delivery Point.

It should be noted that in addition to the Wells and pumps released during Event 1, additional Wells and pumps will need to be released for successful completion of Event 2. Once the Performance Test for these components is demonstrated, then the Project as a whole will be released for production and delivery of 33,400 Acre Feet per Contract Year. Any component that cannot demonstrate performance as outlined in Section 5.3 (Performance Testing Requirements) of this Appendix may be substituted for another identical and available Project component. Each piece of equipment at the Asset Registry level that cannot successfully demonstrate performance as outlined in Section 5.3 (Performance Testing Requirements) of this Appendix will need to be successfully demonstrated before final acceptance of Event 3 described in Section 5.5.3 of this Appendix.

5.5.3 Event 3 - Whole Project Performance (50,000 Acre Feet per Contract Year)

Event 3 may be preceded by Events Event 1 or 2, as well as any additional testing needed, including mechanical testing of additional Wells and pumps, to complete Event 32. The purpose of the Performance Test tied to Event 32 is to obtain Acceptance in accordance with Article 8 (Completion and Acceptance of the Project) of this Water Transmission and Purchase Agreement for operation of the Project as a whole to deliver 50,000 Acre Feet per Contract Year of Product Water to the Product Water Delivery Point with the water quality described in Section 10.2 (Product Water Quality Guarantee) of this Water Transmission and Purchase Agreement and Appendix 8 (Performance Guarantee Requirements).

Event 2 will include simulation of loss of power while pumping the full 50,000 Acre Foot per year flow by de-energizing Intermediate Pump Station #2 at the main disconnect switch for a 24-hour period then re-energizing and resuming the Test Event to demonstrate proper response and recovery of normal operation of the whole Project. The timing of the simulated power loss during Event 2 will be agreed upon by both parties. Event 2 will also
include ramping up delivery of Product Water to the maximum sustainable design flow or 149.2 Acre Feet per day for a period of 6 hours. The timing of the delivery of the maximum sustainable design flow will be determined by SAWS and will occur within the duration of Event 2 as defined in Section 5.6 of this Appendix.

It should be noted that in addition to the Wells and pumps released during Events 1 and 2, additional Wells and pumps will need to be released for successful completion of Event 3. Once the Performance Test for all Asset Registry level components is successfully demonstrated, then the Project as a whole will be released for production and delivery of 50,000 Acre Feet per Contract Year. To successfully pass Event 3, all Project components at the Asset Registry level will need to successfully demonstrate performance as outlined in Section 5.3 (Performance Testing Requirements) of this Appendix.

A failure of test Event 2 will not require a repeat of test Event 1.

5.6. DURATION OF PERFORMANCE TESTING

The combined duration of Events 1 and 2 will be a minimum of 7 days followed by a minimum 3-day period of no delivery. The duration of Event 3 will be for a minimum of 21.8 days, for a total of 28 inclusive of the 6-hour delivery of the maximum sustainable design flow and the 24-hour simulation of loss of power. The combined duration of Event 1 and Event 2 exclusive of the intervening 3-day shutdown will be 25 days using the three-step two-step performance testing described. In the event that the performance testing schedule is modified by agreement of both parties to a single test for the full 50,000 acre foot delivery, then the minimum test period can be reduced to 15 days.

Should a failure occur during Event 1, repairs or replacements will be made and the entire Test Event will be repeated until performance is successfully demonstrated. Should an unplanned failure occur after the fifth day of a test of the whole Project for the full 50,000 acre foot delivery, then any retest to demonstrate performance will be reduced to 10 days. If additional failures occur during the 10-day retest, then the 10-day demonstration will repeat until the Project as a whole passes the Performance Test.

Any failures, stoppages or interruption of the Project that occurs during a Performance Test shall not excuse the Project Company from complying with the Performance Test requirements set forth in this Appendix, except for an hour-for-hour extension of the duration of the Performance Test for the duration of an Uncontrollable Circumstance for which performance or schedule relief is provided in accordance with this Water Transmission and Purchase Agreement.

5.7. PUMPING RAMP-UP LIMITS AND EXTENDED SHUTDOWN

When initiating delivery of Product Water for Performance Testing, the Project Company shall limit pumping ramp-up to allow SAWS sufficient time to manage reversal of flow within the SAWS Distribution System, except for initiation of pumping up to the Midrange Partial Flow (i.e., within the range of 20 to 30 mgd) during which the ramp-up may occur as quickly as the Project Company may choose. Increasing delivery of Product Water above the Midrange Partial Flow during Event 2 may only occur after the Project Company first notifies SAWS that the Midrange Partial Flow has been reached, and a minimum of 6 hours of subsequent operation at the Midrange Partial Flow has been sustained.
During either of the Test Events, any unplanned Project shutdown exceeding 120 minutes will constitute an extended shutdown and automatically trigger a minimum 3-day suspension of Performance Testing.

5.8.  VERIFICATION OF PERFORMANCE

The quality of water delivered during the Performance Test will be certified by an independent laboratory certified in accordance with Section 5.6(B) (Sampling, Testing and Laboratory Work) Water quality testing will be performed in accordance with this Section and Section 5.6(B) (Sampling, Testing and Laboratory Work) and Section 10.10(A) (Testing) of this Water Transmission and Purchase Agreement. All water quality analytical methods used to demonstrate compliance with the Product Water Quality Guarantee shall be performed according to methods approved by TCEQ or EPA, or otherwise approved in advance by SAWS. For routine process control analysis or routine Product Water analysis, the Project Company may use the SAWS Analytical Laboratory to perform the water quality testing. An independent third-party laboratory should be used if the Project Company reasonably believes that water quality may become noncompliant with any Product Water Quality Guarantee or for any reanalysis of Product Water.
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APPENDIX 6

OPERATING AND MAINTENANCE STANDARDS
APPENDIX 6

OPERATING AND MAINTENANCE STANDARDS

6.1. OPERATING AND MAINTENANCE STANDARDS

6.1.1 Purpose. The purpose of this Appendix is to supplement the requirements for the Operating Work set forth in Articles 9 (Operation and Management of the Project), 10 (Performance) and 11 (Maintenance, Repair and Replacement) of this Water Transmission and Purchase Agreement.

6.2. OPERATIONS REQUIREMENTS

6.2.1 Objectives. The Project Company shall operate and maintain the Project in accordance with this Water Transmission and Purchase Agreement and the Contract Standards. Operational decision-making shall always be based on the following operating objectives:

(a) Protection of the health, safety, and welfare of the public and operating staff;
(b) Compliance with the Performance Guarantees;
(c) Protection of the environment;
(d) Protection and preservation of the Project;
(e) Protection of the SAWS Distribution System; and
(f) Producing a reliable supply of Product Water consistent with this Water Transmission and Purchase Agreement.

6.2.2 Operations Generally. The Project Company shall operate the Project under all conditions in accordance with the Contract Standards and as described below in this Appendix.

6.2.3 Wastewater Facilities and Disposal. The Project Company shall operate and maintain wastewater facilities to service the sanitary wastewater produced at the Project and the Project Sites. The Project Company shall arrange for servicing of holding tanks on a regular basis. The Project Company shall manage and operate the wastewater facilities such that no leaks or overflows occur.

6.2.4 Electric Service Equipment. The Project Company shall operate and maintain all electric service equipment owned by the Project Company in accordance with the requirements of the electric service provider. The Project Company shall provide the electric service provider with access to all electric service equipment owned by the electric service provider.

6.2.5 Operations During Power Outage. Following a primary electrical power outage from any cause, the Project Company shall maintain uninterrupted supply by gravity of Product Water from the Project Company Storage Tank at the Transmission Pipeline Terminus Site in compliance with the Contract Standards for a period of not less than 120 minutes. Further, the Project Company shall assure that the flush pumps and
any other components required for equipment protection during such a loss of power event remain functional upon loss of power to the Project.

6.2.6 Minimum Staffing. The Project Company shall staff the Project consistent with the Operating Protocol and Applicable Law; provided, however, that (1) in no event shall the Project be staffed less than eight hours per day, and (2) the Project shall be monitored by an operator 24 hours per day. All individuals who are proposed to operate or supervise the operation and maintenance of the Project must possess valid operator certifications that meet the requirements of Applicable Law. The Chief Operator shall have the overall responsibility for the day-to-day, hands-on operation of the Project. During off hours (including vacation and sick leave), an operator or shift operator (with a minimum certification meeting the requirements of Applicable Law), in either case with a demonstrated familiarity with the Project, shall be accessible to the on-site staff and SAWS by phone within one hour notice.

6.2.7 Environmental Compliance. The Project Company shall assure compliance with Applicable Law and Governmental Approvals. The Project Company shall provide ongoing training and environmental education of staff and operators for long-term environmental sensitivity, awareness, and compliance. Annually, the Project Company shall perform an environmental review of the Project Sites that will include confirming compliance with Applicable Law and Governmental Approvals. The review shall also include all reports (e.g., quarterly and annual) and monitoring data, as necessary to demonstrate compliance therewith. Any non-compliance and reporting issues shall be reported to the Chief Operator and SAWS immediately.

6.2.8 Regulated Substances Management. The Project Company shall maintain and comply with a current Regulated Substances management program and emergency/spill response plan meeting the requirements of Applicable Law and this Water Transmission and Purchase Agreement. All water treatment chemicals and corrosion inhibitors used at the Project Sites shall comply with the American Water Works Association standards and shall be approved by the National Science Foundation for potable water treatment. Chemicals that could be discharged into the environment shall be stored and used in compliance with Applicable Law. Each chemical load shall be certified by the manufacturer and shall be randomly tested for product quality at least once per month in accordance with the Project Company’s standard operating procedures. Records of such test results shall, at all times, be maintained and available for SAWS review.

6.2.9 Buildings and Grounds. The Project Company shall at a minimum perform the following activities relevant to the buildings and grounds:

(a) Maintain the buildings, grounds, and landscaping in an aesthetically attractive and clean condition.

(b) Repair all roof leaks promptly upon discovery.

(c) Implement regularly scheduled pest control measures.

(d) Apply paint as necessary to all painted surfaces, as appropriate. All painted surfaces shall be painted to maintain a clean aspect, except for such surfaces that have maintained their original condition and would be adversely affected
by frequent painting. The Transmission Pipeline is excluded from this obligation.

(e) Repair cracks, erosions, depressions, and potholes, and slab shifts on paved areas, sidewalks, and other areas, as necessary.

(f) Periodically resurface paved areas, if and as necessary.

(g) Mow all Transmission Pipeline Easements at least once every three years, or more frequently if necessary, to provide for ease of inspection of the Transmission Pipeline System.

6.2.10 Pipeline Maintenance Requirements. All Project pipelines shall be maintained by the Project Company in accordance with the Contract Standards. If any such pipelines develop a leak or otherwise fail, the Project Company shall repair and restore the affected pipeline as soon as possible. Prior to placing the pipeline back into service, the Project Company shall perform proper blow-off and as pertinent, sanitation procedures shall be followed in accordance with Applicable Law. If a leak or rupture occurs, barricades shall be placed around the problem area and at all times the safety of the public shall be paramount. The Project Company shall follow all requirements of Applicable Law such as proper backfill and compaction, erosion and sediment control and traffic control. Utility locations, traffic control plans, and other information required by applicable Governmental Bodies prior to digging shall be provided before any such work begins. The Project Company shall comply with all applicable local requirements for construction at all times. After repair of any pipelines, sod or pavement shall be replaced and the area shall be restored to at least its original condition. Where metallic piping is used, the Project Company shall incorporate appropriate measures into the corrosion protection plan to protect the integrity of the pipelines and monitor the rate of corrosion. If requested by SAWS, the Project Company shall utilize a closed-circuit televising or other survey equipment approved in writing by SAWS to determine the condition of all pipelines operated by the Project Company every 10 years, or earlier if necessary, during the Term and prior to the expiration of the Term and the Project Company’s turnover of the Project to SAWS pursuant to Article 23 (SAWS Project Assets Purchase Options) of this Water Transmission and Purchase Agreement.

6.2.11 Project Flow Meter and Well Field Meters.

(a) On a monthly basis, the Project Company shall provide routine servicing and maintenance of the Project Flow Meter and Well Field Meters, and their respective appurtenant field mounted instruments. Routine maintenance activities generally include, but are not limited to: (i) inspection and cleaning of all ports; (ii) visual inspection to detect leaks, and (iii) confirming properly functioning differential pressure transducers. Twice yearly, the Project Company shall calibrate and service, as required, the Project Flow Meter and Well Field Meters, and their respective appurtenant field mounted instruments at the Project Sites. The Project Company shall provide SAWS with copies of its maintenance reports and also enter such reports in the CMMS.

(b) At any time other than during the twice yearly calibration by the Project Company, SAWS can request, at its own expense, to have the Project Flow Meter and Well Field Meters, and their respective appurtenant field mounted instruments calibrated, provided that such calibration shall be performed by
the Project Company at the Project Sites within 10 business days of the Project Company’s receipt of written notification of such request.

(c) In the event any such calibration test discloses an error exceeding two percent, an adjustment shall be made in charges incurred during the known or estimated period of such error, but in no event exceeding six months prior.

6.2.12 Ordinary and Preventive Maintenance Generally. The Project Company’s preventive maintenance plan within the Maintenance, Repair and Replacement Plan (as defined below) shall reflect procedures and standards consistent with Good Management Practice. The preventive maintenance plan shall reflect that in no event shall maintenance be less frequent and less comprehensive than that specified in manufacturers’ warranties and manuals, unless otherwise approved in writing by SAWS. The preventive maintenance plan shall also address the inspection, leak testing, maintenance, and repair procedures for all water-bearing structures in accordance with Good Management Practice.

6.2.13 Preventive Maintenance Activities. All equipment preventive maintenance activities shall, at a minimum, meet the maintenance requirements of the Project Equipment suppliers. As such, all equipment usage shall be logged through the SCADA system or otherwise entered into the CMMS to provide the necessary input to the CMMS. The CMMS shall generate work orders that are specific to the item of equipment. These work orders shall outline the required preventive maintenance, describing the work to be undertaken. These work orders shall be undertaken and completed promptly. The resultant preventive maintenance work shall be logged as to when the work order was issued, when completed, by whom, duration of work, and listing of consumables and spare parts used in providing the required work. This information shall be continuously maintained for all equipment and summarized on an annual basis to SAWS, as part of the annual operations report required by Section 9.11 (Periodic Reports) of this Water Transmission and Purchase Agreement, to confirm the work is being undertaken as required so as to protect the investment in the infrastructure. SAWS, however, may request to review records more frequently. The Project Company, in addition, shall:

(a) Maintain and replace the Project Equipment in accordance with manufacturer’s recommended maintenance procedures and Good Management Practice;

(b) Maintain accurate records and all other data required for the proper supervision and administration of the maintenance of the Project Equipment;

(c) Provide continuous inspection of Project Equipment to detect any significant variance from the manufacturer’s recommended operating tolerances and specifications of the Project when new. Corrective action shall be taken to prevent damage to the equipment, as well as protect warranties on new equipment;

(d) Conduct all maintenance, repair, and replacements in a manner that does not endanger the safety of Project Company or SAWS staff and visitors and residents in the vicinity of the Project Sites;

(e) Maintain and replace any cathodic protection systems at the Project, if installed, at the optimum operating condition at all times to ensure effective
corrosion prevention of all underground piping and other Project components installed in corrosive environments;

(f) Provide the services of factory-trained technicians, tools, and equipment to field-calibrate, test, inspect and adjust all instruments to their specified performance requirements in accordance with the manufacturer's specifications and instructions;

(g) Maintain and implement a regular gate and valve exercising program. The Project Company shall maintain a log of its gate and valve exercising activities in its CMMS; and

(h) Perform predictive maintenance on all pumps and motors having over 250 horsepower at least two times per Contract Year. Such predictive maintenance shall include, at a minimum, thermal evaluations and diagnostics of the electrical systems and vibration analysis of the mechanical systems.

6.2.14 CMMS. The Project Company shall maintain and update the CMMS. If the Project Company changes or upgrades its CMMS, it shall provide 60 days prior notice to SAWS about the changes or upgrades to its CMMS.

(a) **Asset Registry.** The CMMS program shall be configured to produce an Asset Registry which shall include a complete listing of all assets having an installed cost, defined as the estimated cost to install that asset, that exceeds $25,000 (Index Linked) that constitute the Project, with Project Equipment grouped separately from Project Structures, including for each such asset:

(i) a unique CMMS asset identifier (with each system separately identified, e.g., pump, motor, meter, motor control center, etc.);

(ii) an asset descriptor;

(iii) the asset’s manufacturer and model number;

(iv) photographs and video (to the extent reasonably accessible);

(v) the asset’s service life;

(vi) the asset’s estimated installed cost, including material, equipment and labor costs;

(vii) date of installation; and

(viii) service status (i.e., in service or removed from service).

The CMMS program shall be able to prepare an Asset Registry report (hardcopy and exportable in digital spreadsheet or database form) and shall be provided to SAWS in both hardcopy and digital formats within six months following the Commercial Operation Date.

(b) **Updates.** The CMMS shall be updated as necessary to reflect all newly added assets, including populating fields with the information identified in clause
(a) of this subsection. Assets that are removed from the Project shall be deleted from the CMMS, and assets that are removed from service but left in place shall remain in the CMMS, but be flagged to indicate service status as removed from service. Any asset removed from service but left in place with no defined schedule for returning the asset to service shall be deemed to be abandoned in place. The Project Company shall provide an updated Asset Registry report annually to SAWS in digital format.

At the end of every fifth year, the Project Company shall update the CMMS to reflect the condition, functionality, structural integrity, and accompanying condition status of the existing assets. The Project Company shall consider the updated asset condition information in its evaluation of subsequent updates of the Maintenance, Repair and Replacement Schedule (as defined below).

6.2.15 Maintenance, Repair and Replacement Plan. Within 60 days after the Commercial Operation Date, the Project Company shall prepare and submit for SAWS' review a Maintenance, Repair and Replacement Plan (as defined below). After addressing SAWS' comments, the Project Company shall submit a final Maintenance, Repair and Replacement Plan to SAWS. This plan shall be periodically updated when equipment is replaced, and submitted to SAWS annually with a summary of new equipment in place. If any component identified in the Asset Registry fails prior to its anticipated replacement date, the updated plan shall include a detailed report outlining the cause for the failure and the corrective action undertaken by the Project Company to allow the replacement component to meet the replacement date specified in the plan. Any such component that fails during the warranty period shall be replaced at no cost to SAWS. The Project Company shall comply with the Maintenance, Repair and Replacement Plan throughout the Operating Period except where it can demonstrate to SAWS that changes are in accordance with Good Management Practice.

6.2.16 Minimum Plan Requirements. The Maintenance, Repair and Replacement Plan shall define how the Project Company will achieve the Contract Standards objective of quality performance, including but not limited to the following components of quality performance: (1) availability of spare parts for critical operating systems; (2) energy efficiency; (3) ongoing maintenance and repair; (4) appropriate and timely renewal and replacement of equipment; (5) cost-effective upgrades of obsolete equipment and systems; (6) the minimum standards for performance of its ongoing maintenance, repair and replacement obligations; and (7) an equipment inventory, schedule for shift and preventive maintenance, and related operator training (the “Maintenance, Repair and Replacement Plan”). The Maintenance, Repair and Replacement Plan shall also address how the Project Company shall: (i) maintain and repair the Project, including without limitation, repair or replacement of components, including all maintenance, repair and component replacement which may be characterized as “major” or “capital” in nature; (ii) maintain the Project Equipment substantially in accordance with applicable manufacturer’s instructions, the applicable operation and maintenance manuals, and Good Management Practice and using the CMMS; (iii) perform all maintenance, repairs and replacements reasonably necessary to the continued operation of the Project at all times; (iv) maintain the Project Structures in accordance with Good Management Practice; and (v) keep accurate records and all other data required for the purposes of proper administration and review of the maintenance of the Project Equipment and Project Structures. The Maintenance, Repair and Replacement Schedule shall be provided as part of the Maintenance, Repair and Replacement Plan. The Maintenance, Repair and Replacement Plan shall comply with the requirements set forth in
Section 11.2(A) (Maintenance, Repair and Replacement Plan) of this Water Transmission and Purchase Agreement.

6.2.17 Maintenance, Repair and Replacement Schedule. For individual items of equipment with an installed repair or replacement value exceeding $25,000 (Index Linked) (which includes the estimated total cost to repair or replace such equipment, but excludes any on-site labor), the Project Company shall prepare and deliver to SAWS a maintenance, repair and replacement schedule which identifies the projected timing and costs of such major repairs and replacements in defined intervals over the Term (the “Maintenance, Repair and Replacement Schedule”). The Project Company shall not be required to repair or replace a particular piece of equipment in a particular year solely because the projected Maintenance, Repair and Replacement Schedule indicates that timing is the appropriate repair or replacement interval.

6.2.18 One-Year Maintenance, Repair and Replacement Schedule Update. Annually, concurrently with the budgeting performed in accordance with Section 17.3 (Operating and Maintenance Costs) of this Water Transmission and Purchase Agreement, the Project Company shall have prepared an update of the projected Maintenance, Repair and Replacement Schedule for the next Contract Year for individual items of equipment with an installed repair or replacement value exceeding $25,000 (Index Linked) (a “One-Year Maintenance, Repair and Replacement Schedule Update”). The One-Year Maintenance, Repair and Replacement Schedule Update shall include the proposed schedule for each such major repairs and replacements projected for the Contract Year by the Project Company. The Project Company and SAWS shall hold a meeting to review each annual One-Year Maintenance, Repair and Replacement Schedule Update. The initial Maintenance, Repair and Replacement Schedule and each One-Year Maintenance, Repair and Replacement Schedule Update thereof shall detail the proposed schedule of major repairs and replacements for the immediately following Contract Year (year one of the update), an updated schedule for the next Contract Year (year two of the update), and updated schedule for each of the following three Contract Years (years three through five of the update).

6.2.19 Changes Proposed by One-Year Maintenance, Repair and Replacement Schedule Update. For all changes to the Maintenance, Repair and Replacement Schedule proposed in a One-Year Maintenance, Repair and Replacement Schedule Update, the Project Company shall indicate to SAWS the reason for the change and provide supporting information including at a minimum the following:

(a) Operating or test results used by the Project Company to determine the differing repair or replacement need, demonstrating the actual performance of the asset in comparison to that which would be expected by the same asset performing as was anticipated by the current Maintenance, Repair and Replacement Schedule.

(b) Complete detailed history of the assets in question from the CMMS, indicating actual scheduled and unscheduled maintenance events.

(c) In the case of Project Equipment or manufactured Project Structures, manufacturer’s data indicating recommended maintenance schedules.

In the interest of maintaining the expected reliability level of operation of the Project, SAWS will review the recommended One-Year Maintenance, Repair and Replacement Schedule Update.
Replacement Schedule Updates and supporting information. For Maintenance, Repair and Replacement Schedule changes that would delay previously anticipated repairs or replacements, should SAWS determine (acting reasonably) that the delay could adversely impact the public health and safety, SAWS shall have the right to reject the delay and require that the repair or replacement be performed as previously scheduled. In making such a determination, SAWS will consider whether or not the asset’s condition and performance was continuously monitored as required by this Appendix, and whether or not the Project Company performed appropriate levels of ordinary and preventive maintenance on the asset.

6.2.20 Five-Year Capital Plan. Prior to the commencement of the third Contract Year following the Commercial Operation Date, the Project Company shall prepare and provide to SAWS a report that recommends the anticipated major equipment repair and replacement projects at the Project over the course of the next five Contract Years (the “Five-Year Capital Plan”). The Five-Year Capital Plan shall be used as a planning tool by SAWS and the Project Company to consider future proposed major equipment repair and replacement projects at the Project and other long-term work, and to make certain that the Project facilities are being adequately maintained and will be available. The Five-Year Capital Plan shall set forth a description of each project, the rationale for performing each project, the impact or effect of each project on the Project, a preliminary cost estimate or cost allowance for each project, the approximate period of time when each project would be performed and the proposed method or procedure for delivery of each project. The Five-Year Capital Plan shall be updated on an annual basis by the anniversary of each Contract Year concurrent with the budgeting performed in accordance with Section 17.3 (Operating and Maintenance Costs) of this Water Transmission and Purchase Agreement. Each year, the Five-Year Capital Plan shall be updated by the Project Company and a copy shall be delivered to SAWS. SAWS and the Project Company shall meet and confer regarding each update to the Five-Year Capital Plan and its implementation.

6.2.21 Project Company Obligation to Repair and Replace Not Limited. Notwithstanding the Project Company’s performance of its obligations pursuant to Sections 6.2.15 (Maintenance, Repair, and Replacement Plan), 6.2.17 (Maintenance, Repair and Replacement Schedule), 6.2.18 (One-Year Maintenance, Repair and Replacement Schedule), and 6.2.20 (Five-Year Capital Plan) of this Appendix, the Project Company shall repair and replace equipment and structures as needed over the Term, and such obligation shall not be limited in any way.

6.3. GENERAL OPERATING PERIOD REQUIREMENTS

6.3.1 Monthly Operations Reports. No later than 60 days prior to initiating the Performance Test, the Project Company shall submit for SAWS’ review and approval, the proposed format of the monthly operations report required to be submitted by the Project Company pursuant to Section 9.11 (Periodic Reports) of this Water Transmission and Purchase Agreement. In addition to the information and data required to be included pursuant to Section 9.11 (Periodic Reports) of this Water Transmission and Purchase Agreement, the monthly operations report shall include all other data or information required to be furnished under the Operating Protocol.

6.3.2 Identification Badges. The Project Company shall cause the Operating Service Provider to provide standardized identification badges to all of its on-site employees and all on-site employees of the Project Company and Subcontractors throughout the Operating Period. Such employees shall wear these badges at all times when on the
Vista Ridge Regional Supply Project

Appendix 6

Water Transmission and Purchase Agreement

Operating and Maintenance Standards

Project Sites. Identification badges shall also be issued to all visitors at the time of arrival with records retained of the name and affiliation of the visitor, purpose of the visit, time of arrival and time of departure. The identification badge shall be surrendered at each time of departure.

6.3.3 SAWS Office Space. The Project Company shall cause the Operating Service Provider to designate and reserve an office at or adjacent to the permanent Operating Service Provider offices if located outside of Bexar County (and related reasonable ingress and egress rights) for SAWS’ exclusive use, as provided in Section 9.1(C) (SAWS Administrative Space) of this Water Transmission and Purchase Agreement. The Project Company, Operating Service Provider or Subcontractors shall not enter or inhabit such SAWS-designated office without SAWS’ prior approval. At a minimum, the office reserved for SAWS shall have the following features:

(a) 170 square feet (similar in character to that provided for the Operating Service Provider's management personnel).

(b) three electric duplex receptacle wall outlets.

(c) Broad band high-speed internet access.

(d) Three telephone lines and one speakerphone. One of the telephone lines shall be dedicated to a facsimile machine (to be provided by SAWS). If the Operating Service Provider provides wireless internet services for its own use, such service shall also be provided to SAWS.

(e) Secure, lockable, and uniquely keyed.

The Project Company shall also provide SAWS with access to the multipurpose room, conference room, and administrative areas at the permanent Project Company offices. The parties will coordinate so that SAWS has reasonable access to these facilities.

6.3.4 SAWS Interface Cabinet. SAWS has provided and installed the SAWS Interface Cabinet. SAWS shall own and be responsible for the maintenance, repair and replacement of the SAWS Interface Cabinet and its contents after the Performance Test. The Project Company shall provide a power supply to operate the SAWS Interface Cabinet’s equipment consistent with its design. Further, the Project Company shall be responsible to continuously provide the signals from the Project in a format that is compatible with SAWS’ SCADA system. SAWS will be responsible to provide the PLC programming and human machine interface (“HMI”) integration for these signals into its control system. The Project Company shall provide adequate means of ingress and egress to SAWS for the operations, maintenance, repair and replacement of the SAWS Interface Cabinet.

6.3.5 Risk Management and Safety. To the extent required by Applicable Law, the Project Company shall prepare and maintain a risk management prevention program and a process safety and management plan.

6.3.6 SAWS Communication with Project Contractors. The Project Company shall provide SAWS with access to the Project Contractors and Subcontractors pursuant to Section 13.1(E) (SAWS Access to and Communications with Project Contractors and Subcontractors) of this Water Transmission and Purchase Agreement.
6.4.  SAWS REVIEW

6.4.1 General.  SAWS will review the Project Company’s operation, maintenance, repair and replacement of the Project throughout the Term. SAWS may assign one or more persons to observe the operation and maintenance of the Project, to review repair and replacement records, and to provide coordination assistance to the Project Company to assure that the operation of the Project is fully integrated into the operation of the SAWS Distribution System.

6.4.2 Monthly Coordination Meetings. As required by Section 9.2 (Service Coordination) of this Water Transmission and Purchase Agreement, monthly coordination meetings between the Project Company and SAWS shall be held at the Transmission Pipeline Terminus Site or other location designated by SAWS. The Chief Operator (or other senior representative of the Operating Services Provider acceptable to SAWS) and, if requested by SAWS, a senior management representative of the Project Company who is at a management level above the Chief Operator shall attend these meetings. The purpose of these meetings is to review management, operational, performance, and planning matters for the Project, maintenance issues, the monthly operations reports, condition of the Project, safety, housekeeping of the Project Sites, compliance with Applicable Law, Governmental Approvals and the Performance Guarantees, staffing issues, invoicing issues, public relations, and other relevant issues. The Project Company shall be responsible for producing meeting minutes. The Project Company shall distribute copies of documentation of these meetings to all attendees and shall maintain a chronological file of such documentation, which upon request, will be made available to SAWS.

6.4.3 Governmental Body Submittals. The Project Company shall submit draft copies of all Governmental Approvals and other regulatory submittals required for the Operating Work to SAWS for review and comment at least 14 days prior to submittal to any Governmental Body. The Project Company shall address SAWS’ comments prior to submitting the documents to the Governmental Body and shall strictly comply with SAWS comments identifying areas where a statement made in a submittal would be contrary to SAWS policies or would otherwise impose an unreasonable cost or burden on SAWS.

6.4.4 Periodic Maintenance Inspections and Testing. SAWS may perform annual maintenance inspections of the Project as provided in Section 11.4 (Periodic Maintenance Inspections) of this Water Transmission and Purchase Agreement.

6.4.5 Review at End of Term. Requirements for the review of the Project related to the Expiration Date are provided in Sections 11.6 (End of Term Performance Evaluation Requirements) and 11.7 (Project Assets Transfer Condition) of this Water Transmission and Purchase Agreement and Appendix 11 (End of Term Project Condition Requirements).

6.5.  SECURITY PLAN

6.5.1 Security Plan. At least 180 days before the initiation of the Performance Test, the Project Company shall prepare and submit for SAWS’ review and comment, a Security Plan as required by Section 9.7 (Security) of this Water Transmission and Purchase Agreement. The Security Plan shall address security for the Project Sites and all improvements thereon. After receipt and consideration of SAWS’ comments, the Project Company shall submit a final Security Plan to SAWS prior to the initiation of the Operating Period. The Security Plan shall be periodically updated to address changing threat conditions and when security equipment or systems are added or modified. If the Security...
Plan is changed in any Contract Year, then the updated Security Plan shall be submitted to SAWS with a summary of the new or modified equipment or systems within 60 days of the end of that Contract Year. The Project Company shall comply with the Security Plan throughout the Operating Period. SAWS intends, except as may be required by Applicable Law, to keep confidential all information and materials relating to security at the Project Sites, including the Security Plan, irrespective of whether the Project Company has requested SAWS to keep any such information and materials confidential.

6.5.2 Minimum Requirements for the Security Plan. The Project Company’s Security Plan shall include at a minimum, the following information:

(a) A general description of the Project Company’s security threats including (i) security measures and procedures for prevention, detection, and response to terrorism, (ii) vandalism, (iii) sabotage, (iv) natural disasters, (v) theft, (vi) accident, (vii) assault on employees, and (viii) cross-connection contamination.

(b) A risk analysis of critical areas on the Project Sites and measures to secure them. Critical areas include, but are not limited to, chemical storage and feed facilities, control room and systems, electrical systems (including transformers), clearwells, laboratory, pump stations, and flow control systems.

(c) A description of the Project Company’s zoning or subzoning of the Project Sites into multiple levels of security.

(d) A description of the intrusion detection and surveillance systems.

(e) A description of all security alarms and how and where they will be monitored to ensure a rapid and effective response.

(f) A description of means to track Project Company’s staff, vendors, visitors, SAWS staff, and all other persons on the Project Sites.

(g) A vulnerability assessment of the Project which shall include, but not be limited to, a review of pipes and constructed conveyances, operationally critical long lead time equipment or spare parts, physical barriers, water collection, pretreatment, treatment, storage and distribution facilities, electronic, computer or other automated systems which are utilized by the SAWS Distribution System, the use, storage, or handling of various chemicals and the operation and maintenance of such system, as consistent with all Applicable Law.

(h) An emergency response plan for the Project which shall also include actions, procedures, and identification of equipment which can obviate or significantly lessen the impact of terrorist attacks or other intentional actions on the public health and the safety and supply of drinking water provided to communities and individuals, as consistent with Applicable Law.

(i) A description of the Project Company’s plan for notifying nearby residents of emergencies at the Project Sites.
(j) Coordination with SAWS during periods of elevated risk.

(k) Immediate notification procedures to SAWS of security intrusions and events at the Project, including requirements for a monthly report to be provided to SAWS addressing all security-related events during the preceding month and proposed mitigation strategies.

6.6. OPERATING PROTOCOL

6.6.1 Minimum Requirements for the Operating Protocol. The Project Company shall prepare the Operating Protocol in cooperation with SAWS. The Project Company shall be responsible for the preparation of the Operation Protocol, which shall be subject to SAWS’ approval. The Operating Protocol shall include at a minimum, the following information:

(a) A general description of how the Project will be operated in conjunction with the SAWS Distribution System;

(b) A description of the Project Company’s QA/QC procedures during the Operating Period;

(c) A description of any operational procedures to be implemented in order to comply with the Performance Guarantees;

(d) Procedures to be verified before routine start-up or shut-down of flow of Product Water from the Project;

(e) Procedures for emergency start-up or shut-down of flow of Product Water from the Project;

(f) Procedures for the Project Company to communicate weekly forecast of Product Water production for consideration in SAWS’ weekly operating plan development meeting;

(g) Operations and maintenance communications procedures and requirements;

(h) Operational procedures including Product Water pump operations to avoid creating material hydraulic transients in accordance with the final hydraulic transient analysis compliant with Appendix 3 (Technical Specifications);

(i) Procedures for the Project Company’s scheduling of planned maintenance outages to provide adequate schedule for warranty inspections and any requisite warranty repairs of the Project and the SAWS Interconnection Improvements after the Commercial Operation Date;

(j) A list and description of the chemicals to be used at the Project Sites, methods of delivery, on-site storage volume, and procedures for safe storage and use of the chemicals;
(k) A description of the intended method of Residuals handling and disposal (identifying the approximate amount and type of Residuals that will be generated); and

(l) Alternative operations procedures reflecting all reasonable SAWS Distribution System operating scenarios.

As required by Section 10.9 (Service Coordination) of this Water Transmission and Purchase Agreement, the Project Company shall update at least 60 days prior to the commencement of each Contract Year following the Commercial Operation Date, the Operating Protocol for the forthcoming Contract Year. In addition, the Project Company shall update the Operating Protocol as directed by SAWS from time to time in order for the document to remain current.

6.6.2 Extended Shutdown. To initiate delivery of Product Water following an extended shutdown of the Project, the Project Company shall limit pumping ramp-up to allow SAWS sufficient time to manage reversal of flow within the SAWS Distribution System, except for initiation of pumping up to the Midrange Partial Flow (as defined in Appendix 5 (Performance Test Procedures and Standards)) during which the ramp-up may occur as quickly as the Project Company may choose. Increasing delivery of Product Water above the Midrange Partial Flow may only occur after the Project Company first notifies SAWS that the Midrange Partial Flow has been reached, and a minimum of 3 hours of subsequent operation at the Midrange Partial Flow has been sustained. The duration of minimum sustained operation prior to ramp-up above the Midrange Partial Flow may be lessened as SAWS may approve. Any Project shutdown exceeding 120 minutes will constitute an extended shutdown and automatically trigger a minimum 24-hour suspension of delivery and availability of Product Water. The Project Company shall provide a minimum 6-hour advance notice prior to resuming pumping following an extended shutdown.
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APPENDIX 7

INSURANCE REQUIREMENTS

7.1. INSURANCE DURING THE CONSTRUCTION PERIOD

The Project Company shall obtain and keep in force, or cause to be obtained and kept in force, the following policies of insurance during the Construction Period, in accordance with the terms of this Section. Copies of these policies shall be delivered to SAWS promptly if requested from the Project Company. Each policy shall be obtained and be in force prior to the performance of any work or commencement of any activity intended to be insured by each policy. At the Project Company’s option, the Project Company may provide any or all of the following insurance policies by means of a Contractor Controlled Insurance Program (“CCIP”). In such case, (a) the limits for Commercial General Liability insurance shall equal or exceed the limits set forth in subsection 7.1.3 (Commercial General Liability) of this Appendix for on-site activities and (b) the limits for Commercial General Liability insurance may be less than the limits set forth in subsection 7.1.3 (Commercial General Liability) of this Appendix for off-site operations, but in no event less than $1 million per occurrence/aggregate.

7.1.1 Builder’s Risk. A builder’s insurance policy obtained on an “all risks” coverage basis, covering all Construction Work, other than design (including testing and commissioning), at the Project Sites. Coverage shall include risks while in transit and at any temporary off-site location; all materials, supplies, machinery, fixtures and equipment intended to become a permanent part of the Project or for permanent use in the Project or incidental to the construction; all temporary structures at the Project Sites that are to be used in or incidental to the fabrication, erection, testing, or completion of the Project to the extent the cost thereof is included in the Construction Work upon which the Monthly Water Purchase Payments are based; and risks while on or about the Project Sites awaiting or during construction. The builder’s risk policy:

(a) shall be maintained until the Commercial Operation Date;

(b) shall be in an amount not less than $540 million ($540,000,000);

(c) shall be written on an all risk basis on a minimum of a LEG2 basis with no co-insurance provisions, including coverage for flood, and water damage and terrorism (excluding loss from a non-certified act of terrorism that involves nuclear, biological or chemical materials, and subject to a $20 million aggregate sublimit for flood coverage);

(d) shall include coverage for delay costs, including the loss of revenue, loss of investment income, continued payment of debt service and a covered loss ensuing as a result of design error, all subject to a $64,000,000 sublimit;

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*In accordance with Section 14.1 (Insurance) of this Water Transmission and Purchase Agreement, the parties shall amend this Appendix by the Financial Closing Date, based on applicable requirements set forth in the Senior Debt Financing Agreements.*
shall include loss arising from earthquake and earth movement, subject to a $20 million aggregate sublimit;

shall provide that equipment in transit or stored at off-site locations shall be subject to a $20 million sublimit; and

shall include reasonable sublimits for increased cost of construction, extra and expediting expenses, debris removal, professional fees, civil authority, hot testing, and prevention in ingress / egress and

may include deductibles or self-insured retentions of five percent of the loss or $250,000, whichever is not less than $1,000,000, but such deductible or self-insured retention shall not be a recoverable cost under this Water Transmission and Purchase Agreement, except as provided in subsection 7.7.3 (Earthquake Insurance Deductibles) of this Appendix with respect to loss from earthquakes and earth movement.

Named Insureds: Project Company, Water Supply Corporation and EPC Design Build Contractor

First Loss Payee: Project Bondholders Senior Debt Creditors, as their interests may appear

7.1.2 Professional Liability Insurance. A professional liability errors and omissions insurance policy, which policy shall:

be in an amount not less than $10 million per claim and in the aggregate;

be on a “claims-made” basis; and

have an extended reporting or discovery “tail” period, or be renewed for a period, of not less than ten years after the Contract Date.

Such policy shall have a retroactive date effective before the commencement of any design.

The practice professional liability policy of the primary design professional shall be specifically in excess of any project-specific professional liability errors and omissions policy. However, should the Project professional liability insurance limit be reduced by claims or losses, the design professional’s practice policy shall become excess to any remaining (reduced) portion of the Project professional liability policy. The primary design professional shall maintain its practice policy until the statute of repose expires in an amount not less than $20 million. Such practice policy shall not include any exclusionary language relating to construction joint ventures or partnerships or both.

Named Insureds: All entities providing professional design services

Indemnified Parties: Project Company, Water Supply Corporation and EPC Design Build Contractor

7.1.3 Commercial General Liability. A commercial general liability insurance policy, written on an occurrence basis and covering liabilities arising out of the construction of the Project, including independent contractors, products and completed
operations, personal and advertising liability, and liability assumed under an insured contract, and (unless covered under separate professional liability insurance) professional services provided in connection with the construction of the Project. The policy shall not contain exclusions for property damage from explosion, collapse or underground hazard, or inadvertent construction defects. The products and completed operations liability coverage shall be maintained for a period of not less than 10 years following the Commercial Operation Date or the Termination Date, whichever occurs first. The insurance shall apply separately for each insured against whom a claim is made or a lawsuit is brought, subject only to the insurance policy limits of liability. This insurance policy shall:

(a) have coverage for any one occurrence or claim of not less than $50 million per occurrence and a $50 million aggregate limit applicable solely to the construction of the Project (including liabilities arising out of the construction of the Project), which requirement may be met with any combination of primary and excess coverage so long as the excess coverage is written on a “follow form” or umbrella basis;

(b) be maintained from the Commencement Contract Date until the Commercial Operation Date; and

(c) include a cross liability and severability of interests clause; and

(d) have a ten years completed operations coverage tail.

Named Insureds: Project Company, Water Supply Corporation, and EPC Design Build Contractor

Additional Insureds: SAWS, Project Bondholders and Operating Service Provider and Senior Debt Creditors

**7.1.4 Commercial Automobile Liability.** A commercial automobile liability insurance policy with limits of liability of not less than $5 million per accident, which requirement may be met by any combination of primary and excess coverage so long as the excess is written on a “follow form” basis. The insurance must cover liability arising from any motor vehicle, including owned, hired or non-owned vehicles, assigned to or used in connection with the construction of the Project. If transporting Hazardous Substances, the commercial automobile liability insurance shall either be endorsed to provide coverage under the TE9948 endorsement, or the EPC Design Build Contractor’s pollution liability insurance policy shall be endorsed to provide transportation coverage beyond the boundaries of the Project Sites.

Named Insureds: The vehicle owner

Additional Insureds: Project Company, Water Supply Corporation, Design Build Contractor, SAWS, Project Bondholders and Operating Service Provider and Senior Debt Creditors

**7.1.5 Worker’s Compensation and Employer’s Liability.** A worker’s compensation insurance policy as required by Applicable Law, and employer’s liability insurance having coverage limits of $1 million for each accident, $1 million for disease (each employee), and $1 million for disease (policy limit).
7.1.6 Contractor Pollution Liability. A contractor pollution liability insurance policy, supplied by the EPC Design Build Contractor, written on an occurrence form with limits of not less than $5 million and a $5 million project aggregate limit, covering liability due to pollution caused by or exacerbated by construction activities. If the policy is provided on a “claims-made” form, the Project Company shall cause the EPC Design Build Contractor to continue such coverage, either through policy renewals or purchase of an extended discovery period, if such coverage is available, for not less than three years following the Commercial Operation Date. The policy shall provide either a “claims made” or an “occurrence based” coverage for all claims, liabilities, damages, costs, fees, and expenses of any kind or character arising out of any pollution condition that is in any way related to the EPC Design Build Contractor's operations, actions or inactions, and completed operations associated with any work performed by the EPC Design Build Contractor, its Subcontractors, or any of their respective employees, agents, representatives, or officers under this Water Transmission and Purchase Agreement.

Named Insured: Project Company, Water Supply Corporation, SAWS, EPC Design Build Contractor and Subcontractors

7.1.7 Pollution Legal Liability. A pollution legal liability insurance policy, supplied by the Project Company, provided on a “claims-made” form with limits of not less than $5 million and a $5 million project aggregate limit, covering third party bodily injury and property damage, remediation costs for known and unknown pollution conditions, and first party property damage. The Project Company shall continue such coverage, either through policy renewals or purchase of an extended discovery period, if such coverage is available, for not less than three years following the Commercial Operation Date.

Named Insured: Project Company, Water Supply Corporation, SAWS, EPC Design Build Contractor and Subcontractors

7.2. INSURANCE DURING THE OPERATING PERIOD

The Project Company shall obtain and keep in force, or cause to be obtained and kept in force, throughout the Operating Period the following insurance coverage:

7.2.1 Property. An all risk property insurance policy (excluding earthquake) on a stated amount basis for the Full Insurable Value insuring all buildings, improvements and equipment that are built or placed on the Project Sites, and including coverage for business interruption, extra expense and expediting expense, subject to a $20 million aggregate sublimit for flood coverage ($20 million flood sublimit excluded from Boiler and Machinery coverage as set forth in subsection 7.2.2 (Boiler and Machinery) of this Appendix). Said policy will include coverage for law and ordinance, including demolition and increased cost of construction, extra and expediting expenses, debris removal and professional fees.

Name Insureds: Project Company, EPC Contractor Water Supply Corporation, Operating Service Provider and SAWS

First Loss Payee: Project Bondholders Senior Debt Creditors, as their interests may appear

7.2.2 Boiler and Machinery. A boiler and machinery insurance policy with limits of liability of not less than $100 million per loss, insuring those objects as defined in the comprehensive object definition that are in use or connected and ready for use and are
located on the Project Sites, and including coverage for business interruption, extra expense and expediting expense.

Named Insureds: Project Company, EPC Contractor, Water Supply Corporation, Operating Service Provider and SAWS

First Loss Payee: Project Bondholders, Senior Debt Creditors, as their interests may appear

7.2.3 Business Interruption. The business interruption insurance policies required by subsections 7.2.1 (Property) and 7.2.2 (Boiler and Machinery) of this Appendix shall be provided with limits of liability in such amounts as are necessary to compensate the Project Company for direct loss of income and earnings resulting from or attributable to any of the perils required to be insured against under the policies referred to in subsections 7.2.1 (Property) and 7.2.2 (Boiler and Machinery) of this Appendix, including losses resulting from interference with or prevention of access to the Project Sites or the Project, in each case in whole or in part, as a result of such perils or for any other reason. Said policy will include civil authority and prevention of ingress / egress.

Named Insured: Project Company, EPC Contractor, Water Supply Corporation and Operating Service Provider

First Loss Payee: Project Bondholders, Senior Debt Creditors, as their interests may appear

7.2.4 Commercial General Liability. A commercial general liability insurance policy insuring against liability of the Project Company, Water Supply Corporation and the Operating Service Provider with respect to the Project or arising out of the Contract Services, written on an occurrence basis and covering liabilities arising out of premises, operations, independent contractors, products and completed operations, personal and advertising liability, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract). The insurance shall (a) apply separately for each insured against whom a claim is made or a lawsuit is brought, subject only to the insurance policy limits of liability and (b) have coverage for any one occurrence or claim of not less than $25 million, which requirement may be met by any combination of primary and excess coverage so long as the excess coverage is written on a “follow form” basis. Said policy will include cross liability and severability of interests clause.

Named Insured: Project Company, EPC Contractor, Water Supply Corporation and Operating Service Provider

Additional Insureds: SAWS and Project Bondholders, Senior Debt Creditors

7.2.5 Commercial Automobile Liability. A commercial automobile liability insurance policy with limits of liability of not less than $2 million per accident, which requirement may be met by any combination of primary and excess coverage so long as the excess coverage is written on a “follow form” basis. The insurance must cover liability arising from any motor vehicle, including owned, hired or non-owned vehicles, assigned to or used in connection with the operation and maintenance of the Project. If transporting Hazardous Substances, the commercial automobile liability insurance shall either be endorsed to provide coverage under the TE9948 endorsement, or the Operating Service
Provider’s pollution liability insurance policy shall be endorsed to provide transportation coverage beyond the boundaries of the Project Sites.

Named Insured: The vehicle owner

Additional Insureds: Project Company, SAWS, Project Bondholders, Water Supply Corporation, SAWS, Senior Debt Creditors and Operating Service Provider

7.2.6 Worker’s Compensation and Employer’s Liability. A worker’s compensation insurance policy as required by Applicable Law, and employer’s liability insurance having coverage limits of $1 million for each accident, $1 million for disease (each employee), and $1 million for disease (policy limit).

7.2.7 Pollution Legal Liability. A pollution legal liability insurance policy having coverage for any one occurrence or claim of not less than $5 million and a $5 million project aggregate limit, covering third party bodily injury and property damage, remediation costs for known and unknown pollution conditions, and first party property damage.

Named Insured: Project Company, Water Supply Corporation, SAWS, the EPC Contractor and the Operating Service Provider

7.2.8 Operating Service Provider Pollution Liability. During the Operating Period, the Operating Service Provider shall maintain in full force and effect an accidental pollution liability insurance policy written on an occurrence form with limits of not less than $5 million and a $5 million project aggregate limit. The policy shall provide either a “claims made” or an “occurrence based” coverage for all claims, liabilities, damages, costs, fees, and expenses of any kind or character arising out of any pollution condition that is in any way related to the Operating Service Provider’s operations, actions or inactions, and completed operations associated with any work performed by the Operating Service Provider, its Subcontractors, or any of their respective employees, agents, representatives, or officers under this Water Transmission and Purchase Agreement.

Named Insured: Operating Service Provider, SAWS

Additional Insured: Project Company and Water Supply Corporation

7.2.9 Earthquake and Earth Movement. An earthquake and earth movement insurance policy, including land movement, landslide, settlement, subsidence, lateral support, and mudslide, having coverage for any one occurrence or claim of not less than $20 million and a $20 million project aggregate limit.

Named Insureds: Project Company and EPC Contractor, Water Supply Corporation and Operating Service Provider

7.2.10 Other. Any other form of insurance and with such limits as in such form, in amounts and for risks as SAWS, acting reasonably, may require from time to time. The Monthly Water Purchase Payment shall be adjusted (through a Direct Payment) to reflect the cost of any such additionally required insurance.
7.3. FULL INSURABLE VALUE

7.3.1 Determining Full Insurable Value. For the purposes of this Appendix, “Full Insurable Value” of any building, improvement, equipment or other property shall be determined by the Project Company, acting reasonably, at the time the insurance is initially taken out and thereafter at least once every 12 months, and the Project Company shall promptly notify SAWS in writing of each such determination, provided that SAWS may at any time (but not more frequently than once in any 12 month period), by written notice to the Project Company, require the Full Insurable Value of any building, improvement, equipment or other property to be redetermined by an independent qualified appraiser designated by the Project Company’s insurance agent/broker and approved by the property insurance company. The Project Company shall cause such redetermination to be made promptly and the results of such redetermination communicated in writing to SAWS.

7.3.2 Adequacy of Contemplated Insurance. In addition to the determination of Full Insurable Value, as part of the periodic review contemplated in subsection 7.3.1 (Determining Full Insurable Value) of this Appendix, the Project Company shall determine whether the policies set out in Section 7.2 (Insurance During the Operating Period) of this Appendix and the limits of such policies are adequate for the Project, and the Project Company shall promptly notify SAWS in writing of each such determination, provided that SAWS may at any time (but not more frequently than once in any 12 month period), by written notice to the Project Company, require the policies or the limits of such policies be redetermined, in the manner described in the preceding paragraph. The Project Company shall cause such redetermination to be made promptly and the results of such redetermination communicated in writing to SAWS. The Operation and Maintenance Charge shall be adjusted to reflect any reduced or increased cost of any SAWS-directed insurance redetermination.

7.4. WAIVER OF SUBROGATION RIGHTS, AND OTHER POLICY REQUIREMENTS

7.4.1 EPC Design Build Contractor Waiver of Subrogation. The EPC Design Build Contractor and its insurers providing the insurance required under subsections 7.1.1 (Builder’s Risk), 7.1.2 (Professional Liability Insurance), 7.1.3 (Commercial General Liability), 7.1.4 (Commercial Automobile Liability), 7.1.5 (Worker’s Compensation and Employer’s Liability), 7.1.6 (Contractor Pollution Liability), and 7.1.7 (Pollution Legal Liability) of this Appendix, except for professional liability insurance, shall waive any right of subrogation they may have against the City, SAWS, SAWS Indemnitees and those for whom SAWS is in law responsible, whether or not the damage is caused by its act, omission or negligence.

7.4.2 Operating Service Provider Waiver of Subrogation. The Operating Service Provider and its insurers providing the insurance required under Section 7.2 (Insurance during the Operating Period) of this Appendix, except for professional liability insurance, shall waive any right of subrogation they may have against the City, SAWS, SAWS Indemnitees and those for whom SAWS is in law responsible, whether or not the damage is caused by its act, omission or negligence.

7.4.3 Project Company and Water Supply Corporation Waiver of Subrogation. The Project Company, Water Supply Corporation and their insurers providing the insurance required under subsections 7.2.1 (Property), 7.2.2 (Boiler and Machinery), 7.2.3 (Business Interruption), 7.2.4 (Commercial General Liability), 7.2.5 (Commercial Automobile Liability), 7.2.6 (Worker’s Compensation and Employer’s Liability),
7.2.7 (Pollution, Legal Liability), and 7.2.9 (Earthquake and Earth Movement) of this Appendix, except for professional liability insurance, shall waive any right of subrogation they may have against any the City, SAWS Indemnitee, SAWS Indemnitees and those for whom SAWS is in law responsible, whether or not the damage is caused by its act, omission or negligence.

7.4.3 Non-Recourse to SAWS. All insurance policies shall provide that the insurers shall have no recourse against SAWS for payment of any premium or assessment and shall contain a severability of interest provision in regard to mutual coverage liability policies. The coverages provided by mutual coverage liability insurance policies required pursuant to this Water Transmission and Purchase Agreement shall be the primary source of any restitution or other recovery for any injuries to or death of persons or loss or damage to property incurred as a result of an action or inaction of the Project Company, of its respective suppliers, employees, agents, representatives, or invitees, that fall within these coverages and within the coverages of any liability insurance or self-insurance program maintained by SAWS.

7.5. GENERAL POLICY REQUIREMENTS

Each policy of insurance required under this Appendix shall:

[a] be written on a project or location specific basis with project or site specific dedicated limits;

[b] be issued by a Qualified Insurer;

[c] be in a form approved by SAWS, such approval not to be unreasonably withheld;

[d] be non-contributing with and shall apply only as primary insurance and not excess to any other insurance, self-insurance, or other risk financing program available to SAWS;

[e] contain an undertaking by the insurers to notify SAWS and the Project Bondholders, Senior Debt Creditors in writing not less than 60 days before any material change, cancellation or termination, except for non-payment of premium whereby 10 days will apply;

[f] where SAWS is an additional insured, insure SAWS Indemnitees;

[g] where SAWS is an additional insured, use Insurance Services Office (ISO) endorsement CG 20 10 and CG 20 37 or equivalent substitutions.

7.6. EVIDENCE OF INSURANCE

Upon the issue of a policy of insurance, and otherwise upon request by SAWS, the Project Company shall deliver to the Operating Service Provider (to the extent of coverage under which it is an additional insured) and SAWS a copy of policy endorsements and certificates. The Project Company, acting reasonably, may redact proprietary information from the copy of the policies delivered to SAWS. Upon request by SAWS, the Project Company shall deliver proof of payment of premiums for insurance required to be effected pursuant to this Appendix. No review or approval of any insurance certificate or insurance
policy by SAWS shall derogate from or diminish SAWS’s rights under this Water Transmission and Purchase Agreement.

7.7. **DEDUCTIBLES**

7.7.1 **Deductibles During the Construction Period.** Except as provided in subsection 7.7.3 (Earthquake Insurance Deductibles) of this Appendix, any of the policies of insurance required under Section 7.1 (Insurance During the Construction Period) of this Appendix during the Construction Period may provide that the amount payable in the event of any loss shall be reduced by a deductible amount designated by the Project Company and approved by SAWS, such approval not to be unreasonably withheld. During the Construction Period, the Project Company shall pay the amount deducted from the insurance moneys payable in the event of any loss, and the amount shall be included as Insurance Proceeds or Insurance Receivables.

7.7.2 **Deductibles During the Operating Period.** Except as provided in subsection 7.7.3 (Earthquake Insurance Deductibles) of this Appendix, any of the policies of insurance required under Section 7.2 (Insurance During the Operating Period) of this Appendix during the Operating Period may provide that the amount payable in the event of any loss shall be reduced by a deductible amount designated by the Project Company and approved by SAWS, such approval not to be unreasonably withheld. The Project Company shall pay the amount deducted from the insurance moneys payable in the event of any loss, and the amount shall be included as Insurance Proceeds or Insurance Receivables.

7.7.3 **Earthquake Insurance Deductibles.** The policy of insurance required under subsections 7.1.1 (Builder’s Risk) and 7.2.9 (Earthquake and Earth Movement) of this Appendix may, with respect to loss arising from earthquakes and earth movement, provide that the amount payable in the event of such loss shall be reduced by a deductible amount of five percent of the loss or $250,000, whichever is less, of the $20 million sublimit insurance requirement.

7.8. **SUBCONTRACTORS**

The Project Company shall be responsible for ensuring that all Subcontractors performing the Construction Work and the Operating Work secure and maintain all insurance coverages (including workers’ compensation insurance) and other financial sureties required by the laws of the State in connection with their presence at the Project Sites and the performance of their duties pursuant to their respective Subcontracts.
APPENDIX 8

PERFORMANCE GUARANTEE REQUIREMENTS
APPENDIX 8

PERFORMANCE GUARANTEE REQUIREMENTS

8.1. PURPOSE

This Appendix sets forth the requirements for certain Performance Guarantees in this Water Transmission and Purchase Agreement and the noncompliant Product Water deductions for failure of the Project Company to meet such Performance Guarantees throughout the Operating Period.

The Product Water Quality Sampling Locations for Product Water quality compliance monitoring shall be at the point of delivery which will be a designated sample tap downstream of the Project Company Storage Tank, somewhere between the tank and the Product Water Delivery Point flange. All sampling methodology, holding times and analytical methods used shall be compliant with the latest edition of *Standard Methods for the Examination of Water and Wastewater* unless otherwise approved in advance by SAWS.

8.2. PERFORMANCE GUARANTEES

8.2.1 Product Water Quality Guarantee.

The Product Water that the Project Company delivers to SAWS at the Product Water Delivery Point shall be treated water suitable for immediate distribution as public water supply and shall meet:

(1) the quality criteria prescribed by the TCEQ Drinking Water Standards Governing Drinking Water Quality and Reporting Requirement for Public Water System, 30 Texas Administrative Code, Chapter 290, subchapter F;

(2) all federal drinking water regulations (e.g. primary and secondary maximum contaminant levels) promulgated by the EPA and enforceable in Texas; and

(3) the Additional Product Water Quality Standards specified in Table 8-1 of this Appendix.

The Project Company shall be responsible for compliance with all then-current drinking water quality regulatory requirements in items (1) or (2) above throughout the Operating Period.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
### Table 8-1. Additional Product Water Quality Standards

<table>
<thead>
<tr>
<th>Product Water Quality Parameter</th>
<th>Unit</th>
<th>Concentration at Product Water Delivery Point</th>
<th>Minimum Sampling Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Iron</td>
<td>mg/L</td>
<td>≤0.3</td>
<td>Weekly</td>
</tr>
<tr>
<td>pH</td>
<td>Standard units</td>
<td>7.5 - 9.0</td>
<td>Continuous</td>
</tr>
<tr>
<td>Temperature</td>
<td>°F</td>
<td>≤83</td>
<td>Continuous</td>
</tr>
<tr>
<td>Langeliers Saturation Index(^1)</td>
<td>Standard units</td>
<td>&gt;0.1</td>
<td>Weekly</td>
</tr>
<tr>
<td>Free Chlorine</td>
<td>mg/L</td>
<td>≥0.5 but ≤ 3</td>
<td>Continuous</td>
</tr>
<tr>
<td>Turbidity</td>
<td>NTU</td>
<td>≤2</td>
<td>Continuous</td>
</tr>
</tbody>
</table>


8.2.2 Changes in Applicable Law.

The Project Company, as provided in Section 10.2 (Product Water Quality Guarantee) of this Water Transmission and Purchase Agreement, shall comply with Applicable Law with regard to Product Water quality as it may be in effect from time to time throughout the Term. SAWS and the Project Company will coordinate in the development of any new treatment processes and methodologies necessary to meet future regulatory requirements.

8.2.3 Product Water Quality Sampling.

Sampling and monitoring will be performed following TCEQ regulation requirements or as directed by SAWS.

Continuous monitoring shall be conducted by on-line meters, located at a Product Water Quality Sampling Location that is capable of transmitting real-time information to SAWS’ SCADA system. Any parameter not requiring continuous monitoring shall be collected at the minimum frequency specified by the TCEQ and EPA by a grab sample at a Product Water Quality Sampling Location.

If it is determined through routine or SAWS-requested monitoring that delivered water does not comply with one or more of the Additional Product Water Quality Standards listed in Table 8-1, or with items (1) and (2) in subsection 8.2.1 of this Appendix, the Product Water shall be considered Off-Specification Product Water or Unacceptable Product Water as listed in Table 8-2.

Demonstrated noncompliance of any Product Water Quality Guarantee at the Product Water Delivery Point shall give SAWS the right to instruct the Project Company to
sample at any point(s) from the Well Field Facilities to the Product Water Delivery Point. The results of all such sampling shall be provided to SAWS within two Business Days following receipt by the Project Company.

All water quality analytical methods used to demonstrate compliance with the Product Water Quality Guarantee shall be performed according to methods approved by TCEQ or EPA, or otherwise approved in advance by SAWS. For routine process control analysis or routine Product Water analysis, SAWS may require the Project Company to use the SAWS Analytical Laboratory to perform the water quality testing. An independent third-party laboratory should be used if the Project Company reasonably believes that water quality may become noncompliant with any Product Water Quality Guarantee or for any reanalysis of Product Water. Any external laboratory analyzing Product Water samples must be a certified, independent, third-party laboratory preapproved in writing for use by SAWS. Approvals of laboratories for Product Water quality analysis shall not be unreasonably delayed by SAWS.

8.2.4 Raw Groundwater Sampling from Wells.

The Project Company shall sample all Wells during each Contract Year at least once for total coliforms. Each Well that returns a positive detection of coliforms shall require a resampling for coliforms from that Well within one month. If any of the Wells show coliforms on the resampling results, the following minimum safety protocol will be undertaken by the Project Company:

1. If coliforms are deemed migrating from the Well, the Well will be temporarily put out of service or the Raw Groundwater coming out of it shall be treated in a manner to protect from transfer downstream.

2. The Project Company will investigate the possible causes, define the need and the type of mitigation, and conduct the mitigation work.

3. If the resampling results show coliforms presence after mitigation is complete, a plan will be developed by the Project Company in coordination with the prior investigation results in order to define the most cost-effective solution to such issue. Proper resolution steps to be taken may include, but are not limited to, flushing the Well three or more times, chemical disinfection of the Well, shutting down the Well and drilling new Wells, and installing a water treatment system guaranteeing coliform-free water downstream. Repeated failures of the mitigation efforts will require the Project Company to develop new plans to progressively move toward more significant or costly efforts to eliminate the presence of coliforms coming from a Well. Any such plan to move towards more costly mitigation efforts shall be submitted to SAWS for review and comment prior to implementation.

4. Once the coliform presence in the Raw Groundwater has been mitigated, the
Project will return to normal operation ending the current mitigation efforts and returning to annual Raw Groundwater sampling efforts.

8.2.5 Off-Specification Product Water Deductions.

Pursuant to Section 10.2 (Product Water Quality Guarantee) of this Water Transmission and Purchase Agreement, SAWS shall have the right to impose Deductions in the amounts specified in Table 8-2 of this Appendix in the event SAWS takes delivery of any Off-Specification Product Water. Such Deduction amounts shall be Index Linked.

This Appendix provides for Deductions, which are intended as liquidated damages for the relevant circumstances herein described. The parties agree that actual damages in each such circumstance would be difficult or impossible to ascertain, and that the liquidated damages provided for herein with respect to each such circumstance are intended to place the damaged party in the same economic position as it would have been in had the circumstance not occurred. Such Deductions shall constitute the only damages payable by the obligated party in such circumstances of non-performance, breach or default, regardless of legal theory. This limitation, however, is not intended to and shall not limit any party's right to exercise its remedies herein provided, including remedies associated with a Project Company Event of Default or a SAWS Event of Default under Section 20.1 (Project Company Events of Default) and Section 21.1 (SAWS Events of Default) of this Water Transmission and Purchase Agreement, respectively. The parties acknowledge and agree that the additional remedies specifically provided for in this Water Transmission and Purchase Agreement are intended to address harms and damages which are separate and distinct from those which the liquidated damages are meant to remedy. In addition, the parties agree as follows:

(1) that the Deductions are not a penalty, and are fair and reasonable and such Deductions represents a reasonable estimate of fair compensation for the losses that may reasonably be anticipated from the specific circumstances of non-performance or breach; and

(2) that, in recognition of the acknowledgments above, the Project Company is expressly estopped from arguing, and waives any rights it may have to argue, that the liquidated damages provided for herein are a penalty and that they are not enforceable.

Any parameters requiring continuous measurement shall be noncompliant for a minimum of 4 hours before any Off-Specification Product Water Deductions are to be assessed by SAWS at SAWS sole discretion, or the water is determined to be Unacceptable Product Water. If the Project Company can demonstrate to SAWS’ satisfaction that the period of noncompliance was the result of a faulty meter or detector, or any other cause that SAWS believes adequately demonstrates that the reported value was not indicative of the actual Product Water quality delivered, then SAWS shall have the right to waive any Off-Specification Product Water Deductions.

Water that remains in an off-specification condition will be assessed a Deduction for each 24-hour period that the off-specification condition exists.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
Table 8-2. Deductions for Product Water that is Not Compliant with Additional Product Water Quality Standards

<table>
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<th>Parameter</th>
<th>Table 8-1 Compliance Standards</th>
<th>Off-Specification Product Water</th>
<th>Unacceptable Product Water</th>
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<td>Total Iron</td>
<td>≤0.3 mg/L</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>pH</td>
<td>7.5 - 9.0 units</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Temperature</td>
<td>≤83 °F</td>
<td>≥ 84 but ≤ 89 °F</td>
<td>$5000</td>
</tr>
<tr>
<td>Langeliers Saturation Index</td>
<td>&gt;0.1 units</td>
<td>≤0.1 units</td>
<td>$8000</td>
</tr>
<tr>
<td>Free Chlorine</td>
<td>≥0.5 but ≤ 3 mg/L</td>
<td>&lt; 0.4 or &gt;3 mg/L</td>
<td>$1000</td>
</tr>
<tr>
<td>Turbidity</td>
<td>≤2 NTU</td>
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<td>$5000</td>
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APPENDIX 9

GUARANTEED MAXIMUM ELECTRICITY UTILIZATION AND DEMAND
APPENDIX 9
GUARANTEED MAXIMUM ELECTRICITY UTILIZATION AND DEMAND

9.1 INTRODUCTION

This Appendix cannot be completed until the engineering of the Project is further developed. This draft is being included in this Water Transmission and Purchase Agreement to outline the current understanding of the electrical requirements of the Project and the performance requirements for efficient design and operational power consumption that will be required of the Project Company. The parties agree to further develop and complete this Appendix prior to the Financial Closing Date.

9.2 PURPOSE

The purpose of this Appendix is to define the electric power needs of the Project to be fulfilled by the power supply electricity service providers based on the power supply service contracts to be secured by SAWS and to define the procedure that will allow the Project Company to provide SAWS with a method to establish the Guaranteed Maximum Electricity Demand Utilization (GMEU) and Guaranteed Maximum Electricity Demand (GMED) in the first Contract Year of the Operating Period of the Project, and to define an approach for establishing a revised, efficient GMEU and GMED through the involvement of the O&M Budget Panel (defined in Appendix 19) for subsequent Contract Years. A methodology using measured performance data in a flow-based calculation is presented as a suggested option for determination of the GMEU and GMED for the subsequent Contract Years of operation.

Following the end of each Contract Year of the Operating Period, the O&M Budget Panel will evaluate the operation of the project, meet with SAWS and the Project Company, and (1) determine any electrical costs resulting in a Monthly Water Purchase Payment Deduction for that completed Contract Year; and (2) establish the GMEU and GMED values for the subsequent Contract Year based on historical periods of efficient operation and anticipated aquifer levels. Any electrical power consumption that exceeds the established GMEU or GMED in a given Contract Year will be a Monthly Water Purchase Payment Deduction constituting a portion of the Deductions Credit (as defined in Section 17.6 of this Water Transmission and Purchase Agreement) at the average of the current electrical rates by the electrical providers at the time.

The parties agree to cooperate with the O&M Budget Panel in the annual refinement of the calculation methodology and to obtain the necessary and accurate input parameters to establish a precise GMEU and GMED. It is a goal of the O&M Budget panel to establish the GMEU and GMED values that ensure highly efficient operation of the Project overall.

9.3 POWER SUPPLY

SAWS will establish electrical service agreements with the electrical service providers to provide the electrical supply to the Project as needed. The electrical service providers will bill SAWS directly for all electrical costs.

The Project Company will be responsible to work directly with the electrical service providers and to supply all technical information necessary to establish the specific power delivery requirements and the interconnection points between the service providers and the

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Appendix 9

Vista Ridge Regional Supply Project
Guaranteed Maximum Electricity
Water Transmission and Purchase Agreement
Utilization and Demand

SAWS will be responsible for ensuring that electrical service is constructed and adequate to meet the Commercial Operation Date.

The Project Company will be responsible to design and operate the Project in the most efficient manner possible which minimizes electrical demand, minimizes the total electrical consumption and minimizes the total electrical costs to operate the Project. This Appendix assumes that electrical service will be provided by power utilities or direct generators at a wholesale rate. This Appendix also assumes that the Project Company will not provide back-up generators as alternate power supplies for the Well Field Facilities and pump stations after the Commercial Operation Date. In the event that back-up generators are included, the period of use of the generators will be excluded from the calculation of the guarantees.

SAWS will be responsible for ensuring that electrical service is constructed and adequate to allow the Performance Tests to be performed in accordance with the Performance Test Protocol.

In the event that SAWS develops other customers on the Transmission Pipeline, this Appendix will be updated in accordance with the electrical demand and use of those other projects.

9.4 POWER NEEDS

The Project will require power supply from the grid at several locations. Power supply availability and stability must be at any time sufficient so as to not limit the Project normal operations (start-up, base load production and transportation, peaking production, transportation, operation and maintenance and others required for the Project Company to be able to supply Product Water under the terms of this Water Transmission and Purchase Agreement).

Power supply quality will be determined through the final engineering design process and established through negotiations with the power service providers.

The anticipated power supply quality anticipated at this moment is requirements are as follows:

Power supply will not produce power shortages. SAWS will work with the Project Company and the electricity service providers to provide a high quality service with the minimum number of micro interruptions. The Project anticipates using a single power source with no double ended switchgear or dual service drops intended.

All power quality and quantity information is draft in this version of this Appendix.

<table>
<thead>
<tr>
<th></th>
<th>Separate Acceptable Deviations</th>
<th>Combined Acceptable Deviations</th>
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<tbody>
<tr>
<td>Phases</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Frequency (Hz)</td>
<td>60Hz ±2%</td>
<td>±2%</td>
</tr>
<tr>
<td>Voltage (V)</td>
<td>4160 ±5%</td>
<td>±3%</td>
</tr>
</tbody>
</table>

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Appendix 9

Vista Ridge Regional Supply Project
Guaranteed Maximum Electricity Utilization and Demand

Separate deviations means that only one of the parameters is deviating and combined means that two or more parameters are deviating from the requirement.

If required, the Project Company will assist SAWS on its power supply negotiations providing the most accurate power needs and power quality data available so far.

At each of the electric meters where the electricity service providers determine the power factor for Project electrical loads, the Project Company agrees to meet the electricity service providers’ minimum allowable power factor that is not subject to penalty or surcharge.

Connection points will be required at every location as follows:

Well Field Facilities Site

At each wellhead site, one connection point will be located at the service connection terminals inside the electric cabinet and after a power meter provided by the electrical service provider. Table 1 includes the electrical requirements for each of the nine wellhead sites. Each wellhead site will have two pumps, one 250 hp pump and one 1,250 hp pump. Both pumps will be on variable frequency drives for startup and operation.

Power supply provided at those connectors based on the initial operation must be as follows:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Required Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power (KW)</td>
<td>1,119,300</td>
</tr>
<tr>
<td>Active power (KVA)</td>
<td>1,317</td>
</tr>
</tbody>
</table>

Pump Stations

At each pump station site, one connection point will be located at the service connection terminals inside the electric cabinet and after a power meter provided by the electrical service provider.

Power supply provided at those connectors based on the initial operation must be as follows:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Required Value</th>
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</thead>
<tbody>
<tr>
<td>Power (KW)</td>
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<td>Active power (KVA)</td>
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Table 1—

Table 2—

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Table 3—
IPS #1 Power Connected Load Requirements

<table>
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<th>Parameter</th>
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<tr>
<td>Power (KW)</td>
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<tr>
<td>Active power (KVA)</td>
<td>6326</td>
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Table 4—
IPS #2 Power Connected Load Requirements

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<td>Power (KW)</td>
<td>68697,860</td>
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<tr>
<td>Active power (KVA)</td>
<td>8081</td>
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</table>

Product Water Delivery Point

At the Product Water Delivery Point site, one connection point will be located at the service connection terminals inside the electric cabinet and after a power meter provided by the electrical service provider. The power requirements shown in Table 5 only account for Project Company delivery infrastructure. Power required for SAWS pumping and distribution will be additional to the power listed.

Power supply provided at those connectors based on the initial operation must be as follows:

Table 5—
Delivery Point Site Power Connected Load Requirements

<table>
<thead>
<tr>
<th>Parameter</th>
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<td>Voltage (V)</td>
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<td>Power (KW)</td>
<td>3975</td>
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<tr>
<td>Active power (KVA)</td>
<td>46</td>
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</table>

9.5 GUARANTEED POWER USAGE IN THE FIRST CONTRACT YEAR OF COMMERCIAL OPERATION

This section establishes the GMEU and GMED in the first Contract Year of the Operating Period based on an assumption of maximum Product Water delivery (subject to the daily volume limits in Section 10.4(B) of this Water Transmission and Purchase Agreement) and peak production electricity demand in every month. Attachment 9A dated October 21, 2016 to this Appendix 9 outlines the anticipated power consumption calculated for the first Contract Year of the Operating Period estimating 112,355,307 kWh as the GMEU and
20,573 kW as the GMED. The parties agree that Attachment 9A will be updated prior to the Commercial Operation Date based on current aquifer levels, information obtained through the Performance Test period, and agreed operating procedures.

The annual GMEU and GMED presented therein will be pro-rated for the number of days of actual production in the first Contract Year of the Operating Period ending December 31.

**9.6 SUGGESTED METHODOLOGY FOR GUARANTEED POWER USAGE IN CONTRACT YEARS SUBSEQUENT TO THE FIRST CONTRACT YEAR OF COMMERCIAL OPERATION**

This section describes a suggested calculation methodology that the O&M Budget Panel may consider for determination of the Guaranteed Maximum Electricity Demand and Guaranteed Maximum Electricity Utilization throughout the Term in Contract Years following the first Contract Year of the Operating Period. Major components for this methodology cannot be established until the design of the Project is near completion and the electrical demands and actual loads are known. Historical data has been collected at efficient modes of operation during Performance Testing and subsequent Contract Years of the Operating Period. Therefore, this methodology will remain in draft form and will be a conceptual outline until further developed and finalized before the Financial Closing Date by the O&M Budget Panel as part of the annual budget review process. The information included at this time is intended to outline the basics of electrical service and some of the guarantee obligations that will be established in the final version of this Appendix suggested GMEU and GMED calculation methodology and reasonable estimates for input parameters.

It is understood that delivery of Product Water will typically vary by season and by year depending on Supply/Demand Shortfalls or Make-Up Units delivery. To account for these variations and reasonably motivate efficient operation, the calculation of GMEU and GMED will be established as a function of the delivered flow (i.e. volume of Product Water delivered per unit of time). Accordingly, it is anticipated that the O&M Budget Panel will establish a set of GMEU and GMED values as a function of delivered flow rate, adjusting the values each year based on aquifer levels or other parameters that are expected to change over time and that impact the following year’s power consumption. These GMEU and GMED values may be presented in tabular or a graphical format (i.e. GMEU and GMED plotted against delivered flow).

Calculation of theoretical utilization and demand for each load in the system based on design and manufacturer data would involve assumptions of various parameters including pump efficiencies, motor efficiencies, tank levels, pipe roughness, aquifer levels, and pipeline water leakage. To avoid the uncertainties associated with theoretical estimates, the calculation of GMEU and GMED for subsequent Contact Years of operation will be based on actual measurements obtained at several operating points under standard, efficient operating conditions including the Performance Testing prescribed in Appendix 5. To establish the GMEU and GMED as a function of delivered flow, a series of tables or plotted curves, each patterned after Table 6 (for GMEU) and Table 7 (for GMED), will be developed based on measured data for each of the operating points defined across the expected pumping range of Project operation. It is anticipated that the O&M Budget Panel will define approximately 7 operating points and establish standard, efficient operating conditions.

---

Financial Close Version, November __, 2016
conditions as part of the Performance Test Protocol and as annual operational experience dictates.

Since power consumption varies due to total volumes delivered, aquifer level fluctuations, deterioration of pump efficiencies, increasing pipe roughness, and changes in water leakage throughout the Transmission Pipeline, re-measurement of actual utilization and demand will be made at the various operating points under standard, efficient operating conditions during subsequent commercial operation of the Project conducted at frequencies mutually agreed by the parties and at times convenient for the Project Company (e.g. during startup from a planned shutdown).

Water losses will be measured at the various operating points defining the GMEU and GMED and will be assumed constant throughout a Contract Year. Water losses of 2% for evaporation and 4% for leakage are contemplated as maximums for the purposes of hydraulic design, but the trends of change in water losses over time will be monitored by the O&M Budget Panel and adjusted in keeping with efficient operating practice. Water losses in excess of the maximums established will result in discounting the GMEU and GMED in a manner consistent with the Hazen-Williams equation relating pressure and flow.

9.7 CALCULATION OF WATER PAYMENT DEDUCTIONS

A power consumption balance performed at the end of every Contract Year during the Operating Period will ascertain the balance between the GMEU and GMED and the actual electricity utilization and demand at the delivered flow.

Overview

An Annual Power Usage Balance will be performed at the end of every Contract Year during the Term to ascertain the deviations between the Guaranteed Maximum Electricity Demand and Guaranteed Maximum Electricity Utilization (defined year by year) and the actual annual electricity demand and utilization.

Two types of parameters will be used in the power usage balance at the end of every Contract Year:

- Guaranteed Parameters (in kWh/task and in kWh/acre-ft)
- Measurable Parameters (number of stop/start operations, volumes produced under base load regimes, actual Product Water delivered or delivered flow, aquifer levels, metered usage and volumes produced, metered Product Water delivery, and water losses calculated as the difference between meter readings)

Annual Power Usage Balance quantifies the difference between the Guaranteed Maximum Electricity Demand and Guaranteed Maximum Electricity Utilization and the actual annual electricity demand and utilization:

\[ \Delta = \Sigma_{\text{guaranteed}} - \Sigma_{\text{measured}} \]
Operating Tolerances (a margin accounting for reasonable operational deviations from most efficient operation)

The payment deduction, if any, for actual power consumption that exceeds the GMEU and GMED will be computed as described below for each Contract Year. The methodology for payment deductions may be modified by the O&M Budget Panel if agreed to by both parties.

Payment Deduction = Net GMEU & GMED Deduction + ESP Penalties

Where:

\( \Delta \) is the deviation (positive or negative) in power usage per year in KWh. Also understood as power usage excess (if negative) or power usage savings (if positive).

\( \Sigma_{\text{guaranteed}} \) is a calculated value (defined further on in this document) in KWh, represents the guaranteed power consumption in a year.

\( \Sigma_{\text{measured}} \) is the sum of the actual annual power usage read at every site power meters, expressed in KWh.

Deviations from the guaranteed power consumption will result in the following consequences:

If \( \Delta \leq 0 \) then, SAWS shall be entitled to a water payment Deduction equal to:

\[ \Delta \times \text{Average Power cost during the Contract Year} \]

Net GMEU & GMED Deduction = absolute value of (Utilization Deduction + Demand Deduction) if that value is negative, or 0 if positive

Utilization Deduction = Utilization Balance (kWh) \times \text{Operating Tolerance Factor} \times \text{Average Utilization Cost ($/kWh)}

Utilization Balance = GMEU (kWh) – Total Actual Utilization (kWh)

GMEU is the calculated value in kWh representing the guaranteed power consumption at the actual volume of delivered flow. It is computed as the GMED determined for the delivered flow rate multiplied by the number of operating hours. Since delivered flow will not necessarily fall on the 7 measured operating points, a linear interpolation or graphical reading of a GMED curve would be used.

Average Utilization Cost is the cost in US dollars paid by SAWS for the electricity utilization (i.e. for kWh) supplied to the Project divided by Total Actual Utilization

Operating Tolerance Factor is a number representing a reasonable accounting for a reasonable margin of error for an efficiently operated Project. For the first Contract Year of the Operating Period the factor will be equal to 1.000; for subsequent years, a suggested value of 1.015 is suggested, but may be adjusted as the O&M Budget Panel determines.
**Demand Deduction** = Demand Balance (kW) \times \text{Operating Tolerance Factor} \times \text{Average Demand Cost ($/kW)}

**Demand Balance** = \text{GMED (kW)} - \text{Total Actual Demand (kW)}

**GMED** is the calculated value in kW representing the guaranteed power demand at the actual volume of delivered flow. Since delivered flow will not necessarily fall on the 7 measured operating points, a linear interpolation or graphical reading of a GMED curve will be used.

**Average Power cost during the Contract Year** is calculated as **Demand Cost** is the total power demand cost in US dollars paid by SAWS for the electricity demand (i.e. for kW) supplied to the Project divided by \( \sum \text{Total Actual Demand} \).

**ESP Penalties** is the sum of all penalties and surcharges billed to SAWS by the electricity service providers for operation that does not meet minimum power factor requirements.

**Calculation of \( D_{\text{guaranteed}} \)**

First, a list of power users in the system (equipment using electricity) is defined along with the corresponding guaranteed power consumption for every working regime (start-up, base load production, peaking production).

Since power consumption varies from Contract Year to Contract Year due to aquifer level fluctuations, the calculation matrix below (Table 6) will need to be updated on an annual basis:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
# Table 6 – GMEU Calculation Matrix

<table>
<thead>
<tr>
<th>Power users in the system</th>
<th>Start-Up event usage (Guaranteed kWh/event)</th>
<th>Actual # of startup events</th>
<th>Base Load Production, P≤50,000 acreft/year Power Utilization (Guaranteed kWh/acreft)</th>
<th>Actual Base load production (Acreft)</th>
<th>Peaking Production, P&gt;50,000 acreft/year (Guaranteed kWh/acreft)</th>
<th>Actual Peaking production (Acreft)</th>
<th>Year N, equipment guaranteed usage guaranteed usage Utilization (KWh/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellfield</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pump Simsboro/Carrizo Meter 1</td>
<td>X1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N1</td>
<td>Y1</td>
<td>P1</td>
<td>Z1</td>
<td>P1</td>
<td>S1=X1<em>N1+Y1</em>P1+Z1*P1</td>
<td></td>
</tr>
<tr>
<td>Pump Simsboro/Carrizo Meter 2</td>
<td>X2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N2</td>
<td>Y2</td>
<td>P2</td>
<td>Z2</td>
<td>P2</td>
<td>....</td>
<td></td>
</tr>
<tr>
<td>Other users</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HSPS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical Dosing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pump#1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pump#2 HSPS Meter</td>
<td>Xj</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nj</td>
<td>Yj</td>
<td>Pj</td>
<td>Zj</td>
<td>Pj</td>
<td>Sj=Xj<em>Nj+Yj</em>Pj+Zj*Pj</td>
<td></td>
</tr>
<tr>
<td>Pump IPS #3 1 Meter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| IPS# 2 Meter | Terminus Meter | Cathodic Protection | Rectifier Meter 1 | Rectifier Meter 2 | .... | The sum of this column is \( \Sigma \) guaranteed

Table 6 – Power Consumption Calculation Matrix
Electrical motors draw substantial additional power when starting up. The calculation of the cumulative net effect of startup will be calculated using the number of actual stop/starts and the startup power consumption provided by the manufacturer. The startup consumption (X) for a given component j is calculated based on Equation 1:

\[(\Delta t) D_j \times t\]  \hspace{1cm} (1)

<table>
<thead>
<tr>
<th>Power users in the system</th>
<th>Guaranteed Demand at the Delivered Flow (kW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellfield</td>
<td></td>
</tr>
<tr>
<td>Simsboro/Carrizo Meter 1</td>
<td>Y1</td>
</tr>
<tr>
<td>Simsboro/Carrizo Meter 2</td>
<td>Y2</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Simsboro/Carrizo Meter 8</td>
<td>...</td>
</tr>
<tr>
<td>Simsboro/Carrizo Meter 9</td>
<td>...</td>
</tr>
<tr>
<td>Other users</td>
<td></td>
</tr>
<tr>
<td>HSPS Meter</td>
<td>Yj</td>
</tr>
<tr>
<td>IPS# 1 Meter</td>
<td></td>
</tr>
<tr>
<td>IPS# 2 Meter</td>
<td></td>
</tr>
<tr>
<td>Terminus Meter</td>
<td></td>
</tr>
<tr>
<td>Cathodic Protection</td>
<td></td>
</tr>
<tr>
<td>Rectifier Meter 1</td>
<td></td>
</tr>
<tr>
<td>Rectifier Meter 2...</td>
<td></td>
</tr>
<tr>
<td>...</td>
<td>The sum of this column is the GMED</td>
</tr>
</tbody>
</table>

where \(D_j\) is the power draw, in kW, during the startup event according to manufacturer specification and guarantees. The duration of the startup event, converted to hours (\(t\)), is also provided by the manufacturer.

Depending on the equipment, the draw during startup (\(D_j\)) can be several times greater than the draw during normal operations. This event can last from a few seconds up to a minute. Optimization of startup sequences and schedules can play a significant role in reducing power consumption.

**Calculation of Y and Z**

To calculate the consumption for each component, the following equation is used for the theoretical hydraulic horsepower required at base load conditions. They must be calculated for the actual working point of the equipment under the corresponding operation regime:

\[
\eta_{\text{hydraulic}} = \frac{Q \times H \times S}{3,960}
\]  \hspace{1cm} (2)
Where $Q$ is the flow rate in gallons per minute (gpm), $H$ is the hydraulic head differential across the component and $S$ is the specific gravity of the fluid (water). This allows for the calculation of the hydraulic head necessary for the pumps. The theoretical mechanical and electrical horsepower (hp) requirements are calculated with the following:

$$\frac{(Dh)_{mech}}{\eta_{mech}} = \frac{hp_{hydraulic}}{\eta_{mech}}$$  \hspace{1cm} (3)$$

$$\frac{(Dh)_{motor}}{\eta_{motor}} = \frac{hp_{mech}}{\eta_{motor}}$$  \hspace{1cm} (4)$$

Where $\eta$ represents efficiencies (mechanical or motor) obtained from the manufacturer. By converting the horsepower of the motor to kilowatts, the baseload production consumption rate ($Y$) can be calculated. When frequency variators are present, their efficiency will also need to be taken into account.

It should be noted that the efficiency of the pumps can (and often do) vary depending on the flow rate. Sufficient flexibility will be needed in the base load production consumption rate to allow for operation across the full range of flow rates necessary. In addition, other equipment (not pumps) such as mixers, blowers, etc. will have a different means for calculating their corresponding base load production consumption rates.

The peaking production consumption factor ($Z$) is calculated in the same way as the baseload production consumption factor ($Y$).
Additional Design Guarantees

In order to provide SAWS with additional guarantees for energy efficiency, the Project Company commits to the following:

- At Project commissioning, the pipe will have physical properties resulting in an average Hazen-Williams coefficient (C) of no less than 135.

- When selecting equipment, for functionally equivalent equipment (matches the functional needs of the Project), the Project Company will select those providing the best efficiency average at an annual theoretical operation regime. If the price difference between the most efficient and the second most efficient is higher than 5%, then the selected item will be the second most efficient.
October 21, 2016

Mr. Steve Clouse
San Antonio Water System
2800 U.S. Highway 281 North
San Antonio, Texas 78212

RE: VRRSP
Appendix 9
Updated Spreadsheet

Dear Mr. Clouse:

As a follow up to our discussions on Tuesday regarding the calculation of electric usage in the proposed Vista Ridge Regional Supply Project, we have modified the spreadsheet as follows:

- The delivered flow is 50,000 ac-ft/year (as opposed to a peak year flow of 53,000 ac-ft/year).
- The wellfield represents current estimated aquifer levels.
- The spreadsheet divides the well calculation into a separate tab.
- A summary sheet has been added.
- A tab showing the headloss through a butterfly valve in the system has been added.
- The footnotes have been disaggregated to allow for easier understanding of each equation and to allow the application of “what-if” scenarios.

Based on the current First Year scenarios, at delivered flow of 50,000 ac-ft/year, the electric usage is as follows:

<table>
<thead>
<tr>
<th>System</th>
<th>Year N, equipment guaranteed usage (KWh)</th>
<th>Percent of total</th>
<th>Demand (Kw)</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wels</td>
<td>57,900,179</td>
<td>34%</td>
<td>6,758</td>
<td>33%</td>
</tr>
<tr>
<td>System</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HSPS Pumps</td>
<td>33,036,896</td>
<td>19%</td>
<td>2,966</td>
<td>19%</td>
</tr>
<tr>
<td>Remaining HSPS usage</td>
<td>9,457,005</td>
<td>6%</td>
<td>1,080</td>
<td>5%</td>
</tr>
<tr>
<td>IPS 1 Pumps</td>
<td>28,366,536</td>
<td>15%</td>
<td>3,172</td>
<td>15%</td>
</tr>
<tr>
<td>Remaining IPS 1 usage</td>
<td>558,450</td>
<td>0%</td>
<td>64</td>
<td>0%</td>
</tr>
<tr>
<td>IPS 2 Pumps</td>
<td>42,184,610</td>
<td>25%</td>
<td>5,335</td>
<td>26%</td>
</tr>
<tr>
<td>Remaining IPS 2 usage</td>
<td>558,450</td>
<td>0%</td>
<td>64</td>
<td>0%</td>
</tr>
<tr>
<td>Terminus Site</td>
<td>315,070</td>
<td>0%</td>
<td>38</td>
<td>0%</td>
</tr>
<tr>
<td>Remaining Usage</td>
<td>856,290</td>
<td>1%</td>
<td>98</td>
<td>0%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>112,355,307</td>
<td>66%</td>
<td>13,816</td>
<td>67%</td>
</tr>
<tr>
<td>Total</td>
<td>170,264,486</td>
<td></td>
<td>20,573</td>
<td></td>
</tr>
</tbody>
</table>
In our meeting Tuesday, there was a concern that an operator may try to operate the system against a partially closed valve. Although final pump selection has not been made, we do have the estimated shut-off heads for the pumps currently being proposed. (These are provided on the Valve Equation tab.) In the case of the HSPS and IPSZ, any butterfly valve closed beyond 60-degrees will trigger a head condition that shuts down the pumps. (IPSI has a higher shut off head, so this is not the case.)

To show the functionality of the provided spreadsheet, we can look at the effect of a 60-degree closed butterfly in the section of pipe between the HSPS and IPS1. As shown on the Valve equation tab, it would increase the overall horsepower by approximately 8%. Going back to the Station Horsepower Requirements tab, the 4,720 total horsepower (cell B8) can be increased by 8%. The effect on the summary is an increase in Guaranteed Usage to 172,068,811 kWh, and that is assuming that the operator runs it this way for a full year. The delta is 1,804,325 kWh, or 1.06% greater than the typical operation scenario.

Running the system again with the worst case scenario, operating IPS1 with a 70% closed valve, results in a 4.40% increase in power usage. This is assuming that the operator ran the system this way through the entire year.

There are certain assumptions that need to be taken into consideration when using this spreadsheet:

- Final pumps have not been selected. They will have a minor effect on the overall numbers.
- The VFDs will have a beneficial effect on the base flow condition, once selected.
- The aquifer levels are estimates, and will change once each well is drilled and actual data is available.

We believe these findings support our position that establishing the maximum electricity utilization and demand should be included as part of the operation and maintenance plan. Please feel free to contact Kim Keefer should you have questions or comments on the spreadsheet or data contained therein.

Sincerely,

VRRSP Consultants, LLC

Kim S. Keefer, PE
Administrative Program Manager

Attachments (If applicable)

Cc: M. Vergara (CPY)

P:\77\74\03\WTPA_Requirements\161021_LTR_Clouse_Dawson_Appendix 9 spreadsheet.docx

2000 NW Loop 410 San Antonio, Texas 78213
APPENDIX 14

PROJECT COMPANY AND PROJECT CONTRACTORS INFORMATION
APPENDIX 14
PROJECT COMPANY AND
PROJECT CONTRACTORS INFORMATION

14.1. PURPOSE

14.1.1 Purpose. The purpose of this Appendix is to identify: (1) the Project Company’s formation and other relevant entity-related information; (2) those Project Contractors that SAWS has approved for use by the Project Company in performing the Contract Services; and (3) the key management and supervisory personnel proposed to be used by the Project Company in performing the Construction Work.

14.2. PROJECT COMPANY INFORMATION

14.2.1 Project Company Information. Project Company represents and warrants that the following information regarding Project Company is true and complete as of the Contract Date:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name:</td>
<td>Vista Ridge LLC (formerly known as Abengoa Vista Ridge, LLC)</td>
</tr>
<tr>
<td>2. Date of Formation:</td>
<td>September 15, 2014</td>
</tr>
<tr>
<td>3. State of Formation:</td>
<td>Delaware</td>
</tr>
<tr>
<td>4. Registration/File Number:</td>
<td>5603609</td>
</tr>
<tr>
<td>5. Managers:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Name</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Scott Parrish</td>
<td>Garney Construction 1333 NW Vivion Road Kansas City, MO 64118</td>
</tr>
<tr>
<td>Matt Foster</td>
<td>Garney Construction 1333 NW Vivion Road Kansas City, MO 64118</td>
</tr>
<tr>
<td>Bill Williams</td>
<td>Garney Construction 1333 NW Vivion Road Kansas City, MO 64118</td>
</tr>
<tr>
<td>Mike Gardner</td>
<td>Garney Construction 1333 NW Vivion Road Kansas City, MO 64118</td>
</tr>
<tr>
<td>Jeff Lacy</td>
<td>Garney Construction 1333 NW Vivion Road Kansas City, MO 64118</td>
</tr>
<tr>
<td>6. Subsidiaries at the Contract Date:</td>
<td>None</td>
</tr>
</tbody>
</table>
14.3. PROJECT CONTRACTORS

14.3.1 Project Contractors Generally. As provided in Article 13 (Contracting and Labor Practices) of this Water Transmission and Purchase Agreement, the Project Contractors shall be used by the Project Company in connection with the performance of the Contract Services. At any time during the Construction Period or the Operating Period, as applicable, the Project Company may request SAWS to update the list of approved Project Contractors. SAWS will review any suggested changes to such list in accordance with the provisions of Article 13 (Contracting and Labor Practices) of this Water Transmission and Purchase Agreement. SAWS will have the right at any time to review and revise the then-current list of approved Project Contractors consistent with Article 13 (Contracting and Labor Practices) of this Water Transmission and Purchase Agreement.

14.3.2 Approved Project Contractors. The Project Contractors that SAWS has approved as of the Contract Date, and the Project Company is permitted to engage for the roles set forth below, are the following:

<table>
<thead>
<tr>
<th>Project Contractor</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Garney Companies, Inc.</td>
<td><strong>EPC/Design Build</strong> Contractor</td>
</tr>
<tr>
<td>2. The Operating Service Provider will be identified in the manner set forth in subsection 13.1(F) of the WTPA.</td>
<td>Operating Service Provider</td>
</tr>
<tr>
<td>3. Central Texas Regional Water Supply Corporation</td>
<td>Water Supply Corporation</td>
</tr>
</tbody>
</table>

14.4. KEY INDIVIDUALS

14.4.1 Generally. As referenced in subsection 13.1(C) (Use of Project Contractors, Subcontractors and Key Individuals) of this Water Transmission and Purchase Agreement, certain key management and supervisory personnel will be used by the Project Company in connection with the performance of the Construction Work and the Operating Work (the “Key Individuals”). The Project Company shall provide SAWS with written notice in advance of the selection of (and any change in) the Key Individuals holding the positions listed in the table below, subject to review and approval (such approval not to be unreasonably withheld or delayed) of SAWS in accordance with subsection 13.1(C) (Use of Project Contractors, Subcontractors and Key Individuals) of this Water Transmission and Purchase Agreement. Resumes for the Key Individuals are included in Attachment 14A (Key Individuals Resumes) of this Appendix and establish the general level of qualifications for the role identified. To the extent not identified prior to the Financial Closing Date, within 60 days after the Financial Closing Date, the Project Company shall provide the names of the Key Individuals and their resumes for the positions set forth in subsection 14.4.2 (Key Individuals) of this Appendix. Such Key Individuals shall be subject to review and approval (such approval not to be unreasonably withheld or delayed) of SAWS in accordance with subsection 13.1(C) (Use of Project Contractors, Subcontractors and Key Individuals) of this Water Transmission and Purchase Agreement. At a minimum, all Key Individuals shall meet the registration, licensing, and certification requirements of Section 5.6(C) (Registration, Licensing and Certification Requirements) of this Water Transmission and Purchase Agreement. Further, the Chief Operator shall meet the registration,
licensing, and certification requirements of Section 9.2(A) (Project Company’s Chief Operator) of this Water Transmission and Purchase Agreement, and all key operations staff shall meet the minimum qualification requirements of Section 9.3 (Staffing and Personnel) of this Water Transmission and Purchase Agreement and Appendix 6 (Operating and Maintenance Standards) of this Water Transmission and Purchase Agreement.

14.4.2 Key Individuals. The Key Individuals and the positions that the Project Company intends them to hold are the following:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
## Project Company

<table>
<thead>
<tr>
<th>Project Company Party</th>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project Company</td>
<td>Project Company Representative/Principal In Charge</td>
<td>Scott Parrish</td>
</tr>
<tr>
<td>2.</td>
<td>Operations Manager</td>
<td>Bill Williams</td>
</tr>
<tr>
<td>3.</td>
<td>Vice President of Pipe</td>
<td>Matt Foster</td>
</tr>
<tr>
<td>4.</td>
<td>Vice President of Plant</td>
<td>Mike Gardner</td>
</tr>
<tr>
<td>5.</td>
<td>Commissioning Manager</td>
<td>Scott Setter</td>
</tr>
</tbody>
</table>

## Project Subcontractors

<table>
<thead>
<tr>
<th>Project Company Party</th>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. BlueWater Systems, LP</td>
<td>Water Developer</td>
<td>Ross Cummings</td>
</tr>
<tr>
<td>3. CP&amp;Y</td>
<td>Professional Engineers</td>
<td>Pete Patel</td>
</tr>
<tr>
<td>4. R.W. Harden &amp; Associates</td>
<td>Professional Engineers</td>
<td>James Bene</td>
</tr>
<tr>
<td>5. Garney Construction</td>
<td>Project Construction Firm</td>
<td>Matt Foster</td>
</tr>
</tbody>
</table>

### 14.5. SPECIFIED PERSONNEL

14.5.1 Additional Specified Personnel. The Project Company shall provide SAWS with written notice in advance of the selection of (or any change in) the personnel positions listed in the table below (“Specified Personnel”). SAWS shall deliver written notice to the Project Company promptly (but in no event later than 14 days from receipt of such notice) describing any reasonable concerns regarding the qualifications of individuals proposed to hold such positions (or to replace the current Specified Personal). Within seven days of the delivery of SAWS’s notice, the parties shall meet to resolve SAWS’s concerns.
<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Construction Manager – Facilities</td>
<td>Marcus Grace</td>
</tr>
<tr>
<td>2. Construction Manager – Pipe</td>
<td>Jason Jansen</td>
</tr>
<tr>
<td>23. Construction Superintendent</td>
<td></td>
</tr>
<tr>
<td>34. All Operations Supervisors</td>
<td></td>
</tr>
<tr>
<td>45. Chief of Security</td>
<td></td>
</tr>
<tr>
<td>6. Safety Supervisor – Pipe</td>
<td>Dan Stanton</td>
</tr>
<tr>
<td>7. Safety Supervisor – Facilities</td>
<td>Jamie Blystone</td>
</tr>
</tbody>
</table>

14.5.2 Unnamed Specified Personnel as of the Contract Date. To the extent not identified prior to the Financial Closing Date, within 60 days after the Financial Closing Date, the Project Company shall provide the names of the individuals proposed to hold the positions set forth in subsection 14.5.1 (Additional Specified Personnel) of this Appendix and shall provide resumes for each such individual. SAWS shall have the same approval rights set forth in subsection 14.5.1 of this Appendix as for a change in Specified Personnel.

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ATTACHMENT 14A

KEY INDIVIDUALS RESUMES

See attached.
Financial Close Version, November __, 2016

A14-8
Southside Water Transmission Main – Phases 2, 2A & 3
Installation of 30,400 LF of 36" C303 pipe, 36,910 LF of 48" DIP, and 5,930 LF of 42" DIP. Included 1,020 LF of 72" tunnels installed by hand and machine tunneling, extensive dewatering, and a creek crossing.

CALIFORNIA AMERICAN WATER – Pacific Grove, California
Monterey Peninsula Water Supply Project
Installation of 85,000 LF of 36" mortar-lined steel water pipe and 13,000 LF of 42" PVC pressure water pipe.

TARRANT REGIONAL WATER DISTRICT – Fort Worth, Texas
Eagle Mountain Connection Pipeline, Contract B
Installation of 47,400 LF of 78" and 84" mortar-lined, polyurethane-coated steel pipe and construction of several large underground cast-in-place concrete structures and two above ground electrical buildings.

CROSS COUNTY WATER SUPPLY CORPORATION – Austin, Texas
30" Transmission Line and High Service Pump Station (Design-Build)
Installation of 285,000 LF of 30" C303 pipe, a pre-stressed concrete ground storage tank, high service pump station, electrical building, chemical steel arch structure, sodium hypochlorite system, and electrical.

SAN ANTONIO WATER SYSTEM – San Antonio, Texas
Water Resources Integration Program Pipeline Segment 2B and 2A
Included installation of 72,000 LF of 60" pipeline, multiple steel casing bores, and multiple tunnel liner plate bores.

Carrizo AWR Wellhead and Wellfield Project, Phases I and II
Installation of 87,000 LF of 12" to 60" steel and PVC pipe and 17 vertical line shaft pump installations in existing wells. Included 928 LF of 84" auger bores.

Market Street Pump Station (CMAR)
Refurbishing of an existing pump station with new piping and valves, refurbishing three deep wells, adding new pumps and new meters, and updating the electrical controls.

CITY OF ABILENE – Abilene, Texas
O.H. Ivie Water Supply Pipeline
Installation of 51 miles of 36" C303 pre-tensioned concrete pipeline from O.H. Ivie Lake to the City of Abilene to meet water demands during a severe drought. Included 1,041 LF of 48" jack and bores.

CITY OF GREEN BAY – Green Bay, Wisconsin
54" Parallel Raw Water Transmission Main
Installation of 76,655 LF of 54" mortar-lined, tape-wrapped steel pipeline. Included a swamp crossing.

CITY OF LUBBOCK – Lubbock, Texas
Lake Alan Henry Water Supply Transmission Pipeline, Contract C
Installation of 80,500 LF of 48" bar wrapped concrete cylinder waterline, fiber optic conduit and fiber pull boxes for future SCADA, five 66" hand tunnels totaling 500 LF, and several appurtenances.
Bailey County Well Field Supply Pipeline – Contract B
Installation of 36,645 LF of 30" and 7,923 LF of 36" C303 bar wrapped pipe and 990 LF of 54" tunnel bores.
AVR

BILL WILLIAMS
OPERATIONS MANAGER

Career Summary
Employed by AVR since: 2010
Employed in industry since: 1990

Education
University of Southern Colorado
B.S. in Civil Engineering Technology, Cum Laude
May 1991

Affiliations & Certifications
- OSHA 10-Hour Trained
- FMI Project Manager Skills College
- SRF Construction Schedules

PROFESSIONAL SUMMARY
Bill brings over two decades of experience in the municipal water industry managing large complicated and unique projects that include open cut, bored, CIPP lining, and pump stations throughout the western United States. As Operations Manager, Bill is responsible for complete oversite of AVR’s Western Region including project acquisition, staffing, safety, scheduling, procurement, subcontractor management, and client satisfaction.

References
Jackie Chambers
Colorado Springs Utilities
Ph: (719) 668-2890
Randy Parks, PE
Dewberry
Ph: (303) 651-0613

Dennis Auge
MWH (Formerly with Colorado Springs Utilities)
Ph: (719) 492-8200
Keith Riley
Colorado Springs Utilities
Ph: (719) 668-8677

RELEVANT EXPERIENCE
COLORADO SPRINGS UTILITIES – Colorado Springs, Colorado

Southern Delivery System Program
The $841 million Southern Delivery System Program was one of the biggest water projects in Colorado consisting of 50 miles of pipeline, three pump stations and a water treatment plant. It delivers water from the Pueblo Reservoir to Colorado Springs, Fountain, Security and Pueblo West. Installed 22 miles of pipeline ranging in size from 24” to 66” over a five-year period starting in 2010. The majority of the project was throughout busy streets and highways of Colorado Springs requiring extensive traffic control and multiple bores.

Homestead Suction Pipeline Replacement (CM/CGC) $111.5 M
Installation of 1,200 LF of slip lining and 3,200 LF of open cut replacement of 66” carbon steel waterline.

Pikeview to Mesa Raw Water Pipeline (Design-Build) $8.8 M
Installation of 12,500 LF of 24” steel waterline to deliver 10 MGD, and 2,000 LF of 12” PVC potable waterline.

South Catamount Reservoir Transfer Pipeline Replacement $2.4 M
Installation of 2,650 LF of 36” HDPE pipe across the reservoir using the float and sink method. Two ARVs were installed, as well as one air break manhole, 800 LF of 30” PVC into reservoir via open cut, and 1,000 LF of 32” steel waterline via open cut.

Pine Valley Pipeline Improvements $1.1 M
Included the rehabilitation of three PRV vaults and replacement of distressed portions of the pipeline, reconditioning the 70 MGD PRVs, design of a new 2 MGD bypass PRV system capable of reducing head from 350 psi to atmospheric, replacement of vault piping, design of new concrete pipe supports for the 30” PRVs to withstand vibration, and design and installation of a removable covers to facilitate equipment maintenance.

Post-Fire Mitigation for Stanley Canyon Road and Pipeline (Design-Build) $6.8 M
Repairs to the Pine Valley and Northfield Pipelines, restoration of Forest Road 303 access road, modifications to drainage conveyance crossings, construction of flood control and conveyance along West Monument Creek, and mitigation and defensive measures to protect roadway and pipeline infrastructure.
Little Mesa Tank Replacement Project (Design-Build) $5.0 M
Includes the design and replacement of the existing Little Mesa Tank with a 5 MG wire-wound prestressed aboveground concrete D110 Type III tank.

Tesla EDS Structure Phase 2 & Stanley Canyon Tunnel Inspection & Repairs (Design-Build) $3.5 M
Inspect and make minor repairs to Stanley Canyon Tunnel, installing operational pressure control valves in the EDS facility, and develop 60% design documents for any necessary major tunnel repairs.

Twin Rock 68 MGD Pump Station, Phases I and II $552 K
Installation of 72" steel exterior intake piping, 67" steel discharge piping, 6" fire line, and associated appurtenances for the pump station. This project included four 2,000 HP pumps with VFD's.

CITY OF GREELEY, CO – Greeley, Colorado
Bellvue Transmission Pipeline Northern Segment - Phase 1 $22.1 M
Installation of 28,677 LF of 60" treated steel water pipeline, as well as installation of a flow meter, appropriate air vacs and blow-offs, and extensive dewatering due to very heavy ground water.

CLIMAX MOLYBDENUM COMPANY – Climax, Colorado
Mill Water Return and PDWTP Pipeline Project $10.9 M
Included the installation of 3,468 LF of 30" welded steel pipe, 7,230 LF of 36" welded steel pipe, and 8,072 LF of 24" welded steel pipe and was located in the mountains of Colorado at an elevation of 10,000 feet.

CITY OF EL PASO, TX – El Paso, Texas
Arboles Tanks No. 2 and 3 $10.5 M
Installation of 11,000 LF of 20" to 30" water line, two 2 MG storage tanks, 20,000 SY of drainage channel and rip-rap, tie-in connections, pavement installation and all associated appurtenances.

NORTHERN COLORADO WATER CONSERVANCY DISTRICT – Fort Collins, Colorado
Pleasant Valley Pipeline Project $10.3 M
Furnish & install 19,650 LF of 67" welded steel pipe which included one crossing of the Poudre River, a complete turnout structure, BFV's, blowoff assemblies, AR/AV assemblies, and 90 LF of 78" bored casing.

BASIN ELECTRIC – Boulah, North Dakota
AVS Raw Water Pipeline Replacement $10.0 M
Installation of 47,000 LF of 42" steel pipe, 810 LF of 54" bored casing, manholes, connections, and all associated appurtenances.

PUBLIC SERVICE COMPANY OF NEW MEXICO – Waterflow, New Mexico
42" Ductile Iron Waterline – River Pump Station to SGG's lake $6.4 M
Installation of 25,027 LF of 42" ductile iron waterline running from the River Pump Station to the San Juan Generating Station's Lake and connects to an existing pipeline at the pump station. There were two jack and bore operations, including bores underneath Hwy 64 and CR 6700, and an open cut crossing of CR 6800.

CITY OF CAÑON CITY, CO – Cañon City, Colorado
Cañon City Tank and Pipeline $4.8 M
Installation of a 5.0 MGD pre-stressed tank, pump station, and yard piping.
Contact Information
Phone: (816) 746-7219
Email: m foster@gamey.com

Career Summary
Employed by AVR since: 1993
Employed in industry since: 1993

Education
Kansas State University
B.S. in Construction Science and Management
May 1993

Affiliations & Certifications
- NUCA Member
- OSHA Competent Person
- OSHA 10-Hour Trained
- Confined Space Safety Trained
- First Aid and CPR Trained

PROFESSIONAL SUMMARY
Matt has responsibility for the organization and management of AVR’s pipe operations in the Western United States. He estimates, negotiates, and manages operations for multiple projects throughout this area. These projects include large diameter water and sewer pipelines in varying ground conditions and levels of difficulty. He is also responsible for material approval and procurement, scheduling and tracking performance, and coordination and communication between his project team members. Matt is a tremendous team-builder and pays close attention to safety, quality, and customer satisfaction. He was appointed Senior Project Manager in 2000 and Vice President in 2009.

References
Tom Roode
Denver Water
Ph: (303) 628-7033

Randy Parks
Dewberry
Ph: (303) 951-0613

Daniel Rice, P.E.
Providence Infrastructure
Ph: (303) 997-5033

Jay Edwards
Midland County FWSD No. 1
Ph: (432) 697-1447

RELEVANT EXPERIENCE

NORTH TEXAS MUNICIPAL WATER DISTRICT – Wylie, Texas
Lake Texoma Outfall to Wylie WTP Pipeline (CMAR) $281.4 M
CMAR project for the installation of 255,500 LF of 96” and 84” steel waterline, 240 MG blending reservoir, 200 MG blending facility, ground storage tanks, metering, blending, and chemical feed systems.

MIDLAND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1 – Midland, Texas
T-Bar Well Field Development & Delivery Project (Design-Build) $97.1M
Installation of 60 miles of 48” steel and C303 water transmission main, and 25 miles of PVC well field piping. The pipe sections consist of 205,500 LF of 48” steel waterline, 105,250 LF of 48” C303 waterline, and 150,000 LF of 6” to 36” PVC pipe. The project includes rock excavation, auger bores and several manholes.

T-Extension Project (Design-Build) $22.9M
Installation of 24,000 LF of 48” C303 and L301 water transmission main, 57,000 LF of 12” C900 and 16” C905 PVC water distribution line, three hand tunnels, two auger bores, five horizontal directional drills, 5 MG elevated water storage tank, chlorination injection facility, flow control valve structure, and two hot taps.

TARRANT REGIONAL WATER DISTRICT / CITY OF DALLAS – Fort Worth, Texas
Section 15-1 of the Integrated Pipeline Project $92.9M
Installation of 82,010 LF of 108” waterline via open cut and tunneling, valves, connections, construction of the Richland Chamber Interconnection Facility, various roadway improvements and site improvements.

Section 14-1 of the Integrated Pipeline Project $48.1M
Installation of 78,541 LF of 108” mortor-lined steel waterline, manholes, air release valves, blow-off valves, and 1,981 LF of 130” to 168” hand tunneling for a tunneled crossing of Interstate 35E, a railroad, and existing high pressure gas lines.
CITY OF AURORA – Aurora, Colorado
Prairie Waters Project North Campus BP11
20 MGD facility that included 18 recovery wells, five miles of 60" steel pipeline. $52.2 M

Prairie Waters Project Conveyance System Pipeline
Installation of 56,745 LF of 60" mortar-lined steel pipe with more than 6,000 LF located in a right-of-way. Challenges included creek, railroad, and highway crossings, dewatering, and two 72" hand mined tunnels. $31.1 M

Pradoilly Road 24" Waterline
Installation of 21,027 LF of 24" PVC and 4,843 LF of 12" PVC sanitary force main. $3.9 M

Gun Club 42" Waterline
Installation of 8,000 LF of 42" steel waterline completely within a busy roadway right-of-way. $2.5 M

CITY OF ABILENE – Breckenridge, Texas
PK Second Stage Drought Strategy – Transmission System (CMAR)
Installation of 143,000 LF of 12" SDR-21 PVC RO concentrate pipeline, 82,000 LF of 36" C-303 bar-wrapped pipe, 55 each 14" HDDs totaling 13,720 and a 3,374 LF 36" HDD under Hubbard Creek Reservoir, 16 auger bores totaling 1,870 LF, rock trenching, outfall structure, tie-ins, pressure sustaining valve vault structure, flow meter vault structure, replacing 6,000 LF RCCP, and surge modifications to existing RCCP lines. $38.1 M

COLORADO SPRINGS UTILITIES – Colorado Springs, Colorado
Southern Delivery System Raw Water Pipeline Segment S2
Installation of 33,865 LF of 66" steel pipe with 355 LF of cased crossing by tunneling. $26.9 M

Southern Delivery System Raw Water Pipeline Segment S4A East-West
Installation of 40,000 LF of 66" cement mortar-lined and polyurethane-coated spiral weld steel pipe. $26.3 M

Southern Delivery System Raw Water Pipeline Segment S4A Central (Design-Build)
Installation of 5,207 LF of tunnel for a 66" raw water carrier pipe under a major state highway, two railroad tracks, a creek, and nearby environmentally-sensitive areas, and 2,106 LF of open cut 66" steel pipe. $21.2 M

Southern Delivery System Raw Water Pipeline Segment S2B
Installation of 3.2 miles of 66" welded steel raw waterline, 150 LF of trenchless crossing of Hwy 94, 170 LF of open trench, 64,855 LF of fiber optic conduit, surface grading and restoration, connections to other segments, and cathodic protection system. $11.5 M

Pueblo Dam Connection 1B, Pueblo West Connection & RPSSI
Extension of 1,560 LF of 90" welded steel pipelines to the Bureau of Reclamation future interconnection point, 58 LF of 36" welded steel pipeline that wyes off the DQC1B pipeline, two 24" reducers, 30 LF of 24" pipeline, meter vault, and 24" meter. The River Pump Station Suction Side Improvements (RPSSI) includes 290 LF of 36" pipe vault, two flow balancing vaults and valves, connection to existing 24" line, and new manifold. $10.0 M

Southern Delivery System Finished Water Pipelines Segment PW1
Installation of 3,700 LF of parallel 42" and 54" steel waterlines, extensive traffic control, and dewatering. $4.0 M

South Catamount Reservoir Transfer Pipeline Replacement (Design-Build)
Installation of 36" HDPE pipe across reservoir (float/sink), two ARVs, air break manhole, and 30" PVC outlet. $2.4 M

CHEYENNE BOARD OF PUBLIC UTILITIES – Cheyenne, Wyoming
Southern Water Transmission Main, Phase II
Installation of 38,000 LF of 42" steel waterline, 23,075 LF of 12" to 18" PVC waterline, connections to existing pipeline, hand tunneling, bored steel casing, and pavement removal and replacement. $21.2 M
MIKE GARDNER
VICE PRESIDENT OF PLANT

Career Summary
Employed by AVR since: 2004
Employed in industry since: 1988

Education
Kansas State University
B.S. in Construction Science

Affiliations & Certifications
• First Aid & CPR
• NCCER Master Trainer
• Certified Erosion & Sediment Control Inspector
• ABC Member
• Texas WEAT Member

PROFESSIONAL SUMMARY
Mike has served as Field Engineer, Project Engineer, Mechanical Superintendent, General Superintendent, Construction Manager, Estimator, Project Manager, and Area Manager. Mike has more than 25 years of experience in constructing water and wastewater treatment facilities, including projects with various types of delivery methods, including CMAR and design-build. His major responsibilities include contract negotiations and personnel management. Mike is responsible for overseeing all plant projects in Texas and the central region.

References
Michael Orth
Black & Veatch
Ph: (913) 458-3473

Alicia Gilley, P.E.
Metro Wastewater Reclamation Dist.
Ph: (303) 286-3439

Hanley Barker
Water District No. 1
Ph: (913) 895-5826

Bill HagenBurger
Beaver Water District
Ph: (479) 756-3651

RELEVANT EXPERIENCE

NORTH TEXAS MUNICIPAL WATER DISTRICT – Wylie, Texas
Lake Texoma Outfall to Wylie WTP Pipeline (CMAR)
Installation of 206,000 LF of 96” and 47,500 LF of 84” steel waterline, 240 MG balancing reservoir, ground storage tanks, metering, blending, and chemical feed systems.

Trinity River Main Stem Raw Water Pump Station & Pipeline (CMAR)
Installation of a 120 MGD pump station, upgrades to diversion pump station hydraulics and conveyance pump station, and associated raw water pipeline.

High Service Pump Station 2-2 and 2-3 Mechanical Improvements
Improvements to mechanical and structural components with two high service pump stations at a potable water treatment plant, new construction related to electrical advancements, and cathodic protection in the plant yard. Construction includes carbon fiber repairs on sections of 24” to 36” steel piping, replacement of check valves, several butterfly valves, steel pipe couplings, internal joint seals on 30” and 36” steel pump discharge piping, and paint removal and recoating of piping and ferrous surfaces with the pump stations.

CITY OF CORPUS CHRISTI – Edna, Texas
Mary Rhodes Pipeline Phase II
Installation of 215,000 LF of open cut 54” Class 150 bar-wrapped pipeline, 3,600 LF of horizontal directional drilled 48” Class 200 steel pipeline, and a 6 MG DI Type III pre-stressed concrete buried storage tank.

WATER DISTRICT NO. 1 OF JOHNSON COUNTY – Kansas City, Kansas
Facility 3 (Phase V) Water Treatment Plant
This new 10 MGD (expandable to 30 MGD) plant included two aerators, basin flow splitter, primary basin, final basin, residuals control building, operations building with membrane filters, below ground cast-in-place treated water storage reservoir, chlorine contact basin, high service pumping station, surge control facilities, chemical storage and feed facilities, electrical, instrumentation and controls, mechanical work, and site work.
Refurbishment of Filter Gallery Piping and Valves  $268 K
Demolition of influent, effluent, backwash, drain piping and valves at six filters, and replacement with new piping. After installation, all existing and new piping was coated.

CITY OF ST. JOSEPH – St. Joseph, Missouri
Ammonia Removal Improvements and Biosolids Dryer  $50.3 M
Industrial aeration basin, DAF feed pump wet well, filtrate equalization basin, grit removal and screening building, meter vault, biosolids dryer building, industrial final clarifier, aeration basins, primary effluent diversion splitter box and meter vault, and intermediate pump station.

Disinfection Facilities and Effluent Pump Station  $18.2 M
Addition of a new UV disinfection facility and effluent pump station to an existing 54 MGD wastewater treatment plant. Included excavations reaching 30’ deep, extensive sheet piling, dewatering, 260 H-pile beams driven into bedrock, concrete foundation with 3,000 CY of concrete, treatment equipment including submerged bulb racks, concrete wet well, and three new 36” discharge pumps.

Eastside Sewer Phase 4 – Candy Creek Gravity Sewer, Pump Station & Force Main  $8.7 M
Construction of a new 3 MGD pump station with five 300 HP influent lift progressive cavity pumps, equalization basin, HVAC, electrical, yard piping, 12,380 LF of 36” to 24” Hobas sanitary sewer, 13,460 LF of 16” PVC sanitary force main, directional drilling, sheet piling, bypass pumping and auger boring.

Digester No. 1 Cover Replacement  $963 K
Removal and replacement of 88’ diameter fixed cover, removal of three mixers, installation of four new external draft tube mixers along with piping, electrical, instrumentation, and controls, and rehabilitation and repair of concrete digester wall and brick façade.

CITY OF MIDWEST CITY – Midwest City, Oklahoma
Pollution Control Facility Improvements  $47.7 M
This 102 MGD facility uses the first moving bed biofilm reactor (MBBR) approved for wastewater treatment in Oklahoma. The work to be performed under this contract consists of constructing a new headworks building, MBBR basins, process air blowwer building, UV building, biosolids pumping complex, and concrete flow diversion structures. The project also includes the renovation of several process structures such as primary and secondary clarifiers, primary sludge pump station, four digesters, de-chlorination basin, main control building, chlorine building, and secondary digester pumping complex.

CITY OF LAWRENCE – Lawrence, Kansas
Wakarusa Wastewater Treatment Plant & Conveyance Corridor  $45.2 M
New 14 MGD wastewater treatment facility with headworks facility, BNR flow splitter box, two BNR basins, final clarifier flow splitter box, two 95’ clarifiers, final sludge pumping station, chemical storage and feed building, UV flow meter structure, UV disinfection building, 5 MG peak flow storage basin, solids thickening facility, liquid sludge application, combined pumping station, plant-wide control system, electrical service, and interceptor sewer lines.

TARRANT REGIONAL WATER DISTRICT – Fort Worth, Texas
Eagle Mountain Connection Pipelines, Contract B  $43.5 M
Installation of 47,400 LF of 76” and 84” mortar-lined, polyurethane-coated steel pipe and construction of several large underground cast-in-place concrete structures and two above ground electrical buildings.
SCOTT SETTER
COMMISSIONING MANAGER

Career Summary
Employed by AVR since: 2011
Employed in industry since: 1988

Affiliations & Certifications
- OSHA 10-Hour Trained
- Confined Space Safety Trained
- First Aid and CPR Trained
- OSHA Excavation Competent Person Training
- Journeyman Electrician License
- Master Electrician License

PROFESSIONAL SUMMARY
Scott has extensive experience in the construction industry with a strong background in industrial facilities. He has held many positions within the electrical field from journeyman, foreman, superintendent, estimator, and project manager. Scott's roles have included developing and maintaining field installation crews, complete project management duties, close coordination with electrical and instrumentation contractors, owners, and engineers. Scott has been thoroughly trained in estimating by Accubid and BHS Estimating Systems and has completed multiple construction management programs. He has taught 8-10 week classes covering electrical control systems ranging from basic electric control equipment, to motor control center wiring, RVSS and VFDs, and PLC based control systems.

References
Tom Crowley
Carollo Engineers
Ph: (913) 663-1788
Hanley Barker
Water District No. 1 of Johnson County
Ph: (913) 891-5826

RELEVANT EXPERIENCE

NORTH TEXAS MUNICIPAL WATER DISTRICT — Wylie, Texas
Lake Texoma Outfall to Wylie WTP Pipeline (CMAR) $281.4 M
CMAR project for the installation of 253,500 LF of 96” and 84” steel waterline, 240 MG balancing reservoir, 200 MG blending facility, ground storage tanks, metering, blending, and chemical feed systems.

Trinity River Main Stem Pump Station & Pipeline (CMAR) $29.3 M
CMAR project that includes an intake, pump station with horizontal split case pumps, 87,000 LF of 72” raw water pipeline, upgrades to existing pumping facilities with vertical turbine pumps, micro-tunnel to the Trinity River with T-screen intake, access road, bank stabilization, weir box structure, electrical, SCADA, and communications infrastructure.

WATER DISTRICT NO. 1 OF JOHNSON COUNTY — Kansas City, Kansas
Welcott Water Treatment Plant $74.1 M
10 MGD (ultimate capacity 30 MGD) plant included two aerators, basin flow splitter, primary basin, final basin, residuals control building, operations building with membrane filters, below ground cast-in-place treated water storage reservoir, chlorine contact basin, high service pumping station, surge control facilities, chemical storage and feed facilities, electrical, instrumentation and controls, mechanical work, and site work.

CITY OF ST. JOSEPH — St. Joseph, Missouri
Ammonia Removal Improvements and Biosolids Dryer $51.3 M
Industrial aeration basin, DAF feed pump wet well, filtrate equalization basin, grit removal and screening building, meter vault, biosolids dryer building, industrial final clarifier, aeration basins, primary effluent diversion splitter box and meter vault, and intermediate pump station.
AVR

COLORADO RIVER MUNICIPAL WATER DISTRICT – Big Spring, Texas
Ward County Water Supply Expansion Project Pump Stations (CMAR) $28.9 M
Development and construction of pump station and ground storage tank project that included construction of a 50 MGD pump station with a 2 MG concrete storage tank, 25 MGD well field transfer pump station between the well fields and the proposed pump station with a 2 MG concrete storage tank, 25 MGD booster pump station with site piping, and installation of a 4 MGD skid mounted pump station enclosed in a metal building, placement of a concrete slab, tying into existing piping, and electrical work.

CITY OF MIDLOTHIAN – Midlothian, Texas
Water Treatment Plant No. 2 Phase II (CMAR) $18.1 M
Construction of a new 9 MGD plant, including a sedimentation basin, chemical building, recycle pump station, three sludge lagoons, raw water control building, administration building with membrane process equipment, admin offices, laboratory, meeting space and shop, electrical, instrumentation and controls, mechanical work, site work, and a raw water pipeline that will tap a 72" and 90" TRWD raw water line.

SAN ANTONIO WATER SYSTEM – Elmendorf, Texas
Water Resources Integration Program: Twin Oaks Pump Station Phase 1 $13.4 M
Construction of a high service pump station with three 15 MGD vertical turbine pumps at 1,250 HP each, 2,110 LF of 78" to 48" steel mortar-lined waterline, 180 LF of 6" sanitary PVC gravity pipe, 340 LF of small diameter process stainless steel pipe, 500 LF of 48" process steel pipe, concrete foundations and pads, underground and above ground suction and discharge piping, electrical equipment building, and electrical and controls systems.

GULF COAST WATER AUTHORITY – Dickinson, Texas
Industrial Reservoir Improvements Project $10.8 M
Demolition of two existing reservoir intake control structures, Bleeder Structure on the intake channel, existing reservoir outlet structures, and associated electrical demolition.

ENABLE MIDSTREAM PARTNERS – Bradley, Oklahoma
Bradley Gas Plant $5.2 M
This project included 134 various sized foundations requiring 14,500 CY of excavation and backfill complicated by the close proximity of the structures. These structures included the forming of 58,231 SF and the placement of 4,300 CY of structural concrete. To facilitate future equipment and piping packages, 2,400 various sized anchor bolts (with the largest being 3" x 62" long) were cast-in-place. These structures will support equipment and piping for processing raw material to a finished propane product.

RURAL WATER DISTRICT NO. 3 OF DOUGLAS COUNTY – Berryton, Kansas
Big Springs Water Treatment Facility Expansion $2.4 M
Demolition of the existing floor, installation of all structural footings, pipe, and other underground equipment, installation of treatment equipment including pressure filter system by Pureflow Filtration and softening membrane system by Harr R/O Systems, interior and exterior piping, chemical feed systems and equipment, control vaults, and site grading.

CITY OF LAWRENCE – Lawrence, Kansas
WTP Electrical/Mechanical Modifications Project $1.2 M
Electrical gear modifications and mechanical modifications to the low service pump station at the Kaw WTP. Electrical gear modifications and mechanical piping replacements are also being done at Clinton WTP.
SAN ANTONIO WATER SYSTEM – Elmendorf, Texas
Water Resources Integration Program: Pipeline Segment 2B
Installation of 27,000 LF of 60” mortar-lined steel pipeline, two 72” micro-tunnels measuring 725 LF and 543 LF underneath the Medina River and Medina Creek respectively, and 319 LF of 78” bored tunnel underneath I-35 and railroad tunnels. $22.0 M

Water Resources Integration Program: Pipeline Segment 1A
Installation of 42,000 LF of 60” steel pipe, six butterfly valves, seven ARV valves with vaults, and 1,925 LF of 72” tunnels. $1.85 M

Water Resources Integration Program: Pipeline Segment 2A
Installation of 27,000 LF of 60” mortar-lined steel pipeline, two 72” micro-tunnels measuring 725 LF and 543 LF underneath the Medina River and Medina Creek respectively, and 319 LF of 78” bored tunnel underneath I-35 and railroad tunnels. $1.54 M

PALM BEACH COUNTY – West Palm Beach, Florida
Northern Region Utility Improvements Phase II – Part B
Installation of 33 miles of 10” to 30” DIP and PVC pipe, four aerial canal crossings, and 3,550 LF of 30” HDPE directional drills. Due in part to new commercial development commitments, this project had a very aggressive schedule requiring substantial completion of the entire project in 300 calendar days. $6.38 M

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY – Punta Gorda, Florida
Regional Integrated Loop System, Phase IA Interconnect Project
Installation of 47,500 LF of 24” DIP water line, a new pump station, and 0.5 MG water storage tank. $10.5 M

COLORADO SPRINGS UTILITIES – Colorado Springs, Colorado
Pikeview to Mesa Raw Water Pipeline (Design-Build)
Installation of 12,500 LF of 24” steel waterline to deliver 10 MGD, 2,000 LF of 12” PVC potable water main. $8.8 M

CITY OF ORLANDO – Orlando, Florida
Eastern Regional Reclaimed Water Transmission Main – Phase II
Installation of 26,500 LF of 12” to 48” DIP reclaimed water main, two large micro-tunnels including 1,620 LF of 66” casing under the Little Econ River and 330 LF of 66” casing adjacent to an apartment complex. $8.1 M

PASCO COUNTY UTILITIES – Pasco County, Florida
North Central Transmission Main
Installation of 39,300 LF of 24” to 36” ductile iron reclaimed piping, 44,000 LF of ductile iron and PVC wastewater force main, multiple trenchless installations including six directional drills totaling 8,390 LF. $8.0 M

JACKSONVILLE ELECTRIC AUTHORITY – Jacksonville, Florida
South Grid Water Main
Installation 44,500 LF of 20” and 24” ductile iron water and reclaimed water mains and 13,500 LF of 24” and 30” HDPE water and reclaimed water mains installed using horizontal directional drilling. One third of the project was located within a power line corridor, the remainder paralleled a state highway. The project required directionally drilling in fourteen wetlands. $7.9 M
MARCUS GRACE
PROJECT MANAGER - PLANT

Career Summary
Employed by Garney since: 2008
Employed in industry since: 1985

Education
Colorado State University
B.S. in Civil Engineering
Technology

Affiliations & Certifications
• OSHA 30-Hour Trained
• Certified Erosion & Sediment Control Supervisor
• Surveyor in Training State of New Hampshire No. 281
• Oklahoma Class D Waterworks Operator
• Associate DBIA Professional
• Nebraska WEF Member

PROFESSIONAL SUMMARY
Marcus has served as Field Engineer, Project Engineer, Estimator, Assistant Project Manager, and Project Manager, and now Senior Project Manager. Marcus has extensive experience in constructing water and wastewater treatment facilities. His industry expertise includes various project delivery methods, including CMAR and design-build, contract negotiations, personnel management, and managing Primavera scheduling software.

References
Jade Dundas
City of Sioux City, IA
Ph: (712) 279-6957

Michael Graves
Garver
Ph: (405) 245-0042

Nick Lester
Freese & Nichols
Ph: (817) 680-9909

Marvin Strong
City of Grand Island, NE
Ph: (308) 385-5430

RELEVANT EXPERIENCE
CROSS COUNTY WATER SUPPLY CORPORATION – Caldwell, Texas
Cross County 30" Transmission Line & High Service Pump Station (Design-Build) $42.5 M
Installation of 283,000 LF of 30" CS3 pipe, a 1 MG pre-stressed concrete ground storage tank, high service pump station with two 150 HP and two 75 HP vertical turbine pumps with variable frequency drives, electrical building, chemical steel arch structure, and a sodium hypochlorite system.

Cross County High Service Pump Station $6.2 M
included a 1 MG D110 Type III pre-stressed concrete aboveground storage tank, high service pump station, electrical building, chemical steel arch structure, sodium hypochlorite system, electrical, instrumentation, SCADA control, cooling tower, and site work including site clearing, site paving and grading, yard piping, site electrical, fencing, and erosion control. Pump station included two 150 HP vertical turbine pumps with VFDs and two 75 HP vertical turbine pumps.

COLORADO RIVER MUNICIPAL WATER DISTRICT – Big Spring, Texas
Ward County Water Supply Expansion Project Pump Stations $28.6 M
Construction of a 30 MGD pump station with a 2 MG concrete storage tank, 25 MGD well field transfer pump station with a 2 MG concrete storage tank, 25 MGD booster pump station with site piping, and installation of a 4 MGD skid mounted pump station enclosed in a metal building, placing a concrete slab, tying into existing piping, and electrical work.

CITY OF WICHITA – Wichita, Kansas
Mid-Continent Water Quality Reclamation Facility $23.3 M
Installation of owner-procured Zenon submerged membrane filtration equipment, fine screening, activated sludge basins with aeration and mixing, chemical feed systems, UV disinfection, and various pumping systems.
Cowskin Creek Pump Station & Force Main Modifications

$41.1 M

New ductile iron piping headers, flow meter vaults, moving existing pumps, and new electrical controls and HVAC at the existing Cowskin Creek Pump Station. Installation of 10,000 LF of 18" and 24" C-905 PVC, eight air relief assemblies, 980 LF directional drill under an airport runway, two auger bores under Cowskin Creek, 5,600 LF of electrical duct bank, and associated manholes.

CITY OF GRAND ISLAND – Grand Island, Nebraska

Wastewater Treatment Plant Headworks Improvements

$16.9 M

New 13 MGD raw wastewater pump station facility with six submersible pumps, new masonry building to house the screening equipment, influent meter vault to house valves and magnetic flow meters for two 30" force mains, grit facility, grit dewatering, electrical room, meter vault, magnetic flow meter, flow distribution structure to distribute effluent from the new grit basins to the primary clarifiers and bypass to the mixed liquor pump station/aeration basins. odor control systems, engine generator, demolition of existing Parshall flume, sampler building and aerated grit basins, abandoning plant interceptors and yard piping, site work, piping, electrical, plant control system, and utility improvements.

CLAREMORE PUBLIC WORKS AUTHORITY – Claremore, Oklahoma

Claremore Wastewater Treatment Plant

$35.9 M

Construction of new facilities including a 75' aerobic digester, 35' secondary sludge gravity thickener, 20' thickened sludge blend tank, 16' primary sludge gravity thickener, six 149' x 98' aeration basins, 95' secondary clarifier, final clarifier splitter box, re-lift and RAS/WAS pump station, recirculation pump station, blower and solids facility with a new belt filter press, polymer system and conveyors, headworks with screens, vortex grit removal units, grit pumping and washing, and new 350 kW standby generator system.

SAN ANTONIO WATER SYSTEM – San Antonio, Texas

Water Resources Integration Program: Twin Oaks Pump Station Phase 1

$13.4 M

Construction of three high service, vertical turbine pump stations at 1,250 HP, 15 MGD each, 2,110 LF of 78", 60" and 48" steel mortared waterline, 180 LF of 6" sanitary PVC gravity pipe, 340 LF of small diameter process stainless steel pipe, 500 LF of 48" process steel pipe, concrete foundations and pads, underground and above ground suction and discharge piping, electrical equipment building, installation of equipment including pumps and fabricated surge tanks, electrical, and controls systems.

DSP Southeast Tank and Pump Station Project

$10.7 M

Installation of four 2.33 MGD pumps and three 1.67 MGD pumps, including motors, yard piping, piping connections to existing pipelines, valves, flow meters, concrete slabs, and all appurtenances, as well as a 3.5 MG D110 Type III pre-stressed concrete aboveground storage tank.

CITY OF LINCOLN – Ashland, Nebraska

Lincoln Water System Horizontal Collector Well house 14-1

$1.9 M

Includes the construction of a horizontal collector well pump house (HCW 14-1), which is located in the Island and East Well fields on a caisson constructed by others. The pump house contains three vertical diffusion vane pumping units – one unit in each is equipped with an adjustable frequency drive, associated piping, valves, motor control center, instrumentation and HVAC. HCW 14-1 is a stand-alone structure with a stair tower and suspended walkway.

Ozone Chemical Feed Systems Modifications

$136 K

Modifications to the ozone system for safe purging of the ozone feed trains while the rest of the system remained in use, with installation of stainless steel pipe and valves and oxygen cleaning of the system.
JASON JANSEN
CONSTRUCTION MANAGER

CAREER SUMMARY
Employed by Garney since: 2004
Employed in industry since: 1999

EDUCATION
Central Missouri State University
B.S. in Construction Management
May 2004

AFFILIATIONS & CERTIFICATIONS
- OSHA 10-Hour Trained
- OSHA Competent Person
  - Confined Space
- ACI Certification
- Plastic Pipe Welder
  - Qualification (Butt Fusion)
- NPDES Certified Construction and Erosion Inspector

PROFESSIONAL SUMMARY
Prior to joining Garney, Jason worked extensively in the field focusing on utility infrastructure including water, storm, and sanitary sewer mains. Jason currently works alongside our traveling pipe crews. His daily activities include coordinating with owners and engineers, projecting contract costs, procuring materials, ascertaining quotes, scheduling subcontractors, monitoring progress of work, maintaining strong lines of communication with the project superintendent to ensure quality, and serving as a liaison between Garney and property owners.

REFERENCES
Don Randlell
City of Round Rock
Ph: (512) 218-5354

David Davenport
Canyon Regional Water Authority
Ph: (830) 609-0543

Lance Webb, P.E.
City of Mesa
Ph: (480) 644-2399

Jeff Payne, P.E.
Freese & Nichols, Inc.
Ph: (214) 298-2255

RELEVANT EXPERIENCE
NORTH TEXAS MUNICIPAL WATER DISTRICT – Lake Tawakoni, Texas

Lake Texoma Outfall to Wylie WTP Pipeline (CMAR) $281.4 M
CMAR project for the installation of 233,500 LF of 96” and 84” steel waterline, 240 MG balancing reservoir with HDPE membrane liner installed, 200 MG blending facility, ground storage tanks, metering, blending, and chemical feed systems.

Lake Tawakoni Water Supply – East Pipeline (Contract 7) $17.4 M
Installation of 50,690 LF of 60” AWWA C303 bar-wrapped concrete cylinder pipe, three 84” diameter tunnels totaling over 500 LF, and an impressed current cathodic protection system. This pipeline also contains multiple air releases, blow-offs, and access manholes consistently seen on this type of work. Additional challenges included several creek crossings requiring rip-rap and gabion stabilization as well as approximately 10,000 CY of flowable fill backfill.

Lake Texoma Outfall to Wylie WTP Pipeline – Segment D $15.2 M
This project includes the construction of 206,000 of 96” steel pipe, 47,500 miles of 84” steel pipe, 240 MG balancing reservoir, and a multitude of ground storage tanks, metering, blending, and chemical feed systems to allow the treatment plant to accept and blend the water directly from the source.

Trinity River Main Stem Pump Station & Raw Water Pipeline $6.8 M
CMAR project that includes an intake, pump station with horizontal split case pumps, 87,000 LF of 72” raw water pipeline, upgrades to existing pumping facilities with vertical turbine pumps, micro-tunnel to the Trinity River with T-screen intake, access road, bank stabilization, weir box structure, electrical, SCADA, and communications infrastructure.
CROSS COUNTY WATER SUPPLY CORPORATION – Caldwell, Texas
Cross County 30” Transmission Line & High Service Pump Station (Design-Build) $42.5 M
Installation of 283,000 LF of 30” C-303 pipe, a pre-stressed concrete ground storage tank, high service pump station, electrical building, chemical steel arch structure, sodium hypochlorite system, and electrical.

CITY OF LUBBOCK – Lubbock, Texas
Lake Alan Henry Water Supply Transmission Pipeline, Contract C $16.6 M
Installation 80,514 LF of 48” bar wrapped concrete cylinder waterline, six 8” blowoff assemblies, 20 combination air release assemblies, one 48” gate valve, 50 LF of concrete encasement, and other miscellaneous appurtenances. There were five hand tunnels totaling 506 LF of 66” ID steel casing and another 91 LF of open cut 66” ID casing.

CITY OF MESA – Mesa, Arizona
Val Vista Water Transmission Main – Phase 3 (CMAR) $15.7 M
Garney will self-perform the 48” water transmission main and the surge tank installations.

Val Vista Water Transmission Main – Phase 2 (CMAR) $15.7 M
Installation of 2.9 miles of mainline C303 piping, including 14,611 LF of 60”, 75 LF of 48”, and 452 LF of 42” pipe, three tunnels totaling 325 LF, as well as associated appurtenances consisting of access manways, air releases, dewatering structures, and cathodic protection test stations.

Val Vista Water Transmission Main – Phase 1 (CMAR) $14.0 M
Installation of 530 LF of 72” C303 through liner plate tunnels and 12,553 LF of 72” and 60” C303 open cut.

CANYON REGIONAL WATER AUTHORITY – New Braunfels, Texas
Wells Ranch 30” Water Transmission Line $12.6 M
Installation of 85,000 LF of 24” and 30” C303 pipe. Included several bores totaling 2,486 LF.

JACKSONVILLE ELECTRIC AUTHORITY – Jacksonville, Florida
Kerran Boulevard Improvements $9.3 M
Installation of 13,500 LF of 24” and 18,700 LF of 30” ductile iron waterline and HDPE directional drills.

Nocatee Force Main $4.1 M
Installation of 10,000 LF of 36” HDPE and 6,500 LF of 36” PVC pipe with 6,000 LF installed through wetlands, which involved restrictions on right-of-way access and disturbance due to condition / sensitivity of the area.

CITY OF ROUND ROCK – Round Rock, Texas
Raw Water Delivery System $8.3 M
Installation of 17,424 LF of 48” and 54” tape-coated, mortar-lined welded steel raw water line.

CITY OF BARTLESVILLE – Bartlesville, Oklahoma
Raw Water Transmission Line / Branded Water Transmission Line $5.0 M
This project consisted of the installation of approximately 19,600 LF of 42” prestressed concrete cylinder pipe (PCCP), 10,000 LF of 36” PCCP, and 4,000 LF of 30” PCCP through heavily wooded regions and included many vertical deflections due to varying elevations, as well as all necessary valves and appurtenances. It also entailed the installation of approximately 2,000 LF of 4” sanitary force main, two separate open cut road crossings, six separate creek crossings, and 50 LF of 54” hand tunnel.
DAN STANTON
SAFETY MANAGER - PIPE

Career Summary
Employed by Garney since: 2007
Employed in industry since: 1996

Education
NW Missouri State University
B.S. in Education

Affiliations & Certifications
• First Aid/CPR/AED Certified
• First Aid/CPR/AED Instructor’s card
• Confined Space Competent
• Excavation Training
• OSHA 10-Hour Trained
• OSHA 30-Hour Trained
• OSHA 10 Trainer
• ASSE Construction Safety
• Level I
• ASSE Construction Safety
• Level II

PROFESSIONAL SUMMARY
Dan has 20 years of experience in the construction industry ranging from laborer to site safety coordinator. He has experience operating heavy equipment and has past experience in the geotechnical field for materials testing. He started his Garney career as a Site Quality Control representative and has since moved on to becoming a site safety coordinator as well as an OSHA 10 trainer. He is currently studying to take his CHST Certification in Construction Safety.

References
Mark Semionick
Lockton Companies
Ph: (303) 414-6182

Sonny Buczek
Xcel Power
Ph: (720) 273-9300

Louis Bristowe
Veolia Water Solutions & Technologies
Ph: (412) 370-9850

Carlos Dominguez
Lockton Companies
Ph: (303) 414-6182

RELEVANT EXPERIENCE

METRO WASTEWATER RECLAMATION DISTRICT – Brighton, Colorado
PAR 1088 Northern Treatment Plant (Design-Build) $98.9 M
Construction of a 24 MGD WWTP including two odor control facilities with biofilters, chemical storage facility, headworks building, primary splitter structure, two primary clarifiers with 1.8 MG capacity, a primary pump station, bioreactors with four basins at 2.85 MG each, aeration blower building, four secondary clarifiers with 1.52 MG capacity, a RAS/WAS pump station, tertiary pump station, four tertiary flocculation sedimentation basins at 1.45 KG each, tertiary filters, UV disinfection building, PRW/TBS pump station, effluent meter vault, two gravity thickening basins at 0.42 MG each, gravity thickening pump station, WAS thickening, one 0.67 MG digester and two 1.96 MG digesters, dewatering building, centrate handling, cogeneration facility, and outfall structure.

CITY OF AURORA – Aurora, Colorado
Prairie Waters North Campus Facilities, BPT $82.2 M
Installation of 18 recovery wells and five miles of 60” steel pipeline to deliver the pretreated raw water to Pumping Station No. 1. The project required the installation of more than 100,000 LF of pipeline ranging in size from 8” to 60”, a three-mile-long by 50’ deep slurry wall that is 6,632,256 SF, and the excavation and off-site disposal of more than 600,000 CY of granular soils.

TARRANT REGIONAL WATER DISTRICT / CITY OF DALLAS – Fort Worth, Texas
Section 14-1 of the Integrated Pipeline Project $48.1 M
Installation of 78,641 LF of 108” mortar-lined steel waterline, manholes, air release valves, blow-off valves, and 1,981 LF of 130” to 168” hand tunneling for a tunneled crossing of Interstate 35E, a railroad, and existing high pressure gas lines.
LOWE FOUNTAIN METROPOLITAN SEWAGE DISPOSAL DISTRICT – Fountain, Colorado
Harold D. Thompson Water Reclamation Facility
$23.1 M
Included construction of a headworks building, aeration and digester structures, two clarifiers, blower building structure, pumping and disinfection structure, administration building, and maintenance facility. The project also included the installation of all treatment equipment, site utility piping to convey process waters, process pipe, valves, pumps and ancillary process materials.

CLIMAX MOLYBDENUM COMPANY – Climax, Colorado
Mill Water Return and PDWTP Pipeline Project
$10.9 M
Included the installation of 3,468 LF of 36” welded steel pipe, 7,239 LF of 36” welded steel pipe, and 8,072 LF of 24” welded steel pipe and was located in the mountains of Colorado at an elevation of 10,000 feet.

FREEPORT-MCMORAN – Empire, Colorado
Urad Mine Flood Bypass Project at Lower Woods Creek
$6.0 M
Included the rebuilding of existing disposal cells and addition of new geomembrane liner, installation of bypass piping consisting of 1,416 LF of 34” HDPE, 1,186 LF of 18” HDPE, open channels for wetlands creation, and a spillway to carry the water down the face of an existing dam into the Lower Urad Reservoir.

NEWFIELD EXPLORATION COMPANY – Myton, Utah
Newfield – Beluga Injection
$5.1 M
Installation of a ROSS treatment facility for a 20,000 BPD water system. The major equipment scope of supply includes Multitflo chemical softening, ceramic membrane ultrafiltration, de-aeration, hazardous sludge dewatering and waste disposal, chemical closing and storage tanks, one new 12,000 square foot building, electrical, and all supporting systems. The concrete and metal building were constructed in extreme winter conditions.

UNION PACIFIC RAILROAD – Strauss, New Mexico
East and West Industrial Water Treatment Plant Facilities
$5.0 M
This project included the construction of two new 0.25 MGD industrial wastewater (stormwater) treatment facilities including headworks screening, oil/water separation, and dissolved air flotation separation (DAFT) solids removal treatment systems for Union Pacific Railroad Company’s Strauss Fueling Facility, Block Swap Yard and Intermodal Facility Project.

CITY OF LOVELAND – Loveland, Colorado
Loveland 4 MG Water Storage Tank
$4.3 M
This project included the construction of a 4 MG potable water concrete D115 internal post-tensioned buried storage tank and related facilities including excavation and backfill, site civil improvements, overflow and drain piping, water mains, site restoration, and all appurtenances associated with the mains and tank.

CITY OF HOBB — Hobbs, New Mexico
Effluent Reuse Phase II Booster Pump Station Improvements
$3.7 M
This project included the construction of an effluent reuse booster pump station, effluent reuse pipelines, electrical and other improvements, including miscellaneous demolition and deeming, a concrete wet well, vertical turbine pump installation, mechanical and stationary screening equipment, site grading, and the removal and replacement of asphalt.
Career Summary
Employed by Garney since: 2007
Employed in industry since: 2001

Education
University of Central Missouri
B.S. in Occupational Safety/Health

Affiliations & Certifications
- BCSF – Certified Safety Professional #22806
- CHES – Construction Health
  and Safety Technician
- OSHA 500 Trainer
- Scaffolding Competent Person
  Instructor
- Respiratory Protection
  Competent Person
- ASSE Member
- NUCA Member

PROFESSIONAL SUMMARY
Jamie has several years of experience in the construction industry, and all positions have been within the safety field. He has experience in water, wastewater and commercial construction in addition to experience in environmental remediation and hazardous materials handling. Jamie has received training in excavation, fall protection, scaffolding, confined space, hazardous materials, and cranes. In addition, he is responsible for developing and teaching company safety-related courses and is a vital member of the company safety committee. Jamie’s role is 100% devoted to overseeing safety on Garney’s job sites. Jamie reports to Steve McCandless, Vice President.

References
Dave Reddin
Progressive Environmental
Ph: (913) 406-2825

Don Sanders
Denovo Constructors
Ph: (573) 489-8542

Rob Kellogg
Safety Consulting & Training Services
Ph: (815) 766-0885

RELEVANT EXPERIENCE

MIDLAND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1 – Midland, Texas
T-Bar Well Field Development & Delivery Project (Design-Build) $97.1 M
Installation of 60 miles of 48" steel and C305 water transmission main, and 25 miles of PVC well field piping. The pipe sections consist of 205,500 LF of 48" steel waterline, 105,250 LF of 48" C305 waterline, and 30,000 LF of 6" to 10" PVC pipe. The project includes rock excavation, auger bores and several manholes.

T-Bar Water Supply System Disinfection Facility $6.2 M
Construction of a 2 MG composite elevated tank along with the construction of a disinfection facility. The disinfection facility contains a chlorine scrubber, ammonia scrubber, electrical room, chlorinator room, ammoniator room, two ammonia storage tanks, emergency generator with the capacity of 500 kW, and a chlorine container storage island.

WATER DISTRICT NO. 1 OF JOHNSON COUNTY – Kansas City, Kansas
Woolcott Water Treatment Plant $74.1 M
10 MGD (ultimate capacity 30 MGD) plant included two aerators, basin flow splitter, primary basin, final basin, residuals control building, operations building with membrane filters, below ground cast-in-place treated water storage reservoir, chlorine contact basin, high service pumping station, surge control facilities, chemical storage and feed facilities, electrical, instrumentation and controls, mechanical work, and site work.

KENTUCKY AMERICAN WATER – Lexington, Kentucky
High Service Mains for WTP on Foot 3 – Contracts A & B $56.7 M
Installation of 66,000 LF of 42" ductile iron pipe with polyethylene encasement, four 42" flex ring gate valves, 10 air valve assemblies, and 970 LF of 60" bore with casing pipe with one bore descending a 120' bluff to a creek bottom.
CITY OF MIDWEST CITY – Midwest City, Oklahoma
Pollution Control Facility Improvements $47.7 M
This 10.2 MGD facility uses the first moving bed biofilm reactor (MBBR) approved for wastewater treatment in Oklahoma. The work to be performed under this contract consists of constructing a new headworks building, MBBR basins, process air blower building, UV building, biosolids pumping complex, and concrete flow diversion structures. The project also includes the renovation of several process structures such as primary and secondary clarifiers, primary sludge pump station, four digesters, de-chlorination basin, main control building, chlorine building, and secondary digester pumping complex.

CITY OF OLATHE – Olathe, Kansas
Cedar Creek Wastewater Treatment Plant $35.0 M
Expansion of an existing wastewater treatment plant from 14.25 MGD to 30 MGD that included new influent sewer, 45’ deep influent pumping station in solid rock, 6 MG extraneous flow basin, headworks building with screening and grit removal, two five-stage BNR basins, blower building to house single-stage Siemens centrifugal blowers, two 130’ diameter final clarifiers, RAS/WAS sludge pumping station, replacement of UV equipment in existing UV building, modifications to existing control building, and new chemical feed systems.

COLORADO RIVER MUNICIPAL WATER DISTRICT – Big Spring, Texas
Ward County Water Supply Expansion Project Pump Stations (CMAR) $28.6 M
Construction of a 30 MGD pump station with a 2 MG concrete storage tank, 25 MGD well field transfer pump station with a 2 MG concrete storage tank, 25 MGD booster pump station with site piping, and installation of a 4 MG skid mounted pump station enclosed in a metal building, placing a concrete slab, tying into existing piping, and electrical work.

CITY OF SIOUX CITY – Sioux City, Iowa
Secondary Treatment Facilities Improvements (Phase 2) $27.0 M
Construction included a 115’ final clarifier, two 126’x 126’ aeration basins, a lime system, and two final clarifier splitter structures, removal and replacement of four existing blowers with four new 900 HP blowers, three rebuilt 400 HP blowers, upgrade of the majority of air piping feeding the existing and new aeration basins, replacement of three RAS/WAS pumps, replacement of four direct drive motors and shafts with four new VFD driven motors and shafts on the influent wastewater pumps, and new motors on the drain lift pumps.

CITY OF WICHITA – Wichita, Kansas
Mid-Continent Water Quality Reclamation Facility $23.3 M
Installation of owner-procured Zenon submerged membrane filtration equipment, fine screening, activated sludge basins with aeration and mixing, chemical feed systems, UV disinfection, and pumping systems.
Cowskin Creek Pump Station & Force Main Modifications $4.1 M
New ductile iron piping headers, flow meter vaults, moving existing pumps, and new electrical controls and HVAC at the existing Cowskin Creek Pump Station. Installation of 10,000 LF of 18” and 24” C-905 PVC, eight air relief assemblies, 980 LF directional drill under an airport runway, two auger bores under Cowskin Creek, 5,600 LF of electrical duct bank, and associated manholes.

CITY OF MIDLOTHIAN – Midlothian, Texas
Water Treatment Plant No. 2 Phase II (CMAR) $18.0 M
Construction of a sedimentation basin, chemical building, recycle pump station, three sludge lagoons, raw water control building, administration building with Biwater reverse osmosis system and Tsuray membrane process equipment, laboratory, meeting space and shop, electrical, instrumentation and controls, mechanical and site work, and raw water pipeline that taps a 72” and 90” raw water line.
NAME: Gene Dawson, Jr., P.E.

EDUCATION: Bachelor of Science in Civil Engineering, Texas A&M Kingsville, 1982

PROFESSIONAL REGISTRATION: Professional Engineer, Texas No. 64280

PROFESSIONAL ACHIEVEMENTS:
Mr. Dawson is President of Pape-Dawson Engineers, Inc., which was established in 1965. His current responsibilities include the firm's management, allocation of resources, strategic planning and operations of the firm. As President, he is responsible for the firm's overall performance and provides oversight for major projects.

PROFESSIONAL EXPERIENCE:
Mr. Dawson's experience includes over 30 years of progressive civil and environmental engineering in the execution of land development, transportation, public works and infrastructure projects.

HONORS AND AWARDS:
- Greater San Antonio Builders Association Associate Legend of Year, 2013
- Inducted as a Distinguished Alumni at Texas A&M University-Kingsville, 2012
- “The Dawson Family” Inducted into the San Antonio Business Hall of Fame by Junior Achievement, 2009
- Bexar Land Trust Honoree, 2005
- American Society of Landscape Architect, Environmental Stewardship Award, 2002
- National Association of Homebuilders, Member Award, 2002
- YMCA of San Antonio, Volunteer of the Year, 2000
- YMCA of San Antonio, Red Triangle Recipient, 1999
- Real Estate Council of Texas, Philip M. Barshop Founder's Award, 1999
- Selected Texas Society of Professional Engineers, Bexar Chapter, Engineer of the Year, 1999
- Selected Texas Society of Professional Engineers, Bexar Chapter, Young Engineer of the Year, 1991

CIVIC AND OTHER ORGANIZATION MEMBERSHIPS:
- San Antonio Water System, TMDL Committee Co-Chair, 2013-Present
- Texas A&M Kingsville, President’s Leadership Council, 2011-Present
- University of Texas at San Antonio, Roadrunner Foundation Board, 2011-Present
- Greater San Antonio Builders Association, Board of Directors, 2010-Present
- Cancer Therapy and Research Center, Board of Directors, 2010-Present
- San Antonio Christian Schools, Philanthropy Committee, 2008-Present
- Bank of San Antonio, Board of Directors, 2007-Present
- Alamo Bowl, Chairman, 2009, Board of Directors, 2002-Present
- Real Estate Council of Texas, President, 2000, Executive Council, 2000-Present

MAJOR WORKS:
As President, Mr. Dawson's responsibilities include a vast array of technical and managerial functions for a diverse range of civil engineering projects. Types of projects include:

- Federal/State Highways
- Master development planning of residential, commercial and industrial developments
• Corporate campus expansions
• Golf course developments
• Major single and multi-family subdivisions
• Retirement villages
• Sport facilities
• Elementary, junior and high school projects
• Floodplain modeling and floodplain reclamation
• Municipal and private wastewater collection systems, water distribution systems, streets and drainage projects
• Feasibility studies
• City and school district capital improvement projects
• Water pollution abatement plans
Ross Cummings

President and General Partner

Ross Cummings formed BlueWater in 2004 to acquire control of the initial groundwater leases and a producing well from Layne Christensen Company (NASDAQ-LAYN). He has served the President and General Partner of BlueWater Systems and BlueWater 130 and also serves as Secretary/Treasurer and a member of the Board of Directors of the Cross County Water Supply Corporation. Prior to 2004, Mr. Cummings was the President of Austin, Texas based Cummings-Baccus Interests, Inc., a respected and highly successful commercial real estate investment firm. He earned a BA in Petroleum Land Management from the University of Texas at Austin.
Pete K. Patel, PE
President and Chief Executive Officer

Background

Pete Patel has more than 35 years of management experience focused on organizing and implementing complex, multidiscipline projects. He has successfully managed hundreds of assignments in the service of local, state and federal governmental clients throughout the U.S. and abroad. He has directed consortia for design/build and operate project delivery systems on international water and wastewater projects.

As President of the firm, he controls multiple offices, personal, and projects. In addition to his technical background, Pete is adept at the economics involved with project management, forecasting, budgets, and organizing multiple project participants and variables. He has demonstrated the ability to apply a vast network of resources to specific goals and tasks at hand to achieve maximum project success.

His technical experience extensively includes all aspects of water and wastewater related projects and he has "hands on" experience in the management, evaluation and design of Electrical, Instrumentation, and SCADA systems for municipalities, river authorities, and international clients including many large water and wastewater treatment plants.

Project Experience

Integrated Pipeline (IP) Project, partnership of the Tarrant Regional Water District (TRWD) and the City of Dallas, North Texas

Principal In Charge, Design of Segment 15-1 for a 108-inch diameter pipeline in a rural and semi-rural area of Navarro County including design criteria confirmation, route analysis, environmental and permit coordination, sustainability development, and evaluation of staging areas, haul roads, and spoil areas. The pipeline will run from Lake Palestine which is south of Tyler to Lake Bemis which is southwest of Fort Worth, with connections to Cedar Creek and Richland-Chambers Reservoirs. It will also integrate TRWD’s existing pipelines to the Dallas system to provide water for over 1.5 million people. The IPL Project will ultimately deliver a required capacity of 350 million gallons per day (MGD) of raw water to North Central Texas through the use of approximately 130 miles of pipeline, three lake pump stations and two booster pump stations.

Water Transmission 130 Project, Cross County Water Supply Corporation, Austin, Texas

Principal In Charge, Design of an approximate 53-mile, 30-inch water transmission main project. The pipeline is routed through a semi-rural to rural alignment. The project includes railroad, highway, county road and creek trenchless crossings, system hydraulics, disinfection and treatment analysis, agency permitting, and construction services. The pump stations facilities included supply well pump, cooling tower, 1.5-MG ground storage tank, 4-MG high service pumps station, disinfection feed system and an electrical building. The project was a CMAR with Garney Construction Company as the successful contractor.

El Yunque Water Treatment Plant, Compañía de Aguas, Puerto Rico

Principal In Charge; Supervised study and design phases of this 20 MGD plant utilizing ACTIFLO treatment process. $29 million. This project on the North Coast of Puerto Rico gets its raw water supply from the only tropical forest in the USA.

North Coast Superqueduct Project, San Juan, Puerto Rico

Principal In Charge; Successfully managed conceptual planning and preparation of a Design, Build, and Operate proposal for a 100 MGD water treatment plant with a 70 KM of 72-inch diameter treated water transmission system for the City of San Juan, Puerto Rico. This $320 million project was the largest Design-Build-Operate water projects in North America at the time of contract award.

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North Coast Water Transmission and Distribution Project, AFI AAA Initiative, San Juan, Puerto Rico
Principal in Charge of the design of North Coast Water Transmission and Distribution Project for eight municipalities along the North Coast of Puerto Rico. This Design-Build-Operate project costing $68 million includes water transmission lines, 15 ground storage reservoirs from 1 MG to 5 MG each and 11 pumping stations, all controlled from a central location at the water treatment plant.

Water Distribution Project, AFI AAA Initiative, San Juan, Puerto Rico
Principal in Charge of the design of a $48 million water distribution project within the City of San Juan. This Design/CM project includes three pumping stations and distribution lines of various sizes throughout the western half of the metropolitan San Juan.

Filtration Project, Beijing, China
Successfully managed conceptual planning, preparation of proposal, and the management of a 133 MGD direct filtration project for the City of Beijing. This project included design and furnishing of all filter related U.S. made equipment.

Cadiz Pump Station Wastewater Treatment Plant Improvements, Dallas Water Utilities (DWU), Dallas, Texas
New and replacement pumps, motors, and eddy current drives.

Central Regional Wastewater Treatment Plant, Trinity River Authority of Texas, Texas
Electrical Systems Master Plan Study and Phase I design improvements to 140 MGD treatment plant; Lighting, underground power distribution, communication systems, and plant electrical system.

Raw Water Intake and Pump Station, Upper Trinity Regional Water District, Lewisville, Texas
Managed the planning, feasibility studies, design, and construction of a 200 MGD Raw Water Intake and Pump Station.

Upper Trinity Regional Water District, Texas
Design of electrical/SCADA systems for a 20 MGD water treatment plant; Project Manager for 200 MGD raw water intake structure and pump station in Lewisville Lake.

Village Creek Wastewater Treatment Plant, Fort Worth, Texas
Computer control complex additions; digester and aeration, electrical and instrumentation system improvements, and Phase IIIC improvements; and a new central plant-wide SCADA System.

City of Dallas, Texas
Lake Fork Reservoir raw water pump station.

City of Denton, Texas
Electrical and SCADA system for Pecan Creek Water Reclamation project.

City of Denton, Texas City of Denton, Texas
Electrical and SCADA system for Pecan Creek Water Reclamation project.

Multiple Water Improvements to various facilities for the City of Dallas, Texas
- 80 MGD Sorey Road pump station
- 180 MGD Elm Fork high service pump station No. 2
- 250 MGD Alta Mesa pump station
- 200 MGD East Side transfer pump station No. 2
- 160 MGD Iron Bridge raw water pump station additions
- Elm Fork Low Lift Pump Station No. 2 - 160 MGD
- Forney Raw Pump Station addition
- Jim Miller Pump Station expansion
- Lake Fork 214 MGD raw water pump station
- Electrical and Instrumentation system evaluations for Bachman Water Treatment Plant
- Hydraulic improvements East Side Water Treatment Plant
- 330 MGD raw water intake and 168 MGD pump station at the Elm Fork Water Treatment Plant

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James Bené, P.G.

Education
B.S., Geological Sciences with Honors from the University of Texas at El Paso, 1997
M.S., Geological Sciences from the University of Texas at Austin, 2000

Registrations & Memberships
- Professional Geoscientist, Texas No. 2089
- National Groundwater Association
- Texas Groundwater Association
- Austin Geologic Society
- Association of Ground Water Scientists and Engineers Geological Society of America

Professional Experience
- **2009 – Present:** Consulting Hydrologist, Principal, R.W. Harden & Associates, Inc., Austin, Texas
- **1996 – 1997:** Research Associate, Mesilla Bolson Contaminant Infiltration Study, El Paso, Texas

Principal, R.W. Harden & Associates, Inc. (RWH&A)
With his experience as a professional hydrogeologist and a partner in the in the firm R.W. Harden & Associates, Inc., Mr. Bené has gained the skills required for the study and development of groundwater resources. During his career, he has conducted numerous groundwater availability evaluations, subsurface testing programs, and well field development projects. Mr. Bené has been an integral part of teams responsible for the development, calibration, and implementation of numerous groundwater flow models of various aquifers throughout Texas for water supply and management purposes.

Select Professional Experience

**Northern Trinity-Woodbine Groundwater Availability Model (GAM)**
Awarded to RWH&A by the State of Texas in 2003, the Northern Trinity-Woodbine groundwater availability model is one of the most complex groundwater availability models ever completed for a
(Added graphics)

James Bené, P.G.

major aquifer system in Texas. Mr. Bené coordinated the efforts of project team members during development of the model, which simulates flow through seven distinct geologic units and covers approximately 37,000 square miles of Cretaceous sand, shale, and limestone in central and northern Texas. The Trinity-Woodbine GAM required a high degree of scientific, technical, and organizational skills in order to provide State regulatory agencies and groundwater conservation districts the best possible tool for the development of Trinity groundwater management plans. Tasks associated with the GAM included the construction, calibration, and verification of the model to measured water levels and stream flows, as well as the creation of a regional groundwater use database. Work also included compilation of data pertaining to aquifer structure and hydraulic properties, recharge fluxes, evapotranspiration fluxes, boundary conditions, and surface/groundwater interaction. The model is used by the State, municipalities, districts, and regional water planning groups to predict the effects of projected pumpage in the Northern Trinity-Woodbine over a 50-year planning period.

The City of the Colony Groundwater Supply Development – Denton County, TX

Mr. Bené managed team members during the performance of various tasks associated with the development of groundwater resources from the Trinity Group aquifers in southeastern Denton County, Texas. Specific work products included:

- Performance of a general groundwater availability evaluation,
- Assessment of the feasibility of implementing an Aquifer Storage and Recovery (ASR) system to augment supplies during peak use times,
- Evaluation of existing municipal wells,
- Obtaining TCEQ approval to construct and operate two new public water supply wells, and
- Design, construction, and testing of two large-capacity wells completed in the lower Trinity (Hosston Fm.) within the City of The Colony.

Wilcox Groundwater Development – Bistine MWSD, Limestone County, TX

For over ten years, RWH&A has performed a variety of well field services for Bistine Municipal Water Supply District (Bistine). Following the completion of initial evaluations, RWH&A managed each phase of the construction process for wells installed in 1998, 2005 and 2010. In the 1990s, RWH&A completed field testing and long-term well yield and interference modeling of Bistine’s existing production wells in Limestone County. As part of this initial evaluation, RWH&A provided recommendations for optimizing well field performance and for augmenting overall production with construction of new wells.

In the 2000’s, supplemental assessments evaluated the potential impacts and benefits associated with further construction in Bistine’s well field. During that time, Mr. Bené led a team that

- Performed aquifer drawdown and recovery tests in several existing Wilcox Group wells to determine the hydraulic characteristics of the wells and aquifer production zones at the site,
(Added graphics)

James Bené, P.G.

- Conducted a test drilling and aquifer testing program as a precursor to development of additional supplies,
- Developed both analytical well field models and regional-scale finite-difference groundwater flow models of the southern Limestone County region as an aid in determining the long-term availability from the Wilcox aquifer,
- Generated the submittals necessary to obtain TCEQ approval to construct and use new public supply wells,
- Produced detailed specifications and bidding documents for two new Bistone wells,
- Provided on-site oversight of the well construction and acceptance testing of new Wilcox aquifer public supply wells.

**Groundwater Supply Development – Canyon Regional Water Authority (CRWA), Guadalupe, Gonzales Counties, TX**

Mr. Bené managed this project, which consists of the development of a 10,000 acre-feet per year Carrizo aquifer groundwater supply in Gonzales and Guadalupe Counties for Canyon Regional Water Authority (CRWA). Tasks associated with this work include field testing of existing CRWA wells on the Wells Ranch, compilation of regional hydrogeologic data, numerical flow model construction, evaluation of the data to produce estimates of long-term groundwater availability, preliminary well and field design, and compliance with the rules and regulations promulgated by the Guadalupe County Groundwater Conservation District (GCGCD) and the Gonzales County Underground Water Conservation District (GCUWCD). Following the initial project phase, technical specifications and drawings were assembled for several high-capacity production wells. RWH&A assisted CRWA personnel with construction contract administration, providing on-site observation of well construction methods and materials, and field-testing of three production wells. Throughout this work, Mr. Bené managed a team responsible for performing groundwater modeling, preparing permit applications, and provided expert witness services for CRWA during contested case hearings and negotiations with local groundwater district personnel and legal counsel. In addition, Mr. Bené led the team responsible for the development of tasks and computation of costs associated with mitigation of impacts resulting from development of this groundwater supply.

**Groundwater Management – Three Oaks Mine, Bastrop and Lee Counties, TX**

This ongoing project consists of extensive groundwater investigations of the Wilcox Group to support mining, industrial, and municipal water supply operations. For the past several years, Mr. Bené managed project team members responsible for performing extensive test drilling, water quality sampling, geophysical logging, aquifer testing, producing conceptual and final well and well field designs, groundwater modeling, production well design, specification preparation for test drilling and production wells, construction inspection, and contract management. To date, this project has included the drilling of hundreds of test holes, design and construction of over 55 production wells with yields up to 2,500 gallons per minute and a total production capacity of about 35,000 acre-feet per year. Work also included assessment of impacts from production, monitoring regional drawdown and impacts to private...
wells, mitigating impacts from the development of the supply, and Railroad Commission of Texas regulatory support.

As part of this complex operation, RW&H&L developed a regional groundwater flow model which aids in the design of a groundwater management system at the mines as well as with the evaluation of the drawdown associated with mining operations. Encompassing over 8,300 square miles, this model segregates the Carrizo/Wilcox into ten distinct units, which allows for precise simulation of the aquifer response to dewatering and depressurization requirements through time. In addition, the model was designed for use as a tool to predict the likely declines in the various Carrizo/Wilcox formations resulting from long-term groundwater use in the region. Although originally developed to evaluate the regional effects of mining activities, the model was later modified and utilized to appraise the groundwater availability and impacts related to pumping associated with a proposed Alcoa/SAWS water supply contract.

Sanderson Farms Groundwater Supply Development – McLennan County, TX

This project consisted of the installation of two production wells in the Lower Trinity aquifer to serve as a potable supply for a large poultry processing facility in McLennan County, Texas. The target aquifer zone was the Hosston Formation, a clastic (sand-rich) stratum that lies approximately 2,500 feet below ground level in the area. RW&H&L provided services during the drilling contractor selection process and during contract negotiations. During construction of the wells, Mr. Bené led a team of geologists and engineers who performed a variety of services including: collection and analysis of drill cuttings samples, hole alignment surveys, setting and pressure cementing of the surface casing, caliper surveys to verify sufficient under-reaming of aquifer zones, setting of screen and liner, installation of the gravel (filter) pack, development of the well, and final well acceptance testing. During well construction, Mr. Bené managed on-site personnel responsible for verifying that all methods and materials used during the construction of the wells conformed to design specifications. Using the water level data collected during the acceptance tests for the wells, Mr. Bené worked closely with the Client’s engineers to select pumping equipment appropriate for the high-head, high-temperature conditions found at the site.

Central Texas Carrizo- Wilcox Groundwater Availability Model (GAM)

RW&H&L participated as a subcontractor to the University of Texas’ Bureau of Economic Geology to develop the Central Texas Carrizo-Wilcox Groundwater Availability Model (GAM) for the Texas Water Development Board. Mr. Bené was a member of the RW&H&L project team that developed the model grid, layer structure inputs, boundary conditions, model calibration datasets, and portions of future demand allocations. In developing the model’s boundary conditions, Mr. Bené researched and mapped groundwater conditions in the Wilcox, Carrizo, Queen City, and similar adjoining units over a large portion of Texas.
(Added graphics)

James Bené, P.G.

Groundwater Supply Development – Blue Water Systems, L.P.

This project began as an evaluation of the development of a municipal water supply from a previously untapped portion of the Carizzo-Wilcox aquifer. Mr. Bené participated in the project as senior hydrogeologist and was part of a team responsible for conducting a detailed evaluation of existing data including oil and gas geophysical log analysis, hydrologic mapping, groundwater modeling, and estimates of quantity and quality of groundwater available. Based on the findings of these evaluations, a test drilling and pilot production well program was designed. Test drilling was conducted to approximately 2,800 feet to the base of the Simsboro Formation. The initial evaluation of the test hole results indicated favorable conditions for the construction of a pilot production well. RW&H provided design, specification preparation and construction inspection, and acceptance testing of the pilot production well.

Groundwater Availability Analysis of the Ogallala Aquifer in the Texas High Plains

Mr. Bené was closely involved in this project, which entailed the evaluation of groundwater availability in relation to the permitting of several, large, competitive development scenarios in northern Texas. Initial work consisted of geologic log interpretation, data analysis, and model development and calibration for the Ogallala Aquifer in Roberts County, Texas. Following the completion of the initial study, the evaluation was expanded to encompass nine Texas counties: Carson, Gray, Hansford, Hemphill, Hutchinson, Lipscomb, Ochiltree, Roberts, and Wheeler. More than 6,000 test hole logs, well completion reports, and driller’s logs were individually evaluated for lithologic and stratigraphic data. The findings were then incorporated into a geodatabase and subsequently used to construct a MODFLOW-based groundwater flow model of the region. Using processes identical to those specified for GAM projects, the model was calibrated to multiple time periods representing the predevelopment and post-development states of the aquifer. Once calibrated and verified, the likely long-term aquifer response to multiple large-scale groundwater pumpage scenarios was evaluated using this model.

City of Amarillo – Potter County Well Field Development

The City of Amarillo desired to explore the development of a municipal water supply from the Ogallala Aquifer in Robertson County. Mr. Bené participated in the design of the test drilling program, specification preparation, bidding assistance, as well as management of all drilling and testing activities, pump testing, water quality sampling and plugging of test holes. Other work included evaluations of interference drawdown by others and its impact on groundwater availability, pollution source surveys, long-term production and drought resistance and reliability of the supply.

Southmost Regional Water Authority Brackish Groundwater Supply

Facing surface water shortages and increasing raw surface water and treatment costs, the Southmost Regional Water Authority began a regional project to assess the feasibility of supplementing existing surface water supplies with treated brackish groundwater. As an integral part of an extensive conjunctive use study, a detailed groundwater availability analysis was performed to determine the
(Added graphics)

James Bené, P.G.

long-term sustainability and economics of the supply and evaluate water quality. Mr. Bené’s participation in this project included data collection and review, well field planning, groundwater modeling, well field layout, well design, and specification preparation. The drawdown predictions produced from these analyses were used to determine groundwater availability, reliability, drought resistance, potential for contamination and optimal well field configuration for a 9.5 million gallon per day brackish groundwater supply system. Work also included required submittals to the Texas Commission of Environmental Quality for municipal well construction approvals, which included design plans, as-builts and pollution source surveys. The final well field consists of 20 production water wells.

Publications

Bené, James, Harden, Bob, Nicot, Jean Phillippe, Griffin, Stephanie, 2006, Northern Trinity-Woodbine GAM, Assessment of Groundwater Use in the Northern Trinity Aquifer Due to Urban Growth and Barnett Shale Development: Groundwater Resources Division, Texas Water Development Board.

Bené, James, Harden, Bob, O’Rourke, David, Donnelly, Andrew, 2004, Northern Trinity/Woodbine Aquifer Groundwater Availability Model: Groundwater Resources Division, Texas Water Development Board.
APPENDIX 16

PLAN OF DEVELOPMENT AND FINANCING

AND GARNEY HOLDING COMPANY LETTER OF SUPPORT
APPENDIX 16

PLAN OF DEVELOPMENT AND FINANCING
AND GARNEY HOLDING COMPANY LETTER OF SUPPORT

Part A: Plan of Development and Financing

1. Parent Company

Garney Construction was founded in 1961 and has thrived to become one of the nation’s leading environmental contractors. Garney is owned by its approximately 1,100 employee owners. Garney’s breadth of experience and financial strength is unmatched amongst contractors in the water and wastewater sector in the United States. Garney is the #1 ranked contractor in the Water Transmission sector and #3 ranked contractor in the Water Supply category according to 2015 ENR rankings. In 2015, Garney recorded over $600 million in revenues with aggregate bonding capacity in excess of $1.5 billion.

Garney has more than three decades of experience serving as a water and wastewater contractor for SAWS, successfully delivering critical projects for its consumers, including the Water Resources Integration Program Pipelines and Twin Oaks Pump Station, SAWS Carrizo Aquifer Storage and Recovery (ASR) Project, and SAWS Water Recycling Program. Last year, as part of the Water Resources Integration Program, Garney installed 140,000 linear feet of 60-inch pipe, similar to the pipe that will be used for the Vista Ridge pipeline.

Garney Construction was originally intended to be Abengoa’s construction partner for the Vista Ridge Project.

2. Plan of Development

Subject to SAWS consent, Garney intends to purchase a controlling interest in the Project Company, through a new subsidiary, Garney P3 LLC, upon the effective date of the Membership Interest and Purchase Agreement (MIPA). Garney Construction Companies, Inc. will serve as the EPC contractor.

The Central Texas Regional Water Supply Corporation (the "Water Supply Corporation"), a not-for-profit water supply corporation authorized to exercise the power of eminent domain, will continue to acquire easements, rights of way and other interests necessary for the Project. The Water Supply Corporation will sign the contract with the Design Build Contractor and provide for the management of the construction of the Project Improvements and transportation of treated water to the Project Company Water Storage Tank through the Transmission Pipeline. A loan will be provided from the Project Company to the Water Supply Corporation and the Project Company will be co-borrowers under a loan provided by a group of international banks to finance the design and construction of the Project.

The Project Company, through this Water Transmission and Purchase Agreement (WTPA), intends to develop a water treatment and transmission system to extract underground water from the Carrizo-Wilcox Aquifer and Simsboro Aquifer, located in Burleson County and convey it to San Antonio Water System through a 142-mile pipeline.

Prior to hard construction, the Project Company will perform the early construction needed to obtain limited-recourse project financing. During the Development and Financing Period, this work shall include:
(a) Preliminary Studies: These studies address topography, geotechnical issues, aquifer field surveys and studies that will be needed for development and construction of the Project, including permitting applications and detailed final engineering plans for the period prior to construction. The aquifer surveys include test holes and pilot production wells.

(b) Permitting: Before construction, appropriate federal and state permits need to be applied for and/or obtained. These early phase permits include among others, the USFWS endangered species permit, the USACE 404 section permit, the Texas Historical Commission permit, and environmental assessment permits necessary to avoid the modification of the Transmission Pipeline Alignment. This task also includes In addition, a permit log of all of the needed permits and the timeline to obtain them need to be developed. Other permits include authorizations from the Texas Department of Transportation related to road and railroad crossings and local county construction permits.

(c) Rights of way acquisition: This task will be a negotiated process by which the Project Company’s right of way agent will negotiate the easements and rights of way needed with each land owner along the Transmission Pipeline Alignment (142 miles) and for the Well Field Facilities. This task includes project management, appraisals, land payments and condemnation of eminent domain procedures. Prior to reaching Financial Close, the Project will secure the required rights of way and fee simple sites as outlined in the WTPA.

(d) Water rights maintenance fee: In order to maintain the leases and permits needed for the Project, the Project Company will pay a water rights maintenance fee.

(e) Due diligence: Banks and financial entities will require their independent experts, including independent engineers and lawyers to review Project details and verify the Project’s capacity to maintain its financial obligations.

3. Plan of Financing

Overview

The Project Company has the capacity to finance the Project from design and construction through the full operating period to the end of the Term. Since the signature of the Membership Interests Purchase Agreement (execution of the MIPA), the Project Company has developed a Plan of Finance that is based upon extensive dialogue with a group of four international project finance banking institutions. The Project Costs, which are estimated to be approximately $911,923 million, will be met by a combination of taxable bank debt and Sponsors’ equity.

The Plan of Finance has been developed to respond to the circumstances that the Vista Ridge project has experienced and also to provide the ability for the Project Company to execute the financing on an expedited timeline that will allow construction to commence once customary conditions precedent have been met (described below).

Equity Availability

The shareholders in the Project Company at financial close will be as follows:

- Garney P3 LLC – 80%
• Abengoa Vista Ridge LLC – 20%

Approximately $2221 million of Project costs have already been financed through equity contributions were contributed by Abengoa prior to the execution of the MIPA. In consideration for its stake in the Project Company, the MIPA provides that Garney will contribute the remaining equity funds (totaling approximately $5052 million) to complete the Project development with approximately 2/3 of this with a substantial amount being contributed to the Project either before or at Financial Close and the remainder contributed at the end of the Construction Period. In the period between the Conforming Contract Amendment Date and the Financial Closing Date, 100% of Project costs will be met with shareholder equity.

During the Construction Period, Garney P3 LLC will provide a letter of credit from an “A” rated financial institution to support the scheduled injection of shareholder capital into the Project Company.

Senior Debt Facility

The balance of the Project capital structure not funded via shareholder equity will be provided by a taxable debt financing facility totaling approximately $838850 million (the “Senior Secured Credit Facility” or the “Loan”).

Due Diligence Process

Upon effectiveness of the MIPA, the Project Company will work toward closing the Senior Secured Credit Facility on an expedited basis. This process will include three main phases:

1. **Preliminary steps to achieve the bank mini-perm financing**: The Project Company has engaged with a group of global project finance bank lenders led by SMBC as “Structuring Bank”, who are familiar with the Project to form a “Bank Club” with the intention to finance the Project costs not covered by Project Company equity upon the completion and satisfaction of due diligence and necessary conditions precedent to funding. The Bank Club engaged lenders counsel who undertook a review of all existing documentation and has prepared certain Project financing documents including the Credit Agreement, the Equity Contribution Agreement as well as a Closing Checklist outlining the full package of documentation for the Senior Secured Credit Facility.

2. **Permitting and due diligence process**: The Project Company will continue the permitting and Bank Club due diligence process following the execution of the MIPA. The due diligence process will include the review of all permits, leases, engineering plans, hydrology studies, the proposed construction schedule and contract documents by a Lender’s Technical Advisor (LTA). The permitting process is well underway and expected to be complete in late July. In an effort to expedite the due diligence process, in consultation with the Bank Club and the Project Company’s Financial Advisor, Societe Generale, Garney undertook a Request for Proposal process and has selected and recently engaged E3 Consulting as LTA. E3 Consulting has begun their due diligence efforts and is expected to deliver a preliminary report on or about May 20, 2016 and meet with the Bank Club to discuss its findings. The preliminary LTA report, along with the final report of the hydrology engineer (RW Harden), will be important components of the Bank Club’s credit analysis.
3. **Closing Process**: The loan closing process includes completion of final due diligence and credit analysis by each member of the Bank Club. Other due diligence undertaken by the Bank Club will include:

a) Review of Garney Construction (including financial performance, meetings with senior management, company history, back-log)
b) Review of Design Build Contractual Approach (including construction security package, in conjunction with the LTA)
c) Review of SAWS (financials, project essentiality, Ratepayer and Water Price Methodology, Capital Investment to Integrate Pipeline)
d) Review of Financial Model
e) Review of Water Supply Chain
f) Bank Club’s Counsel (review of project company documents, due diligence on property conveyance, rights of way, permitting etc.)
g) Other third party due diligence including an Independent Insurance Consultant Report and an independent financial Model Auditor report. The final drafting and negotiation of bank loan and security documents, a final LTA report, and the obtaining of internal bank credit committee approvals will proceed on a parallel basis in order to close on the Senior Secured Credit Facility in an expedited manner.

**Loan Closing and Financial Close**

*Once the Bank Club has received the final LTA report (expected on or around June 8, 2016, delivery of loan commitments and the closing of the Loan (“Loan Closing”) are currently anticipated to be achieved between June 15, 2016 and July 15, 2016 (and date of Loan Closing the “Loan Closing Date”). Loan Closing shall not constitute Financial Close under the WTPA, rather, Financial Close will occur once the requirements as defined under the WTPA (Financial Closing Date Conditions) are satisfied including obtaining all Governmental Approvals, Transmission Pipeline System and Well Field Facilities Site Real Property Interests, per the terms of Section 4.1 (B) of the WTPA and satisfactory to Bank Club based on advice from the LTA. Assuming a timely Loan Closing, Financial Close under the WTPA (which requires satisfaction of additional conditions) is expected to be achieved on or about September 30, 2016.*

It is believed that this approach involving underwritten commitments from the Bank Club, whose members are already familiar with the Project is cost effective, reduces any uncertainty surrounding an offering to new investors and provides the most certain and expedited path to Loan Closing and achieving Financial Close. **Financial Close is planned for fourth quarter 2016 with the Bank Club having sufficient commitments to reach Financial Close.**

**Interest Rate Hedging Strategy**

*The Loan Loans under the Senior Secured Credit Facility will be structured as a traditional variable rate bank. In order to hedge long-term fixed rates, the Bank Club will also extend long-term variable to fixed rate interest rate swaps. It is anticipated that 100% of the*
Senior Secured Credit Facility will be swapped from variable rate to fixed rate at Loan Financial Close through a date approximately 29 years following the Commercial Operations Date.

The interest rate swaps will be structured so that the Project Company can break the swaps at the point that the Loan Senior Secured Credit Facility is refinanced. The long-term hedge will be structured so that changes in generic interest rates (either way) would not materially affect the Project's cash flows. Should general interest rates at refinancing or maturity be higher than those in place at origination, the Project Company can collect swap breakage amounts which can serve to reduce the amount of (higher rate) debt that needs to be issued. Should rates be lower at refinancing or maturity, the Project Company will owe a breakage amount to the swap counterparty which can be financed with a larger amount of (lower rate) debt upon refinancing. The interest rate swaps will effectively hedge generic interest rates but are not intended to hedge credit spreads which might be expected to tighten once the risk profile of the Project is reduced at completion and commissioning. The risk of higher credit spreads or benefit of lower spreads will lie with the Project Company.

**Long Term Financing Strategy**

The Loan Senior Secured Credit Facility is expected to be refinanced with either bonds or another loan credit facility prior to its maturity. The Loan, Loans under the Senior Secured Credit Facility also feature no loan prepayment penalties after the first year which provides a great deal of flexibility to take advantage of tighter credit markets or a more favorable Project risk profile as the Project nears or achieves the Commercial Operations Date. Once the Project Company has fully achieved the necessary rights of way, permits and other entitlements, and has largely completed construction of the Project it expects to explore more permanent financing including long term fixed rate bonds from the tax exempt municipal market or the taxable private placement market. The Project financing terms and risk allocation have been structured to achieve an investment grade bond rating when refinanced. A potential fixed rate bond takeout could occur anytime, but would generally be expected to occur at or beyond Substantial Completion of the Project. The anticipated 21-month period between Substantial Completion and the maturity of the Loan Senior Secured Credit Facility is intended to provide ample flexibility to access the bond market at advantageous terms. Should a bond takeout prove infeasible for any reason, the lenders would also consider an extension or rollover of the Loan Senior Secured Credit Facility and the related interest rate hedge.
Part B: Garney Holding Company Letter of Support
Robert Puente and Doug Ewanston
San Antonio Water System Board of Trustees
2800 U.S. Hwy. 281 North
San Antonio, TX 78212

May 14, 2016

RE: Letter of Support, Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement

Dear Mr. Puente and Mr. Ewanston,

Reference is made to that certain Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement (the “WTPA”) to be entered into by and between the City of San Antonio (the “City”), acting by and through the San Antonio Water System Board of Trustees, an agency of the City (“SAWS”) and Abengoa Vista Ridge, LLC, a Delaware limited liability company (the “Project Company”).

Garney Holding Company, a Missouri limited liability company (“Garney”), is the parent company of Garney P3 LLC, a Missouri limited liability company (“Garney P3”), the holder of an 80% membership interest in the Project Company, hereby provides this Letter of Support to evidence as follows:

1. Garney has received and reviewed a substantially final draft of the WTPA as of the date hereof and hereby acknowledges and agrees that Garney is fully aware of the terms and conditions of the WTPA and the transactions associated therewith including, without limitation, the Project Company’s obligations thereunder.

2. It is the general policy of Garney to provide sufficient cash or other liquid assets to its subsidiaries, including the Garney P3 and Project Company, by means of debt or equity contributions, so that such subsidiaries can meet their respective payment obligations under their contractual agreements in full as and when they become due.

3. Garney hereby represents and warrants to SAWS that, as of the date hereof, the Plan of Development and Financing attached to this Letter of Support has been prepared in good faith and in accordance with generally accepted standards prevailing in the project finance industry for major public works projects of a similar size.

4. By acceptance of this Letter of Support, SAWS acknowledges and agrees that, except as set forth in Paragraph 3, this Letter of Support does not evidence or create an enforceable contract or binding obligation on the part of Garney.

Sincerely,

GARNEY HOLDING COMPANY

Jeffrey R. Lacy
Chief Financial Officer
PHE: 816.746.7277 FAX: 816.746.7296 CELL: 816.666.6327
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<td><strong>Table moves from</strong></td>
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APPENDIX 17

SAMPLE MONTHLY WATER PURCHASE PAYMENT CALCULATIONS
APPENDIX 17

SAMPLE MONTHLY WATER PURCHASE PAYMENT CALCULATIONS

Section 1

Water Unit Price

The Tables in this section present a hypothetical example of the Unit Price. The Unit Price will be adjusted on the Financial Closing Date and annually based on the budgeted level of Operating and Maintenance Costs. Section 1 is for illustrative purposes only.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
Vista Ridge Regional Supply Project
Water Transmission and Purchase Agreement
Calculations

Sample

Monthly

Water

Purchase

Appendix 17
Payment

Preliminary Figures – To be Adjusted at Financial Close
Table 1.1
Capital and Raw Groundwater Unit Price

Contract Year
Ending
12/31/2019
12/31/2020
12/31/2021
12/31/2022
12/31/2023
12/31/2024
12/31/2025
12/31/2026
12/31/2027
12/31/2028
12/31/2029
12/31/2030
12/31/2031
12/31/2032
12/31/2033
12/31/2034
12/31/2035
12/31/2036
12/31/2037
12/31/2038
12/31/2039
12/31/2040
12/31/2041
12/31/2042
12/31/2043
12/31/2044
12/31/2045
12/31/2046
12/31/2047
12/31/2048
12/31/2049

Debt
Principal ($)
5,345,000
11,094,000
11,655,000
12,245,000
12,865,000
13,517,000
14,201,000
14,947,000
15,742,000
16,640,000
17,611,000
18,638,000
19,725,000
20,876,000
22,093,000
23,382,000
24,746,000
26,189,000
27,717,000
29,333,000
31,044,000
32,855,000
34,771,000
36,799,000
38,946,000
41,217,000
43,621,000
46,166,000
48,858,000
24,567,000
-

Debt Interest
($)
20,849,000
41,294,000
40,733,000
40,142,000
39,523,000
38,871,000
38,187,000
37,441,000
36,646,000
35,747,000
34,777,000
33,750,000
32,663,000
31,512,000
30,294,000
29,006,000
27,642,000
26,199,000
24,671,000
23,055,000
21,344,000
19,533,000
17,617,000
15,589,000
13,442,000
11,171,000
8,767,000
6,222,000
3,530,000
706,000
-

Debt Service
($)
26,194,000
52,388,000
52,388,000
52,387,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,387,000
52,388,000
52,388,000
52,388,000
52,388,000
52,387,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
52,388,000
25,273,000
-

Equity
Return ($)
8,615,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
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17,230,000
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17,230,000
17,230,000
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17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
17,230,000
44,345,000
34,809,000

Capital
Charge ($)
34,809,000
69,618,000
69,618,000
69,617,000
69,618,000
69,618,000
69,618,000
69,618,000
69,618,000
69,617,000
69,618,000
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69,618,000
69,618,000
69,618,000
69,618,000
69,618,000
69,618,000
69,618,000
69,618,000
34,809,000

Water
Payment ($)
11,500,000
23,000,000
23,000,000
23,000,000
23,000,000
23,000,000
23,000,000
23,000,000
23,000,000
23,000,000
23,000,000
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23,000,000
23,000,000
23,000,000
23,000,000
23,000,000
23,000,000
11,500,000

Note: This table 1.1 sets forth the various components of the Capital and Raw Groundwater Unit
Price inIn accordance with Section 17.2 (A) (Capital and Raw Groundwater Unit Price
Defined) of this Water Transmission and Purchase Agreement. This table will be revised at
the Financial Closing Date in accordance with Section 17.2 (B) (Adjustment at Financial Closing Date)
of this Water Transmission and Purchase Agreement, as further detailed in Appendix 10 (Adjustment
of the Capital and Raw Groundwater Unit Price on the Financial Closing Date).

for each Contract Year shall be $1,606 per Acre Foot, and shall remain fixed for the
Term.

A17-2
Financial Close Version, November __, 2016
2365647.8 038521 CTR2717473.4 038521 OTH

Capital and
Raw
Groundwater
Charge ($)
46,309,000
92,618,000
92,618,000
92,617,000
92,618,000
92,618,000
92,618,000
92,618,000
92,618,000
92,617,000
92,618,000
92,618,000
92,618,000
92,618,000
92,617,000
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92,618,000
92,618,000
92,618,000
92,618,000
92,618,000
92,618,000
92,618,000
92,618,000
92,618,000
92,618,000
92,618,000
46,309,000


<table>
<thead>
<tr>
<th><strong>Table 1.2</strong></th>
<th>Fixed and Variable Compensable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Illustrative Numbers Only</strong></td>
<td></td>
</tr>
<tr>
<td>Fixed Compensable Costs ($/AF)</td>
<td>135.25</td>
</tr>
<tr>
<td>Variable Compensable Costs ($/AF)</td>
<td>36.39</td>
</tr>
</tbody>
</table>

Note: This Table 1.2 provides an example of the Fixed Compensable Costs and the Variable Compensable Costs in accordance with Section 17.3 (Operating and Maintenance Costs) of this Water Transmission and Purchase Agreement. The figures presented in this table are purely illustrative and will be revised annually based on the determinations of the O&M Budget Panel as more fully discussed in Section 17.3 (Operating and Maintenance Costs) of this Water Transmission and Purchase Agreement and Appendix 19 (Compensable Costs and O&M Budget Panel). In accordance with Section 19.2(12) (Fixed Compensable Costs) of Appendix 19, a component of the Fixed Compensable Costs is a management fee equal to 11.1% of total Compensable Costs for each Billing Period.
Table 1.3
Unit Price for Product Water

Preliminary and/or Illustrative Numbers

<table>
<thead>
<tr>
<th>Capital and Raw Groundwater Unit Price</th>
<th>Variable Compensable Costs Unit Price</th>
<th>Unit Price for Product Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,852,606.00</td>
<td>$36.39</td>
<td>$1,888,918.39</td>
</tr>
</tbody>
</table>

Note: This Table 1.3 sets forth the calculation of the Unit Price for Product Water delivered in volumes up to the Baseline Annual Volume in accordance with Section 17.4 (Unit Price) of this Water Transmission and Purchase Agreement. As noted in Tables 1.1 and Table 1.2, the amounts detailed are either preliminary and/or purely illustrative and will be revised annually in the future.
Section 2

Water Units, Monthly Payments, and Annual Payment Summary

The Tables in this section present a hypothetical example of water deliveries for a sample Contract Year. The Tables present an example of a Contract Year in which Excused Supply Shortfall Units, Unexcused Supply Shortfall Units, Demand Shortfall Units, and Make-Up Units are produced during a Billing Period. The Tables also present an example calculation of the Monthly Water Purchase Payments and Annual Payment Summary. There is no expectation that the water production illustrated in Section 2 will be experienced. Section 2 is for illustrative purposes only.

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Table 2.1
Illustrative Scheduling of Baseline Annual Volume and Daily Maximum Volume During First Two Years of Commercial Operations

Example A - First Full Year of Commercial Operations
(Units are Acre Feet of Raw Groundwater)

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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>January</td>
<td>137.0</td>
<td>137.0</td>
<td>4,247.0</td>
<td>4,247.0</td>
</tr>
<tr>
<td>February</td>
<td>137.0</td>
<td>137.0</td>
<td>3,836.0</td>
<td>3,836.0</td>
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<td>March</td>
<td>137.0</td>
<td>137.0</td>
<td>4,247.0</td>
<td>4,247.0</td>
</tr>
<tr>
<td>April</td>
<td>137.0</td>
<td>149.2</td>
<td>4,110.0</td>
<td>4,625.2</td>
</tr>
<tr>
<td>May</td>
<td>137.0</td>
<td>149.2</td>
<td>4,110.0</td>
<td>4,476.0</td>
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<td>June</td>
<td>137.0</td>
<td>149.2</td>
<td>4,247.0</td>
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</tr>
<tr>
<td>July</td>
<td>137.0</td>
<td>149.2</td>
<td>4,247.0</td>
<td>4,625.2</td>
</tr>
<tr>
<td>August</td>
<td>137.0</td>
<td>149.2</td>
<td>4,247.0</td>
<td>4,625.2</td>
</tr>
<tr>
<td>September</td>
<td>137.0</td>
<td>149.2</td>
<td>4,110.0</td>
<td>4,476.0</td>
</tr>
<tr>
<td>October</td>
<td>137.0</td>
<td>149.2</td>
<td>4,247.0</td>
<td>4,625.2</td>
</tr>
<tr>
<td>November</td>
<td>137.0</td>
<td>137.0</td>
<td>4,110.0</td>
<td>4,110.0</td>
</tr>
<tr>
<td>December</td>
<td>137.0</td>
<td>137.0</td>
<td>4,242.0</td>
<td>4,247.0</td>
</tr>
<tr>
<td>Total</td>
<td>50,000.0</td>
<td>52,249.8</td>
<td></td>
<td></td>
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</table>

Note: The illustrative Baseline Monthly Volume shown in this Table 2.1 is scheduled in accordance with Section 10.3(A)(3) (Baseline Daily Volume) of this Water Transmission and Purchase Agreement. The illustrative Maximum Monthly Volume shown in this Table 2.1 is scheduled in accordance with Sections 10.3(A)(5) (Daily Maximum Volume) and 10.3(A)(6) (Demand Shortfall Units) of this Water Transmission and Purchase Agreement. As this example is deemed to take place during the first full year of Commercial Operations, the Daily Maximum Volumes for March and April have been adjusted in accordance with Section 10.4(B)(1) (Supply Following Commercial Operation Date) of this Water Transmission and Purchase Agreement. In years beginning with the third year of Commercial Operations, the Daily Maximum Volume shall increase for these months to 149.2 with corresponding adjustments to the Maximum Monthly and Maximum Annual Volume.
### Table 2.2

**Illustrative Example of Daily Tracking**

**Daily Delivered Water Units, Excused Supply Shortfall Units, Unexcused Supply Shortfall Units, Demand Shortfall Units & Make-Up Units**

<table>
<thead>
<tr>
<th>Day of the Month</th>
<th>Baseline Daily Volume</th>
<th>Daily Maximum Volume</th>
<th>Daily Delivered Water Units</th>
<th>Amount Over/(Under) Baseline Daily Volume</th>
<th>Excused Supply Shortfall Units</th>
<th>Unexcused Supply Shortfall Units</th>
<th>Demand Shortfall Units</th>
<th>Make-Up Units</th>
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</thead>
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<td>125.0</td>
<td>(12.0)</td>
<td>-</td>
<td>(12.0)</td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>137.0</td>
<td>149.2</td>
<td>110.2</td>
<td>(26.8)</td>
<td>(26.8)</td>
<td>(26.8)</td>
<td></td>
<td></td>
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<tr>
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<td>137.0</td>
<td>149.2</td>
<td>115.9</td>
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<td>(21.1)</td>
<td>(21.1)</td>
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<td></td>
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<tr>
<td>4</td>
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<td>149.2</td>
<td>117.8</td>
<td>(19.2)</td>
<td>(19.2)</td>
<td>(19.2)</td>
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<tr>
<td>5</td>
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<td>149.2</td>
<td>116.3</td>
<td>(20.7)</td>
<td>(20.7)</td>
<td>(20.7)</td>
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<td>119.4</td>
<td>(17.6)</td>
<td>(17.6)</td>
<td>(17.6)</td>
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<td>120.4</td>
<td>(16.6)</td>
<td>(16.6)</td>
<td>(16.6)</td>
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<td>(3.7)</td>
<td>(3.7)</td>
<td>(3.7)</td>
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<td>145.4</td>
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<tr>
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<td>146.2</td>
<td>9.2</td>
<td>9.2</td>
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<td>4,247.0</td>
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<td></td>
<td>(125.7)</td>
<td>(12.0)</td>
<td>(32.4)</td>
<td></td>
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</tr>
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</table>

Note: This Table 2.2 presents illustrative example daily tracking accounts for each day within a particular month in accordance with Section 10.3 (B) (Records and Tracking Accounts) of this Water Transmission and Purchase Agreement.
Table 2.3
Illustrative Example of Application of Make-Up Units

Example A Continued - August 2020

(Units are Acre Feet of Raw Groundwater)

<table>
<thead>
<tr>
<th>Day of the Month</th>
<th>Total Make-Up Units</th>
<th>Applied Project Company Make-Up Units</th>
<th>Applied SAWS Make-Up Units</th>
<th>Advance Project Company Make-Up Units</th>
</tr>
</thead>
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<td>7.0</td>
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<td>-</td>
</tr>
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<td>12</td>
<td>7.6</td>
<td>7.6</td>
<td>-</td>
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</tr>
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<td>13</td>
<td>9.2</td>
<td>9.2</td>
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<td>16</td>
<td>9.3</td>
<td>9.3</td>
<td>-</td>
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<td>17</td>
<td>10.2</td>
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<td>22</td>
<td>3.0</td>
<td>3.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>23</td>
<td>1.9</td>
<td>1.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>24</td>
<td>5.5</td>
<td>5.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>25</td>
<td>6.0</td>
<td>4.1</td>
<td>1.9</td>
<td>1.9</td>
</tr>
<tr>
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<td>-</td>
<td>10.2</td>
<td>-</td>
</tr>
<tr>
<td>27</td>
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<td>-</td>
<td>11.9</td>
</tr>
<tr>
<td>30</td>
<td>11.7</td>
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<td>-</td>
<td>11.7</td>
</tr>
<tr>
<td>31</td>
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<td>-</td>
<td>-</td>
<td>10.6</td>
</tr>
<tr>
<td>Total</td>
<td>194.3</td>
<td>125.7</td>
<td>32.4</td>
<td>36.2</td>
</tr>
</tbody>
</table>

Note: This Table 2.3 provides an illustrative example of the application of Make-Up Units in accordance with Section 10.6 (Make-Up Units) of this Water Transmission and Purchase Agreement. For purposes of this example, it has been assumed that all previously accrued Excused Supply Shortfall Units and Demand Shortfall Units have been eliminated with previously generated Make-Up Units. It has further been assumed that the Project Company has not reached the 3,000 AF maximum allowable level of Advance Project

Financial Close Version, November __, 2016
Company Make-Up Units as outlined in Section 10.4(B)(3) (Supply Following Commercial Operation Date) of this Water Transmission and Purchase Agreement.
### Table 2.4
**Illustrative Example of Monthly Water Purchase Payments**

Example A Continued - August 2020

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Delivered Water Units – AF</td>
<td>4,303.6</td>
<td></td>
</tr>
<tr>
<td>Less SAWS Make-Up Units Previously Paid as Demand Shortfall Units – AF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>4,303.6</td>
<td></td>
</tr>
<tr>
<td>Unit Price for Product Water</td>
<td>$1,888.39</td>
<td>$1,642.39</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$8,126,875.20</td>
<td>$7,068,189.60</td>
</tr>
<tr>
<td>Demand Shortfall Units that have not been made up by SAWS Make-Up Units – AF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit Price for Product Water</td>
<td>$1,888.39</td>
<td>$1,642.39</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$</td>
<td>39</td>
</tr>
<tr>
<td>One-Twelfth of Budgeted Fixed Compensable Costs</td>
<td>$563,541.67</td>
<td></td>
</tr>
<tr>
<td>Direct Payments</td>
<td>$23,672.48</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$8,714,089.357</td>
<td>$7,655,403.75</td>
</tr>
</tbody>
</table>

Note: This Table 2.4 sets forth the calculation of the Monthly Water Purchase Payment in accordance with Section 17.5 (Monthly Water Purchase Payments) of this Water Transmission and Purchase Agreement. For purposes of this example, it has been assumed that SAWS needs to make a Direct Payment to the Project Company as outlined in Section 17.8(C) (Direct Payments by the Parties) of this Water Transmission and Purchase Agreement.
### Table 2.5

**Annual Summary of Product Water Deliveries**

Example A Continued – 2020

<table>
<thead>
<tr>
<th>Month</th>
<th>Baseline Monthly Volume</th>
<th>Maximum Monthly Volume</th>
<th>Delivered Water Units</th>
<th>Over/(Under) Baseline Monthly Volume</th>
<th>Excused Supply Shortfall Units</th>
<th>Unexcused Supply Shortfall Units</th>
<th>Demand Shortfall Units</th>
<th>Make-Up Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>4,247.0</td>
<td>4,247.0</td>
<td>4,100.0</td>
<td>(147.0)</td>
<td>(53.0)</td>
<td>(94.0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>3,836.0</td>
<td>3,836.0</td>
<td>3,708.4</td>
<td>(127.6)</td>
<td>(72.0)</td>
<td>(55.6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>4,247.0</td>
<td>4,247.0</td>
<td>4,156.8</td>
<td>(90.2)</td>
<td></td>
<td>(90.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>4,110.0</td>
<td>4,110.0</td>
<td>4,268.3</td>
<td>158.3</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>May</td>
<td>4,247.0</td>
<td>4,625.2</td>
<td>4,509.1</td>
<td>262.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>4,110.0</td>
<td>4,476.0</td>
<td>4,325.9</td>
<td>215.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>4,247.0</td>
<td>4,625.2</td>
<td>4,503.4</td>
<td>256.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>4,247.0</td>
<td>4,625.2</td>
<td>4,303.6</td>
<td>56.6</td>
<td>(125.7)</td>
<td>(12.0)</td>
<td>(32.4)</td>
<td>194.3</td>
</tr>
<tr>
<td>September</td>
<td>4,110.0</td>
<td>4,476.0</td>
<td>4,200.7</td>
<td>90.7</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>4,247.0</td>
<td>4,625.2</td>
<td>4,284.5</td>
<td>37.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>4,110.0</td>
<td>4,110.0</td>
<td>3,800.0</td>
<td>(310.0)</td>
<td>(310.0)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>4,242.0</td>
<td>4,247.0</td>
<td>3,790.2</td>
<td>(451.8)</td>
<td>(451.8)</td>
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<td></td>
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<tr>
<td>Total</td>
<td>50,000.0</td>
<td>52,249.8</td>
<td>49,950.9</td>
<td>(49.1)</td>
<td>(887.5)</td>
<td>(227.2)</td>
<td>(182.0)</td>
<td>1,215.2</td>
</tr>
</tbody>
</table>

Note: This Table 2.5 provides an example summary of monthly Product Water deliveries for calendar year 2020, the anticipated first full calendar year subsequent to the Commercial Operation Date.

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### Table 2.6
**Illustrative Example of Roll-Forward of Supply Shortfall Units, Demand Shortfall Units and Advance Project Company Make-Up Units**

Example A Continued – 2020-2021

(Units are Acre Feet of Raw Groundwater)

<table>
<thead>
<tr>
<th></th>
<th>Unexcused Supply Shortfall Units</th>
<th>Excused Supply Shortfall Units</th>
<th>Demand Shortfall Units</th>
<th>Advance Project Company Make-Up Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beginning Balance</td>
<td>Units Created</td>
<td>Units Applied</td>
<td>Ending Balance</td>
</tr>
<tr>
<td>January</td>
<td>-</td>
<td>(53.0)</td>
<td>-</td>
<td>(53.0)</td>
</tr>
<tr>
<td>February</td>
<td>(53.0)</td>
<td>(72.0)</td>
<td>-</td>
<td>(125.0)</td>
</tr>
<tr>
<td>March</td>
<td>(125.0)</td>
<td>(90.2)</td>
<td>-</td>
<td>(215.2)</td>
</tr>
<tr>
<td>April</td>
<td>(215.2)</td>
<td>-</td>
<td>-</td>
<td>(215.2)</td>
</tr>
<tr>
<td>May</td>
<td>(56.9)</td>
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<td>(215.2)</td>
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<td>June</td>
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<td>(215.2)</td>
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<tr>
<td>August</td>
<td>0.0</td>
<td>(12.0)</td>
<td>-</td>
<td>(227.2)</td>
</tr>
<tr>
<td>September</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td>(227.2)</td>
</tr>
<tr>
<td>October</td>
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<td>(227.2)</td>
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<tr>
<td>November</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td>(227.2)</td>
</tr>
<tr>
<td>December</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td>(227.2)</td>
</tr>
</tbody>
</table>

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Financial Close Version, November ____, 2016
Note: This Table 2.6 provides example roll-forwards of the Supply and Demand Shortfall Units as well as the Advance Project Company Make-Up Units. For purposes of these examples, all Tracking Accounts were assumed to begin the year with a “0” balance. Based on the information contained in Table 2.5 (Annual Summary of Water Deliveries) of this Appendix, the Project Company would end 2021 with 227.2 AF of Unexcused Supply Shortfall Units. In accordance with Section 10.6(A) (Project Company Make-Up Units) of this Water Transmission and Purchase Agreement, the Project Company will not have any opportunity to make up these Unexcused Supply Shortfall Units and therefore the balance in this tracking account would not carry forward to the next subsequent year. The balances in each of the other tracking accounts would carry forward to the next subsequent year. In accordance with Section 10.4(B)(3) (Supply Following Commercial Operation Date) of this Water Transmission and Purchase Agreement, the maximum balance of Advance Project Company Make-Up Units at any time outstanding shall not exceed 3,000.

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## Table 2.7
### Annual Payment Summary

<table>
<thead>
<tr>
<th></th>
<th>Delivered Water Units</th>
<th>Demand Shortfall Units</th>
<th>SAWS Make-Up Units Included in Delivered Water Units</th>
<th>Adjusted Delivered Water Units</th>
<th>Unit Price of Product Water</th>
<th>Unit Price Paid for Product Water</th>
<th>One-Twelfth of Budgeted Fixed Compensable Costs</th>
<th>Direct Payments</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>4,100.0</td>
<td>94.0</td>
<td>-</td>
<td>4,194.0</td>
<td>$1,888.39</td>
<td>$1,888.391</td>
<td>$563,541.67</td>
<td>$(2,201.22)</td>
<td>$449,524.11</td>
</tr>
<tr>
<td>February</td>
<td>3,708.4</td>
<td>55.6</td>
<td>-</td>
<td>3,764.0</td>
<td>$1,888.39</td>
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<td>7,685,037.66</td>
</tr>
<tr>
<td>March</td>
<td>4,156.8</td>
<td>-</td>
<td>-</td>
<td>4,156.8</td>
<td>$1,888.39</td>
<td>$1,888.391</td>
<td>$563,541.67</td>
<td>-</td>
<td>59,093.63</td>
</tr>
<tr>
<td>April</td>
<td>4,268.3</td>
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<td>(149.6)</td>
<td>4,118.7</td>
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<td>-</td>
<td>28,053.36</td>
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<tr>
<td>May</td>
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<td>-</td>
<td>-</td>
<td>4,509.1</td>
<td>$1,888.39</td>
<td>$1,888.391</td>
<td>$563,541.67</td>
<td>-</td>
<td>90,628.42</td>
</tr>
<tr>
<td>June</td>
<td>4,325.9</td>
<td>-</td>
<td>-</td>
<td>4,325.9</td>
<td>$1,888.39</td>
<td>$1,888.391</td>
<td>$563,541.67</td>
<td>-</td>
<td>69,242.42</td>
</tr>
<tr>
<td>July</td>
<td>4,503.4</td>
<td>-</td>
<td>-</td>
<td>4,503.4</td>
<td>$1,888.39</td>
<td>$1,888.391</td>
<td>$563,541.67</td>
<td>-</td>
<td>57,980.79</td>
</tr>
<tr>
<td>August</td>
<td>4,303.6</td>
<td>32.4</td>
<td>(32.4)</td>
<td>4,303.6</td>
<td>$1,888.39</td>
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<td>8,732,527.97</td>
</tr>
<tr>
<td>September</td>
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<td>-</td>
<td>-</td>
<td>4,200.7</td>
<td>$1,888.39</td>
<td>$1,888.391</td>
<td>$563,541.67</td>
<td>-</td>
<td>8,496,101.54</td>
</tr>
<tr>
<td>October</td>
<td>4,284.5</td>
<td>-</td>
<td>-</td>
<td>4,284.5</td>
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<td>$1,888.391</td>
<td>$563,541.67</td>
<td>-</td>
<td>8,654,348.63</td>
</tr>
<tr>
<td>November</td>
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<td>-</td>
<td>-</td>
<td>3,800.0</td>
<td>$1,888.39</td>
<td>$1,888.391</td>
<td>$563,541.67</td>
<td>(14,381.79)</td>
<td>90,241.88</td>
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<tr>
<td>December</td>
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<td>-</td>
<td>3,790.2</td>
<td>$1,888.39</td>
<td>$1,888.391</td>
<td>$563,541.67</td>
<td>-</td>
<td>88,528.24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>49,950.9</td>
<td>182.0</td>
<td>(182.0)</td>
<td>49,950.9</td>
<td>$1,888.39</td>
<td>$1,888.391</td>
<td>$563,541.67</td>
<td>$94,326,780.05</td>
<td>$101,109,965.52</td>
</tr>
</tbody>
</table>

Note: This Table 2.7 provides a summary of the Delivered Water Units and the payments made with respect to these Delivered Water Units. Such schedule could be utilized as the basis for the Annual Settlement Statement contemplated in Section 17.11(A) (Annual Settlement Statement) of this Water Transmission and Purchase Agreement. Consistent with Section 17.3(G)
(Actual Compensable Costs) of this Water Transmission and Purchase Agreement, as part of the Annual Settlement process, the O&M Budget Panel will compare Actual Compensable Costs with Budgeted Compensable Costs with any differences to be made via a Direct Payment in the ensuing Contract Year. In addition, there is to be an Annual Settlement of Electricity Costs in accordance with Section 17.11(B) (Annual Settlement of Electricity Costs) of this Water Transmission and Purchase Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
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</thead>
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</tbody>
</table>
TRANSACTION FORMS

Relating To The

VISTA RIDGE REGIONAL SUPPLY PROJECT
WATER TRANSMISSION AND PURCHASE AGREEMENT

between

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH
THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

and

ABENGOA VISTA RIDGE, LLC

Dated
November 4, 2014
As Amended on
June 10, 2016

June And as Further Amended on November __, 2016
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Financial Close Version, November __, 2016
TRANSACTION FORM A

GARNEY GUARANTY AGREEMENT
GUARANTY AGREEMENT

from

GARNEY HOLDING COMPANY

to

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH
THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

Dated as of

June __, 2016
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GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT is made and dated as of June __, 2016, between Garney Holding Company, a corporation organized and existing under the laws of the State of Missouri (together with any permitted successors and assigns hereunder, the “Guarantor”), and the City of San Antonio, Texas (the “City”) acting by and through the San Antonio Water System Board of Trustees, established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq. and Chapter 1502, as amended, Texas Government Code (“SAWS”).

RECITALS

The City acting by and through SAWS and Abengoa Vista Ridge, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Project Company”), have entered into the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement, dated as of November 4, 2014, as amended the date hereof and from time to time hereafter (the “Water Transmission and Purchase Agreement”), whereby the Project Company has agreed to produce, treat, make available and sell to SAWS potable water on a long term basis, all as more particularly described therein.

The Project Company is an indirect subsidiary of the Guarantor.

Performance by SAWS and the Project Company of their obligations under the Water Transmission and Purchase Agreement will result in a direct and substantial benefit to the Guarantor.

The City acting by and through SAWS will enter into an amendment to the Water Transmission and Purchase Agreement only if, concurrently with its execution and delivery by the Project Company, the Guarantor guarantees the performance by the Project Company of certain of the Project Company’s Obligations under the Water Transmission and Purchase Agreement as set forth in this Guaranty Agreement.

In order to induce the execution and delivery of the amendment to the Water Transmission and Purchase Agreement by the City acting by and through SAWS and in consideration thereof, the Guarantor agrees as follows:
ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1. DEFINITIONS. For the purposes of this Guaranty, the following words and terms shall have the respective meanings set forth as follows. Any other capitalized word or term used but not defined herein is used as defined in the Water Transmission and Purchase Agreement.

“Obligations” means the obligation of the Project Company to pay SAWS Reimbursable Costs, as set forth in Sections 4.5 (Project Company Convenience Termination Option During the Development and Financing Period) and 4.7 (SAWS Reimbursable Costs) of the Water Transmission and Purchase Agreement. No other payment or performance obligations of the Project Company under or in any manner related to the Water Transmission and Purchase Agreement are guaranteed hereby.

“Transaction Agreement” means any agreement entered into by the Project Company in connection with the transactions contemplated by the Water Transmission and Purchase Agreement, including the Water Transmission and Purchase Agreement, and any supplements thereto.

SECTION 1.2. INTERPRETATION. In this Guaranty, unless the context otherwise requires:

(A) References Hereto. The terms “hereby,” “hereof,” “herein,” “hereunder” and any similar terms refer to this Guaranty, and the term “hereafter” means after, and the term “heretofore” means before, the date of execution and delivery of this Guaranty.

(B) Plurality. Words importing the singular number mean and include the plural number and vice versa.

(C) Persons. Words importing persons include firms, companies, associations, general partnerships, limited partnerships, trusts, business trusts, corporations and other legal entities, including public bodies, as well as individuals.

(D) Headings. The table of contents and any headings preceding the text of the Articles, Sections and subsections of this Guaranty shall be solely for convenience of reference and shall not constitute a part of this Guaranty, nor shall they affect its meaning, construction or effect.

(E) Entire Agreement. This Guaranty constitutes the entire agreement between the parties hereto with respect to the transactions contemplated by this Guaranty. Nothing in this Guaranty is intended to confer on any person other than the Guarantor, SAWS and their permitted successors and assigns hereunder any rights or remedies under or by reason of this Guaranty.

(F) Counterparts. This Guaranty may be executed in any number of original counterparts. All such counterparts shall constitute but one and the same Guaranty.

(G) Applicable Law. This Guaranty shall be governed by and construed in accordance with the applicable laws of the State of Texas.
(H) Severability. If any clause, provision, subsection, Section or Article of this Guaranty shall be ruled invalid by any court of competent jurisdiction, the invalidity of any such clause, provision, subsection, Section or Article shall not affect any of the remaining provisions hereof, and this Guaranty shall be construed and enforced as if such invalid portion did not exist provided that such construction and enforcement shall not increase the Guarantor's liability beyond that expressly set forth herein.

(I) Approvals. All approvals, consents and acceptances required to be given or made by any party hereto shall be at the sole discretion of the party whose approval, consent or acceptance is required.

(J) Payments. All payments required to be made by the Guarantor hereunder shall be made in lawful money of the United States of America.
ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

SECTION 2.1. REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR.

The Guarantor hereby represents and warrants that:

(1) Existence and Powers. The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Missouri, with the full legal right, power and authority to enter into and perform its obligations under this Guaranty.

(2) Due Authorization and Binding Obligation. This Guaranty has been duly authorized, executed and delivered by all necessary corporate action of the Guarantor and constitutes the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except to the extent that its enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors’ rights from time to time in effect and equitable principles of general application.

(3) No Conflict. To the best of its knowledge, neither the execution nor delivery by the Guarantor of this Guaranty nor the performance by the Guarantor of its obligations in connection with the transaction contemplated hereby or the fulfillment by the Guarantor of the terms and conditions hereof: (a) conflicts with, violates or results in a breach of any law or governmental regulation applicable to the Guarantor; (b) conflicts with, violates or results in a breach of any term or condition of the Guarantor’s corporate charter or by-laws or any order, judgment or decree, or any contract, agreement or instrument to which the Guarantor is a party or by which the Guarantor or any of its properties or assets are bound, or constitutes a default under any of the foregoing; or (c) will result in the creation or imposition of any material encumbrance of any nature whatsoever upon any of the properties or assets of the Guarantor except as permitted hereby.

(4) No Approvals Required. No approval, authorization, order or consent of, or declaration, registration or filing with, any Governmental Body is required for the valid execution and delivery of this Guaranty by the Guarantor or the performance of its payment or other obligations hereunder, except as such shall have been duly obtained or made.

(5) No Litigation. Except as disclosed in writing to SAWS, there is no Legal Proceeding, at law or in equity, before or by any Governmental Body pending or, to the best of the Guarantor’s knowledge, overtly threatened or publicly announced against the Guarantor, in which an unfavorable decision, ruling or finding could reasonably be expected to have a material and adverse effect on the validity, legality or enforceability of this Guaranty against the Guarantor, or on the ability of the Guarantor to perform its obligations hereunder.

(6) No Legal Prohibition. The Guarantor has no knowledge of any Applicable Law in effect on the date as of which this representation is being made which would prohibit the performance by the Guarantor of this Guaranty and the transactions contemplated by this Guaranty.
(7) Consent to Agreements. The Guarantor is fully aware of and consents to the terms and conditions of the Water Transmission and Purchase Agreement.

(8) Consideration. This Guaranty is made in furtherance of the purposes for which the Guarantor has been organized, and the assumption by the Guarantor of its obligations hereunder will result in a material benefit to the Guarantor.
ARTICLE III
GUARANTY COVENANTS

SECTION 3.1. GUARANTY TO SAWS. The Guarantor hereby absolutely, presently, irrevocably and unconditionally guarantees to SAWS for the benefit of SAWS the full and prompt payment of the Obligations when due from the Project Company under the Water Transmission and Purchase Agreement (including all amendments and supplements thereto) to, or for the account of, SAWS, when the same shall become due and payable pursuant to this Guaranty. Notwithstanding the unconditional nature of the Guarantor’s obligations as set forth herein, the Guarantor shall have the right to assert the defenses provided in Section 3.3 and Section 3.4 hereof against claims made under this Guaranty.

SECTION 3.2. RIGHT OF SAWS TO PROCEED AGAINST GUARANTOR. This Guaranty shall constitute a guaranty of payment and not of collection, and the Guarantor specifically agrees that in the event of a failure by the Project Company to pay or perform any Obligation guaranteed hereunder, SAWS shall have the right to proceed first and directly against the Guarantor under this Guaranty and without proceeding against the Project Company or exhausting any other remedies against the Project Company which SAWS may have. Without limiting the foregoing, the Guarantor agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, as a condition of enforcing the liability of the Guarantor hereunder, that SAWS: (1) file suit or proceed to obtain a personal judgment against the Project Company or any other person that may be liable for the Obligations or any part of the Obligations; (2) make any other effort to obtain payment or performance of the Obligations from the Project Company other than providing the Project Company with any notice of such payment or performance as may be required by the terms of the Water Transmission and Purchase Agreement or required to be given to the Project Company under Applicable Law; (3) foreclose against or seek to realize upon any security for the Obligations; or (4) exercise any other right or remedy to which SAWS is or may be entitled in connection with the Obligations or any security therefor or any other guarantee thereof, except to the extent that any such exercise of such other right or remedy may be a condition to the Obligations of the Project Company or to the enforcement of remedies under the Water Transmission and Purchase Agreement. Upon any unexcused failure by the Project Company in the payment of any Obligation and the giving of such notice or demand, if any, to the Project Company and the Guarantor as may be required in connection with such Obligation and this Guaranty, the liability of the Guarantor shall be effective and shall immediately be paid or performed. Notwithstanding SAWS’ right to proceed directly against the Guarantor, SAWS (or any successor) shall not be entitled to more than a single full payment in respect of the Obligations in regard to any breach or non-performance thereof.

SECTION 3.3. GUARANTY ABSOLUTE AND UNCONDITIONAL. Subject to Section 3.9, the obligations of the Guarantor hereunder are absolute, present, irrevocable and unconditional and shall remain in full force and effect until the Project Company shall have fully discharged the Obligations in accordance with their respective terms and conditions, and, except as provided in this Section 3.3 or Section 3.4, shall not be subject to any counterclaim, set-off, deduction or defense (other than full and strict compliance with, or release, discharge or satisfaction of, such Obligations) based on any claim that the Guarantor may have against the Project Company, SAWS or any other person. Without limiting the foregoing, the obligations of the Guarantor hereunder shall not be released, discharged or in any way modified by reason of any of the following (whether with or without notice to, knowledge by, or further consent of the Guarantor):
(1) the extension or renewal of this Guaranty or the Water Transmission and Purchase Agreement up to the specified Terms of each agreement;

(2) any exercise or failure, omission or delay by SAWS in the exercise of any right, power or remedy conferred on SAWS with respect to this Guaranty or the Water Transmission and Purchase Agreement except to the extent such failure, omission or delay gives rise to an applicable statute of limitations defense with respect to a specific claim; provided, however, no such exercise or failure, omission or delay shall result in an increase in the Obligations;

(3) any permitted transfer or assignment of rights or obligations under the Water Transmission and Purchase Agreement or under any other Transaction Agreement by any party thereto, or any permitted assignment, conveyance or other transfer of any of their respective interests in the Project or in, to or under any of the Transaction Agreements;

(4) any permitted assignment for the purpose of creating a security interest or mortgage of all or any part of the respective interests of SAWS or any other person in any Transaction Agreement or in the Project;

(5) any renewal, amendment, change or modification in respect of any of the Obligations or terms or conditions of any Transaction Agreement in accordance therewith;

(6) any failure of title with respect to all or any part of the respective interests of any person in the Project Sites or the Project;

(7) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, moratorium, arrangement, composition with creditors or readjustment of, or other similar proceedings against the Project Company or the Guarantor, or any of the property of either of them, or any allegation or contest of the validity of this Guaranty or any other Transaction Agreement in any such proceeding (it is specifically understood, consented and agreed to that, to the extent permitted by law, this Guaranty shall remain and continue in full force and effect and shall be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted and as if no rejection, stay, termination, assumption or modification has occurred as a result thereof, it being the intent and purpose of this Guaranty that the Guarantor shall and does hereby waive all rights and benefits which might accrue to it by reason of any such proceeding);

(8) except as permitted by Section 4.1 or 4.2 hereof, any sale or other transfer by the Guarantor or any Affiliate of any of the capital stock or other interest of the Guarantor or any Affiliate in the Project Company now or hereafter owned, directly or indirectly, by the Guarantor or any Affiliate, or any change in composition of the interests in the Project Company;
(9) any failure on the part of the Project Company for any reason to perform or comply with any agreement with the Guarantor;

(10) the failure on the part of SAWS to provide any notice to the Guarantor which is not required to be given to the Guarantor pursuant to this Guaranty and to the Project Company as a condition to the enforcement of Obligations pursuant to the Water Transmission and Purchase Agreement;

(11) any failure of any party to the Transaction Agreements to mitigate damages resulting from any default by the Project Company or the Guarantor under any Transaction Agreement;

(12) the merger or consolidation of any party to the Transaction Agreements into or with any other person, or any sale, lease, transfer, abandonment or other disposition of any or all of the property of any of the foregoing to any person;

(13) any legal disability or incapacity of any party to the Transaction Agreements; or

(14) the fact that entering into any Transaction Agreement by the Project Company or the Guarantor was invalid or in excess of the powers of such party.

Should any money due or owing under this Guaranty not be recoverable from the Guarantor due to any of the matters specified in subparagraphs (1) through (14) above, then, in any such case, such money, together with all additional sums due hereunder, shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal obligor in place of the Project Company pursuant to the terms of the Water Transmission and Purchase Agreement and not merely a guarantor and shall be paid by the Guarantor forthwith subject to the terms of this Guaranty. Notwithstanding anything to the contrary expressed in this Guaranty, nothing in this Guaranty shall be deemed to amend, modify, clarify, expand or reduce the Project Company’s rights, benefits, duties or obligations under the Water Transmission and Purchase Agreement. To the extent that any of the matters specified in subparagraphs (1) through (6) and (8) through (14) would provide a defense to, release, discharge or otherwise affect the Project Company’s Obligations, the Guarantor’s obligations under this Guaranty shall be treated the same.

SECTION 3.4. DEFENSES, SET-OFFS AND COUNTERCLAIMS. Notwithstanding any provision contained herein to the contrary, the Guarantor shall be entitled to exercise or assert any and all legal or equitable rights or defenses which the Project Company may have under the Water Transmission and Purchase Agreement or under Applicable Law (other than bankruptcy or insolvency of the Project Company and other than any defense which the Project Company has expressly waived in the Water Transmission and Purchase Agreement or the Guarantor has expressly waived in Section 3.5 hereof), and the obligations of the Guarantor hereunder are subject to such counterclaims, set-offs or deductions which the Project Company is permitted to assert pursuant to the Water Transmission and Purchase Agreement, if any.

SECTION 3.5. WAIVERS BY THE GUARANTOR. The Guarantor hereby unconditionally and irrevocably waives:
(1) notice from SAWS of its acceptance of this Guaranty;

(2) notice of any of the events referred to in Section 3.3 hereof, except to the extent that notice is required to be given pursuant to the Water Transmission and Purchase Agreement or Applicable Law as a condition to the enforcement of the Obligations;

(3) to the fullest extent lawfully possible, all notices which may be required by statute, rule of law or otherwise to preserve intact any rights against the Guarantor, except any notice to the Project Company required pursuant to the Water Transmission and Purchase Agreement or Applicable Law as a condition to the payment of any Obligation;

(4) to the fullest extent lawfully possible, any statute of limitations defense based on a statute of limitations period which may be applicable to guarantors (or parties in similar relationships) which would be shorter than the applicable statute of limitations period for the underlying claim;

(5) any right to require a proceeding first against the Project Company;

(6) any right to require a proceeding first against any person or the security provided by or under any Transaction Agreement except to the extent such Transaction Agreement specifically requires a proceeding first against any person (except the Project Company) or security;

(7) any requirement that the Project Company be joined as a party to any proceeding for the enforcement of any term of any Transaction Agreement;

(8) the requirement of, or the notice of, the filing of claims by SAWS in the event of the receivership or bankruptcy of the Project Company; and

(9) all demands upon the Project Company or any other person and all other formalities the omission of any of which, or delay in performance of which, might, but for the provisions of this Section 3.5 and not in limitation of Section 3.3 or Section 3.4, by rule of law or otherwise, constitute grounds for relieving or discharging the Guarantor in whole or in part from its absolute, present, irrevocable, unconditional and continuing obligations hereunder.

SECTION 3.6. PAYMENT OF COSTS AND EXPENSES. The Guarantor agrees to pay SAWS on demand all Fees and Costs, incurred by or on behalf of SAWS in successfully enforcing by Legal Proceeding observance of the covenants, agreements and obligations contained in this Guaranty against the Guarantor, other than the Fees and Costs that SAWS incurs in performing any of its obligations under the Water Transmission and Purchase Agreement, or other applicable Transaction Agreement where such obligations are a condition to performance by the Project Company of its Obligations.

SECTION 3.7. SUBORDINATION OF RIGHTS. The Guarantor agrees that any right of subrogation or contribution which it may have against the Project Company as a result of any payment or performance hereunder is hereby fully subordinated to the rights of SAWS hereunder and under the Transaction Agreements and that the Guarantor shall not recover or seek to recover any payment made by it hereunder from the Project
Vista Ridge Regional Supply Project
Water Transmission and Purchase Agreement

SECTION 3.8. SEPARATE OBLIGATIONS; REINSTATEMENT. The obligations of the Guarantor to make any payment or to perform and discharge any other duties, agreements, covenants, undertakings or obligations hereunder shall: (1) to the extent permitted by applicable law, constitute separate and independent obligations of the Guarantor from its other obligations under this Guaranty; (2) give rise to separate and independent causes of action against the Guarantor; and (3) apply irrespective of any indulgence granted from time to time by SAWS. The Guarantor agrees that this Guaranty shall be automatically reinstated if and to the extent that for any reason any payment or performance by or on behalf of the Project Company is rescinded or must be otherwise restored by SAWS, whether as a result of any proceedings in bankruptcy, reorganization or similar proceeding, unless such rescission or restoration is pursuant to the terms of the Water Transmission and Purchase Agreement, or any applicable Transaction Agreement or the Project Company’s enforcement of such terms under Applicable Law.

SECTION 3.9. TERM. This Guaranty shall remain in full force and effect from the date of execution and delivery hereof until the earlier to occur of (1) the Financial Closing Date and (2) the date that all of the Obligations of the Project Company have been fully paid and performed and the Water Transmission and Purchase Agreement has otherwise terminated in accordance with its terms, and upon the earlier to occur of (1) and (2), this Guaranty shall terminate and be of no further force or effect.
ARTICLE IV

GENERAL COVENANTS

SECTION 4.1. MAINTENANCE OF CORPORATE EXISTENCE.

(A) Consolidation, Merger, Sale or Transfer. The Guarantor covenants that during the term of this Guaranty it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it unless the successor is the Guarantor and the conditions contained in clause (2) below are satisfied; provided, however, that the Guarantor may consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer to another entity all or substantially all of its assets as an entirety and thereafter dissolve if: (1) the successor entity (if other than the Guarantor) (a) assumes in writing all the Obligations of the Guarantor hereunder and, if required by law, is duly qualified to do business in the State of Texas, and (b) delivers to SAWS an opinion of counsel to the effect that its obligations under this Guaranty are legal, valid, binding and enforceable subject to applicable bankruptcy and similar insolvency or moratorium laws; and (2) any such transaction does not result in a change in the Guarantor's financial condition that would materially and adversely affect the ability of the Guarantor to perform its obligations under this Guaranty Agreement.

(B) Continuance of Obligations. If a consolidation, merger or sale or other transfer is made as permitted by this Section, the provisions of this Section shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section. No such consolidation, merger or sale or other transfer shall have the effect of releasing the initial Guarantor from its liability hereunder unless a successor entity has assumed responsibility for this Guaranty as provided in this Section.

SECTION 4.2. ASSIGNMENT. Except as provided in Section 4.1, this Guaranty may not be assigned by the Guarantor without the prior written consent of SAWS.

SECTION 4.3. QUALIFICATION IN TEXAS. The Guarantor agrees that, so long as this Guaranty is in effect, if required by law, the Guarantor will be duly qualified to do business in the State of Texas.

SECTION 4.4. CONSENT TO JURISDICTION. The Guarantor irrevocably: (1) agrees that any Legal Proceeding related to this Guaranty or to any rights or relationship between the parties arising therefrom shall be solely and exclusively initiated and maintained in State or federal courts located in Bexar County, Texas, having appropriate jurisdiction therefor; (2) consents to the jurisdiction of such courts in any such Legal Proceeding; and (3) waives any objection which it may have to the laying of the jurisdiction of any such Legal Proceeding in any such court, including without limitation any objection to the assertion by such court of personal jurisdiction over the Guarantor.

SECTION 4.5. BINDING EFFECT. This Guaranty shall inure to the benefit of SAWS and its permitted successors and assigns and shall be binding upon the Guarantor and its successors and assigns.

SECTION 4.6. AMENDMENTS, CHANGES AND MODIFICATIONS. This Guaranty may not be amended, changed or modified or terminated and none of its
provisions may be waived, except with the prior written consent of SAWS and the Guarantor.

SECTION 4.7. LIABILITY. It is understood and agreed to by SAWS that nothing contained herein shall create any obligation of, or right to look to, any director, officer, employee or stockholder of the Guarantor (or any Affiliate of the Guarantor) for the satisfaction of any obligations hereunder, and no judgment, order or execution with respect to or in connection with this Guaranty shall be taken against any such director, officer, employee or stockholder.

SECTION 4.8. NOTICES. (A) Procedure. All notices, demands or written communications given pursuant to the terms of this Guaranty shall be: (1) in writing and delivered in person; (2) transmitted by certified mail, return, receipt requested, postage prepaid or by overnight courier utilizing the services of a nationally-recognized overnight courier service with signed verification of delivery; or (3) given by facsimile transmission, if a signed original is deposited in the United States mail within two days after transmission. Notices shall be deemed given only when actually received, or delivery is refused, at the address first given below with respect to each party. Either party may, by like notice, designate further or different addresses to which subsequent notices shall be sent.

(B) SAWS Notice Address. Notices required to be given to SAWS shall be addressed as follows:

San Antonio Water System
2800 US Highway 281 North
San Antonio, TX 78212
Attention: President/CEO
Fax No.: (210) 233-5268

with a copy to:

San Antonio Water System
2800 US Hwy 281 North
San Antonio, TX 78212
Attention: Vice President/General Counsel
Fax No.: (210) 233-4587
Email: nbelinsky@saws.org

(C) Guarantor Notice Address. Notices required to be given to the Guarantor shall be addressed as follows:

Garney Holding Company
133 NW Vivion Road
Kansas City, MO 64118
Attention: Michael Heitmann/Chief Executive Officer
Telephone No.: (816) 746-7250
Fax No.: [FAX NUMBER]
Vista Ridge Regional Supply Project
Water Transmission and Purchase Agreement

Transaction Form A-1
Guaranty Agreement

with a copy to:

Husch Blackwell
4801 Main Street, Suite 1000
Kansas City, MO  64112
Attention:  Charles Renner/Partner
Telephone No.: (816) 329-4702
Fax No.: (816) 983-8080

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed in its name and on its behalf by its duly authorized officer as of the date first above written.

Garney Holding Company, as Guarantor

By: ________________________________

Name: ______________________________

Title: ______________________________

ACCEPTED AND AGREED TO BY:

THE CITY OF SAN ANTONIO ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

By:

_______________________________

Name: Robert R. Puente

Title: President/CEO
AMENDMENT NO. 1 TO THE GUARANTY AGREEMENT

THIS AMENDMENT TO THE GUARANTY AGREEMENT (this “Amendment”) is made and dated as of November [____], 2016, between Garney Holding Company, a corporation organized and existing under the laws of the State of Missouri (together with any permitted successors and assigns hereunder, the “Guarantor”), and the City of San Antonio, Texas (the “City”) acting by and through the San Antonio Water System Board of Trustees, established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq. and Chapter 1502, as amended, Texas Government Code (“SAWS”).

RECITALS

WHEREAS, the City acting by and through SAWS and Vista Ridge LLC (formerly known as Abengoa Vista Ridge, LLC), a limited liability company organized and existing under the laws of the State of Delaware (the “Project Company”), have entered into the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement, dated as of November 4, 2014, as amended (the “Water Transmission and Purchase Agreement”), whereby the Project Company has agreed to produce, treat, make available and sell to SAWS potable water on a long term basis, all as more particularly described therein; and

WHEREAS, the Guarantor and the City acting by and through SAWS executed the Guaranty Agreement, dated as of June 10, 2016 (the “Guaranty Agreement”), to guarantee the performance by the Project Company of certain of the Project Company’s Obligations under the Water Transmission and Purchase Agreement; and

WHEREAS, the Guarantor and the City desire to amend the Guaranty Agreement in connection with the Project Company’s financing of the water supply project; and

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1. DEFINITIONS. All capitalized terms used and not otherwise defined herein have the meanings set forth in the Guaranty Agreement.

SECTION 2. AMENDED GUARANTY AGREEMENT PROVISIONS.

The Guaranty Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: stricken text) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth below.

(A) The definition of “Obligations” in Section 1.1 of the Guaranty Agreement is amended as follows:

“Obligations” means (1) in connection with the exercise by the Project Company of its convenience termination right prior to the Financial Closing Date, the obligation of the Project Company to pay SAWS Reimbursable Costs, as set forth in Sections 4.5 (Project Company Convenience Termination Option During the Development and Financing Period) and 4.7 (SAWS Reimbursable Costs) of the Water Transmission and
Purchase Agreement; and (2) in connection with the exercise by SAWS of its right to terminate the Water Transmission and Purchase Agreement pursuant to Section 20.4 (SAWS Termination Right) thereof based on a breach of any of subsections 26.1(A), (B), (C), (D), (E) or (F) thereof, the obligation of the Project Company to pay SAWS damages, as set forth in Section 19.1 (Remedies for Breach) of the Water Transmission and Purchase Agreement. The maximum amount of damages guaranteed under item (2) of this definition is $2,000,000. No other payment or performance obligations of the Project Company under or in any manner related to the Water Transmission and Purchase Agreement are guaranteed hereby. Nothing in this definition shall be construed to establish any limit on damages payable by the Project Company to SAWS for any breach of the Water Transmission and Purchase Agreement.

(B) Section 3.9 of the Guaranty Agreement is amended as follows:

TERM. This Guaranty shall remain in full force and effect from the date of execution and delivery hereof until the earlier to occur of (1) the Financial Closing Date and (2) the date that all of the Obligations of the Project Company have been fully paid and performed and the Water Transmission and Purchase Agreement has otherwise terminated in accordance with its terms, and upon the earlier to occur of (1) and (2), this Guaranty shall terminate and be of no further force or effect.

(C) Section 4.8(B) of the Guaranty Agreement is amended as follows:

SAWS Notice Address. Notices required to be given to SAWS shall be addressed as follows:

San Antonio Water System
2800 US Highway 281 North
San Antonio, TX 78212
Attention: President/CEO
Fax No.: (210) 233-5268

with a copy to:

San Antonio Water System
2800 US Hwy 281 North
San Antonio, TX 78212
Attention: Vice President/General Counsel
Fax No.: (210) 233-4587
Email: nbelinsky@saws.org

(D) Section 4.8(C) of the Guaranty Agreement is amended as follows:

Guarantor Notice Address. Notices required to be given to the Guarantor shall be addressed as follows:
SECTION 3. OTHER TERMS OF GUARANTY AGREEMENT REMAIN IN EFFECT. All terms and conditions of the Guaranty Agreement which are not expressly modified or deleted by the terms of this Amendment shall remain in effect.

SECTION 4. INTERPRETATION. The interpretation provisions set forth in Section 1.2 of the Guaranty Agreement will apply, mutatis mutandis, to any interpretation of this Amendment.

SECTION 5. BINDING EFFECT. This Amendment shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the parties.

SECTION 6. NO REFERENCE REQUIRED. All notices, communications, agreements, certificates, documents or other instruments executed and delivered after the execution and delivery of this Amendment may refer to the Guaranty Agreement without making specific reference to this Amendment, but nevertheless all such references shall include this Amendment unless the context requires otherwise.

SECTION 7. COUNTERPARTS. This Amendment may be executed in counterparts, which together shall constitute one and the same instrument.

SECTION 8. DUE AUTHORIZATION, EXECUTION AND DELIVERY. This Amendment has been duly authorized, executed and delivered by all necessary action of each party.

[Signature page follows]
IN WITNESS WHEREOF, the Guarantor has caused this Amendment to the Guaranty Agreement to be executed in its name and on its behalf by its duly authorized officer as of the date first set forth above.

GARNEY HOLDING COMPANY, as Guarantor

By: ________________________________

Name: Michael Heitmann

Title: President/CEO

ACCEPTED AND AGREED TO BY:

THE CITY OF SAN ANTONIO ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

By: ________________________________

Name: Robert R. Puente

Title: President/CEO
TRANSACTION FORM B

EPC DESIGN BUILD CONTRACTOR SUBSTITUTION AGREEMENT
EPC DESIGN BUILD CONTRACTOR
SUBSTITUTION AGREEMENT

between

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH
THE SAN ANTONIO WATER SYSTEM

and

ABENGOA VISTA RIDGE, LLC
CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION

and

[CONTRACTOR]
GARNEY COMPANIES, INC.

relating to the

VISTA RIDGE REGIONAL SUPPLY PROJECT

Dated ________________November __, 20142016
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Financial Close Version, November __, 2016

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**EPC DESIGN BUILD CONTRACTOR SUBSTITUTION AGREEMENT**

This **EPC DESIGN BUILD CONTRACTOR SUBSTITUTION AGREEMENT** is made and entered into __________November __, 20142016, between the City of San Antonio, Texas (the “City”) acting by and through the San Antonio Water System Board of Trustees, established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq. and Chapter 1502, as amended, Texas Government Code (“SAWS”), Abengoa Vista Ridge, LLC, a limited liability company Central Texas Regional Water Supply Corporation, a not-for-profit water supply corporation organized under Chapter 67 of Texas Water Code (the “Water Supply Corporation”), and Garney Companies, Inc., a corporation organized and existing under the laws of the State of Delaware (the “Project Company”), and [Name of Contractor], a [corporation organized and existing under the laws of the State of _______]Missouri (the “Contractor”).

**RECITALS**

The City acting by and through SAWS and the Vista Ridge LLC (formerly known as Abengoa Vista Ridge, LLC) (the “Project Company”) have entered into the Vista Ridge Regional Supply Project, dated as of __________November 4, 2014, as amended from time to time (the “Water Transmission and Purchase Agreement”), whereby the Project Company has agreed to produce, treat, make available and sell to SAWS potable water on a long term basis based on the acquisition of water rights and design, construct, finance, operate and maintain production wells, groundwater storage tanks, pumping stations and raw water collection and transmission pipelines and appurtenant facilities, all as more particularly described therein (the “Project”);

The Project Company Water Supply Corporation and the Contractor have entered into an agreement dated __________November __, 20142016 (the “EPC AgreementDesign Build Contract”), whereby the Project Company Water Supply Corporation has engaged the Contractor to carry out and complete substantially a portion of the Project Company’s obligations under the Water Transmission and Purchase Agreement; and

It is a condition of SAWS’ continuing obligations under the Water Transmission and Purchase Agreement that the Contractor enter into this Agreement with the Project Company Water Supply Corporation and the City acting by and through SAWS.

NOW, THEREFORE, in consideration of the mutual promises and agreements of the parties herein expressed and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:
ARTICLE 1

DEFINITIONS AND INTERPRETATION

SECTION 1.1. DEFINITIONS. Unless otherwise specified or the context otherwise requires, capitalized but otherwise undefined terms in this Agreement shall have the respective meaning given to such terms in the Water Transmission and Purchase Agreement.

SECTION 1.2. INTERPRETATION.

This Agreement shall be interpreted according to the following provisions, except to the extent that the context or the express provisions of this Agreement otherwise require.

(1) Plurality. Words importing the singular number mean and include the plural number and vice versa.

(2) Persons. Words importing persons include individuals, legal personal representatives, firms, companies, associations, joint ventures, general partnerships, limited partnerships, limited liability partnerships, limited liability companies, trusts, business trusts, corporations, governmental bodies, and other legal entities.

(3) Headings. The table of contents and any headings preceding the text of the Articles, Sections and subsections of this Agreement shall be solely for convenience of reference and shall not affect its meaning, construction or effect.

(4) References Hereto. The terms “hereby,” “hereof,” “herein,” “hereunder” and any similar terms refer to this Agreement.

(5) References to Days and Time of Day. All references to days herein are references to calendar days, unless otherwise indicated, such as by reference to Business Days. Each reference to time of day is a reference to Central Standard time or Central Daylight Saving time, as the case may be.

(6) References to Business Days. If the time for doing an act falls or expires on a day that is not a Business Day, the time for doing such act shall be extended to the next Business Day.

(7) References to Including. The words “include,” “includes” and including” are to be construed as meaning “include without limitation,” “includes without limitation” and “including without limitation,” respectively.

(8) References to Statutes. Each reference to a statute or statutory provision includes any statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision or which has been amended, extended, consolidated or replaced by the statute or statutory provision and includes any orders, regulations, by-laws, ordinances, orders, codes of practice or instruments made under the relevant statute.

(9) References to Governmental Bodies. Each reference to a Governmental Body is deemed to include a reference to any successor to such
Governmental Body or any organization or entity or organizations or entities which has or have taken over the functions or responsibilities of such Governmental Body.

(10) References to Documents and Standards. Each reference to an agreement, document, standard, principle or other instrument includes (subject to all relevant approvals and any other provision of this Agreement expressly concerning such agreement, document, standard, principle or other instrument) a reference to that agreement, document, standard, principle or instrument as amended, supplemented, substituted, novated or assigned.

(11) References to All Reasonable Efforts. The expression “all reasonable efforts” and expressions of like import, when used in connection with an obligation of the Project Company Water Supply Corporation or the Contractor, means taking in good faith and with due diligence all commercially reasonable steps to achieve the objective and to perform the obligation, including doing all that can reasonably be done in the circumstances taking into account each party’s obligations hereunder to mitigate delays and additional costs to the other party, and in any event taking no less steps and efforts than those that would be taken by a commercially reasonable and prudent person in comparable circumstances but where the whole of the benefit of the obligation and where all the results of taking such steps and efforts accrued solely to that person’s own benefit.

(12) Entire Agreement. This Agreement contains the entire agreement between the City and the other parties hereto with respect to the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, this Agreement shall completely and fully supersede all other understandings and agreements between the City and the other parties with respect to such transactions.

(13) Counterparts. This Agreement may be executed in any number of original counterparts. All such counterparts shall constitute but one and the same Agreement.

(14) Severability. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement is held to be invalid, unenforceable or illegal to any extent, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Agreement. If any such provision of this Agreement is held to be invalid, unenforceable or illegal, the parties will promptly endeavor in good faith to negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Agreement as nearly as possible to its original intent and effect.

(15) Drafting Responsibility. The parties waive the application of any rule of law which otherwise would be applicable in connection with the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the party who (or whose counsel) prepared the executed agreement or any earlier draft of the same.

(16) Accounting and Financial Terms. All accounting and financial terms used herein are, unless otherwise indicated, to be interpreted and applied in accordance with generally accepted accounting principles, consistently applied, in the United States.
(17) Consents. Any consent required to be given under this Agreement must be in writing.

SECTION 1.3. GOVERNING LAW. This Agreement will be deemed to be made pursuant to the laws of the State of Texas and will be governed by and construed in accordance with such laws.
ARTICLE 2

SUBSTITUTION PROVISIONS

SECTION 2.1. NOTICE TO SAWS OF INTENT TO TERMINATE. Except as a result of a termination by the Project Company Water Supply Corporation pursuant to the terms of the EPC Agreement Design Build Contract, the Contractor shall not terminate or treat as terminated its engagement under the EPC Agreement Design Build Contract or discontinue its services with respect to the Project, without first giving to SAWS and the Senior Debt Creditors not less than 10 Business Days’ prior written notice of the Contractor’s intention to do so, specifying the grounds for so doing.

SECTION 2.2. SUSPENSION OF TERMINATION. If SAWS serves on the Contractor a Substitution Notice in accordance with Section 2.3, the Contractor shall not terminate or treat as terminated its engagement, or discontinue the performance of any of its obligations, under the EPC Agreement Design Build Contract, but service of such notice shall not prejudice any other right or remedy the Contractor may have under or in connection with the EPC Agreement Design Build Contract.

SECTION 2.3. SUBSTITUTION NOTICE. Unless the engagement of the Contractor under the EPC Agreement Design Build Contract has been terminated previously (and whether or not the Contractor has served notice on SAWS pursuant to Section 2.1), and if the Water Transmission and Purchase Agreement has been properly terminated in accordance with its terms and SAWS is acquiring the Project, SAWS will be entitled at any time to serve upon the Contractor a notice (“Substitution Notice”) requiring the Contractor to thereafter accept the instructions of SAWS or its appointee to the exclusion of the Project Company Water Supply Corporation under and in connection with the EPC Agreement Design Build Contract and the Contractor shall comply with such notice, all subject to and in accordance with the terms and conditions of Section 2.4.

SECTION 2.4. SUBSTITUTION OF SAWS. From and after the effective date indicated in the Substitution Notice served under and in compliance with Section 2.3, provided that the Contractor has received notice from either SAWS or the Project Company Water Supply Corporation that the Water Transmission and Purchase Agreement has been terminated, the Project Company Water Supply Corporation shall be deemed to have assigned all the rights, and SAWS or its appointee shall be deemed to have accepted the assignment and assumed and agreed to perform all the obligations, of the Project Company Water Supply Corporation under the EPC Agreement Design Build Contract outstanding as of the date of service of such notice by SAWS under Section 2.3, arising from or attributable to the period after the effective date indicated in the Substitution Notice, provided that this shall not affect or derogate from any right of action the Project Company Water Supply Corporation may have against the Contractor in respect of any breach by the Contractor of its obligations under the EPC Agreement Design Build Contract occurring prior to the date of service of notice by SAWS under Section 2.3.

SECTION 2.5. REPLACEMENT PROJECT EPC AGREEMENT DESIGN BUILD CONTRACT. If the engagement of the Contractor under the EPC Agreement Design Build Contract is terminated as a result of a default by the Project Company Water Supply Corporation before service of any notice under Section 2.3, the Contractor shall, if required to do so by notice served by SAWS not later than 20 Business Days after the date the Contractor serves notice pursuant to Section 2.1, enter into a new EPC Agreement Design Build Contract with SAWS or its appointee on the same terms as the EPC Agreement Design Build Contract but with such revisions to terms and price as SAWS and the Contractor
may reasonably and mutually agree to reflect altered circumstances. In such event, references in this Agreement to “EPC AgreementDesign Build Contract” shall be deemed to include such a new EPC AgreementDesign Build Contract and SAWS has elected to acquire the Project. The rights of SAWS under this Section will be applicable only after the Water Transmission and Purchase Agreement has been properly terminated in accordance with its terms.

SECTION 2.6. NOTICE TO PREVAIL. As against the Project CompanyWater Supply Corporation and SAWS, the Contractor shall be entitled and obligated to rely upon and to comply with any notice served by SAWS under Section 2.3 or Section 2.5, and shall not make, nor be required to make, any inquiry into the entitlement of SAWS as against the Project CompanyWater Supply Corporation to serve such notice.

SECTION 2.7. SENIOR DEBT CREDITORS’ RIGHTS PARAMOUNT. Notwithstanding the above, SAWS rights under this Agreement are subject and subordinate to the rights of the Senior Debt Creditor (as defined in the Water Transmission and Purchase Agreement) to exercise similar rights of substitution under the Creditors’ Remedies Agreement.

SECTION 2.8. PROJECT COMPANY WATER SUPPLY CORPORATION BOUND. The Project CompanyWater Supply Corporation shall be bound to the provisions of this Article.
ARTICLE 3
CONFIDENTIALITY

SECTION 3.1. CONFIDENTIAL INFORMATION. The Contractor represents and warrants that it has and shall hold in confidence any information marked by SAWS as “CONFIDENTIAL” (hereinafter referred to as “Confidential Information”), provided that the provisions of this Section shall not restrict the Contractor from passing such information to its professional advisors, affiliates and subcontractors, to the extent necessary, to enable the Contractor to perform (or cause to be performed) or to enforce its rights or obligations under the EPC Agreement or Design Build Contract or to such other persons as may be expressly required by the EPC Agreement or Design Build Contract.

SECTION 3.2. EXCEPTIONS. The obligation to maintain the confidentiality of the Confidential Information does not apply to Confidential Information:

(1) which SAWS confirms in writing is not required to be treated as Confidential Information;

(2) which is or comes into the public domain otherwise than through any disclosure prohibited by this Agreement;

(3) to the extent the Contractor is required to disclose such Confidential Information by Applicable Law or any Governmental Body (but only to that extent); or

(4) to the extent consistent with any SAWS policy the details of which have been provided to the Contractor in writing prior to the disclosure.

SECTION 3.3. ANNOUNCEMENTS. Unless otherwise required by any Applicable Law, by any Governmental Body or by the rules, orders or regulations of any stock exchange (but only to that extent), the Contractor shall not make or permit to be made any public announcement or disclosure (whether for publication in the press, radio, television or any other medium) of any Confidential Information or the Contractor’s interest in the Project or any matters relating thereto, without the prior written consent of SAWS, which will not be unreasonably withheld or delayed.
ARTICLE 4

GENERAL

SECTION 4.1. ASSIGNMENT. Other than in conjunction with a permitted assignment of the EPC Agreement/Design Build Contract in accordance with its terms, the Contractor may assign this Agreement only with the prior written consent of SAWS, which consent may be given in SAWS’ sole discretion.

SECTION 4.2. INUREMENT. This Agreement inures to the benefit of and binds the parties and their respective successors and permitted assigns.

SECTION 4.3. NOTICE. Each notice to a party must be given in writing. A notice may be given by delivery in person; by certified mail, return receipt requested, postage prepaid; by overnight courier utilizing the services of a nationally-recognized overnight courier service with signed verification of delivery; or by fax, and will be validly given if delivered on a Business Day to an individual at the following address, or, if transmitted on a Business Day by fax addressed to the following party:

if to SAWS:
San Antonio Water System
2800 U.S. Highway 281 North
San Antonio, TX 78212
Attention: President/CEO
Fax No.: (210) 233-5268

With a copy to:
San Antonio Water System
2800 U.S. Highway 281 North
San Antonio, TX 78212
Attention: Vice President/General Counsel
Fax No.: (210) 233-4587
Email: nbelinsky@saws.org

if to the Project Company/Water Supply Corporation:

Abengoa Vista Ridge, LLC
Central Texas Regional Water Supply Corporation
c/o Bickerstaff, Heath Delgado Acosta LLP
3711 S. Mo-Pac Expressway
2600 Via Fortuna Building One, Suite 220300
Austin, TX 78746 79746
Attention: CEO Weir Labatt III
Fax No.: (512) 732-2252

with a copy to

Bickerstaff, Heath Delgado Acosta LLP
3711 S. Mo-Pac Expressway
Building One, Suite 300
Austin, TX 79746
Attention: Manuel Mendez/Emily Rogers
Fax No.: (512) 320-5638
if to the Contractor:

[Name of Contractor]
[Address]
Garney Companies, Inc.
1333 NW Vivion Road
Kansas City, MO 64118
Attention: Scott Parrish
Fax No.: (816) 741-4488
Email: with a copy to:

Abengoa Vista Ridge, LLC
Husch Blackwell LLP
2600 Via Fortuna 4801 Main Street, Suite 2201000
Austin, TX 78746
Kansas City, MO 64112
Attention: CEO Charles G. Renner
Fax No.: (512) 816 732983-22528080

or to such other address as any party may, from time to time, designate in the manner set forth above.

SECTION 4.4. WAIVERS. No waiver of any provision of this Agreement is binding unless it is in writing and signed by all the parties to this Agreement except that any provision which does not give rights or benefits to particular parties may be waived in writing, signed only by those parties who have rights under, or hold the benefit of, the provision being waived if those parties promptly send a copy of the executed waiver to all other parties. No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any provision of this Agreement will be deemed to be a waiver of any subsequent breach of that provision or of any similar provision.

SECTION 4.5. NO PARTNERSHIP OR AGENCY. Nothing in this Agreement will be construed as creating a partnership or as constituting the Contractor as an agent of SAWS. The Contractor shall not hold itself out as having any power to bind SAWS in any way.

SECTION 4.6. CONFLICTING AGREEMENT. If there is any conflict or inconsistency between the provisions of this Agreement and the Water Transmission and Purchase Agreement, the provisions of the Water Transmission and Purchase Agreement will prevail.

SECTION 4.7. REMEDIES CUMULATIVE. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.
SECTION 4.8. NO SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES. In no event shall either party be liable to the other or obligated in any manner to pay to the other party any special, incidental, consequential, punitive or similar losses or damages based upon claims arising out of or in connection with the performance or non-performance of its obligations or otherwise under this Agreement, or any representation made in this Agreement being materially incorrect, whether such claims are based upon contract, tort, negligence, warranty or any other legal theory.

SECTION 4.9. COUNTERPARTS. This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts with the same effect as if all parties had all signed and delivered the same document and all counterparts will be construed together to be an original and will constitute one and the same agreement.

SECTION 4.10. CONSENT TO JURISDICTION. Each party hereto irrevocably: (1) agrees that any Legal Proceeding related to this Agreement or to any rights or relationship among the parties arising therefrom shall be solely and exclusively initiated and maintained in State or federal courts located in Bexar County, Texas, having appropriate jurisdiction therefor; (2) consents to the jurisdiction of such courts in any such Legal Proceeding; and (3) waives any objection which it may have to the laying of the jurisdiction of any such Legal Proceeding in any such court.

SECTION 4.11. DELIVERY BY FAX. Any party may deliver an executed copy of this Agreement by fax but that party will immediately dispatch by delivery in person; by certified mail, return receipt requested, postage prepaid; or by overnight courier utilizing the services of a nationally-recognized overnight courier service with signed verification of delivery to the other parties an originally executed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF the parties have executed this Agreement on the day and year first above written.

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES

By: _____________________________
Name: Robert R. Puente
Title: President/CEO
Date: ___________________________

ABENGOA VISTA RIDGE, LLC
CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION

By: _____________________________
Name: _____________________________
Weir Labatt III
Title: _____________________________
President
Date: ___________________________

[NAME OF CONTRACTOR]
GARNEY COMPANIES, INC.

By: _____________________________
Name: _____________________________
Scott A. Parrish
Title: _____________________________
President
Date: ___________________________
TRANSACTION FORM C

OPERATING SERVICE PROVIDER SUBSTITUTION AGREEMENT
OPERATING SERVICE PROVIDER
SUBSTITUTION AGREEMENT

between

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH
THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

and

ABENGOA VISTA RIDGE, LLC
CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION

and

[NAME OF CONTRACTOR]

relating to the

VISTA RIDGE REGIONAL SUPPLY PROJECT

Dated ________ __, 2014 2016
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OPERATING SERVICE PROVIDER SUBSTITUTION AGREEMENT

THIS OPERATING SERVICE PROVIDER SUBSTITUTION AGREEMENT is made and entered into ___________, 2014, between the City of San Antonio, Texas (the “City”) acting by and through the San Antonio Water System Board of Trustees, established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq. and Chapter 1502, as amended, Texas Government Code (“SAWS”), Abengoa Vista Ridge, LLC, a limited liability company, Central Texas Regional Water Supply Corporation, a not-for-profit water supply corporation organized and existing under the laws of the State of Delaware (the “Project Company”), and [Name of Contractor], [a corporation organized and existing under the laws of the State of __________] (the “Contractor”).

RECITALS

The City acting by and through SAWS and the Project Company LLC (formerly known as Abengoa Vista Ridge, LLC) (the “Project Company”) have entered into the Vista Ridge Regional Supply Project, dated as of __________, November 4, 2014, as amended from time to time (the “Water Transmission and Purchase Agreement”), whereby the Project Company has agreed to produce, treat, make available and sell to SAWS potable water on a long term basis based on the acquisition of water rights and design, construct, finance, operate and maintain production wells, groundwater storage tanks, pumping stations and raw water collection and transmission pipelines and appurtenant facilities, all as more particularly described therein (the “Project”);

The Project Company Water Supply Corporation and the Contractor have entered into an agreement dated __________, 2014 (the “Operating Service Agreement”), whereby the Project Company Water Supply Corporation has engaged the Contractor to carry out and complete that part of the Project Company’s obligations under the Water Transmission and Purchase Agreement consisting of the operation of the Project, all as more particularly described in the Operating Service Agreement; and

It is a condition of SAWS’ continuing obligations under the Water Transmission and Purchase Agreement that the Contractor enter into this Agreement with the Project Company Water Supply Corporation and the City acting by and through SAWS.

NOW, THEREFORE, in consideration of the mutual promises and agreements of the parties herein expressed and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:
ARTICLE 1
DEFINITIONS AND INTERPRETATION

SECTION 1.1. DEFINITIONS. Unless otherwise specified or the context otherwise requires, capitalized but otherwise undefined terms in this Agreement shall have the respective meaning given to such terms in the Water Transmission and Purchase Agreement.

SECTION 1.2. INTERPRETATION.

This Agreement shall be interpreted according to the following provisions, except to the extent that the context or the express provisions of this Agreement otherwise require.

(1) **Plurality.** Words importing the singular number mean and include the plural number and vice versa.

(2) **Persons.** Words importing persons include individuals, legal personal representatives, firms, companies, associations, joint ventures, general partnerships, limited partnerships, limited liability partnerships, limited liability companies, trusts, business trusts, corporations, governmental bodies, and other legal entities.

(3) **Headings.** The table of contents and any headings preceding the text of the Articles, Sections and subsections of this Agreement shall be solely for convenience of reference and shall not affect its meaning, construction or effect.

(4) **References Hereto.** The terms “hereby,” “hereof,” “herein,” “hereunder” and any similar terms refer to this Agreement.

(5) **References to Days and Time of Day.** All references to days herein are references to calendar days, unless otherwise indicated, such as by reference to Business Days. Each reference to time of day is a reference to Central Standard time or Central Daylight Saving time, as the case may be.

(6) **References to Business Days.** If the time for doing an act falls or expires on a day that is not a Business Day, the time for doing such act shall be extended to the next Business Day.

(7) **References to Including.** The words “include,” “includes” and including” are to be construed as meaning “include without limitation,” “includes without limitation,” and “including without limitation,” respectively.

(8) **References to Statutes.** Each reference to a statute or statutory provision includes any statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision or which has been amended, extended, consolidated or replaced by the statute or statutory provision and includes any orders, regulations, by-laws, ordinances, orders, codes of practice or instruments made under the relevant statute.

(9) **References to Governmental Bodies.** Each reference to a Governmental Body is deemed to include a reference to any successor to such
Governmental Body or any organization or entity or organizations or entities which has or have taken over the functions or responsibilities of such Governmental Body.

(10) References to Documents and Standards. Each reference to an agreement, document, standard, principle or other instrument includes (subject to all relevant approvals and any other provision of this Agreement expressly concerning such agreement, document, standard, principle or other instrument) a reference to that agreement, document, standard, principle or instrument as amended, supplemented, substituted, novated or assigned.

(11) References to All Reasonable Efforts. The expression “all reasonable efforts” and expressions of like import, when used in connection with an obligation of the Project Company Water Supply Corporation or the Contractor, means taking in good faith and with due diligence all commercially reasonable steps to achieve the objective and to perform the obligation, including doing all that can reasonably be done in the circumstances taking into account each party’s obligations hereunder to mitigate delays and additional costs to the other party, and in any event taking no less steps and efforts than those that would be taken by a commercially reasonable and prudent person in comparable circumstances but where the whole of the benefit of the obligation and where all the results of taking such steps and efforts accrued solely to that person’s own benefit.

(12) Entire Agreement. This Agreement contains the entire agreement between the City and the other parties hereto with respect to the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, this Agreement shall completely and fully supersede all other understandings and agreements between the City and the other parties with respect to such transactions.

(13) Counterparts. This Agreement may be executed in any number of original counterparts. All such counterparts shall constitute but one and the same Agreement.

(14) Severability. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement is held to be invalid, unenforceable or illegal to any extent, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Agreement. If any such provision of this Agreement is held to be invalid, unenforceable or illegal, the parties will promptly endeavor in good faith to negotiate new provisions to eliminate such invalidity, unenforceability or illegality and to restore this Agreement as nearly as possible to its original intent and effect.

(15) Drafting Responsibility. The parties waive the application of any rule of law which otherwise would be applicable in connection with the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the party who (or whose counsel) prepared the executed agreement or any earlier draft of the same.
(16) **Accounting and Financial Terms.** All accounting and financial terms used herein are, unless otherwise indicated, to be interpreted and applied in accordance with generally accepted accounting principles, consistently applied, in the United States.

(17) **Consents.** Any consent required to be given under this Agreement must be in writing.

**SECTION 1.3. GOVERNING LAW.** This Agreement will be deemed to be made pursuant to the laws of the State of Texas and will be governed by and construed in accordance with such laws.
ARTICLE 2

SUBSTITUTION PROVISIONS

SECTION 2.1. NOTICE TO SAWS OF INTENT TO TERMINATE. Except in the event of termination by the Project Company Water Supply Corporation pursuant to the terms of the Operating Service Agreement, the Contractor shall not terminate or treat as terminated its engagement under the Operating Service Agreement or discontinue its services with respect to the Project, without first giving to SAWS and the Senior Debt Creditors not less than 10 Business Days’ prior written notice of the Contractor’s intention to do so, specifying the grounds for so doing.

SECTION 2.2. SUSPENSION OF TERMINATION. If SAWS serves on the Contractor a Substitution Notice in accordance with Section 2.3, the Contractor shall not terminate or treat as terminated its engagement, or discontinue the performance of any of its obligations, under the Operating Service Agreement, but service of such notice shall not prejudice any other right or remedy the Contractor may have under or in connection with the Operating Service Agreement.

SECTION 2.3. SUBSTITUTION NOTICE. Unless the engagement of the Contractor under the Operating Service Agreement has been terminated previously (and whether or not the Contractor has served notice on SAWS pursuant to Section 2.1), and if the Water Transmission and Purchase Agreement has been properly terminated in accordance with its terms and SAWS is acquiring the Project, SAWS will be entitled at any time to serve upon the Contractor a notice (“Substitution Notice”) requiring the Contractor to thereafter accept the instructions of SAWS or its appointee to the exclusion of the Project Company Water Supply Corporation under and in connection with the Operating Service Agreement and the Contractor shall comply with such notice, all subject to and in accordance with the terms and conditions of Section 2.4.

SECTION 2.4. SUBSTITUTION OF SAWS. From and after the effective date indicated in the Substitution Notice served under and in compliance with Section 2.3, provided that the Contractor has received notice from either SAWS or the Project Company Water Supply Corporation that the Water Transmission and Purchase Agreement has been terminated and SAWS has acquired the Project, the Project Company Water Supply Corporation shall be deemed to have assigned all the rights, and SAWS or its appointee shall be deemed to have accepted the assignment and assumed and agreed to perform all of the payment and other obligations, of the Project Company Water Supply Corporation under the Operating Service Agreement outstanding as of the date of service of such notice by SAWS under Section 2.3, arising from or attributable to the period after the effective date indicated in the Substitution Notice, provided that this shall not affect or derogate from any right of action the Project Company Water Supply Corporation may have against the Contractor in respect of any breach by the Contractor of its obligations under the Operating Service Agreement occurring prior to the date of service of notice by SAWS under Section 2.3.

SECTION 2.5. REPLACEMENT OPERATING SERVICE AGREEMENT. If the engagement of the Contractor under the Operating Service Agreement is terminated as a result of a default by the Project Company Water Supply Corporation before service of any notice under Section 2.3, the Contractor shall, if required to do so by notice served by SAWS not later than 20 Business Days after the date the Contractor serves notice pursuant to Section 2.1, negotiate in good faith with SAWS with respect to entering into a new Operating Service Agreement with SAWS or its appointee on the same terms as the
Operating Service Agreement but with such revisions to terms and price as SAWS and the Contractor may reasonably and mutually agree to reflect altered circumstances. In the event the parties agree to enter into such a new Operating Service Agreement, references in this Agreement to “Operating Service Agreement” shall be deemed to include such a new Operating Service Agreement. The rights of SAWS under this Section will be applicable only after the Water Transmission and Purchase Agreement has been properly terminated in accordance with its terms and SAWS has acquired the Project.

SECTION 2.6. NOTICE TO PREVAIL. As against the Project Company Water Supply Corporation and SAWS, the Contractor shall be entitled and obligated to rely upon and to comply with any notice served by SAWS under Section 2.3 or Section 2.5, and shall not make, nor be required to make, any inquiry into the entitlement of SAWS as against the Project Company Water Supply Corporation to serve such notice.

SECTION 2.7. SENIOR DEBT CREDITORS’ RIGHTS PARAMOUNT. Notwithstanding the above, SAWS’ rights under this Agreement are subject and subordinate to the rights of the Senior Debt Creditor (as defined in the Water Transmission and Purchase Agreement) to exercise similar rights of substitution under the Creditors’ Remedies Agreement.

SECTION 2.8. PROJECT COMPANY WATER SUPPLY CORPORATION BOUND. The Project Company Water Supply Corporation shall be bound to the provisions of this Article.
ARTICLE 3

CONFIDENTIALITY

SECTION 3.1. CONFIDENTIAL INFORMATION. The Contractor represents and warrants that it has and shall hold in confidence any information marked by SAWS as “CONFIDENTIAL” (hereinafter referred to as “Confidential Information”), provided that the provisions of this Section shall not restrict the Contractor from passing such information to its professional advisors, affiliates and subcontractors, to the extent necessary, to enable the Contractor to perform (or cause to be performed) or to enforce its rights or obligations under the Operating Service Agreement or to such other persons as may be expressly required by the Operating Service Agreement.

SECTION 3.2. EXCEPTIONS. The obligation to maintain the confidentiality of the Confidential Information does not apply to Confidential Information:

(A) which SAWS confirms in writing is not required to be treated as Confidential Information;

(B) which is or comes into the public domain otherwise than through any disclosure prohibited by this Agreement;

(C) to the extent the Contractor is required to disclose such Confidential Information by Applicable Law or any Governmental Body (but only to that extent); or

(D) to the extent consistent with any SAWS policy the details of which have been provided to the Contractor in writing prior to the disclosure.

SECTION 3.3. ANNOUNCEMENTS. Unless otherwise required by any Applicable Law, by any Governmental Body or by the rules, orders or regulations of any stock exchange (but only to that extent), the Contractor shall not make or permit to be made any public announcement or disclosure (whether for publication in the press, radio, television or any other medium) of any Confidential Information or the Contractor’s interest in the Project or any matters relating thereto, without the prior written consent of SAWS, which will not be unreasonably withheld or delayed.
ARTICLE 4

GENERAL

SECTION 4.1. ASSIGNMENT. Other than in conjunction with a permitted assignment of the Operating Service Agreement in accordance with its terms, the Contractor may assign this Agreement only with the prior written consent of SAWS, which consent may be given in SAWS’ sole discretion.

SECTION 4.2. INUREMENT. This Agreement inures to the benefit of and binds the parties and their respective successors and permitted assigns.

SECTION 4.3. NOTICE. Each notice to a party must be given in writing. A notice may be given by delivery in person; by certified mail, return receipt requested, postage prepaid; by overnight courier utilizing the services of a nationally-recognized overnight courier service with signed verification of delivery; or by fax, and will be validly given if delivered on a Business Day to an individual at the following address, or, if transmitted on a Business Day by fax addressed to the following party:

if to SAWS:

San Antonio Water System
2800 U.S. Highway 281 North
San Antonio, TX 78212
Attention: President/CEO
Fax No.: (210) 233-5268

With a copy to:
San Antonio Water System
2800 U.S. Highway 281 North
San Antonio, TX 78212
Attention: Vice President/General Counsel
Fax No.: (210) 233-4587
Email: nbelinsky@saws.org
if to the Project Company Water Supply Corporation:

Abengoa Vista Ridge, LLC  
Central Texas Regional Water Supply Corporation  
c/o Bickerstaff, Heath Delgado Acosta LLP  
3711 S. Mo-Pac Expressway  
2600 Via Fortuna, Building One, Suite 220300  
Austin, TX 78746  
Attention: CEO Weir Labatt III  
Fax No.: (512) 732-2252 5638  

with a copy to:  

Bickerstaff, Heath Delgado Acosta LLP  
3711 S. Mo-Pac Expressway  
Building One, Suite 300  
Austin, TX 79746  
Attention: Manuel Mendez/Emily Rogers  
Fax No.: (512) 320-5638  

if to the Contractor:  

[Name of Contractor]  
[Address]  
Attention: ______________________  
Attention: ______________________  
Fax No.: ______________________  
Email: ______________________  

with a copy to:  

[Name of Contractor]  
[Address]  
Abengoa Vista Ridge, LLC  
2600 Via Fortuna, Suite 220  
Austin, TX 78746  
Attention: CEO  
Fax No.: (512) 732-2252  

or to such other address as any party may, from time to time, designate in the manner set forth above.  

SECTION 4.4. WAIVERS. No waiver of any provision of this Agreement is binding unless it is in writing and signed by all the parties to this Agreement except that any provision which does not give rights or benefits to particular parties may be waived in writing, signed only by those parties who have rights under, or hold the benefit of, the provision being waived if those parties promptly send a copy of the executed waiver to all other parties. No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any provision of this Agreement will be deemed to be a waiver of any subsequent breach of that provision or of any similar provision.
SECTION 4.5. NO PARTNERSHIP OR AGENCY. Nothing in this Agreement will be construed as creating a partnership or as constituting the Contractor as an agent of SAWS. The Contractor shall not hold itself out as having any power to bind SAWS in any way.

SECTION 4.6. CONFLICTING AGREEMENT. If there is any conflict or inconsistency between the provisions of this Agreement and the Water Transmission and Purchase Agreement, the provisions of the Water Transmission and Purchase Agreement will prevail.

SECTION 4.7. REMEDIES CUMULATIVE. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

SECTION 4.8. NO SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES. In no event shall either party hereto be liable to the other or obligated in any manner to pay to the other party any special, incidental, consequential, punitive or similar losses or damages based upon claims arising out of or in connection with the performance or non-performance of its obligations or otherwise under this Agreement, or any representation made in this Agreement being materially incorrect, whether such claims are based upon contract, tort, negligence, warranty or any other legal theory.

SECTION 4.9. COUNTERPARTS. This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts with the same effect as if all parties had all signed and delivered the same document and all counterparts will be construed together to be an original and will constitute one and the same agreement.

SECTION 4.10. CONSENT TO JURISDICTION. Each party hereto irrevocably: (1) agrees that any Legal Proceeding related to this Agreement or to any rights or relationship among the parties arising therefrom shall be solely and exclusively initiated and maintained in State or federal courts located in Bexar County, Texas, having appropriate jurisdiction therefor; (2) consents to the jurisdiction of such courts in any such Legal Proceeding; and (3) waives any objection which it may have to the laying of the jurisdiction of any such Legal Proceeding in any such court.

SECTION 4.11. DELIVERY BY FAX. Any party may deliver an executed copy of this Agreement by fax but that party will immediately dispatch by delivery in person; by certified mail, return receipt requested, postage prepaid; or by overnight courier utilizing the services of a nationally-recognized overnight courier service with signed verification of delivery to the other parties an originally executed copy of this Agreement.

[SIGNATURE PAGE Follows]
IN WITNESS WHEREOF the parties have executed this Agreement on the day and year first above written.

THE CITY OF SAN ANTONIO, TEXAS ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

By: ________________________________
Name: Robert R. Puente
Title: President/CEO
Date: ______________________________

ABENGOA VISTA RIDGE, LLC CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION

By: ________________________________
Name: _____________________________ Weir Labatt III
Title: ______________________________ President
Date: ______________________________

[NAME OF CONTRACTOR]

By: ________________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________
TRANSACTION FORM D

RIGHT-OF-WAY EASEMENT FORM
NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

PERMANENT WATER LINE EASEMENT — WATER AGREEMENT

STATE OF TEXAS § KNOW ALL MEN BY THESE PRESENTS

COUNTY OF ________ §

THAT, THIS WATER LINE EASEMENT AGREEMENT (this “Agreement”) is made and entered into as of the _____ day of _______, 2016 (the “Effective Date”) by and between

[ADD LEGAL DESCRIPTION — SUCH AS:]

Being 0.119 of one acre (5,205 sq. ft.) of land in Bexar County, Texas, being out of and part of a 4.333 acre tract of land described in the instrument recorded in Volume 8534, Page 2004, Official Public Records of Real Property of Bexar County, Texas, and being more particularly described and depicted in Exhibits “A” and “B” attached hereto and made a part hereof (the “Easement Area”);

For the purpose of using said Easement Area for any and all things necessary for the construction, reconstruction, realignment, inspection, patrol, maintenance, operation, repair, addition, removal and/or replacement of the lines, facilities and appurtenances to be placed within the above-described permanent Easement Area from time-to-time. The Grantee expressly agrees that it will remove from said land all surplus material and will, except for the presence of any at-grade and above-ground facilities and appurtenances constructed by Grantee, cause said land to be left as nearly as possible in the condition as it existed prior to the construction of said improvements.

RECITALS:

A. Grantor is the fee owner of certain land more particularly described on Exhibit “A” attached hereto (the “Property”).

B. Grantee desires to use a portion of the Property for the Water Line Improvements (as herein defined).
C. Grantor has agreed to grant, sell and convey to and for the benefit of Grantee a non-exclusive easement across the Grantor’s Property, to be situated in the area set out on Exhibit “A” for the purposes specified herein.

**AGREEMENTS:**

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein, and other good and valuable consideration, the parties hereto agree as follows:

1. Water Line Easement. Grantor hereby grants and conveys to Grantee a perpetual, non-exclusive easement (the “Water Line Easement”) on, over, across, under and upon the portion of the Property that is designated as the “Water Line Easement Area” on Exhibit “A” for the construction, reconstruction, realignment, inspection, patrol, maintenance, installation, addition, operation, use, repair, replacement and/or removal by Grantee of water supply pipelines and improvements, facilities and appurtenances thereto (the “Water Line Improvements”), TO HAVE AND TO HOLD the above described easement and rights unto the said Grantee, its successors and assigns, until the use of said easement shall be abandoned. Grantor does hereby bind itself, its legal representatives, successors and/or assigns to warrant and forever defend all and singular the above described easement and rights unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof. The consideration paid for this easement expressly includes the right to install multiple water lines in the future.

Together with Grantee and Grantee’s employees, contractors, agents, licensees and invitees shall have the right of ingress and egress over said Water Line Easement Area for the purpose of constructing, reconstructing, realigning, inspecting, patrolling, maintaining, operating, repairing, upgrading, adding and removing said lines, facilities and appurtenances; the right to relocate said lines, facilities and appurtenances; Water Line Improvements within said Water Line Easement Area. Although this Water Line Easement is non-exclusive, Grantor shall not materially adversely affect Grantee’s or its successors or assigns use or enjoyment of the Water Line Easement Area or Water Line Improvements or otherwise cause or allow any other person or entity to materially adversely affect the use or enjoyment of the Water Line Improvements or Water Line Easement Area by Grantee, its successors or assigns. Grantee shall have the right to remove from said lands all trees and parts thereof, or other obstructions, which may interfere with the exercise of the rights granted hereunder; and the right of exercise of all other rights hereby granted; and Grantor expressly covenants and agrees for itself, its legal representatives, successors and/or assigns, that no building or structure or trees of any kind will be placed on said Easement Area and that removal of any building or structure or trees placed on said Easement Area shall be at Grantor’s expense. The consideration paid for this easement expressly includes installation of multiple water lines in the future.

TO HAVE AND TO HOLD the above described easement and rights unto the said Grantee, its successors and assigns, until the use of said easement shall be abandoned.

And Grantor does hereby bind itself, its legal representatives, successors and/or assigns to warrant and forever defend all and singular the above described easement and rights unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

This Easement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.
2. Term of Water Line Easement. The term of this Water Line Easement shall be perpetual.

3. Total Payment. Grantor does hereby confirm that Grantee has paid to Grantor the full consideration due to Grantor for the easement rights granted to Grantee under the terms of this Agreement (the “Total Payments”) as set out in the Easement Payment Letter Agreement (the “Payment Letter”) executed by Grantor and Grantee in connection with the granting of this Water Line Easement Agreement.

4. Successors and Assigns. This Agreement and the rights, benefits, duties and obligations and the other terms and provisions set forth in this Agreement shall be covenants that run with, bind and benefit the Property and inure to be benefit of Grantee and its successors or assigns. The rights of Grantee shall be fully assignable. Whenever a transfer of ownership of the Grantee’s rights under this Agreement occurs, the liability of the transferor for any breach of covenant occurring thereafter shall automatically terminate with respect to such transferor. Any transferee shall automatically assume and be bound by the burdens and obligations under this Agreement running with the land arising from and after the date of such transfer.

5. Notice. Any notice or payment required to be delivered hereunder shall be deemed to be delivered on the earlier of actual receipt or, whether actually received or not, when deposited in the United States mail, postage pre-paid, registered or certified mail, return receipt requested, addressed as follows:

As to Grantor: __________________________________________

_____________________________________________________

[IF APPLICABLE, ADD] As to Grantee:

Central Texas Regional Water Supply Corporation
PO Box 160573
Austin, TX 78716

Grantor and Grantee and their respective heirs, executors, administrators, successors and assigns may, from time to time and at any time, change their respective addresses. Any change properly made is effective twenty (20) days after the delivery of written notice to all other parties to this Agreement in the manner provided herein.

6. Special Conditions. This Easement Agreement is granted and accepted subject to the Special Terms and Provisions set out on Exhibit “CB” attached hereto and made a part hereof.\]

EXECUTED effective this ______ day of _____________________, 20__.

7. Status Notice. Upon request of Grantee, Grantor shall, from time to time, execute a letter presented by Grantee, confirming payments received by the Grantor, that the Water Line Easement is in effect and other similar information relating to the status of this Water Line Easement, which Grantor agrees to execute and deliver to Grantee within twenty (20) days after any such request.

8. Complete Agreement. This Agreement, along with the Payment Letter, embodies the complete agreement between the parties hereto with respect to the subject matter hereof and each party hereby expressly acknowledges that there are no oral understandings or agreements with respect to the
subject matter hereof which are not contained therein. The terms of the Payment Letter are hereby incorporated into this Agreement by reference.

9. Amendment. No part of this Agreement or the Payment Letter may be modified, amended or terminated without the prior written consent of Grantor and Grantee.

10. Severability. The invalidation of any one of the covenants or agreements contained in this Agreement or Payment Letter by law, judgment, or court order shall in no way affect any other provision, which shall remain in full force and effect. The rule of strict construction shall not apply to the easements granted in this Agreement and the Payment Letter.

11. Governing Law. This Agreement and the Payment Letter shall be construed in accordance with and governed by the laws of the State of Texas, and venue for any action brought in connection with this Agreement and the Payment Letter shall be exclusively in a court of competent jurisdiction in ________ County, Texas.

12. Counterparts. This Agreement and the Payment Letter may be executed in several counterparts, each which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[ADD PROPER SIGNATURE BLOCK—SUCH AS: PAGE IMMEDIATELY FOLLOWS]

______________________, a Texas limited partnership
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date(s) set forth below to be effective for all purposes as of the date first above written.

GRANTOR:

By: ____________________________, a Texas Corporation, its general partner

By: ____________________________
Name: ____________________________
Title: ____________________________
Date: ____________________________

STATE OF TEXAS

COUNTY OF

By: This instrument was acknowledged before me on this ____ day of ____________________, 2016, by _____________________________.

Name: ____________________________
Title: ____________________________

[ADD PROPER NOTARY, SUCH AS:]

Notary Public Signature
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date(s) set forth below to be effective for all purposes as of the date first above written.

GRANTEE:

Central Texas Regional Water Supply Corporation,
a not-for-profit water supply corporation

By: ____________________________
Name: __________________________
Title: __________________________
Date: __________________________

STATE OF TEXAS  §

COUNTY OF TRAVIS  §

This instrument was acknowledged before me on this _____ day of ____________, 20___, by __________, the President of ____________, a Texas Corporation, the general partner of __________, a Texas limited partnership, on behalf of said limited partnership as ______________________ of Central Texas Regional Water Supply Corporation, a not-for-profit water supply corporation.

__________________________________________
Notary Public  Signature

Financial Close Version, November __, 2016
Consent, Joinder and Subordination by Lender

The undersigned, [add holder of the lien – such as WELLS FARGO BANK, National Association], hereby joins in the execution of this water easement Agreement to evidence its consent and agreement to the terms and provisions hereof, and to confirm and agree that any and all liens held by the undersigned, whether by Deed of Trust, reservation in a deed, constitutional, contractual or otherwise, are subject and subordinate to the terms and provisions of this water easement, as the same may be amended or modified from time-to-time.

Without limiting the preceding general statement, it is agreed that the following liens are hereby subordinated to the terms of this Water Line Easement: [ADD LIST OF LIENS FROM TITLE COMMITMENT SUCH AS (i) “Deed of Trust, Security Agreement and Financing Statement”, dated April 27, 2006, filed of record in Volume 12100, Page 685, of the Official Public Records of Bexar County, Texas, and (ii) “Second Lien Deed of Trust, Security Agreement and Financing Statement”, signed on November 3, 2006, filed of record in Volume 12497, Page 1664, of the Official Public Records of Bexar County, Texas.]

[ADD SIGNATURE BLOCK FOR LIENHOLDER]

________________________________________, National Association

By: _________________________________________

[NAME, TITLE]

STATE OF TEXAS §
COUNTY OF _____________ §

This instrument was acknowledged before me on this _____ day of _____________, 20___, by ____________________, the __________of ________________, National Association, on behalf of said bank.

__________________________________
Notary Public Signature
TRANSACTION FORM F

OPINION OF COUNSEL TO THE WATER SUPPLY CORPORATION
San Antonio Water System
2800 U.S. Highway 281 North
San Antonio, Texas 78212

Ladies and Gentlemen:

We have acted as counsel to the Central Texas Regional Water Supply Corporation (the “WSC”) in connection with the negotiation of the Project Real Property Conveyance Agreement between the WSC and the City of San Antonio acting by and through the San Antonio Water System ("SAWS"), a final executed copy of which is attached hereto as Attachment A (the “Agreement”). This letter (“Opinion Letter”) is provided to you at the request of the WSC to satisfy the requirement contained in Section 4.1(B)(22) of the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement between Abengoa Vista Ridge, LLC (the name of which is now “Vista Ridge LLC,” the “Project Company”) and SAWS dated as of November 4, 2014 and as amended as of June 10, 2016 and November __, 2016 (the “WTPA”), for the
delivery of an opinion of counsel. This opinion updates our prior opinion to you dated June 10, 2016.

This Opinion Letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the “Accord”) of the ABA Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this Opinion Letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the applicable Law of the State of Texas and of the United States in effect on the date of this Opinion Letter. Capitalized terms not defined in this Opinion Letter have the meanings set forth in the Agreement, the WTPA or the Accord.

A. Based on our review of organizational documents of the WSC [being the WSC’s Restated Certificate of Formation (with New Amendments) and Bylaws, dated September 18, 2015] and subject to the qualifications set forth in Paragraph C below, we are of the opinion that the WSC has been duly formed as a water supply corporation pursuant to Chapter 67 of the Texas Water Code and the applicable provisions of the Texas Business Organizations Code (the “BOC”) and that matters of law covered by the legal representations of the WSC contained in Section 2.1 of the attached Agreement, are true and correct. We are of the further opinion that the WSC is authorized and has full power and authority under Texas Law:

(1) to perform its obligations anticipated to be performed by the WSC as set forth in the Agreement, the Water Transportation Agreement (as amended and restated on November ___.

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2016, the Standby Deed of Trust, the Amended and Restated Public-Private Partnership Agreement dated November __, 2016 among Vista Ridge LLC, the WSC, Garney Companies, Inc., VRRSP Consultants, LLC, Pape-Dawson Engineers, Inc. and Sumitomo Mitsui Banking Corporation and the WTPA;

(2) to enter into a Design Build Contract with Garney Companies, Inc. and the Operating Service Agreement and to perform the obligations to be performed by the WSC under such agreements;

(3) to acquire, by purchase or other lawful means, and to own the Project Real Property (as defined in the WTPA) and, as a Water Supply Corporation formed pursuant to Chapter 67 of the Texas Water Code, to acquire the Project Real Property by eminent domain pursuant to the applicable provisions of Chapter 49 of the Texas Water Code (including Section 49.222) and Texas Property Code Chapter 21;

(4) to mortgage and pledge the Project Real Property owned by the WSC as security for the Senior Debt (as such term is defined in the WTPA), to mortgage and pledge the Project Real Property owned by the WSC as security for its conveyance obligations under the Agreement pursuant to the Standby Deed of Trust and to convey all Project Real Property to SAWS pursuant to its obligations under the WTPA and under the Agreement; and
(Added graphics)

(5) to assign and convey the Project Real Property owned by the WSC on the Expiration Date or upon the Termination Date of the WTPA as a liquidating distribution to SAWS subject to compliance with Section 22.301-22.305 of the BOC.

B. In addition we are of the opinion that: based on the WSC’s status as a not-for-profit Water Supply Corporation formed pursuant to Chapter 67 of the Texas Water Code and the applicable provisions of the Texas Business Organization Code and owner of Project Real Property, no ad valorem property tax will be payable on the Project Improvements owned by the WSC because conforming dissolution provisions are included in the Water Supply Corporation’s organizational documents in accordance with Texas Tax Code Section 11.30; and, based on the certification by the Texas Commission on Environmental Quality ("TCEQ") of the WSC as a regional provider of water services pursuant to Texas Water Code Section 15.001(13) and Texas Tax Code Section 151.355(5), no Texas state or local sales tax will be payable by or on behalf of the WSC on the cost of constructing the Project Improvements.

C. Qualifications. Because the foregoing opinions are subject to the “General Qualifications” set forth in the Accord, please note that (i) no opinion is expressed as to the application of the Texas Fraudulent Transfer Act in Chapter 23 of the Texas Business and Commerce Code upon the exercise of any purchase or put options in the Agreement; (ii) no opinion is expressed as to factual matters affecting the availability of equitable remedies to enforceability of the Agreement (or any of the agreements referenced in Paragraph A above), including whether the Agreement or such other agreements would be deemed by a court of competent jurisdiction to be fair within the meaning of BOC Section 22.230; and (iii) the opinions set forth in Paragraph A
regarding Section 2.1 (7) of the Project Real Property Conveyance Agreement and in Paragraph
A(3) above relate to the general authority of the WSC to exercise the power of eminent domain
and, as contemplated by Section 17.5 of the Accord, no opinion is expressed as to the outcome of
any litigation regarding the Project, including, but not limited to, litigation relating to acquisition
of Project Real Property by eminent domain proceedings. Please also note that with respect to the
WSC’s acquisition of Project Real Property: (A) formal action will be required by the WSC’s
Board of Directors for voluntary purchases of land and for the initiation and adjudication of
condemnation litigation; and (B) pursuant to Chapter 49 of the Texas Water Code, the WSC does
not have the power of eminent domain to acquire rights to underground water, or of water or water
rights and may not have the power of eminent domain to acquire property of a cemetery or burial
place.

This Opinion Letter may be relied upon by you only in connection with the transactions
contemplated by the WTPA and the Agreement and may not be used or relied upon by you for any
other purpose, or by any other person for any purpose whatsoever, without in each instance our
prior written consent.

Very truly yours,

BICKERSTAFF HEATH DELGADO ACOSTA LLP

00643529/4 5
Attachment A

to

Opinion Letter

of

Bickerstaff Heath Delgado Acosta LLP

Final Executed Project Real Property Conveyance Agreement between WSC and SAWS
TRANSACTION FORM G

TRANSFER AND ASSIGNMENT OF LETTER OF INTENT RELEASING PROJECT COMPANY UNDER GREENBRIDGE TRANSACTION
TRANSACTION FORM H

CREDITORS' REMEDIES AGREEMENT
CREDITORS’ REMEDIES AGREEMENT

This Creditors’ Remedies Agreement (the “Agreement”) is made and entered into as of November __, 2016, by and among THE CITY OF SAN ANTONIO, TEXAS ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES, an agency of the City of San Antonio, Texas, established pursuant to the provisions of SAWS Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq. and Chapter 1502, as amended, Texas Government Code (“SAWS”); VISTA RIDGE LLC (f/k/a Abengoa Vista Ridge, LLC), a limited liability company organized and existing under the laws of the State of Delaware ("Vista Ridge"); CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION, a not for profit water supply corporation organized under Chapter 67 of the Texas Water Code and authorized to exercise the power of eminent domain under Section 49.22(a) of the Texas Water Code ("CTRWSC"); and SUMITOMO MITSUI BANKING CORPORATION, as Collateral Agent under the Depositary Agreement (as defined below) (the "Creditors’ Agent").

RECITALS

WHEREAS, SAWS and Vista Ridge have entered into the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement, dated as of November 4, 2014, as amended pursuant to an Consent to the Garney Change of Control and Conforming Amendments to the Water Transmission and Purchase Agreement, dated as of June 10, 2016 (as further amended, amended and restated, supplemented or otherwise modified from time to time, the “WTPA”), in connection with the design, installation, operation and maintenance of a water supply project consisting of the production, treatment, delivery and sale to SAWS of up to 50,000 acre feet per year of potable water and as more particularly described in the WTPA (the “Project”);

WHEREAS, SAWS and CTRWSC (as acknowledged, consented to and joined by Vista Ridge) have entered into the Vista Ridge Project Real Property Conveyance Agreement, dated as of June 10, 2016 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “RPCA”), in connection with (i) acquisition of easements, rights of way and other Project Real Property necessary to construct the Project Improvements, (ii) construction, operation and maintenance of the Project Improvements, and (iii) conveyance of the Project Real Property and Project Improvements owned by CTRWSC to SAWS on the Expiration Date or the Termination Date as provided in the WTPA and the RPCA;

WHEREAS, the Creditors’ Agent is appointed by the Secured Parties (as defined in the Depositary Agreement) as the collateral agent for the Secured Parties (in such capacity, together with its successors and assigns, the “Collateral Agent”) under the Collateral Agency and Depositary Agreement, dated as of the date hereof (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Depositary Agreement”), by and among Vista Ridge, CTRWSC, the Creditors’ Agent, and Sumitomo Mitsui Banking Corporation as administrative agent (“Administrative Agent”) and depositary bank; and
WHEREAS, it is a requirement under the Credit Agreement dated as of the date hereof (as amended, amended and restated, supplemented or otherwise modified from time to time, the, “Credit Agreement”), among Vista Ridge, CTRWSC, the lenders and DSRA L/C Issuing Banks (as defined therein) party thereto from time to time, and Administrative Agent, that the parties hereto execute and deliver this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows.

ARTICLE 1

DEFINITIONS, CONTRACT DOCUMENTS AND ORDER OF PRECEDENCE

Section 1.01 Definitions

Capitalized terms used but not otherwise defined in this Agreement have the respective meanings set forth in the WTPA, and if not set forth therein, in the RPCA. In addition, the following terms have the meanings specified below:

Actual Knowledge means, with respect to SAWS, actual knowledge of, or receipt of written notice by, the SAWS Representative, or any officer or manager to whom the SAWS Representative reports and whose responsibilities include the oversight of the Project.

Assigned Agreement means the WTPA and/or the RPCA, as the context requires.

Assignor means Vista Ridge and/or CTRWSC, as the context requires.

Designated Account means (a) prior to the receipt by SAWS of a written notice from the Creditors’ Agent that COD (as defined in the Credit Agreement) has occurred, Citibank, N.A., New York (ABA No. 021000089), for the account of Sumitomo Mitsui Banking Corporation, New York Branch, Account No. 36023837, Ref: Account No. 334932 Account Name: Construction Account, (b) on and after the receipt by SAWS of a written notice from the Creditors’ Agent that COD (as defined in the Credit Agreement) has occurred, Citibank, N.A., New York (ABA No. 021000089), for the account of Sumitomo Mitsui Banking Corporation, New York Branch, Account No. 36023837, Ref: Account No. 334942 Account Name: Revenue Account, or (c) such other account as may be agreed upon by Vista Ridge pursuant to the Senior Debt Financing Agreements and specified from time to time by the Creditors’ Agent to SAWS in writing.

Discharge Date means the date on which all of the monetary obligations of each Assignor under the Senior Debt Financing Agreements have been irrevocably discharged in full to the satisfaction of the Creditors’ Agent.
**Lien Priority Agreement** means the Lien Priority Agreement, dated as of the date hereof, by and between SAWS and the Collateral Agent.

**Property** means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

**Qualified Substitute Project Company** means a Person who:

(a) is a special purpose entity that has the legal capacity, power and authority to become a party to, and perform the obligations of the Assignor under the applicable Assigned Agreement;

(b) employs or has subcontracted with persons having the appropriate qualifications, experience and technical competence available to it that are sufficient to enable it to perform the obligations of the Assignor under the applicable Assigned Agreement;

(c) is not a Restricted Person or an Affiliate of a Restricted Person;

(d) is no less creditworthy than the Assignor under the applicable Assigned Agreement as of the date of this Agreement;

(e) the designation of whom as the Substitute is not reasonably likely to result in a material adverse effect on SAWS or the Project; and

(f) with respect to the any successor to or transferee of CTRWSC under the RPCA, has the same powers and immunities as CTRWSC, including but not limited to any governmental and quasi-governmental rights, powers and immunities, an exemption from real property taxes and other ad valorem or similar taxes, charges and assessments, exemption from state and federal income tax (if applicable), and power of eminent domain.

**SAWS Notice** has the meaning given to it in Section 2.02(a).

**Senior Debt Financing Agreements** has the meaning given to the term Financing Documents (as defined in the Credit Agreement).

**Senior Debt Financing Agreements Event of Default** has the meaning given to the term Event of Default in the Senior Debt Financing Agreements.

**Substitute** has the meaning given to it in Section 5.01.

**Substitute Accession Agreement** has the meaning given to it in Section 6.01.

**Substitution Effective Date** has the meaning given to it in Section 6.01.

**Substitution Notice** has the meaning given to it in Section 5.01(a).
Section 1.02  Order of Precedence

In the event of any conflict, ambiguity or inconsistency between the provisions of the WTPA or the RPCA, on the one hand and the provisions of this Agreement, on the other hand, the provisions of this Agreement shall prevail.

ARTICLE 2

CONSENT TO SECURITY AND NOTICES

Section 2.01  Consent to Security

Notwithstanding anything to the contrary in any Assigned Agreement:

(a) SAWS acknowledges notice and receipt of and consents to:

(i) the collateral assignment by Vista Ridge to the Creditors’ Agent of all of Vista Ridge’s interests in each Assigned Agreement pursuant to the Senior Debt Financing Agreements;

(ii) the collateral assignment by CTRWSC to the Creditors’ Agent of all of CTRWSC’s interests in the RPCA pursuant to the Senior Debt Financing Agreements;

(iii) the mortgage and security interest granted by each Assignor to the Creditors’ Agent of all of the assets of such Assignor, including the Project, and including the assignment and security interest in all permits and Project Contracts to which such Assignor is a party; and

(iv) the grant by each member of Vista Ridge to the Creditors’ Agent of a security interest in its respective limited liability company interests in Vista Ridge, in each case pursuant to the Senior Debt Financing Agreements;

(b) the granting of the security interests referred to in Section 2.01(a) does not:

(i) constitute (or with the giving of notice or lapse of time, or both, could constitute) either a breach of the WTPA or the RPCA, a Project Company Remediable Breach or a Project Company Event of Default; or

(ii) require any consent of SAWS that is either additional or supplemental to those granted pursuant to this Section 2.01 as a condition to or requirement for the creation of the liens, pledges and security interests identified in Section 2.01(a);

(c) until the Discharge Date, SAWS shall not, without the prior written consent of the Creditors’ Agent:

(i) consent (to the extent, if any, SAWS has such right to consent) to any assignment, transfer, pledge or hypothecation of (x) any Assigned Agreement or any
interest therein by Vista Ridge, other than as specified in this Agreement or as may be required of SAWS under such Assigned Agreement or (y) the RPCA or any interest therein by CTRWSC, other than as specified in this Agreement or as may be required of SAWS under the RPCA:

(ii) enter into any consensual cancellation or termination of any Assigned Agreement except pursuant to the terms of such Assigned Agreement;

(iii) assign, novate or otherwise transfer (by operation of law or otherwise) any of its right, title or interest under any Assigned Agreement, except to another Governmental Body to which all or substantially all of the revenues, assets and liabilities constituting the SAWS municipal utility water enterprise are transferred as contemplated in Section 24.4 of the WTPA;

(iv) petition, request or take any other legal or administrative action which seeks, or may reasonably be expected, to rescind, terminate or suspend or amend or modify any Assigned Agreement except in furtherance of actions permitted under this Agreement; or

(v) enter into or agree to any material written amendment, material written supplement or other material written modification to any Assigned Agreement, provided that, in the case of the WTPA, the foregoing shall not be construed as affecting Contract Administration Memoranda pursuant to Section 26.6 of the WTPA.

**Section 2.02 Notice Requirements**

(a) SAWS shall deliver to the Creditors’ Agent, concurrently with the delivery thereof to Vista Ridge, a copy of each (i) notice of any Project Company Event of Default, Project Company Remedial Breach or acceptance or non-acceptance of Vista Ridge’s remedial program with respect thereto, (ii) direction pursuant to Section 5.8 of the WTPA to make a SAWS-Requested Design Requirement Change reasonably expected to increase design and construction costs by more than $1,000,000, and (iii) request pursuant to Section 12.4(B) of the WTPA for a Capital Modification.

(b) SAWS shall deliver to the Creditors’ Agent, concurrently with the delivery thereof to CTRWSC or Vista Ridge, a copy of any notice of breach or default of the RPCA given by SAWS, and of any notice of SAWS’ exercise of its option to purchase the Water Supply Corporation Project Assets (as defined in the RPCA).

(c) SAWS shall give the Creditors’ Agent written notice, concurrently with the delivery thereof to Vista Ridge or CTRWSC, as applicable, of the occurrence of any Default (as defined below) (a “SAWS Notice”).

(d) A SAWS Notice shall contain a reasonable summary of the facts relating to the relevant event, including, to the extent of SAWS’s Actual Knowledge, amounts due and payable to SAWS by the applicable Assignor under any applicable Assigned Agreement. Upon written requests from the Creditors’ Agent, which may be delivered from time to time at
reasonable intervals, SAWS shall update any SAWS Notice based upon its Actual Knowledge at the time of the request. No failure or delay in giving any SAWS Notice or in responding to an update request, or the omission of any information from any SAWS Notice, shall constitute a waiver of or otherwise impair SAWS’s right to payment or performance of any obligation of any Assignor under the applicable Assigned Agreement. No such update, shall be construed as entitling the Creditors’ Agent to any extension of any cure period or any additional cure period, except to the extent that any update asserts the occurrence of a new Default.

(e) The Creditors’ Agent shall notify SAWS of any Senior Debt Financing Agreements Event of Default and of any decision to accelerate amounts outstanding under the Senior Debt Financing Agreements or to exercise any enforcement remedies under the Senior Debt Financing Agreements, in each instance contemporaneously with notification thereof to the Assignors.

(f) The Creditors’ Agent shall notify SAWS of: (i) any proposed amendment to: (A) the definition of Operating and Maintenance Expenses in the Credit Agreement, if such proposed amendment would affect clause (k) of such definition and (B) the inclusion of amounts payable as Operating and Maintenance Expenses in clause (B) of Section 3.03(a)(iii) and in clause (B) of Section 3.03(b)(i) of the Depositary Agreement; and (ii) (A) any proposed increase in the aggregate principal amount of the Loans (other than (x) treating overdue amounts as principal and (y) capitalizing interest during the construction period by increasing the principal amount on each interest payment date by the amount of the applicable interest payment) including, without limitation, the advancing of funds pursuant to the Credit Agreement in excess of the principal amount of the initial Loans and the re-lending of principal that has been repaid, (B) any proposed restructuring of the principal amortization of the Loans (including by use of hedging arrangements), in either case which proposed increase or restructuring would have the effect of increasing the portion of the Project Assets Purchase Price attributable to the Loans or (C) any other amendment, modification or action otherwise has the effect of increasing the portion of the Project Assets Purchase Price attributable to Senior Debt.

ARTICLE 3

RIGHTS AND OBLIGATIONS UNTIL END OF CURE PERIOD

Section 3.01 No Termination until end of Cure Period

(a) SAWS will not terminate any Assigned Agreement or suspend performance of its services under any Assigned Agreement on account of any default or breach of Vista Ridge or CTRWSC, as applicable, under such Assigned Agreement, or upon the occurrence or non-occurrence of any event or condition under any Assigned Agreement which would immediately or with the passage of any applicable grace period or the giving of notice, or both, entitle SAWS to terminate or suspend performance under such Assigned Agreement (such default, breach, event or condition, a “Default”), without written notice to the Creditors’ Agent and first providing to the Creditors’ Agent one hundred eighty days (180) days (or, in the case of the WTPA, thirty (30) days if such Default is a Project Company Event of Default under
Section 20.1(B)(4), Section 20.1(B)(5)(a) or Section 20.1(B)(7) of the WTPA if a substantially similar Project Company Event of Default occurred under Section 20.1(B)(4), Section 20.1(B)(5)(a) or Section 20.1(B)(7) of the WTPA, as applicable, within the immediately preceding two years (the “Public Safety Default”) from the later of (i) the date notice of Default is delivered to the Creditors’ Agent to cure such Default and (ii) the date the cure period of Vista Ridge or CTRWSC, as applicable, set forth in the such Assigned Agreement expires, to cure such Default, so long as the Creditors’ Agent shall have commenced to cure the Default within such one hundred eighty (180)-day period (or, in the case of the WTPA, such thirty (30)-day period if such Default is a repeated Public Safety Default with two (2) years of the occurrence of such prior Public Safety Default) and thereafter diligently pursues such cure to completion and continues to perform any monetary obligations under such Assigned Agreement, and all other obligations under such Assigned Agreement are performed by Vista Ridge or CTRWSC, as applicable, or the Creditors’ Agent, provided that, in each instance nothing herein shall impair SAWS’s right to exercise such remedies as it may have under such Assigned Agreement other than termination or suspension of performance, including but not limited to rights of deduction or setoff and the right to seek such legal or equitable remedies as may be available under such Assigned Agreement or otherwise. If possession of the Project is necessary to cure such Default, and the Creditors’ Agent declares Vista Ridge or CTRWSC, as applicable, in default and commences foreclosure proceedings, the Creditors’ Agent will be allowed a reasonable period to complete such proceedings. If the Creditors’ Agent is prohibited by any court order or bankruptcy or insolvency proceedings from curing the Default or from commencing or prosecuting foreclosure proceedings, the foregoing time periods shall be extended by the period of such prohibition.

(b) No cancellation, suspension or termination of any Assigned Agreement by SAWS shall be binding upon the Creditors’ Agent without the expiration of the applicable cure period under Section 3.01(a). Any dispute that may arise under any Assigned Agreement notwithstanding, SAWS shall continue performance under such Assigned Agreement, subject to and until the expiration of the applicable cure period provided under Section 3.01(a).

(c) The Creditors’ Agent shall be entitled to (but shall have no obligation to), at its sole option and discretion, in respect of any Assignor under any applicable Assigned Agreement, perform or arrange for the performance of any act, duty, or obligation required of such Assignor under such Assigned Agreement, remedy any breach of such Assignor under such Assigned Agreement at any time, or exercise any other right of such Assignor, in each instance if the Creditors’ Agent is entitled to take such action under the Senior Debt Financing Agreements and in accordance with the applicable requirements and standards of such Assigned Agreement, which performance or remedy by or on behalf of the Creditors’ Agent shall be accepted by SAWS in lieu of performance by such Assignor, and in satisfaction of the obligations of such Assignor under such Assigned Agreement. In such event SAWS shall continue to perform its obligations under such Assigned Agreement, pursuant to the terms thereof. To the extent that any breach of any Assignor under any Assigned Agreement is remedied and/or any payment liabilities or obligations of any Assignor are performed by the Creditors’ Agent under this Section 3.01(c), such action shall discharge the relevant liabilities or obligations of such Assignor to SAWS. No such performance by or on behalf of the Creditors’ Agent under this Section 3.01(c) shall be construed as an assumption by the
Creditors’ Agent, or any person acting on the Creditors’ Agent’s behalf, of any of the covenants, agreements or other obligations of any Assignor under any applicable Assigned Agreement. The foregoing shall not be construed as limiting or impairing any rights of SAWS under any Assigned Agreement except as expressly provided in this Agreement. Except as expressly provided in this Agreement, SAWS shall have no obligation to deal with the Creditors’ Agent in effecting any cure on behalf of any Assignor.

(d) In the event the Creditors’ Agent elects to perform an Assignor’s obligations under any applicable Assigned Agreement as provided in Section 3.01(a) above or to enter into a new contract as provided in Section 8.01 below, the Creditors’ Agent and the Senior Debt Creditors shall not have any personal liability to SAWS pursuant to such Assigned Agreement, or this Agreement for the performance of such obligations, and the sole recourse of SAWS in seeking the enforcement of such contractual obligations shall be to such parties’ interest in the Project (and no officer, director, employee, shareholder or agent thereof shall have any liability with respect thereto except as may be expressly provided in such new agreement).

(e) Notwithstanding any other provision of this Agreement to the contrary, (i) nothing in this Agreement shall prohibit, delay or impair SAWS’s right to (A) exercise such remedies as are available under the WTPA upon the occurrence of a Project Company Event of Default under Section 20.1(A)(3), (4) or (6) of the WTPA, or (B) exercise its right to purchase the Project Assets and terminate the WTPA pursuant to Section 23.1 or 23.2 of the WTPA, and (ii) such rights, if any, that SAWS may have as a dual obligee with the Secured Parties on any payment or performance bond issued in connection with the Senior Debt shall be subject to this Agreement and to the rights of the Secured Parties.

ARTICLE 4

ARRANGEMENTS REGARDING PAYMENTS

SAWS shall, unless directed otherwise by the Creditors’ Agent, deposit all amounts payable by it to Vista Ridge under the WTPA, from and after the date hereof and until the date that the Senior Debt Creditors’ lien in the WTPA is released pursuant to the terms of the Senior Debt Financing Documents, into the Designated Account, and Vista Ridge agrees that any payment made in accordance with this Article 4 shall constitute a complete discharge of SAWS’s relevant payment obligations under the WTPA. SAWS shall not, without the prior written consent of the Creditors’ Agent, make any payments to or for the benefit of Vista Ridge other than as contemplated pursuant to the first sentence of this Article 4.

ARTICLE 5

SUBSTITUTION NOTICE

Section 5.01 Notice of Substitute

(a) To the extent that during the occurrence and continuance of a Senior Debt Financing Agreements Event of Default, (x) an Assignor’s rights and obligations under any
applicable Assigned Agreement to which it is a party and (y) this Agreement are assigned to a person (a “Substitute”) designated by the Creditors’ Agent (whether by mutual agreement or enforcement of rights under the Senior Debt Financing Agreements) that meets the requirements of a “Qualified Substitute Project Company”, the effectiveness of such assignment shall be conditional upon:

(i) the Creditors’ Agent issuing a notice (a “Substitution Notice”) to SAWS designating the Substitute;

(ii) the proposed Substitute executing a Substitute Accession Agreement in accordance with Section 6.01; and

(iii) payment of all amounts then due to SAWS pursuant to such Assigned Agreement.

(b) Upon receipt of information pursuant to Section 5.02(a), SAWS shall have sixty (60) days to verify that the qualifications of any proposed Substitute comply with those required under the definition of “Qualified Substitute Project Company” and may only reject a proposed Substitute if it reasonably determines that the qualifications of such Substitute do not comply with such requirements. If SAWS does not respond to a Substitution Notice within such sixty (60)-day period, the Creditors’ Agent may issue a second Substitution Notice, which shall (i) include a copy of the original Substitution Notice and all information provided under Section 5.01(a), and (ii) bear the following legend on the front of the envelope and on the first page in capital letters of 14 point or larger type face “THIS IS A TIME-SENSITIVE NOTICE GIVEN PURSUANT TO SECTION 5.01 OF THE CREDITORS’ REMEDIES AGREEMENT WITH RESPECT TO THE VISTA RIDGE REGIONAL SUPPLY PROJECT. A FAILURE TO RESPOND WITHIN THIRTY (30) DAYS MAY RESULT IN A DEEMED APPROVAL AND OTHERWISE ADVERSELY AFFECT THE SAN ANTONIO WATER SUPPLY CORPORATION.” In the event that SAWS shall have failed to respond within thirty (30) days after receipt of such second Substitution Notice then the proposed Substitute named in the Substitution Notice shall be deemed to comply with the requirements set forth in the definition of “Qualified Substitute Project Company” set forth herein.

Section 5.02 Provision of Information

(a) The Creditors’ Agent shall, as soon as practicable, provide to SAWS such information in relation to the designated Substitute and any person who, it is proposed, will enter into a material subcontract with the designated Substitute in relation to the Project, as SAWS shall reasonably require, including:

(i) the name and address of the designated Substitute;

(ii) a copy of the proposed Substitute’s organizational documents;

(iii) details of the designated Substitute’s plan to employ or subcontract with persons having the appropriate qualifications, experience and technical
competence available to them that are sufficient to enable it to perform the obligations of the applicable Assignor under each applicable Assigned Agreement; and

(iv) the names of the designated Substitute’s directors and any key personnel who will have responsibility for the day-to-day management of its participation in the Project.

ARTICLE 6

SUBSTITUTION

Section 6.01 Substitution Effective Date

Any designated Substitute shall execute a duly completed substitute accession agreement substantially in the form set out in Annex I to this Agreement (“Substitute Accession Agreement”) and submit it to SAWS (with a copy of it to the other parties to this Agreement). Subject to Section 5.01, such accession shall become effective on and from the date on which SAWS countersigns the Substitute Accession Agreement or the date that is fifteen (15) days after the date SAWS receives the completed Substitute Accession Agreement if SAWS fails to countersign the Substitute Accession Agreement (the “Substitution Effective Date”).

Section 6.02 Effectiveness of Substitution

On and from the Substitution Effective Date, in respect of any Assigned Agreement:

(a) such Substitute shall become a party to, and shall be deemed to have assumed, such Assigned Agreement, this Agreement and, in the case of CTRWSC, the Standby Deed of Trust, in place of the substituted Assignor, who shall be immediately released from its obligations arising under, and cease to be a party to, such Assigned Agreement and this Agreement from that Substitution Effective Date;

(b) such Substitute shall exercise and enjoy the rights and perform the obligations of the substituted Assignor, under such Assigned Agreement and this Agreement, including, without limitation, any undischarged obligations, uncured defaults, damages arising under such Assigned Agreement prior to the Substitution Effective Date, and any documented costs reasonably incurred by SAWS in connection with such Substitution and in accordance with Section 24.5 of the WTPA, which shall be deemed applicable to any transfer of the Assignor’s interest in, or Change in Control with respect to, the RPCA;

(c) SAWS shall owe its obligations (including, without limitation, any undischarged liability in respect of any loss or damage suffered or incurred by the substituted Assignor prior to the Substitution Effective Date) under such Assigned Agreement to such Substitute in place of the substituted Assignor; and
such Substitute shall have no obligations greater than the obligations of the substituted Assignor had under such Assigned Agreement.

Section 6.03 Facilitation of Transfer

SAWS shall use its commercially reasonable efforts, at the Substitute’s sole cost and expense, to facilitate the transfer to the Substitute of the obligations of the substituted Assignor under the applicable Assigned Agreement and this Agreement.

Section 6.04 Consequences of Substitution

On and from the Substitution Effective Date, in respect of any Assigned Agreement:

(a) any right of termination or any other right suspended by virtue of Section 3.01(a) shall be of no further effect and SAWS shall not be entitled to terminate such Assigned Agreement and this Agreement by virtue of any act, omission or circumstance that occurred prior to such Substitution Effective Date, provided that, within the remaining cure period provided for in Section 3.01(a), such Substitute thereafter cures (x) in the case of the WTPA, any still-uncured Project Company Event of Default (except for a Project Company Bankruptcy-Related Event relating to the prior Project Company) and (y) in the case of the RPCA, any still-uncured breach of the RPCA by CTRWSC or Vista Ridge; and

(b) SAWS shall enter into an equivalent direct agreement on substantially the same terms as this Agreement, save that Vista Ridge or CTRWSC, as applicable, shall be replaced as a party by the Substitute.

ARTICLE 7

REINSTATEMENT OF REMEDIES

If SAWS has delivered to the Creditors’ Agent a SAWS Notice in respect of any Assigned Agreement, the grounds for that notice are continuing and have not been remedied or waived by SAWS, and no Substitute becomes a party to such Assigned Agreement and this Agreement prior to the expiration of the applicable cure period set forth under Section 3.01(a), then, upon expiration of the applicable cure period, SAWS shall be entitled to:

(i) act upon any and all grounds for termination available to it in relation to such Assigned Agreement in respect of, in the case of the WTPA, Project Company Events of Default under the WTPA that have not been remedied or waived by SAWS, and in the case of the RPCA, breach of the RPCA by CTRWSC or Vista Ridge that have not been remedied or waived by SAWS;

(ii) pursue any and all claims and exercise any and all remedies against any applicable Assignor in accordance with the terms of such Assigned Agreement; and

(iii) if and to the extent that it is then entitled to do so under such Assigned Agreement, take or support any action for the liquidation, bankruptcy, administration,
receivership, reorganization, dissolution or winding up of any applicable Assignor, or for the composition or readjustment of debts of such Assignor, or any similar insolvency procedure in relation to such Assignor, or for the appointment of a receiver, trustee, custodian, sequestrator, conservator, liquidator, administrator or similar official for such Assignor or for any part of Property of such Assignor.

ARTICLE 8

IMPACT OF BANKRUPTCY OR INSOLVENCY PROCEEDINGS

Section 8.01 Rejection of the Assigned Agreements

(a) If any Assigned Agreement is rejected by a trustee or debtor-in-possession in, or terminated as a result of, any bankruptcy or insolvency proceeding involving any applicable Assignor, and, within ninety (90) days after such rejection or termination, the Creditors’ Agent shall so request and shall certify in writing to SAWS that the Creditors’ Agent or the Creditors’ Agent’s permitted designee or assignee (i) solely if such Assigned Agreement is the WTPA, is a Qualified Substitute Project Company, and (ii) intends to perform the obligations of such Assignor, as and to the extent required under such Assigned Agreement, SAWS will execute and deliver to the Creditors’ Agent (or any Substitute satisfying the requirements of this Agreement if directed to do so by the Creditors’ Agent) a new Assigned Agreement. The new Assigned Agreement shall be for the balance of the remaining term under the original Assigned Agreement, and shall contain conditions, agreements, terms, provisions and limitations which are substantially the same as those of the original Assigned Agreement, except for any obligations that have been fulfilled by such Assignor, any party acting on behalf of or stepping-in for such Assignor or the Creditors’ Agent prior to such rejection or termination. References in this Agreement to an Assigned Agreement shall be deemed also to refer to any such new Assigned Agreement.

(b) The effectiveness of any new Assigned Agreement referred to in Section 8.01(a) above will be conditional upon the Creditors’ Agent first reimbursing SAWS in respect of all of its reasonably documented costs and expenses, including reasonable legal fees and expenses, incurred in connection with the execution and delivery of such new Assigned Agreement.

ARTICLE 9

TERMINATION OF THIS AGREEMENT

This Agreement shall remain in effect until the earliest to occur of:

(a) the Discharge Date;

(b) the time at which all of the parties’ respective obligations and liabilities under the WTPA, RPCA and this Agreement have expired or have been satisfied in accordance with the terms of the WTPA, RPCA and this Agreement; and
(c) any assignment of the rights and obligations of each of Vista Ridge and CTRWSC under the Assigned Agreements and this Agreement to each respective Substitute has occurred under Article 6 and SAWS shall have entered into an equivalent direct agreement on substantially the same terms as this Agreement, save that each of Vista Ridge and CTRWSC has been replaced as a party by each respective Substitute.

ARTICLE 10

GENERAL PROVISIONS

Section 10.01 Representations and Warranties

(a) The undersigned signatory for Vista Ridge hereby represents and warrants that he or she is an officer of Vista Ridge and that he or she has full and complete authority to enter into this Agreement on behalf of Vista Ridge.

(b) Vista Ridge hereby represents and warrants that Vista Ridge has full power, right and authority to execute and perform each and all of its obligations under this Agreement, the WTPA and the RPCA. These representations and warranties are made for the purpose of inducing SAWS and the Creditors’ Agent to enter into this Agreement.

(c) Vista Ridge represents and warrants that each of this Agreement, the WTPA and the RPCA has been duly authorized, executed and delivered by Vista Ridge and constitutes a valid and legally binding obligation of Vista Ridge, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

(d) Vista Ridge represents and warrants that there is no Project Company Event of Default or breach by Vista Ridge under the RPCA or, to the best of its knowledge, no SAWS Event of Default or breach by SAWS of the RPCA, there exists no event or condition that would, with the giving of notice or passage of time or both, constitute such a Project Company Event of Default or a breach by Vista Ridge of the RPCA or, to the best of its knowledge, a SAWS Event of Default or a breach by SAWS of the RPCA, and no such Project Company Event of Default or breach by Vista Ridge of the RPCA or, to the best of its knowledge, SAWS Event of Default or breach by SAWS of the RPCA has occurred prior to the date hereof.

(e) Vista Ridge represents and warrants that neither the WTPA nor the RPCA has not been amended, modified or supplemented in any manner.

(f) The undersigned signatory for CTRWSC hereby represents and warrants that he or she is an officer of CTRWSC and that he or she has full and complete authority to enter into this Agreement on behalf of CTRWSC.

(g) CTRWSC hereby represents and warrants that CTRWSC has full power, right and authority to execute and perform each and all of its obligations under this Agreement and
the RPCA. These representations and warranties are made for the purpose of inducing SAWS and the Creditors’ Agent to enter into this Agreement.

(h) CTRWSC represents and warrants that each of this Agreement and the RPCA has been duly authorized, executed and delivered by CTRWSC and constitutes a valid and legally binding obligation of CTRWSC, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforecibility of the rights of creditors generally and to general principles of equity.

(i) CTRWSC represents and warrants that there is no breach by CTRWSC under the RPCA, or, to the best of its knowledge, no breach by SAWS of the RPCA, there exists no event or condition that would, with the giving of notice or passage of time or both, constitute a breach by CTRWSC of the RPCA or, to the best of its knowledge, a breach by SAWS of the RPCA, and no such breach by CTRWSC or, to the best of its knowledge, no such breach by SAWS has occurred prior to the date hereof.

(j) CTRWSC represents and warrants that the RPCA has not been amended, modified or supplemented in any manner.

(k) The undersigned signatory for SAWS hereby represents and warrants that he or she is an officer of SAWS and has full and complete authority to enter into this Agreement on behalf of SAWS.

(l) SAWS represents and warrants that it is an agency of the City created by City Ordinance 75686 as a public utility, validly existing and in good standing under the laws of the State, and has the authority to do business in the State and in any other state in which it conducts its activities with full legal right, power and authority to execute, deliver and perform its obligations under the WTPA, RPCA and this Agreement.

(m) SAWS represents and warrants that each of this Agreement, the WTPA and the RPCA has been duly authorized, executed and delivered by SAWS, and constitutes a legal, valid and binding obligation of SAWS, enforceable against SAWS in accordance with its terms, except to the extent that its enforceability may be limited by the law of sovereign or governmental immunity, bankruptcy, insolvency or other similar laws affecting creditors’ rights from time to time in effect, and equitable principles of general application.

(n) SAWS represents and warrants that no SAWS Event of Default or any breach by SAWS under the RPCA has occurred and is continuing. SAWS represents and warrants that to its Actual Knowledge, there is no Project Company Event of Default or any breach by CTRWSC under the RPCA that has occurred and is continuing. SAWS represents and warrants that, to its Actual Knowledge there exists no event or condition that would, with the giving of notice or passage of time or both, enable any of SAWS, Vista Ridge or CTRWSC to exercise any remedies under the WTPA or the RPCA, as applicable.
(o) SAWS represents and warrants that it has not entered into any written amendment, modification or supplement to the WTPA or the RPCA except as provided to Creditors’ Agent.

(p) Creditors’ Agent represents and warrants that it is authorized to deliver and receive the notices provided for under this Agreement, and take such other actions as may be provided for herein, on behalf of and at the direction of the Senior Debt Creditors.

**Section 10.02 SAWS Agreement and Covenants**

(a) SAWS hereby acknowledges and agrees that (i) the Senior Debt Financing Agreements will provide the Creditors’ Agent with rights with respect to the enforcement of Project Contracts, including the right to cause such Project Contracts be assigned to third parties (or replacement contracts entered into with third parties), subject to the applicable provisions of the WTPA and (ii) except in connection with the occurrence of the Expiration Date (as defined in the WTPA), no assignment and conveyance to SAWS of any Water Supply Corporation Project Assets pursuant to Section 4.1 of the RPCA shall be made unless the Senior Debt Discharge Date (as defined in the WTPA) shall have occurred. In connection with the foregoing, SAWS is authorized to tender payment of the Senior Debt directly to the Creditors’ Agent.

**Section 10.03 Amendments and Waivers**

(a) No amendment of this Agreement, and no waiver of any term, covenant or condition of this Agreement, shall be effective unless in writing and signed by the parties to this Agreement.

(b) The exercise by a party of any right or remedy provided under this Agreement or law shall not waive or preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver by any party of any right or remedy under this Agreement or law shall be deemed to be a waiver of any other or subsequent right or remedy under this Agreement or law. The consent by one party to any act by the other party requiring such consent shall not be deemed to render unnecessary the obtaining of consent to any subsequent act for which consent is required, regardless of whether similar to the act for which consent is given.

**Section 10.04 Successors and Assigns**

(a) No party to this Agreement may assign or transfer any part of its rights or obligations hereunder or under the WTPA or the RPCA (except to another Governmental Body to which all or substantially all of the revenues, assets and liabilities constituting the SAWS municipal utility water enterprise are transferred) without the prior written consent of the other parties; provided, however, that the Creditors’ Agent may assign or transfer its rights and obligations hereunder to a successor Creditors’ Agent in accordance with the Senior Debt Financing Agreements, which successor shall be deemed to have made the representation provided for in Section 10.01(k). In connection with any such assignment or transfer, SAWS
agrees to enter into a new direct agreement with the successor Creditors’ Agent on terms that are substantially the same as those of this Agreement.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

**Section 10.05 Severability**

In the event any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, the validity, legality, or enforceability of the remaining provisions, or the obligations of the other parties hereto, shall not in any way be affected or impaired thereby, and the parties hereto shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions.

**Section 10.06 Prior Contracts Superseded**

This Agreement constitutes the sole agreement of SAWS and the Creditors’ Agent with respect to the subject matter set forth herein and supersedes any prior understandings or written or oral contracts between the parties respecting such subject matter.

**Section 10.07 Notices and Communications**

Whenever under the provisions of this Agreement it will be necessary or desirable for one party to serve any approval, notice, request, demand, report or other communication on another party, all notices and other communications provided for hereunder or thereunder shall be given or made in writing (including, without limitation, by facsimile or other electronic transmission) delivered to the intended recipient at the address specified below or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by facsimile or other electronic transmission or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid. Any notice or other communication delivered by email to the Creditors’ Agent must be contained in a scanned or imaged attachment (such as .pdf or similar widely used format).

If to SAWS:

San Antonio Water System
2800 US Hwy 281 North
San Antonio, TX  78212
Attention: President and Chief Executive Officer
Fax No.: (210) 233-5268
Email: robert.puente@saws.org
with a copy to:

San Antonio Water System  
2800 US Hwy 281 North  
San Antonio, TX 78212  
Attention: General Counsel  
Fax No.: (210) 233-4587  
Email: nancy.belinsky@saws.org

If to Vista Ridge:

Vista Ridge LLC  
c/o Garney Construction  
1333 NW Vivion Road  
Kansas City, MO 64118  
Attention: Scott Parrish

with a copy to:

Husch Blackwell LLP  
4801 Main Street, Suite 1000  
Kansas City, MO 64112  
Attention: Charles G. Renner  
Fax No.: (816) 983-8080  
Email: charles.renner@huschblackwell.com

If to CTRWSC:

Central Texas Regional Water Supply Corporation  
c/o Bickerstaff, Heath Delgado Acosta LLP  
3711 S. Mo-Pac Expressway  
Building One, Suite 300  
Austin, TX 79746  
Attention: Weir Labatt III  
Facsimile: 512.320.5638  
Telephone: 512.472.8021  
Email: president@ctrwsc.org
Section 10.08 Effect of Breach

Without prejudice to any rights a party may otherwise have, a breach of this Agreement shall not give rise to a right to terminate the WTPA or the RPCA.

Section 10.09 Counterparts

This instrument may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic means using electronic signatures shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 10.10 No Third-Party Beneficiaries

Nothing contained in this Agreement is intended or will be construed as creating or conferring any rights, benefits or remedies upon, or creating any obligations of the parties hereto toward, any person or entity not a party to this Agreement, provided that, each of Vista Ridge and CTRWSC is executing this Agreement solely to evidence its agreement to the arrangements between SAWS and the Creditors’ Agent provided for herein and shall have no rights of enforcement hereunder.
Section 10.11 No Partnership

Nothing contained in this Agreement shall be deemed to constitute a partnership between the parties hereto. None of the parties shall hold itself out contrary to the terms of this Section 10.11.

Section 10.12 No Interference

Each of Vista Ridge and CTRWSC joins in this Agreement to acknowledge and consent to the arrangements set out and agrees not to knowingly do or omit to do anything that may prevent any party from enforcing its rights under this Agreement.

Section 10.13 Creditors’ Agent

(a) Notwithstanding anything to the contrary in this Agreement, except in the case of bad faith, willful misconduct or gross negligence, the Creditors’ Agent shall not have any liability to SAWS under this Agreement unless the Creditors’ Agent expressly assumes such liability in writing or to the extent it undertakes to exercise its cure rights hereunder.

(b) SAWS acknowledges and agrees that the Creditors’ Agent shall not be obligated or required to perform any of the obligations of any Assignor under any applicable Assigned Agreement except to the extent the Creditors’ Agent or any of its Affiliates becomes a Substitute in accordance with Section 5.

Section 10.14 Governing Law; Submission to Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without resort to any jurisdiction’s conflict of laws rules, laws or doctrines. Any claims arising out of this Agreement shall be submitted to the courts of the State of Texas in Bexar County or of the United States for the Western District of Texas. In any action on or related to the terms of this Agreement, the parties (for themselves and their successors and assignees) hereby waive any right to trial by jury and expressly consent to trial of any such action before the court.

Section 10.15 SAWS Obligations

(a) Nothing in this Agreement shall be construed as imposing any obligation on SAWS for payment of interest or principal in respect of the Senior Debt. Except in respect of any liability of SAWS for any breach of this Agreement, as to which actual damages (but not consequential, special, incidental, punitive or similar damages) or equitable relief may be sought by the Creditors’ Agent in accordance with applicable law, neither the Creditors’ Agent nor any Senior Debt Creditor shall be entitled to seek damages or other amounts from SAWS, whether for the Senior Debt or any other amount.

(b) Except as specifically and expressly provided for in this Agreement, SAWS has no obligations (whether express, implied, collateral or otherwise) to the Creditors’ Agent or the Senior Debt Creditors in connection with the WTPA or the RPCA, or the Project. All of the
obligations and liabilities given, undertaken or arising on the part of SAWS under this Agreement are given solely to the Creditors’ Agent on behalf of the Senior Debt Creditors and do not confer any rights on or in favor of Vista Ridge or CTRWSC or any Affiliate of Vista Ridge or CTRWSC or any other person. Without limiting the foregoing, SAWS may in its sole discretion, but shall not be obligated to, provide to the Creditors’ Agent such notices and information in addition to those required under this Agreement as SAWS may elect from time to time.

(c) The foregoing provisions of this Section 10.15 shall not preclude a claim in respect of the Project Assets Purchase Price arising from an election by SAWS to purchase the Project Assets pursuant to Article 23 of the WTPA in connection with a termination of the WTPA under Section 22.1(A) of the WTPA.

(d) In no event will SAWS at any time be responsible for delivering possession of the Project to any Substitute.

Section 10.16 SAWS’s Rights Not Prejudiced

The parties acknowledge that nothing in the Senior Debt Financing Agreements, this Agreement or any other agreement between any of them (including any giving by the Creditors’ Agent of a notice hereunder) will affect the rights of SAWS under the WTPA or the RPCA, except as between the Creditors’ Agent and SAWS to the extent expressly set forth in this Agreement and the Lien Priority Agreement being entered into contemporaneously with this Agreement to provide for the survival of SAWS’s rights and remedies under the Standby Deed of Trust (as defined in the RPCA) following any foreclosure or other exercise of remedies under the Senior Debt Financing Agreements.

Section 10.17 No Special, Consequential or Punitive Damages

IN NO EVENT SHALL ANY PARTY HERETO BE LIABLE TO ANY OTHER OR OBLIGATED IN ANY MANNER TO PAY TO ANY OTHER PARTY ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SIMILAR LOSSES OR DAMAGES BASED UPON CLAIMS ARISING OUT OF OR IN CONNECTION WITH THE PERFORMANCE OR NON-PERFORMANCE OF ITS OBLIGATIONS OR OTHERWISE UNDER THIS AGREEMENT, OR ANY REPRESENTATION MADE IN OR PURSUANT TO THIS AGREEMENT BEING MATERIALLY INCORRECT, WHETHER SUCH CLAIMS ARE BASED UPON CONTRACT, TORT, NEGLIGENCE, WARRANTY OR ANY OTHER LEGAL THEORY. THIS SECTION SHALL NOT LIMIT THE RECOVERY OF ANY SUCH LOSSES OR DAMAGES PURSUANT TO ARTICLE 25 OF THE WTPA (INDEMNIFICATION) IN RESPECT OF CLAIMS BY THIRD PARTIES OTHER THAN VISTA RIDGE, CTRWSC OR ANY OF THEIR AFFILIATES.

Section 10.18. Acknowledgments by SAWS and CTRWSC. SAWS acknowledges and agrees that the provisions of Section 3.1 and 3.3 of the RPCA requiring acquisition of the Transmission Pipeline System Real Property Interests and the Well Field Facilities Site Real Property Interests prior to and as a condition to Financial Close (as defined
in the WTPA) have been waived by SAWS and superseded by the provision of the WTPA regarding same, as amended contemporaneously herewith. CTRWSC acknowledges and agrees to comply with the revised provisions of Sections 26.1(E) and (F) of said amended WTPA regarding conveyance of the SAWS Portion of the Transmission Pipeline Terminus Site and the Reciprocal Easement Agreement, respectively.

**Section 10.19 SAWS Consent Rights.** The Creditors’ Agent and Administrative Agent shall not permit there to be any amendment referred to in clause (i) of subsection 2.02(f) or for any of the actions referred to in clause (ii) of subsection 2.02(f) to be taken without the prior written consent of SAWS.

[Remainder of page intentionally left blank]
IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement as of the date first written above.

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

By: ________________________________
    Name: ____________________________
    Title: ____________________________
SUMITOMO MITSUI BANKING CORPORATION,
as not in its individual capacity but solely as the Creditors’ Agent

By: __________________________________________

Name: 
Title: 

SIGNATURE PAGE TO CREDITORS’ REMEDIES AGREEMENT (VISTA RIDGE)
ANNEX 1
FORM OF SUBSTITUTE ACCESSION AGREEMENT

[Date]

To: [SAWS]
From: [Substitute]

SUBSTITUTE ACCESSION AGREEMENT

Ladies and Gentlemen:

Reference is made to the [Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement, dated as of November 4, 2014, as amended pursuant to an Consent to the Garney Change of Control and Conforming Amendments to the Water Transmission and Purchase Agreement, dated as of June 10, 2016 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “WTPA”), between the City of San Antonio, Texas acting by and through the San Antonio Water System Board of Trustees (“SAWS”), and Vista Ridge LLC (f/k/a Abengoa Vista Ridge, LLC), a limited liability company organized and existing under the laws of the State of Delaware (“Vista Ridge”)] [Vista Ridge Project Real Property Conveyance Agreement, dated as of June 10, 2016 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “RPCA”) between the City of San Antonio, Texas acting by and through the San Antonio Water System Board of Trustees (“SAWS”), and Central Texas Regional Water Supply Corporation (“CTRWSC”) and acknowledged, consented to and joined by Vista Ridge, and the Creditors’ Remedies Agreement, dated as of November [____], 2016 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Creditors’ Remedies Agreement”), among SAWS, Vista Ridge, CTRWSC and Sumitomo Mitsui Banking Corporation, as Creditors’ Agent.

Terms defined not otherwise defined herein shall have the same meaning given to them in the Direct Agreement.

1. We hereby confirm that we are a Substitute pursuant to Article 6 of the Creditors’ Remedies Agreement.

2. We acknowledge and agree that, upon and by reason of our execution of this Substitute Accession Agreement and the satisfaction of all conditions set forth in Section 5.01 of the Creditors’ Remedies Agreement, we will become a party to the [WTPA][RPCA and Standby Deed of Trust] and the Creditors’ Remedies Agreement as a Substitute and, accordingly, shall have the rights and powers and assume the obligations of [Vista Ridge under the WTPA][CTRWSC][Vista Ridge] under the RPCA and the Standby Deed of Trust] and the Creditors’ Remedies Agreement in accordance with the terms of the Creditors’ Remedies Agreement, including, without limitation, any and all payment

Annex 1
obligations of [Vista Ridge][CTRWSC] that were otherwise required to be paid by
[Vista Ridge][ CTRWSC] prior to the date hereof.

3. Our address, fax and telephone number and address for electronic mail for the purpose
of receiving notices are as follows:

[contact details of Substitute]

4. This Substitute Accession Agreement shall be governed by and construed in accordance
with the laws of the State of Texas, without resort to any jurisdiction’s conflict of laws
rules, laws or doctrines. Any claims arising out of this Substitute Accession Agreement
shall be submitted to the courts located in Bexar County, Texas. In any action on or
related to the terms of this Substitute Accession Agreement, the parties (for themselves
and their successors and assignees) hereby waive any right to trial by jury and expressly
consent to trial of any such action before the court.

The terms set forth herein are hereby agreed to:

[Substitute]

By: ______________________
Name: ____________________
Title: ______________________

Agreed for and on behalf of:
THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH THE SAN ANTONIO
WATER SYSTEM BOARD OF TRUSTEES

By: ______________________
Name: ____________________
Title: ______________________
TRANSACTION FORM I

DEED TO SAWS PORTION OF THE TRANSMISSION PIPELINE TERMINUS SITE
WARRANTY DEED AND ASSIGNMENT OF EASEMENT RIGHTS

THE STATE OF TEXAS

COUNTY OF BEXAR

KNOW ALL MEN BY THESE PRESENTS:

THAT THE UNDERSIGNED, CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION, a Texas not-for-profit water supply corporation (referred to herein as "Grantor"), for and in consideration of the sum of TEN DOLLARS ($10.00) cash, and other good and valuable consideration paid to Grantor by the SAN ANTONIO WATER SYSTEM, the receipt and sufficiency of which are hereby fully acknowledged and confessed, has GRANTED, SOLD and CONVEYED, and by these presents does hereby GRANT, SELL and CONVEY unto THE CITY OF SAN ANTONIO, a Texas municipal corporation, for the use, benefit and control of its SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ("Grantee"), as such and their successors in office appointed by the City Council of the said City of San Antonio as provided in Ordinance No. 75 686, adopted at a regular meeting of said council, April 30, 1992, that certain _________ acre parcel of land and improvements thereon in Bexar County, Texas being more particularly described and depicted in Exhibit “A” attached hereto and made a part hereof for all purposes (the “Land”), together with all water rights and claims of water rights of any nature related to said Land, and together with all of Grantor's right, title and interest in and to all oil, gas and other minerals in and under and that may be produced from said Land, and all improvements, privileges and appurtenances pertaining to the Land, including, but not limited to, strips between the Land and abutting properties, and in any street, highway, alley, easement or right of way, existing or proposed, on, adjacent or appurtenant to the Land, and also including the Assigned Easements as hereinafter defined, and any right of reversion related to the Land (collectively, the “Property”).

This conveyance is made and accepted subject to those certain matters (the “Permitted Exceptions”) set forth on Exhibit “B” attached hereto and made a part hereof for all purposes and the Reserved Easement Interest described below.

TO HAVE AND TO HOLD the Property unto the said Grantee, its successors and assigns forever; and Grantor does hereby bind Grantor and Grantor's successors to WARRANT AND FOREVER DEFEND all and singular the Property unto the said Grantee, and Grantee's successors and assigns, against every person whomsoever claiming or to claim the same or any part thereof, subject to the Permitted Exceptions and the Reserved Easement Interest, when the claim is made by, through or under Grantor, but not otherwise.
Ad valorem taxes and special assessments, if any, against the Land relating to periods prior to the effective date hereinbelow shall remain the responsibility of the Grantor.

Notwithstanding the foregoing, Grantor hereby makes a partial assignment and conveyance to Grantee of the following non-exclusive easements: (i) access easement reserved in instrument recorded in Volume 15250, Page 1615, Real Property Records, Bexar County, Texas, (ii) ingress and egress easement, 50 feet wide, described as Tract 1 (L.W. Steubing Home Easement) containing 0.364 acres and an ingress and egress easement, 50 foot wide, described as Tract 2 (Dague Easement) containing 1.627 acres both being described in the Conveyance of Easement recorded in Volume 14997, Page 1210 and in Volume 15250, Page 1622, Real Property Records of Bexar County, Texas, (collectively, the “Assigned Easements”). The foregoing assignment is partial in that Grantor retains and reserves the right to use the Assigned Easements (the “Reserved Easement Interest”). Grantor and Grantee shall each have the right to use the easements along with all other persons entitled to use such easements. Grantee shall have no obligation to Grantor to maintain the Assigned Easements or contribute to the maintenance of same.

EXECUTED to be effective the ____ day of _______ 20__.

GRANTOR:

Central Texas Regional Water Supply Corporation,
a Texas non-profit water supply corporation

By: ____________________________________________
Name: __________________________________________
Title: __________________________________________

STATE OF TEXAS

COUNTY OF __________

This instrument was acknowledged before me on this _________ day of ___________, 20__, by __________________________ (name), __________________________(title) of Central Texas Regional Water Supply Corporation, a Texas non-profit water supply corporation, on behalf of same.

[Seal]

Notary Public, State of Texas
ACCEPTED BY GRANTEE:

City of San Antonio by and through its San Antonio Water System Board of Trustees

By: 
Name: 
Title: 

STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on this ________ day of __________, 20__, by ________________________ (name), ________________________ (title) of the San Antonio Water System Board of Trustees, a municipal utility of the City of San Antonio, on behalf of same

[Seal]

Notary Public, State of Texas

AFTER RECORDING, PLEASE RETURN TO:

San Antonio Water System
Attn: Mark Brewton
P.O. Box 2449
San Antonio, Texas 78298
Exhibit “B”

Permitted Exceptions

1. Declaration of Reciprocal Restrictive Covenants recorded in Volume 15250, Page 1628, Real Property Records, Bexar County, Texas, as amended by the Amendment to Declaration of Reciprocal Restrictive Covenants recorded in Volume ___, Page ___, Real Property Records, Bexar County, Texas.

2. Variable Width Drainage Easement (0.341 acres) into subject property at its most northerly corner, as shown on plat recorded in Volume 9624, Page(s) 94, Deed and Plat Records, Bexar County, Texas. [if applicable, e.g., if Property contains this easement]
TRANSACTION FORM J

RECIPROCAL EASEMENT AGREEMENT FOR THE TRANSMISSION PIPELINE TERMINUS SITE
RECIPIROCAL EASEMENT AGREEMENT

This Reciprocal Easement Agreement ("Agreement") is made and entered into by and between CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION, a Texas not-for-profit water supply corporation ("WSC") and CITY OF SAN ANTONIO BY AND THROUGH ITS THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ("SAWS"), each being a "Party" to this Agreement and collectively being the "Parties" to this Agreement.

WHEREAS, SAWS and the Vista Ridge, LLC (formerly known as Abengoa Vista Ridge, LLC) (the "Project Company") have entered into that Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement (as it has heretofore been and may hereafter be amended, the "WTPA") for the production, treatment, delivery and sale to SAWS of up to 50,000 acre-feet per year of potable water on a long term basis;

WHEREAS, the WSC has been duly formed to participate with the Project Company in the development and operation of the regional water supply system (the "Project") provided for in the WTPA, and has contracted with the Project Company to transport groundwater from certain groundwater wells to SAWS for use by SAWS as a portion of its water supply for the public, and in connection therewith, to acquire and operate certain real property and improvements necessary for the Project;

WHEREAS, the WSC has acquired a certain 26.17 acre site in Bexar County (consisting of a 26.009 acre tract and a 0.161 acre "flag" tract), described in the instrument recorded in Volume __, Page ____ of the Official Public Records of Real Property of Bexar County, Texas, to be the Transmission Pipeline Terminus Site (as defined in the WTPA) for the Project;

WHEREAS, contemporaneously with this Agreement, the WSC has conveyed a _____ acre portion of the Transmission Pipeline Terminus Site to SAWS (the "SAWS Portion of the Transmission Pipeline Terminus Site") described on Exhibit A attached hereto and incorporated herein, and accordingly, has retained for itself the remaining ___ acre portion of the Transmission Pipeline Terminus Site (the "WSC Portion of the Transmission Pipeline Terminus Site") described on Exhibit B attached hereto and incorporated herein;

WHEREAS, SAWS and the WSC will each be constructing and operating certain water infrastructure on their respective portions of the Transmission Pipeline Terminus Site; and
WHEREAS, SAWS and the WSC require certain easements from each other in order to access, construct and operate said water infrastructure;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, WSC and SAWS hereby agree as follows:

1. SAWS Easements.
   a. Access. WSC hereby grants to SAWS an access easement upon, over and across the WSC Portion of the Transmission Pipeline Terminus Site for ingress and egress to and from the SAWS Portion of the Transmission Pipeline Terminus Site. This easement shall include, but not limited to, access across all roads and drives (permanent or temporary construction) located now or in the future on the WSC Portion of the Transmission Pipeline Terminus Site. With respect to SAWS ingress and egress over any other non-road, non-drive areas on the WSC Portion of the Transmission Pipeline Terminus Site, SAWS will exercise reasonable care not to disrupt or interfere with the WSC’s operations.
   b. Facilities. The WSC hereby grants to SAWS an easement upon, under, over and across the WSC Portion of the Transmission Pipeline Terminus Site to construct, reconstruct, realign, inspect, patrol, maintain, operate, repair, add, remove and replace water lines and facilities, and appurtenances thereto (including SAWS-operated SCADA, electrical and telecommunications facilities). SAWS will locate such lines, facilities and appurtenances in locations across the WSC Portion of the Transmission Pipeline Terminus Site so as to minimize interference with WSC’s activities, provided, however, following SAWS initial construction of such lines, facilities and appurtenances, the WSC will not construct or place buildings, structures, water detention facilities, or change the grade over such areas, and SAWS shall have the right to remove any encumbrances or obstructions interfering with SAWS’ easement rights under this Section 1b.
   c. Drainage. The WSC hereby grants to SAWS an easement upon, over and across the WSC Portion of the Transmission Pipeline Terminus Site for drainage of surface water and discharge of water from the SAWS Portion of the Transmission Pipeline Terminus Site. With respect to any increase in volume of water draining or discharged from the SAWS Portion of the Transmission Pipeline Terminus Site as a result of SAWS’ improvements or operations on its property, and to the extent not flowing over and across any platted drainage easement dedicated to the public, SAWS agrees that such additional volume shall not damage any facilities or materially disrupt operations on the WSC Portion of the Transmission Pipeline Terminus Site.
The easements granted hereinabove to SAWS are collectively referred to herein as the "SAWS Easements".

2. WSC Easements.

a. Access. SAWS hereby grants to WSC an access easement upon, over and across all roads and drives (permanent or temporary construction) located now or in the future on the SAWS Portion of the Transmission Pipeline Terminus Site for ingress and egress to and from the WSC Portion of the Transmission Pipeline Terminus Site.

b. Drainage. SAWS hereby grants to WSC an easement upon, over and across the SAWS Portion of the Transmission Pipeline Terminus Site for drainage of surface water and discharge of water from the WSC Portion of the Transmission Pipeline Terminus Site. With respect to any increase in volume of water draining or discharged from the WSC Portion of the Transmission Pipeline Terminus Site as a result of WSC’s improvements or operations on its property, and to the extent not flowing over and across any platted drainage easement dedicated to the public, WSC agrees that such additional volume shall not damage any facilities or materially disrupt operations on the SAWS Portion of the Transmission Pipeline Terminus Site.

The easements granted hereinabove to WSC are collectively referred to herein as the "WSC Easements".

3. Utility Easements. WSC agrees, upon request by SAWS, to grant utility easements to any utility provider (including but not limited to electrical, gas, telecommunications and data providers) upon, under, over and across defined areas of the WSC Portion of the Transmission Pipeline Terminus Site to serve the SAWS Portion of the Transmission Pipeline Terminus Site. Such easement grants shall be in form and substance acceptable to the applicable utility provider.

4. Non-Exclusive Nature; Use of Easements. All easements granted under this Agreement are non-exclusive and, subject to the express terms of Sections 1 through 3 above, the granting Party reserves all rights to use of the applicable easement area to the extent not inconsistent with the applicable easement grants. All easements granted herein may be used by the grantee Party and their respective employees, agents, trustees, invitees, consultants, contractors and subcontractors.

5. Construction, Maintenance and Repair of Joint Facilities. Construction and maintenance of jointly used facilities, including roads and drives, at the Transmission Pipeline Terminus Site shall be in accordance with the WTPA, including Appendix 13 of same.
6. Term. The SAWS Easements and WSC Easements shall expire and terminate upon the expiration of the Term (as defined in the WTPA), as same may be renewed and extended, of the WTPA or the earlier termination of the WTPA, provided, however, (i) if at such expiration of the WTPA the WSC Portion of the Transmission Pipeline Terminus Site has not yet been conveyed to SAWS, the SAWS Easements shall remain in full force and effect until such time of conveyance and (ii) if at the time of such earlier termination of the WTPA SAWS has sent notice of exercise of its right under the WTPA to purchase the Project Assets (as defined in the WTPA), which include the WSC Portion of the Transmission Pipeline Terminus Site, but such conveyance has not yet occurred, the SAWS Easements shall remain in full force and effect until such time of conveyance.

7. Title. The grant and use of the WSC Easements and SAWS Easements is made subject to all matters of record that effect the SAWS Portion of the Transmission Pipeline Terminus Site and WSC Portion of the Transmission Pipeline Terminus Site, respectively. Subject to the foregoing, the WSC hereby agrees to warrant and forever defend the SAWS Easements unto SAWS and SAWS’ successors and assigns, against every person whomsoever claiming or to claim the same or any part thereof.

8. Liens. Neither Party hereto shall have the right bind the property of the other for any claim for labor or material or for any other charge or expense incurred in the construction, installation, replacement, maintenance or removal of any improvements, personal property, equipment or fixtures installed on or behalf of such Party pursuant to this Agreement (the "Improvements"). If any involuntary liens for labor and materials supplied or claimed to have been supplied to the Improvements shall be filed, the Party by or for whom such Improvements was installed, or who contracted for or performed the installation of such Improvements, shall promptly obtain the release or discharge thereof to the extent such lien(s) purports to cover the property of the other Party.

9. Notices. All notices under this Agreement shall be provided for in the manner set forth in that certain Vista Ridge Project Real Property Conveyance Agreement (as may be amended) by and between SAWS and WSC dated effective June 10, 2016.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of WSC and SAWS and their respective heirs, legal representatives, successors and permitted assigns. The SAWS Easements shall run with the SAWS Portion of the Transmission Pipeline Terminus Site and the WSC Easements shall run with the WSC Portion of the Transmission Pipeline Terminus Site.

11. Non-Assignment. The Agreement shall not be assigned, hypothecated or transferred in any manner whatsoever, directly or indirectly, by the WSC without
the prior written consent of SAWS, except to secure any Permitted Debt (as defined in the WTPA).

12. Counterparts. This Agreement may be executed in counterparts, which shall together constitute one original Agreement.

13. Defined Easement Areas. With respect to the easements described in Sections 1 and 2 of this Agreement, SAWS and the WSC agree that such easements may be amended to apply to a defined, surveyed area, subject to the foregoing (i) the Party whose property the applicable easement is located upon shall propose a defined area for said easement and submit a drawing of same to the other Party for review and approval, such approval not to unreasonably withheld, (ii) if the Parties then agree with the proposed location, the Party who submitted the drawing shall then proceed to have the area described by metes and bounds with an accompanying survey, and submitted to the other Party for review and approval, such approval not to unreasonably withheld and (iii) if and upon approval of the survey, the Parties shall execute a recordable amendment to this Agreement amending said easement to be limited to the surveyed area.

EXECUTED TO BE EFFECTIVE this _____ day of ______________, 201__.

WSC:
Central Texas Regional Water Supply Corporation,
a Texas non-profit water supply corporation

By: ________________________________
Name: ________________________________
Title: ________________________________

STATE OF TEXAS
COUNTY OF ________

This instrument was acknowledged before me on this ________ day of __________, 20__, by ________________________________ (name), ________________________________ (title) of Central Texas Regional Water Supply Corporation, a Texas non-profit water supply corporation, on behalf of same.

[Seal]
Notary Public, State of Texas
SAWS:

City of San Antonio by and through its San Antonio Water System Board of Trustees

By: ____________________________
Name: __________________________
Title: __________________________

STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on this _______ day of ________, 20____, by __________________________ (name), __________________________ (title) of the San Antonio Water System Board of Trustees, a municipal utility of the City of San Antonio, on behalf of same.

[Seal]

______________________________
Notary Public, State of Texas
TRANSACTION FORM K

OPINION OF COUNSEL TO SAWS
November 2, 2016

Sumitomo Mitsui Banking Corporation,
as Administrative Agent and Collateral Agent
(each as defined in the Credit Agreement
(as defined in the Creditors’ Remedies Agreement
(as defined below))

Lenders and DSRA L/C Issuing Banks
(as defined in the Credit Agreement)
parties to the Credit Agreement

Re: The Vista Ridge Regional Supply Project

Ladies and Gentlemen:

We have acted as Special Counsel to the Board of Trustees (the “Board”) of the San Antonio Water System (the “System”), in connection with the negotiation and execution of (a) the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement between The City of San Antonio, Texas Acting By and Through the San Antonio Water System Board of Trustees and Vista Ridge LLC (F/k/a Abengoa Vista Ridge, LLC), a Delaware limited liability company (“Vista Ridge”) dated November 4, 2014 as approved by the Board and evidenced by Resolution No. 14-269 duly adopted on September 29, 2014 and Resolution No. 14-274 duly adopted on October 15, 2014, further approved by the City Council of the City of San Antonio (“City”) as evidenced by Ordinance No. 2014-10-30-0818 duly adopted on October 30, 2014; amended on June 10, 2016 as approved by the Board and evidenced by Resolution No. 16-138 duly adopted on May 18, 2016; all such amendments incorporated in the Conforming Contract Amendment executed and dated June 10, 2016; further amended on November 1, 2016 as approved by the Board and evidenced by Resolution No. 16-____ duly adopted on November 1, 2016; all such additional amendments further incorporated in the Conforming Contract Amendment No. 2 executed and dated November 2, 2016 (the Board Resolutions and the City Council Ordinance are cumulatively referred to as “System Board and City Council actions”); and (b) the other Opinion Documents (as defined below). All other capitalized terms not otherwise defined in this letter have the meanings assigned in the Project Agreement, as amended, described below.

In rendering the opinions expressed below, we have examined and relied on the following:

1. (a) Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement between the City of San Antonio, Texas Acting By and Through the San Antonio Water System Board of Trustees and Vista Ridge dated October 14,
2014 (i.e., Initial Project Agreement); as amended on June 10, 2016 (i.e., First Amendment); and as further amended on November 2, 2016 (i.e., Second Amendment with Vista Ridge) (cumulatively the "Project Agreement, as amended");

(b) Project Real Property Conveyance Agreement between the City of San Antonio, Texas Acting by and Through the San Antonio Water System Board of Trustees and the Central Texas Regional Water Supply Corporation, a Texas not-for-profit water supply corporation, dated June 10, 2016;

(c) Amendment to the Guaranty Agreement between Garney Holding Company, a Missouri corporation and the City of San Antonio, Texas Acting by and Through the San Antonio Water System Board of Trustees dated November 2, 2016;

(d) Creditors' Remedies Agreement between the City of San Antonio, Texas Acting by and Through the San Antonio Water System Board of Trustees, Vista Ridge, the Central Texas Regional Water Supply Corporation and Sumitomo Mitsui Banking Corporation, as the Creditors' Agent (as defined therein), dated November 2, 2016;

(e) Standby Deed of Trust, Security Agreement and UCC Financing Statement for Fixture Filing from Central Texas Regional Water Supply Corporation, as Grantee, to John Jennings and its successors in trust, as Trustee for the benefit of the City of San Antonio, Texas Acting by and Through the San Antonio Water System Board of Trustees, as Beneficiary, dated November 2, 2016; and

(f) Lien Priority Agreement between the City of San Antonio, Texas Acting by and Through the San Antonio Water System Board of Trustees and Sumitomo Mitsui Banking Corporation, as Collateral Agent (as defined therein), dated November 2, 2016 (collectively known as the "Opinion Documents" and individually as "Opinion Document").

2. (a) the System Board and City Council actions (b) Ordinance No. 75686 adopted on April 30, 1992; and (c) the laws of the State of Texas and the United States applicable to this opinion.

3. Such certificates of the City and the Board, such copies certified or otherwise identified to our satisfaction of documents and records of the City and the Board, respectively, such certificates, instruments, and other written communications of other public officials, and such other records, certificates, instruments, agreements and documents, in each case as we have deemed relevant and appropriate as the
basis for the opinions expressed herein (collectively, the "Reference Documents").

In making our examinations, we have assumed (a) the genuineness and authenticity of all signatures, (b) the legal capacity of each person signatory to any of the documents reviewed by us, (c) the authenticity and completeness of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as copies, (d) that, as to factual matters, all representations, warranties and other statements made in the documents were and are true, correct and complete, and we have made no independent investigation of such matters, but no facts have come to the attention of the attorneys of this firm directly involved in representing the System in connection with the transaction contemplated by the Opinion Documents which cause us to question the accuracy or completeness of such representations, warranties and other statements. Further, we have assumed that each party to the Opinion Documents (other than the System): (aa) has requisite power and authority to execute and deliver the Opinion Document to which it is a party and to perform its obligations thereunder, (bb) has duly authorized such execution, delivery, and performance of the Opinion Document (cc) has duly executed and delivered the Opinion Document which constitutes the legal, valid, and binding obligations of such party, enforceable against such party in accordance with its terms, and (dd) will perform its obligations under the Opinion Document in compliance with the provisions thereof and all requirements of applicable law.

We express no opinion with respect to any transaction forms, any reference documents or any other agreement(s) referred to in the Opinion Documents.

Based on the foregoing and in reliance thereon, and having due regard for such legal considerations as we have deemed relevant, and subject in all respects to the assumptions, qualifications, limitations, comments and exceptions set forth herein, we are of the opinion that, under the laws of the United States and the State of Texas:

1. The System is (a) an independently managed agency of the City of San Antonio created by City Ordinance 75686, Chapter 1502, as amended, of the Texas Government Code, and Sections 552.141 et seq. of the Texas Local Government Code, as a municipally-owned utility, to provide water, wastewater and/or recycled water services, (b) validly existing under the laws of the State of Texas, and (c) has all the requisite power and authority to operate and manage its water, wastewater and recycled water facilities and services as now conducted in the State of Texas and to execute, deliver and perform its obligations under the Opinion Documents.

2. The execution, delivery and performance by the System of such Opinion Documents has been duly authorized by all necessary action of the System.

3. Each Opinion Document has been duly executed and delivered by the System.
4. No authorization, approval or consent of, and no filing or registration with, any Governmental Body is required under any applicable law in each case on the part of the System for the execution or delivery of, and the performance by the System of its obligations under, any Opinion Document.

5. The execution and delivery by the System of, and the performance by the System of its obligations under, each Opinion Document does not violate any constitution, law or governmental regulation applicable to the System or any organizational documents of the System.

6. Each Opinion Document constitutes a legal, valid and binding special obligation of the System enforceable against the System in accordance with its terms, except to the extent that its enforceability may be limited by the law of sovereign or governmental immunity ((except as provided in Section 17.19 (Goods and Services) of the Project Agreement, as amended)).

The opinions expressed herein are further subject to the assumptions, qualifications, limitations, comments and exceptions, hereinafter specified as follows:

1. The enforceability of the Opinion Documents is subject to, and may be limited or affected by, (i) bankruptcy, insolvency, reorganization, liquidation, fraudulent conveyance, fraudulent transfer, preference, conservatorship, rearrangement, moratorium, receivership, and other similar laws (including court decisions) in effect and affecting the rights and remedies of creditors generally or providing for relief of debtors, (ii) the refusal of a particular court (a) to grant certain equitable remedies, including, without limiting the generality thereof, specific performance, or (b) to grant a particular remedy sought under the Opinion Documents as opposed to another remedy provided for therein or another remedy available at law or in equity, (iii) general principles of equity (regardless of whether such remedies are sought in a proceeding in equity or at law), (iv) judicial discretion, (v) considerations of public policy, and (vi) standards of good faith, fair dealing, materiality, impracticability or impossibility of performance, unconscionability, diligence, reasonableness and care established by applicable law, including, without limitation, those provided in the Uniform Commercial Code, applicable principles of common law, and judicial decisions.

2. We express no opinion as to the availability of equitable remedies, and further, we express no opinion as to the enforceability of any provision of the Opinion Documents that (a) relates to rights of set-off (or the waiver thereof), and we note that rights of set-off may be limited to matured mutual obligations, (b) relates to indemnification or exculpation to the extent any such provisions violate public policy or applicable laws or would purport to require any person to provide indemnification or reimbursement or waive indemnification or reimbursement for
losses or expenses caused by fraud, illegality, breach, violation of law, negligence, or willful misconduct of an indemnified or exculpated party, (c) waives, restricts, or denies, or has the effect of waiving, restricting, or denying, any right or defense that cannot be waived, so restricted, or denied as a matter of law, (d) purports to require that all amendments, waivers, and terminations be in writing, (e) purports to make irrevocable the appointment of an agent or attorney in fact, (f) purports to establish, or restrict or otherwise affect, jurisdiction, venue, submission to, or acceptance of, a court’s jurisdiction, objections to the laying of venue or submission or acceptance of jurisdiction, limitation periods, or other procedural rights in any proceeding, (g) purports to establish or satisfy evidentiary standards or characterizations, treatments, or effect of payments or rights, (h) negates the effect of any course of dealing or any exercise, or failure or delay to exercise, any right, power, privilege, or remedy, (i) restricts access to legal or equitable remedies, (j) states that the prohibition, illegality, invalidity, or unenforceability of any provision of the Opinion Documents in any jurisdiction shall not (A) invalidate the remaining provisions of the Opinion Documents or (B) affect that provision in any other jurisdiction, (k) permits an action against any person or entity to be brought in the courts of the State of Texas or the federal courts of the United States sitting in the State of Texas, as applicable, (l) if such person has not been served with process in that action in accordance with applicable rules of procedure, or (2) if such court in which the action is brought does not have jurisdiction of the subject matter of the action, or (i) restricts a party’s right to transfer its right to receive payments under the Opinion Documents or purports to void the Opinion Documents on any transfer not made in compliance with their terms; provided, however, in our opinion, the unenforceability of the remedial and other provisions referred to in the preceding clauses does not render void or invalid the remaining provisions of the Opinion Documents and does not, subject to the other qualifications, exceptions, limitations, and assumptions set forth herein, make the remedies generally afforded by the Opinion Documents inadequate for the realization of the substantive principal legal benefits purported to be provided by the Opinion Documents (except for the economic consequences resulting from any delay or procedure imposed by applicable law).

3. We express no opinion with respect to compliance with antitrust, environmental, land use, securities, tax, pension, employee benefit, margin, insolvency, fraudulent transfer or investment company laws or regulations of the United States or any jurisdiction thereof, or compliance by any party to the Opinion Documents with its respective fiduciary duties.

4. We express no opinion as to the creation or perfection of any liens or security interests by the Opinion Documents.
5. With respect to references herein to “known to us,” “to our knowledge,” “we are not aware,” or words or phrases of similar import (whether modified by any additional phrases), such references mean the actual, current knowledge of those attorneys of this firm who devoted substantive attention to the transaction to which this opinion letter relates. We have not reviewed the records of any federal, state, county or city governmental entity or court record, other than any Reference Documents, the System Board Resolutions and the City Council Ordinance identified in 2(a) and (b) on page 2 of this opinion, in connection with the execution and delivery of the Opinion Documents.

This opinion letter is delivered as of the date hereof and is based on the facts and circumstances existing as of such date and upon the current state of law. It is possible that future changes or developments of facts, circumstances, or the law of the State of Texas or the United States federal law could alter or affect such opinions, and we undertake no obligation to update or supplement any opinion included herein. Our opinions are limited to matters governed by the laws of the United States and the State of Texas. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We call your attention to the fact that our opinions herein are an expression of professional judgment and not a guarantee of a result. The outcome of litigation cannot be predicted with certainty. We note that a court’s decision regarding matters upon which we opine herein will be based upon such court’s own analysis and interpretation of the factual evidence before it and of applicable legal principles, equitable principles, or considerations of public policy. Thus, a different conclusion could be reached and would not necessarily constitute reversible error. Consequently, this opinion letter is not a prediction of what a particular court (including any appellate court) reaching the issues on the merits would hold, but instead is our opinion as to the proper result to be reached by a court applying existing legal rules as to the facts as properly found (and consistent with the assumptions set forth herein) after appropriate briefing and argument.

The opinions contained herein are given as of the date hereof, and we disclaim any obligation to apprise the addressees of a change in facts, circumstances, or law after the date hereof. These opinions are rendered solely for the benefits of the persons to whom it is addressed and each of their respective successors and assigns in connection with the transactions described in the Opinion Documents and may only be relied upon by such persons. This opinion letter may not be furnished to, or relied upon by, any other person without our prior written consent, except that, without our prior written consent, this opinion letter may (a) be furnished to, but not relied upon, by (i) any governmental, regulatory or other authority or regulators having jurisdiction from time to time over any addressee or its successors or assigns, or (ii) auditors, legal counsel and other professional advisors of any addressee and its successors and assigns who are in each case subject to a duty of professional confidentiality or a similar contractual confidentiality, and (b) furnished pursuant to any order or legal process of any court or in connection with any judicial or arbitration process to which an addressee or any of its successors and assigns is a
party arising out of the transactions contemplated under the Opinion Documents and the Credit Agreement.

Very truly yours,
EXHIBIT B

COLLATERAL AGREEMENTS

• Creditors’ Remedies Agreement – Transaction Form H
• Reciprocal Easement Agreement – Transaction Form J
• Lien Priority Agreement
• Standby Deed of Trust, Security Agreement and UCC Financing Statement for Fixture Filing
• Amendment to Guaranty Agreement – Transaction Form A
• Design Build Contractor Substitution Agreement – Transaction Form B
• Operating Service Provider Substitution Agreement – Transaction Form C
• Warranty Deed and Assignment of Easements – Transaction Form I
STANDBY DEED OF TRUST, ASSIGNMENT OF RENTS AND REVENUES, SECURITY AGREEMENT AND UCC FINANCING STATEMENT FOR FIXTURE FILING

CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION, as Grantor

to

John Jennings and his successors in trust, as Trustee

for the benefit of

CITY OF SAN ANTONIO, TEXAS,
ACTING BY AND THROUGH THE
SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES, as Beneficiary

Dated as of November ___, 2016

THIS INSTRUMENT GRANTS A SECURITY INTEREST BY A UTILITY

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS

THIS INSTRUMENT IS TO BE FILED AND INDEXED WITH THE TEXAS SECRETARY OF STATE IN ACCORDANCE WITH CHAPTER 261 OF THE TEXAS BUSINESS AND COMMERCE CODE.


After recording return to:

San Antonio Water System
280 US Hwy 281 North
San Antonio, TX 78212
Attention: General Counsel
THIS STANDBY DEED OF TRUST, ASSIGNMENT OF RENTS AND REVENUES, SECURITY AGREEMENT AND UCC FINANCING STATEMENT FOR FIXTURE FILING (this “Deed of Trust”) is made and entered into as of the ___ day of November, 2016, by CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION, a Texas not-for-profit water supply corporation, as grantor (together with its successors and assigns, the “Water Supply Corporation” or the “WSC”), to John Jennings and his successors in trust (together with any and all successors in trust, the “Trustee”) in trust for the benefit of the CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES, an agency of the City established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq, and Chapter 1502, as amended, Texas Government Code (“SAWS”), as beneficiary (together with its successors and assigns, the “Beneficiary”).

WITNESSETH:

WHEREAS, SAWS has entered into a certain Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement (as it has heretofore been and may hereafter be amended, the “WTPA”) with Vista Ridge LLC (f/k/a Abengoa Vista Ridge, LLC), a limited liability company organized and existing under the laws of the State of Delaware (along with its successors and assigns, the “Project Company”), pursuant which the Project Company is obligated to acquire certain real property interests and to design, develop, construct, equip, finance, operate and maintain certain improvements and other equipment for the purpose of providing potable water to the City of San Antonio and otherwise for the benefit of SAWS, and SAWS is obligated to make certain payments and perform certain other obligations for the benefit of the Project Company; and

WHEREAS, under the WTPA the Project Company has certain obligations to convey or cause to be conveyed to SAWS the Project Assets (as defined in the WTPA) upon the occurrence of certain events under the WTPA; and

WHEREAS, pursuant to the WTPA the Project Company has elected to cause certain of its obligations to SAWS to be performed by the Water Supply Corporation, including but not limited to the acquisition of an interest in certain real property, fixtures and other property; and

WHEREAS, the Water Supply Corporation and SAWS have entered into a certain Project Real Property Conveyance Agreement, dated as of June 10, 2016 (the “RPCA”), pursuant to which the Water Supply Corporation agrees, among other things, to convey to SAWS the Water Supply Corporation Project Assets (as defined in the RPCA); and

WHEREAS, pursuant to the RPCA, and as condition of SAWS’ execution of the RPCA, the Water Supply Corporation has covenanted to deliver this Deed of Trust to secure the performance of its obligation to convey the Water Supply Corporation Project Assets to SAWS in accordance with the terms of the RPCA (the “Conveyance Obligations”) and, in the event of a breach of the Conveyance Obligations, to pay to SAWS the liquidated damages provided for in Section 3.12(3) of the RPCA; and

WHEREAS capitalized terms used in this Deed of Trust but not defined herein shall have the respective meanings ascribed to such terms in the RPCA or the WTPA, as applicable.

NOW, THEREFORE, in consideration of the premises, the uses, purposes and trusts hereinafter set forth, the acceptance by Trustee of the trusts hereby created, the sum of Ten Dollars ($10.00) to us in
hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the Secured Obligations (as hereinafter defined), the Water Supply Corporation has executed and delivered this Deed of Trust and has granted, bargained, sold, conveyed, assigned, transferred, pledged and created a security interest in and by these presents grants, bargains, sells, conveys, assigns, transfers, pledges and creates a security interest in, unto Trustee (including its successors in the trusts hereby created and their assigns forever) all for the use, benefit and behoof of the Beneficiary, all of the Water Supply Corporation’s estate, right, title and interest in, to and under any and all of the following described land and interests in land, estates, easements, rights, improvements, personal property, fixtures, equipment, furnishings, appliances, appurtenances and other property or interests therein, whether currently owned or hereafter acquired by the Water Supply Corporation (collectively, the “Mortgaged Premises”):

(a) All those tracts, pieces or parcels of land held by the Water Supply Corporation (the “Land”), including not limited to those tracts of land more particularly described in Exhibit A attached hereto and by this reference made a part hereof.

(b) All easements, rights of way, strips and gores of land held by the Water Supply Corporation (the “Easements”), including not but not limited to the easements more particularly described in Exhibit B attached hereto and by this reference made a part hereof, and including any easements or other rights appurtenant to the Land or under or above the same or any part or parcel thereof, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances, reversion and reversions, remainder and remainders, whatsoever, in any way belonging, relating or appertaining to the Land or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto.

(c) All leases of land, buildings, improvements or fixtures held by the Water Supply Corporation (the “Leases”).

(d) All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, Easements and (to the extent owned by the Water Supply Corporation) the Leases, including water wells, pumps, pipelines and related facilities; all utility and other fixtures, equipment, machinery, and facilities and all fixtures, appurtenances, building supplies and materials, warranties and other rights under construction contracts now or hereafter owned by the Water Supply Corporation and located in, on or about, or used or intended to be used with or in connection with the use, operation or enjoyment of the Land, Easements or Leases, including all extensions, additions, improvements, betterments, after acquired property, renewals, replacements and substitutions, or proceeds from a permitted sale of any of the foregoing; all claims or demands of the Water Supply Corporation in law or in equity, in possession or expectancy of, in and to the Land, Easements and Leases; all the right, title, and interest of the Water Supply Corporation in and to all plans, specifications, construction contracts, permits and development approvals relating to the operation of the Land, Easements and Leases; all the right, title, and interest of the Water Supply Corporation in and to all rents, income, revenues, issues and profits from and in respect of the Land, Easements and Leases, together with the continuing right to make claim for, collect, receive and give receipt for the same; all of which are hereby declared and shall be deemed to be fixtures and accessions to the Land, Easements or Leases (as the case may be) and a part of the Mortgaged Premises as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the Secured Obligations herein described and to be secured by this Deed of Trust. The location of the above described collateral also is the location of the Land.

(e) All income, rents, issues, profits, royalties and revenues of the foregoing interests in (a) through (d) above from time to time accruing (including, without limitation, all payments under leases or tenancies including oil, gas, groundwater or other mineral leases or agreements, proceeds of insurance,
condemnation payments, tenant or other contract security deposits whether held by the Water Supply Corporation or in a trust account, and escrow funds), and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the Water Supply Corporation of, in and to the same; reserving only the right to the Water Supply Corporation to collect the same so long as the Water Supply Corporation is not in Default hereunder.

TO HAVE AND TO HOLD the Mortgaged Premises and all parts, rights, privileges and appurtenances thereof, WHETHER NOW OWNED OR HELD OR HEREAFTER ACQUIRED, to the Trustee (including its successors in the trusts created hereby and its assigns) in trust for the use, benefit and behoof of the Beneficiary and the successors and assigns of the Beneficiary, FOREVER; and the Water Supply Corporation covenants that the Water Supply Corporation is or, as to portions of the Mortgaged Premises hereafter acquired will be, lawfully seized and possessed of the Mortgaged Premises as aforesaid, and has good right to convey the same, that the same are unencumbered except for Permitted Encumbrances, and that the Water Supply Corporation does warrant and will forever defend the title of the Trustee thereto unto against the claims of all persons whomsoever, claiming the same or any part of the same, except as to the Permitted Encumbrances;

IN TRUST, NEVERTHELESS, WITH POWER OF SALE, for the security and enforcement of the Secured Obligations in accordance with the terms of the RPCA and this Deed of Trust.

This Deed of Trust is intended to operate and is to be construed as a deed of trust and is made under those provisions of the existing laws of the State of Texas relating to deeds of trust, and is given to secure the performance of the Conveyance Obligations and the payment of the Secured Amounts (collectively, the “Secured Obligations”) as follows:

(a) the timely conveyance of the Water Supply Corporation Project Assets in accordance with the terms and conditions of the RCPA and, to the extent applicable, the WTPA; and

(b) if timely conveyance as provided for above shall not have occurred, the payment of the liquidated damages provided for in and in accordance with the terms of Section 3.12(3)(a) of the RPCA as follows:

(i) If foreclosure or sale occurs prior to the earlier of the Commercial Operations Date (as defined in the WTPA) or the end of thirty six (36) months from June 10, 2016 (the “Effective Date”), a sum equal to the following:

(1) $225,000,000 if such foreclosure or sale occurs between the Effective Date and twelve (12) months thereafter;

(2) $450,000,000 if such foreclosure or sale occurs following twelve (12) months from the Effective Date through twenty four (24) months from the Effective Date; and

(3) $675,000,000 is such foreclosure occurs following twenty four (24) months from the Effective Date through thirty six (36) months from the Effective Date, or

(ii) if such foreclosure or sale occurs after the earlier of the Commercial Operations Date or thirty six (36) months from the Effective Date, the amount of $900,000,000, which amount shall be increased by the increase in CPI from the earlier of such two dates to the date of foreclosure; and
(c) to the extent permitted under the RPCA, any and all additional advances made or costs incurred by the Beneficiary to protect or preserve the Mortgaged Premises or the security interest created hereby on the Mortgaged Premises, or for taxes, assessments or insurance premiums as hereinafter provided or for performance of any of the Water Supply Corporation’s obligations hereunder or for any other purpose provided herein or in the RPCA, including costs of enforcement (whether or not the original the Water Supply Corporation remains the owner of the Mortgaged Premises at the time of such advances).

Should the Conveyance Obligations be performed, or the Secured Amount be paid, when the same shall become due, then this Deed of Trust shall be cancelled and surrendered and, upon request by the Water Supply Corporation, Beneficiary shall execute and deliver a release of this Deed of Trust.

ARTICLE I

DEFINED TERMS

Section 1.01. Definitions. Unless the context otherwise specifies or clearly requires for the purposes of this Deed of Trust, the capitalized terms used herein shall have the meanings specified in this Deed of Trust, including, without limitation, those defined hereinabove and those defined as follows (with all definitions herein to be applicable equally to singular and plural):

“Conveyance Litigation” has the meaning set forth in the definition of “Non-Judicial Foreclosure Conditions” below.

“Conveyance Obligations” has the meaning set forth in the fifth “WHEREAS” clause above.

“Deed of Trust” means this Standby Deed of Trust, Assignment of Rents and Revenues, Security Agreement and UCC Financing Statement for Fixture Filing, dated as of __________, 2016, made by the Water Supply Corporation in favor of the Trustee for the benefit of the Beneficiary, including such amendments, modifications or supplements permitted pursuant to the terms hereof and of the RPCA.

“Mortgaged Premises” means all real property, personal property, fixtures and other property rights and interests subject to this Deed of Trust, as more fully defined in the granting clause hereinabove.

“Non-Judicial Foreclosure Conditions” means the following conditions:

(i) the Project Assets are required to be conveyed to the Beneficiary under the terms of the WTPA, and the Beneficiary shall have tendered to, or on behalf of, the Project Company all sums payable to the Project Company (if any) and the Senior Debt Creditors (as defined in the WTPA) under the WTPA in connection with such conveyance;

(ii) the Beneficiary has filed a suit against the Water Supply Corporation and the Project Company for breach of the provisions of the RPCA and the WTPA, respectively, requiring such conveyance in which suit the Project Company and the Water Supply Corporation have each been properly served at least thirty (30) days prior to any exercise of its non-judicial right to foreclose (the “Conveyance Litigation”), provided, however, that if a Project Company Bankruptcy-Related Event shall have occurred then upon the Beneficiary’s submission to the jurisdiction of the applicable court and assertion of a breach as described above, the Conveyance Litigation shall be deemed to have been filed; and
(iii) the Project Company or Water Supply Corporation has failed to timely convey 
(or cause the conveyance of) the Project Assets to the Beneficiary in accordance with the WTPA.

“Permitted Encumbrances” has the meaning ascribed to such term in the RPCA.

“Project Assets” has the meaning ascribed to such term in the WTPA.

“Secured Amounts” means the amounts described in subparagraphs (b) and (c) of the definition 
of Secured Obligations above.

“Secured Obligations” means the obligations described in subparagraphs (a), (b) and (c) set forth 
above.

Section 1.02. Terms Not Defined Herein. Capitalized terms used in this Deed of Trust but not defined herein shall have the respective meanings ascribed to such terms in the RPCA or the WTPA, as applicable.

ARTICLE II

COVENANTS AND AGREEMENTS

Section 2.01. Compliance with the RPCA.

The Water Supply Corporation shall timely comply with its obligations under the RPCA relating to the Secured Obligations.

Section 2.02. Assignment of Rents, Revenues, Leases, Contracts, Etc.

(a) As additional collateral and further security for the Secured Obligations, the Water Supply Corporation does hereby assign to the Beneficiary the Water Supply Corporation’s interest in any and all leases (including, without limitation, for all purposes of this Deed of Trust, all water, oil or gas or other mineral leases), tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, maintenance contracts, service contracts, operating agreements and other contracts, licenses and permits now or hereafter affecting the Mortgaged Premises, or any part thereof, and the Water Supply Corporation agrees to execute and deliver to the Beneficiary such additional instruments, in form and substance satisfactory to the Beneficiary, as may hereafter be requested by the Beneficiary further to evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be construed as a consent by the Beneficiary to any lease, tenant contract, rental agreement, franchise agreement, management contract, construction contract, maintenance contract, service contract, operating agreement or other contract, license or permit, or to impose upon the Beneficiary any obligation with respect thereto.

(b) Except as expressly permitted under the RPCA or the WTPA, the Water Supply Corporation shall not execute an assignment of the income, rents, revenues, issues or profits, or any part thereof, from the Mortgaged Premises unless such assignment is in favor of the Beneficiary or the Beneficiary shall first consent in writing to such assignment.

Section 2.03. Security Agreement.

(a) With respect to the machinery, apparatus, equipment, fittings, fixtures, building supplies and materials, articles of personal property, chattels, chattel paper, documents, inventory, accounts,
industrial products, consumer goods and general intangibles referred to or described in this Deed of Trust, or in any way connected with the use and enjoyment of the Mortgaged Premises, this Deed of Trust is hereby made and declared to be a security agreement encumbering each and every item of such property included herein as a part of the Mortgaged Premises, in compliance with the provisions of the Uniform Commercial Code as enacted in the State of Texas. Beneficiary and the Trustee are each authorized to make such filings from time to time as are necessary or desirable to provide notice of or otherwise perfect the security interest created by this Deed of Trust. The Water Supply Corporation and the Beneficiary agree that the filing of any such financing statement or statements in the records normally concerning personal property shall not in any way affect the agreement of the Water Supply Corporation and the Beneficiary that everything used in connection with the production of income from the Mortgaged Premises or adapted for use therein or which is described or reflected in this Deed of Trust, is, and at all times and for all purposes and in all proceedings, legal or equitable, shall be, regarded as part of the real estate conveyed hereby regardless of whether (1) any such item is physically attached to the improvements, (2) serial numbers are used for the better identification of certain items capable of being thus identified in an exhibit to this Deed of Trust, or (3) any such item is referred to or reflected in any such financing statement or statements so filed at any time.

(b) The Water Supply Corporation warrants that (i) the Water Supply Corporation’s (that is, “Debtor’s”) name, identity or corporate structure and residence or principal place of business are specified in (c) below; (ii) the Water Supply Corporation (that is, “Debtor”) has been using or operating under said name, identity or corporate structure without change for the time period specified in (c) below; and (iii) the location of the collateral is upon the Land. The Water Supply Corporation covenants and agrees that the Water Supply Corporation will furnish the Beneficiary with notice of any change in the matters addressed by (i) or (iii) of this subsection within thirty (30) days of the effective date of any such change and the Water Supply Corporation authorizes the Beneficiary to execute and file any financing statements, continuation statements or other similar instruments deemed necessary by the Beneficiary to prevent any filed financing statement from becoming misleading or losing its perfected status.

(c) The information contained in this subsection is provided in order that this Deed of Trust shall comply with the requirements of the Uniform Commercial Code, as enacted in the State of Texas, for instruments to be filed as financing statements. The names of the “Debtor” and the “Secured Party”, the identity or corporate structure and residence or principal place of business of “Debtor”, and the time period for which “Debtor” has been using or operating under said name and identity or corporate structure without change, are as set forth in Exhibit C attached hereto and by this reference made a part hereof; the mailing address of the “Secured Party” from which information concerning the security interest may be obtained, and the mailing address of “Debtor”, are as set forth in Exhibit C attached hereto; and a statement indicating the types, or describing the items, of collateral is set forth hereinabove.

Section 2.04. Further Assurances; After Acquired Property. At any time, and from time to time, upon request by the Beneficiary or the Trustee or both, the Water Supply Corporation will make, execute and deliver, or cause to be made, executed and delivered, to the Beneficiary and the Trustee and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by the Beneficiary or the Trustee, any and all such other and further instruments of further assurance, certificates and other documents as may, in the opinion of the Beneficiary or the Trustee or both, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve (a) the obligation of the Water Supply Corporation under the RPCA and under this Deed of Trust and (b) the security interest created by this Deed of Trust as a security interest upon and security title in and to all of the Mortgaged Premises (subject to Permitted Encumbrances), whether now owned or hereafter acquired by the Water Supply Corporation. The security title of this Deed of Trust and the security interest created hereby will
automatically attach, without further act, to all after acquired property attached to and/or used in the operation of the Mortgaged Premises or any part thereof.

Section 2.05. [Reserved].

Section 2.06. [Reserved].

Section 2.07. Limit of Validity. If, as a result of any circumstances whatsoever, fulfillment of any provision of this Deed of Trust or of the RPCA, at the time performance of such provision shall be due, shall involve transcending the limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Deed of Trust or under the RPCA that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity. The provisions of this Section 2.07 shall control every other provision of this Deed of Trust.

Section 2.08. Acquisition of Collateral. The Water Supply Corporation shall not acquire any portion of the personal property covered by this Deed of Trust subject to any security interest, conditional sales contract, title retention arrangement or other charge or lien taking precedence over the trust estate, security title and lien of this Deed of Trust, except for the Permitted Encumbrances.

Section 2.09. Development Rights of the Water Supply Corporation. It is acknowledged that in order for the Water Supply Corporation to satisfy its obligations under the RPCA and the Water Transportation Agreement to develop the water supply system, the Water Supply Corporation may be required to subdivide or resubdivide portions of the Mortgaged Premises, grant easements for utility service, obtain land use permits, zoning changes, site development permits, construction permits, and other types of approvals and permits (collectively, “Development Activities”). The Beneficiary consents to the Water Supply Corporation engaging in Development Activities for the purpose of developing and constructing the water supply system in accordance with the terms and conditions of the WTPA, without the need for any additional written consent or authorization (except as provided for in the WTPA), and the Beneficiary subordinates the liens granted by this Deed of Trust to the rights created by any subdivision or resubdivision plat and any utility easements granted by the Water Supply Corporation so that the foreclosure of this Deed of Trust will not terminate the rights created by such plat or easement, provided that such matters would otherwise qualify as a Permitted Encumbrance without reference to any consent by the Beneficiary. Beneficiary will not unreasonably withhold its consent to such other subordinations, consents or joinders as the Water Supply Corporation may reasonably request in connection with the Development Activities.

ARTICLE III
DEFAULTS AND REMEDIES

Section 3.01. Default. The terms “Default” or “Defaults”, wherever used in this Deed of Trust, shall mean

(a) a failure by the Water Supply Corporation or the Project Company to timely convey the Water Supply Corporation Project Assets in accordance with the WTPA and the RCPA, as applicable; or

(b) the Water Supply Corporation is dissolved or partitioned and the Mortgaged Premises have not been conveyed to Beneficiary in accordance with the RPCA.
Section 3.02.  Secured Amount Due and Payable. If a Default shall have occurred, then the entire Secured Amount shall, at the option of the Beneficiary, immediately become due and payable without notice or demand, TIME BEING OF THE ESSENCE OF THIS DEED OF TRUST; and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right. The Water Supply Corporation hereby waives all rights to any notice of intent to accelerate the Secured Amount and notice of any acceleration of the Secured Amount.

Section 3.03.  Right To Enter and Take Possession.

(a) If a Default shall have occurred, the Water Supply Corporation, upon demand of the Beneficiary, shall forthwith surrender to the Beneficiary or the Trustee for the benefit of the Beneficiary the actual possession of the Mortgaged Premises, and if, and to the extent, permitted by law, the Beneficiary itself or the Trustee for the benefit of the Beneficiary, or by such officers or agents as the Beneficiary or the Trustee or both may appoint, may enter and take possession of all of the Mortgaged Premises without the appointment of a receiver, or an application therefor, and may exclude the Water Supply Corporation and its agents and employees wholly therefrom, and may have joint access with the Water Supply Corporation to the books, papers and accounts of the Water Supply Corporation.

(b) If the Water Supply Corporation shall for any reason fail to surrender or deliver the Mortgaged Premises or any part thereof after such demand by the Beneficiary or the Trustee, the Beneficiary or the Trustee or both may obtain a judgment or decree conferring upon the Beneficiary the right to immediate possession or requiring the Water Supply Corporation to deliver immediate possession of the Mortgaged Premises to the Beneficiary, and the Water Supply Corporation hereby specifically covenants and agrees that the Water Supply Corporation will not oppose, contest or otherwise hinder or delay the Beneficiary or the Trustee in any action or proceeding by the Beneficiary or the Trustee to obtain such judgment or decree. The Water Supply Corporation will pay to the Beneficiary or the Trustee or both, as applicable, upon demand, all expenses of obtaining such judgment or decree incurred by the Beneficiary or the Trustee, and the attorneys and agents of each such party, and all such expenses and compensation shall, until paid, become part of the Secured Obligations and shall be secured by this Deed of Trust.

(c) Upon every such entering upon or taking of possession, the Beneficiary or the Trustee for the benefit of the Beneficiary or both may hold, store, use, operate, manage and control the Mortgaged Premises and conduct the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personally and other property, (ii) insure or keep the Mortgaged Premises insured, (iii) manage and operate the Mortgaged Premises and exercise all the rights and powers of the Water Supply Corporation to the same extent as the Water Supply Corporation could in its own name or otherwise act with respect to the same and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to the Beneficiary or the Trustee for the benefit of the Beneficiary or both, all as the Beneficiary from time to time may determine to be reasonably necessary to protect the Water Supply Corporation Project Assets or to otherwise protect Beneficiary's interests under the WTPA. Anything in this Section 3.03 to the contrary notwithstanding, neither the Beneficiary nor the Trustee shall be obligated to discharge or perform the duties of the Water Supply Corporation under any contract, agreement or other binding instrument or to incur any liability as the result of any exercise by the Beneficiary or the Trustee of its rights under this Deed of Trust, and the Beneficiary or the Trustee shall be liable to account only for the rents, incomes, issues, profits, royalties and revenues actually received by such party.

(d) In the event that the Secured Obligations shall have been performed or the applicable Default cured and, as a result thereof, the Beneficiary or the Trustee for the benefit of the Beneficiary or
both surrenders possession of the Mortgaged Premises to the Water Supply Corporation, the same right of
taking possession shall continue to exist if any subsequent Default shall occur.

Section 3.04.  [Reserved].

Section 3.05.  Receiver. If a Default shall have occurred, the Beneficiary, upon application to a
court of competent jurisdiction, shall be entitled as a matter of strict right, without notice and without
regard to the adequacy or value of any security for the Secured Obligations or the solvency of any party
bound for its payment, to the appointment of a receiver to take possession of and to operate the
Mortgaged Premises and to collect and apply the incomes, rents, issues, profits, royalties and revenues
thereof. The receiver shall have all of the rights and powers permitted under the laws of the State of
Texas. the Water Supply Corporation will pay to the Beneficiary upon demand all expenses, including
receiver’s fees, attorney’s fees, costs and agent’s compensation, incurred pursuant to the provisions of this
Section 3.05, and any such amounts paid by the Beneficiary shall be added to the Secured Obligations and
shall be secured by this Deed of Trust.

Section 3.06.  Enforcement; Foreclosure; Power of Sale.

(a)  If a Default and the Non-Judicial Foreclosure Conditions shall have occurred, the
Beneficiary, at the option of the Beneficiary in its sole and absolute discretion, may, by and through the
Trustee, or otherwise, sell or offer for sale the Mortgaged Premises in such portions, order and parcels as
the Beneficiary may determine, with or without having first taken possession of same, to the highest
bidder for cash at public auction. Upon receipt of notice of such election from Beneficiary, Trustee shall
sell the Mortgaged Premises, or any portion thereof, as directed by Beneficiary, with or without first
having taken possession of the same and in whole or in part, as the Beneficiary may elect (all rights to a
marshalling of assets of Grantors being expressly waived hereby), to the highest bidder for cash at public
auction at the County Courthouse of any county in which said Mortgaged Premises (or portion thereof) is
situated in accordance with applicable law after giving notice of the time, place and terms of sale and the
Mortgaged Premises (or portion thereof) to be sold by (i) the acting Trustee, or the person chosen by him,
fil ing a copy of the notice thereof in the Office of the County Clerk of each county where said real
property is situated at least twenty one (21) days prior to the date of sale and by posting or causing to be
posted written or printed notice thereof at least twenty one (21) days preceding the date of said sale at the
place designated for such postings at the County Courthouse of said county and (ii) the Beneficiary, or
any person chosen by it, at least twenty one (21) days preceding the date of said sale, serving written
notice of such proposed sale by certified mail on each debtor obligated to pay or perform the Secured
Obligations secured hereby according to the records of Beneficiary. Service of such notice to each debtor
shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to each
debtor at the most recent address as shown by the records of Beneficiary, in a post office or official
depository under the care and custody of the United States Postal Service. The affidavit of any person
having knowledge of the facts to the effect that such service was completed shall be prima facie evidence
of the fact of service. After such sale, the acting Trustee shall make due conveyance by general warranty
deed to the purchaser or purchasers and the Trustee bind themselves, their heirs, assigns, executors,
administrators, successors and legal representatives to warrant and forever defend the title of such
purchaser or purchasers.

(b)  The Beneficiary may, at its option, accomplish all or any of the aforesaid in such manner
as permitted or required by Section 51.002 of the Texas Property Code relating to the sale of real estate or
by Chapter 9 of the Texas Business and Commerce Code relating to the sale of collateral after default by
a debtor (as said article and chapter now exist or may be hereafter amended or succeeded), or by any other
present or subsequent articles or enactments relating to same, provided that any non-judicial sale of
personal property pursuant to the security interest granted under this Deed of Trust shall also be subject to
the prior satisfaction of the Non-Judicial Foreclosure Conditions. Nothing contained in this paragraph shall be construed to limit in any way Trustee’s right to sell the Mortgaged Premises by private sale if, and to the extent that, such private sale is permitted under the laws of the state where the Mortgaged Premises (or that portion thereof to be sold) is located or by public or private sale after entry of a judgment by any court of competent jurisdiction ordering same. Any provision in this Deed of Trust to the contrary notwithstanding, if the Beneficiary proceeds with a sale of part of the Mortgaged Premises through a non-judicial foreclosure, and part of the Mortgaged Premises through the exercise of judicial or other remedies, the Water Supply Corporation and the Project Company shall still be entitled to the benefits of Section 5.17, as if all of the Mortgaged Premises had been conveyed through a non-judicial foreclosure. At any such sale:

(i) whether made under the power herein contained, the aforesaid Section 51.002, the Texas Business and Commerce Code, any other applicable law or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have physically present, or to have constructive possession of, the Mortgaged Premises (and the Water Supply Corporation shall deliver to Trustee any portion of the Mortgaged Premises not actually or constructively possessed by the Trustee immediately upon demand by the Trustee) and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale;

(ii) each instrument of conveyance executed by Trustee shall contain a general warranty of title, binding upon the Water Supply Corporation, subject to Permitted Encumbrances on Conveyance (as defined in the RPCA) and shall convey the Mortgaged Premises in their “AS IS, WHERE IS” condition;

(iii) each and every recital contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including, without limitation, nonperformance of the Secured Obligations, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor Trustee hereunder, provided that it shall not constitute conclusive evidence that the Conditions to Non-Judicial Foreclosure occurred;

(iv) any and all prerequisites to the validity thereof shall be conclusively presumed to have been performed, except as provided in clause (iii) above;

(v) the receipt of Trustee or of such other party or officer making the sale shall be sufficient to discharge to the purchaser or purchasers for his or their purchase money, and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof; and

(vi) to the fullest extent permitted by law, the Water Supply Corporation shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale shall be a perpetual bar, both at law and in equity, against the Water Supply Corporation and against all other persons claiming or to claim the property sold or to any part thereof by, through or under the Water Supply Corporation.

(c) The Beneficiary or the Trustee on behalf of the Beneficiary or both, as applicable, shall have all rights and remedies provided to a secured party by the Uniform Commercial Code with respect to the applicable property included as a part of the Mortgaged Premises, if any, as is governed by the
Uniform Commercial Code, but subject to any applicable limitations contained in this Deed of Trust. The power of sale conferred hereunder shall apply to the real and personal property constituting the Mortgaged Premises.

(d) The Trustee at the direction of the Beneficiary may postpone any sale of all or any part of the Mortgaged Premises by public announcement at the time and place of such sale, and from time to time thereafter may further postpone such sale by public announcement made at the time of sale fixed by the preceding postponement.

(e) The Trustee is hereby irrevocably appointed the true and lawful attorney in fact of the Water Supply Corporation to make, in its own name and stead or in the name of the Water Supply Corporation, all necessary conveyances, assignments, transfers and deliveries of the property and rights sold pursuant to this Deed of Trust, and for that purpose the Trustee may execute all necessary deeds and instruments of assignment and transfer and may substitute persons with like power, the Water Supply Corporation hereby ratifying and confirming all that its said attorney or such substitute shall lawfully do by virtue hereof. Nevertheless, the Water Supply Corporation, if so requested in writing by the Trustee or the Beneficiary, shall ratify and confirm any such sale by executing and delivering to the Trustee and the Beneficiary or to such purchaser any instrument which, in the judgment of Trustee or the Beneficiary, is suitable or appropriate therefor. Any such sale made under or by virtue of this Section, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Water Supply Corporation and any person claiming from, through or under the Water Supply Corporation in and to the property and rights so sold, and shall be a perpetual bar at law and in equity against the Water Supply Corporation and its successors, assigns and any and all persons who claim or may claim the same from, through or under any of them.

(f) In case of proceedings against or involving the Water Supply Corporation in insolvency or bankruptcy (including any proceeding under any federal or state bankruptcy or insolvency statute or similar law) or any proceedings for its reorganization or involving the liquidation of its assets, the Beneficiary shall be entitled to prove the whole amount of the Conveyance Obligations to the full amount thereof and all other payments, charges and costs due under this Deed of Trust without deducting therefrom any proceeds obtained from the sale of the whole or any part of the Mortgaged Premises; provided, however, that in no case shall the Beneficiary receive a greater amount than the Secured Obligations and such other payments, charges and costs from the aggregate amount of the proceeds of all sales of the Mortgaged Premises and the distribution from the estate of the Water Supply Corporation.

(g) The aforesaid powers of sale and appointment of attorney-in-fact hereby granted are coupled with an interest and are irrevocable by death, dissolution or otherwise, are granted as cumulative of the other remedies provided hereby or by law for collection of the Secured Obligations and shall not be exhausted by one exercise thereof but may be exercised until full payment of all of the Secured Obligations. In the event of any sale under this Deed of Trust by virtue of the exercise of the powers herein granted, or pursuant to any order in any judicial proceeding or otherwise, the Mortgaged Premises may be sold as an entirety or in separate parcels and in such manner or order as the Beneficiary in its sole and absolute discretion may elect, and if the Beneficiary so elects, the Beneficiary or the Trustee on behalf of the Beneficiary may sell the personal property covered by this Deed of Trust at one or more separate sales in any manner permitted by the Uniform Commercial Code of the State of Texas, and one or more exercises of the powers herein granted shall not extinguish nor exhaust such powers, until the entire Mortgaged Premises are sold or the Secured Obligations is paid in full. If the Secured Obligations is now or hereafter further secured by any chattel mortgages, pledges, contracts of guaranty, assignments of lease or other security instruments, the Beneficiary may at its option exhaust the remedies granted
under any of said security instruments either concurrently or independently, and in such order as the 
Beneficiary in its sole and absolute discretion may determine.

(h) If a Default shall have occurred, the Beneficiary or the Trustee on behalf of the 
Beneficiary or both may, in addition to and not in abrogation of the rights covered hereinabove under this 
Section 3.06, either with or without entry or taking possession as herein provided or otherwise, proceed 
by a suit or suits in law or in equity or by any other appropriate proceeding or remedy (1) to enforce the 
payment or performance of the Secured Obligations or the performance of any term, covenant, condition 
or agreement of this Deed of Trust or the RPCA or any other right and (2) to pursue any other remedy 
available to it, all as the Beneficiary at its sole and absolute discretion shall elect.

Section 3.07. Purchase by Beneficiary. Upon any foreclosure sale or sales of all or any portion 
of the Mortgaged Premises under the power herein granted or otherwise, the Beneficiary may bid for and 
purchase the Mortgaged Premises and shall be entitled to apply all or any part of the Secured Obligations 
as a credit to the purchase price.

Section 3.08. Application of Proceeds of Sale. In the event of a foreclosure or a sale of all or 
any portion of the Mortgaged Premises under the powers herein granted, the proceeds of said sale shall be 
applied, in whatever order the Beneficiary in its sole and absolute discretion may decide, to the expenses 
of such sale and of all proceedings in connection therewith, including attorneys' fees, to insurance 
premiums, liens, assessments, taxes and charges including utility charges advanced by the Beneficiary, to 
payment of the outstanding principal balance of the Secured Obligations, or to the accrued interest on all 
of the foregoing; and the remainder, if any, shall be paid to the Water Supply Corporation, or to the 
person or entity lawfully entitled thereto.

Section 3.09. The Water Supply Corporation as Tenant Holding Over. In the event of any such 
foreclosure sale or sales under the powers herein granted, the Water Supply Corporation shall be deemed 
a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or 
be summarily dispossessed according to provisions of law applicable to tenants holding over.

Section 3.10. Waiver of Appraisal, Valuation, Etc. The Water Supply Corporation agrees, 
to the full extent permitted by law, that in case of a Default on the part of the Water Supply Corporation 
hereunder, neither the Water Supply Corporation nor anyone claiming through or under the Water Supply 
Corporation will set up, claim or seek to take advantage of any moratorium, reinstatement, forbearance, 
appraisal, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in 
force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, or the absolute 
sale of the Mortgaged Premises, or the delivery of possession thereof immediately after such sale to the 
purchaser at such sale, and the Water Supply Corporation, for itself and all who may at any time claim 
through or under it, hereby waives to the full extent that it may lawfully so do, the benefit of all such 
laws, and any and all right to have the assets subject to the security interest of this Deed of Trust 
marshalled upon any foreclosure or sale under the power herein granted.

Section 3.11. Leases; Operating Agreement; Other Contracts. The Beneficiary, at its option, is 
authorized to foreclose this Deed of Trust subject to the rights of any tenants, operators or other 
contracting parties with respect to the Mortgaged Premises, and the failure to make any such parties to 
any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by the 
Water Supply Corporation, a defense to any proceedings instituted by the Trustee or the Beneficiary to 
perform the Conveyance Obligations.

Section 3.12. Discontinuance of Proceedings. In case the Trustee or the Beneficiary shall have 
proceeded to enforce any right, power or remedy under this Deed of Trust by foreclosure, entry or
otherwise or in the event the Trustee or the Beneficiary gives notice of the intended exercise of a sale under powers provided hereunder, and such proceeding or notice shall have been withdrawn, discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or the Beneficiary, then in every such case (a) the Water Supply Corporation, the Trustee and the Beneficiary shall be restored to their former positions and rights, (b) all rights, powers and remedies of the Trustee and the Beneficiary shall continue as if no such proceeding had been taken, (c) each and every Default declared or occurring prior or subsequent to such withdrawal, discontinuance or abandonment shall and shall be deemed to be a continuing Default and (d) neither this Deed of Trust, nor the RPCA, nor the Secured Obligations, nor any other instrument concerned therewith, shall be or shall be deemed to have been adversely affected by such withdrawal, discontinuance or abandonment; and the Water Supply Corporation hereby expressly waives the benefit of any statute or rule of law now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the above.

Section 3.13. Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Trustee or the Beneficiary or both by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law, in equity or by statute.


(a) No delay or omission by the Trustee or the Beneficiary or both to exercise any right, power or remedy accruing upon any breach or Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such breach or Default, or acquiescence therein, and every right, power and remedy given by this Deed of Trust to the Trustee or the Beneficiary may be exercised from time to time and as often as may be deemed expedient by the Trustee or the Beneficiary. No consent or waiver, expressed or implied, by the Trustee or the Beneficiary to or of any breach or Default by the Water Supply Corporation in the performance of the obligations of the Water Supply Corporation hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or Default in the performance of the same or any other obligations of the Water Supply Corporation hereunder. Failure on the part of the Trustee or the Beneficiary to complain of any act or failure to act or to declare a Default, irrespective of how long such failure continues, shall not constitute a waiver by the Trustee or the Beneficiary of its rights hereunder or impair any rights, powers or remedies of the Trustee or the Beneficiary hereunder.

(b) No act or omission by the Trustee or the Beneficiary shall release, discharge, modify, change or otherwise affect the original liability under the RPCA, this Deed of Trust or any other obligation of the Water Supply Corporation or any subsequent purchaser of the Mortgaged Premises or any part thereof, or preclude the Trustee or the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in the event of any Default then made or of any subsequent Default, or alter the trust title, security title, security interest or lien of this Deed of Trust except as expressly provided in an instrument or instruments executed by the Trustee and the Beneficiary. Without limiting the generality of the foregoing, the Beneficiary may: (i) grant forbearance or an extension of time for the payment or performance of all or any portion of the Secured Obligations; (ii) take other or additional security for the payment of the Secured Obligations; (iii) waive or fail to exercise any right granted hereunder or in the RPCA; (iv) release any part of the Mortgaged Premises from the security interest or lien of this Deed of Trust (provided that the provisions of Section 5.17 shall still apply); (v) consent to the filing of any map, plat or replat affecting the Mortgaged Premises; (vi) consent to the granting of any easement or other right affecting the Mortgaged Premises; (vii) make or consent to any agreement subordinating the security title, security interest or lien hereof; or (viii) take or omit to take any action whatsoever with respect to the RPCA, this Deed of Trust, the Mortgaged Premises or any
document or instrument evidencing, securing or in any way relating to the Secured Obligations; all without releasing, discharging, modifying, changing or affecting any such liability, or precluding the Beneficiary or the Trustee from exercising any such right, power or privilege or affecting the trust title, security interest or lien of this Deed of Trust. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Premises, the Trustee and the Beneficiary, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Premises or the Secured Obligations, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing and/or discharging any liabilities, obligations or undertakings.

Section 3.15. Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Water Supply Corporation, its creditors or its property, the Beneficiary and the Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary and the Trustee allowed in such proceedings for the entire amount of the Secured Amount at the date of the institution of such proceedings and for any additional Secured Amount after such date.

ARTICLE IV

THE TRUSTEE

Section 4.01. No Liability. The Trustee shall not be liable for any error of judgment or act done by Trustee believed in good faith to be in accordance with this Deed of Trust, or be otherwise responsible or accountable except for gross negligence or intentional breach. Trustee shall not be personally liable in case of entry by it or anyone acting by virtue of the powers herein granted upon the Mortgaged Premises for debts contracted or liability or damages incurred in the management or operation of the Mortgaged Premises. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by it hereunder or believed by it in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by it in the performance of its duties hereunder and to reasonable compensation for such of its services hereunder as shall be rendered. The Water Supply Corporation will reimburse Trustee for and save and hold it harmless from and against any and all loss, cost, liability, damage and expense whatsoever incurred by it in the performance of its duties.

Section 4.02. Retention of Moneys. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust (in an interest bearing account) for the purposes for which they were received, and shall be segregated from any other moneys; and Trustee shall be under no liability for interest on any moneys except to the extent actually received by the Trustee hereunder.

Section 4.03. Successor Trustees. Trustee may resign by giving sixty (60) days’ prior notice of such resignation in writing to Beneficiary and the Water Supply Corporation. If Trustee shall die, resign or become disqualified from acting in the execution of the trusts created hereby or shall fail or refuse to exercise the same when requested by Beneficiary so to do or if for any reason and without cause Beneficiary shall prefer to appoint a substitute trustee to act instead of the original Trustee named herein, or any prior successor or substitute trustee, the Beneficiary shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed immediately upon appointment to all the estate, rights, powers and duties of the aforesaid Trustee. The Beneficiary may, at any time, appoint a successor trustee hereunder by delivering written notice of such appointment to the Water Supply Corporation at the address provided in Section 5.05 hereof.
Section 4.04. **Succession Instruments.** Any new Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but, nevertheless, upon the written request of Beneficiary or its successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trust herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign transfer and deliver any of the property and moneys held by the Trustee to the successor trustee so appointed in its place.

Section 4.05. **Performance of Duties by Agents.** Trustee may authorize one or more parties to act on its behalf to perform the ministerial functions required of the Trustee hereunder, including, without limitation, the transmittal and posting of any notices.

**ARTICLE V**

**MISCELLANEOUS**

Section 5.01. **Successors and Assigns.** This Deed of Trust shall inure to the benefit of and be binding upon the Water Supply Corporation and the Beneficiary and their respective successors and assigns. Whenever a reference is made in this Deed of Trust to “the Water Supply Corporation” or “the Beneficiary” such reference shall be deemed to include a reference to the successors and assigns of the Water Supply Corporation and the Beneficiary, as the case may be.

Section 5.02. **Terminology.** All personal pronouns used in this Deed of Trust whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles of articles and sections are for convenience only and neither limit nor amplify the provisions of this Deed of Trust, and all references herein to articles, sections or subsections shall refer to the corresponding articles, sections or subsections of this Deed of Trust unless specific reference is made to articles, sections or subsections of another document or instrument.

Section 5.03. **Severability.** If any provisions of this Deed of Trust or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Deed of Trust and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

Section 5.04. **Applicable Law.** This Deed of Trust shall be interpreted, construed and enforced according to the laws of the State of Texas.

Section 5.05. **Notices.** Any and all notices, elections, demands, requests and responses thereto permitted or required to be given under this Deed of Trust shall be in writing, signed by or on behalf of the party giving the same, and shall be deemed to have been properly given and shall be effective upon being personally delivered, or upon being deposited in the United States mail, postage Prepaid, certified with return receipt requested, to the other party at the address of such other party set forth below or at such other address within the continental United States as such other party may designate by notice specifically designated as a notice of change of address and given in accordance herewith; provided, however, that the time period in which a response to any such notice, election, demand or request must be given shall commence on the date of receipt thereof; and provided further that notice of change of address shall be effective until the date of receipt thereof. Personal delivery to a party or to any officer, partner, agent or employee of such party at said address shall constitute receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received shall also
constitute receipt. Any such notice, election, demand, request or response, if given to the Beneficiary, shall be addressed as follows:

San Antonio Water System  
2800 US Hwy 281 North  
San Antonio, TX 78212  
Attention: President and Chief Executive Officer

With a copy to:

San Antonio Water System  
2800 US Hwy 281 North  
San Antonio, TX 78212  
Attention: General Counsel

if given to the Water Supply Corporation, shall be addressed as follows:

Central Texas Regional Water Supply Corporation  
e/o Bickerstaff Heath Delgado Acosta LLP  
3711 S. MoPac Expressway, Building One, Suite 300  
Austin, TX 78746  
Attention: President

With a copy to:

Bickerstaff Heath Delgado Acosta LLP  
3711 S. MoPac Expressway, Building One, Suite 300  
Austin, TX 78746  
Attention: Manuel Mendez/Emily Rogers

Section 5.06. **Greater Estate.** In the event that the Water Supply Corporation is the owner of a leasehold estate or other limited estate with respect to any portion of the Mortgaged Premises and, prior to the satisfaction of the Secured Obligations and the cancellation of this Deed of Trust of record, the Water Supply Corporation obtains a fee estate in such portion of the Mortgaged Premises, then, such fee estate automatically, and without further action of any kind on the part of the Water Supply Corporation, be and become subject to the trust title, security title and lien of this Deed of Trust.

Section 5.07. **Assignment.** This Deed of Trust is assignable by the Beneficiary in connection with any assignment of any interest of Beneficiary under the WTPA, and any assignment hereof by the Beneficiary shall operate to vest in the assignee all rights and powers herein conferred upon and granted to the Beneficiary. This Deed of Trust is not assignable by the Water Supply Corporation except in strict accordance with the RPCA and this Deed of Trust. This Deed of Trust is not assignable by the Trustee except in strict accordance with this Deed of Trust.

Section 5.08. **Time of the Essence.** Time is of the essence with respect to each and every covenant, agreement and obligation of the Water Supply Corporation under this Deed of Trust.

Section 5.09. **Limitation of Rights of Others.** Nothing in this Deed of Trust is intended or shall be construed to give to any person, other than the Water Supply Corporation, the Trustee and the Beneficiary, any legal or equitable right, remedy or claim under or in respect of this Deed of Trust or any covenant, condition or provision herein contained.
Section 5.10. **Modification and Amendment.** Except as in this Deed of Trust otherwise expressly provided, (i) this Deed of Trust may not be modified or amended except by an instrument in writing executed by the Water Supply Corporation and the Beneficiary, and (ii) no requirement hereof may be waived at any time except by a writing signed by the party against whom such waiver is sought to be enforced, nor shall any waiver be deemed a waiver of any subsequent breach or default.

Section 5.11. **Covenants Running With the Land.** All obligations of the Water Supply Corporation contained in the RPCA are intended by the parties to be and shall be construed as covenants running with the Mortgaged Premises and the Land.

Section 5.12. **Counterparts.** This Deed of Trust may be executed in any number of counterparts and each thereof shall be deemed to be an original; and all such counterparts shall constitute but one and the same instrument.

Section 5.13. **[Reserved]**

Section 5.14. **No Merger Intended.** Neither the Water Supply Corporation nor Trustee nor Beneficiary intend that the interest represented by this Deed of Trust shall at any time merge with or into any fee ownership interest in all or any part of the Land that may be acquired by the Beneficiary.

Section 5.15. **Survival of Representations, Warranties and Covenants.** All representations, warranties and covenants contained in this Deed of Trust shall survive the execution hereof and continue in full force and effect during the term hereof.

Section 5.16. **No Partnership or Joint Venture Intended.** The parties do not intend to create a partnership or joint venture by virtue of the execution and delivery of this Deed of Trust or any of the Related Documents.

Section 5.17. **Limitation on Recourse.** In accordance with Section 3.12(8) of the RPCA and notwithstanding any other provision of this Deed of Trust, the Beneficiary’s recourse for payment of the Secured Amounts or any portion thereof and any damages arising from a breach of the Water Supply Corporation’s Conveyance Obligations shall be limited to recovery of the Water Supply Corporation Project Assets. In no event shall the Water Supply Corporation or the Project Company have any personal liability in respect of any Secured Amounts, nor shall the Beneficiary have access to any other assets of the Water Supply Corporation or the Project Company for satisfaction of any liability or judgment for any Secured Amount or for any deficiency following a foreclosure, provided, however, that in the event that the Project Company or the Water Supply Corporation seeks an injunction or other judicial action to prevent or hinder the non-judicial foreclosure of this Deed of Trust or opposes any application for the lifting of any stay in a Project Company Bankruptcy-Related Event then the limitation on recourse in this Section 5.17 shall be deemed to have been waived to the extent of additional damages, costs and expenses incurred by the Beneficiary and resulting from such actions by the Project Company or the Water Supply Corporation, including but not limited to costs and expenses incurred in exercising rights under Section 3.04 or 3.05 or any other interim remedy. The limitation on recourse contained in this Section 5.17 shall not apply to any claims the Beneficiary may have under the WTPA or the RPCA other than a breach of the Conveyance Obligation and the Beneficiary shall be entitled to assert any such other claims in any Conveyance Litigation or otherwise in its sole discretion without any such limitation on its remedies or its recourse for the recovery of damages.

Section 5.18. **Partial Releases.** In the event that any of the Mortgaged Premises does not constitute “Project Assets” as defined in the WTPA, then, upon request by the Water Supply Corporation and concurrence the Beneficiary as to such property, the Beneficiary shall execute a recordable partial
release of this Deed of Trust releasing such of the Mortgaged Premises that do not constitute “Project Assets” from this Deed of Trust and lien and security interest created hereby.

Section 5.19. **Filing of Notices in County Real Property Records.** The Water Supply Corporation hereby agrees and acknowledges that Beneficiary may execute, or cause to be executed, notices of utility security instrument in accordance with Section 261.011 of the Texas Business and Commerce Code, and record such notices with the applicable county clerks in the counties in which the Mortgaged Premises are located.

Section 5.20. **Lien Priority Agreement.** Attached hereto as Exhibit D is a true and correct copy of that certain Lien Priority Agreement of even date herewith by and between Beneficiary and Sumitomo Mitsui Banking Corporation (“Sumitomo”), which agreement contains certain covenants between the parties thereto relating to the lien and security interest established by this Deed of Trust and the lien and security interest in favor of Sumitomo as collateral agent for certain lenders contained in a Fee and Subleasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement of even date herewith granted by the Water Supply Corporation covering certain collateral that includes the Mortgaged Premises.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]
IN WITNESS WHEREOF, the Water Supply Corporation has caused this Deed of Trust to be executed and delivered by its duly authorized officer as of the day and year first above written.

THE WATER SUPPLY CORPORATION:

CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION, a Texas not-for-profit water supply corporation

By

Name  Weir Labatt III
Title  President

STATE OF TEXAS
COUNTY OF __________

ACKNOWLEDGMENT

This instrument was acknowledged before me on the ____ day of __________, 2016, by WEIR LABATT III, the President of CENTRAL TEXAS REGIONAL WATER SUPPLY CORPORATION, a Texas not-for-profit water supply corporation, on behalf of said corporation.

____________________________
Notary Public in and for the
State of Texas

____________________________
Printed Name of Notary

My Commission expires: __________
The Beneficiary has executed this Deed of Trust for the purpose of becoming a signatory to the security agreement set forth herein.

CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

By __________________________
Name: __________________________
Title: __________________________

STATE OF TEXAS §
COUNTY OF BEXAR §

This instrument was acknowledged before me on the ____ day of _________, 2016, by __________(name), ______________(title) of the San Antonio Water System Board of Trustees, on behalf of same.

_______________________________
Notary Public in and for the
State of Texas

_______________________________
Printed Name of Notary

My Commission expires: __________
EXHIBIT A

Description of Land

See attached pages
EXHIBIT B

Description of Easements

See attached pages
EXHIBIT C

DEBTOR AND SECURED PARTY INFORMATION

A. **Debtor**

Name: Central Texas Regional Water Supply Corporation

Place of Business/Mailing Address:

3711 S. MoPac Expressway, Building One, Suite 300
Austin, TX 78746

Structure: a Texas not for profit water supply corporation

Time period for which “Debtor” has been using or operating under said name and identity: ____________

B. **Secured Party**

Name: CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

Mailing Address:

2800 US Hwy 281 North
San Antonio, TX 78212
EXHIBIT D

Lien Priority Agreement

See attached
LIEN PRIORITY AGREEMENT

Between

CITY OF SAN ANTONIO, TEXAS,
ACTING BY AND THROUGH THE
SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES

And

Sumitomo Mitsui Banking Corporation,
as Collateral Agent

Dated as of November ___, 2016

Affected Premises:
As described in those instruments attached hereto as Exhibit A
(as the same may be modified or supplemented from time to time)

THIS INSTRUMENT IS TO BE FILED AND INDEXED IN THE REAL PROPERTY RECORDS AND
ALSO IS TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS.

After recording return to:
San Antonio Water System
280 US Hwy 281 North
San Antonio, TX 78212
Attention: General Counsel
LIEN PRIORITY AGREEMENT

THIS LIEN PRIORITY AGREEMENT (this “Agreement”) is made and entered into as of the ______ day of November, 2016, by CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES, an agency of the City established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq, and Chapter 1502, as amended, Texas Government Code (“SAWS”), and Sumitomo Mitsui Banking Corporation, as Collateral Agent for the Secured Parties (in each case used herein, as defined in the Credit Agreement (as defined below)) (together with its successors and assigns in such capacity, “Creditors’ Agent”).

W I T N E S S E T H:

WHEREAS, SAWS has entered into a certain Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement, dated as of November 4, 2014, as amended by the Consent to the Garney Change of Control and Conforming Amendments to the Water Transmission and Purchase Agreement, dated as of June 10, 2016 (as further amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the “WTPA”) with Vista Ridge LLC (f/k/a/ Abengoa Vista Ridge, LLC), a limited liability company organized and existing under the laws of the State of Delaware (along with its successors and assigns, the “Project Company”), pursuant to which the Project Company is obligated to acquire certain real property interests and to design, develop, construct, equip, finance, operate and maintain certain improvements and other equipment for the purpose of providing potable water to the City of San Antonio and otherwise for the benefit of SAWS (the “Project”), and SAWS is obligated to make certain payments and perform certain other obligations for the benefit of the Project Company;

WHEREAS, under the WTPA the Project Company has certain obligations to convey or cause to be conveyed to SAWS certain real and personal property upon the occurrence of certain events under the WTPA;

WHEREAS, pursuant to the WTPA the Project Company has elected to cause certain of its obligations to SAWS to be performed by Central Texas Regional Water Supply Corporation, a Texas not-for-profit water supply corporation (the “Water Supply Corporation”) including but not limited to the acquisition of an interest in certain real property, fixtures and other property;

WHEREAS, the Water Supply Corporation and SAWS (as acknowledged, consented to and joined by the Project Company) have entered into a certain Vista Ridge Project Real Property Conveyance Agreement, dated as of June 10, 2016 (as amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the “RPCA”), pursuant to which the Water Supply Corporation agrees, among other things, to convey to SAWS such property as is owned by the Water Supply Corporation and would otherwise be required to be conveyed to SAWS by the Project Company pursuant to the WTPA;

WHEREAS, pursuant to the RPCA, and as condition of SAWS’ execution of the RPCA, the Water Supply Corporation has delivered to SAWS a certain Standby Deed of Trust, Assignment of Rents and Revenues, Security Agreement and UCC Financing Statement for Fixture Filing, dated as of the date hereof (as amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the “Standby Deed of Trust”) encumbering the Water Supply Corporation Project Assets currently owned or hereafter acquired to secure the performance of the Water Supply Corporation’s obligation to convey the Water Supply Corporation Project Assets to SAWS in accordance with the terms of the RPCA (the “Conveyance Obligations”) and, in the event of a breach of the Conveyance Obligations, the SAWS shall have the right to foreclose on the Water Supply Corporation Project Assets in accordance with the terms of the Standby Deed of Trust.
Obligations, to pay to SAWS the liquidated damages provided for in Section 3.12(3) of the RPCA (the “Secured Amount”);

WHEREAS, the Project Company and the Water Supply Corporation have entered into a certain Credit Agreement (amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the “Credit Agreement”) dated as of the date hereof, with certain financial institutions as lenders or letter of credit issuing banks (collectively, the “Lenders” and each, individually, a “Lender”) and with Sumitomo Mitsui Banking Corporation, as administrative agent of the Lenders, pursuant to which certain loans, letters of credit and other extensions of credit are being made or will be made to the Project Company and the Water Supply Corporation in connection with the Project (collectively, the “Project Financing”);

WHEREAS, the Project Financing will be secured by certain mortgages, deeds of trust (including those certain Fee and Subleasehold Deeds of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement, dated as of the date hereof, by the Water Supply Corporation in favor of C. Christopher Wilson, as trustee for the benefit of the Creditors’ Agent, as described on Exhibit A attached hereto), security agreements and other instruments (collectively, as amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the “Creditors’ Security Instruments”) which will encumber some or all of the property encumbered by the Standby Deed of Trust, as applicable;

WHEREAS, Creditors’ Agent and SAWS are entering into a certain Creditors’ Remedies Agreement of even date with the Water Supply Corporation to address, as between them, their respective rights regarding the exercise of their respective remedies against the Project Company and the Water Supply Corporation (as amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the “CRA”);

WHEREAS, SAWS acknowledges and agrees that any foreclosure of the Standby Deed of Trust is subject to the satisfaction in full of the Lender’s prior right of payment of the Senior Debt (as defined in and provided for in the WTPA); and

WHEREAS, Creditors’ Agent, on behalf of the Secured Parties (as defined in the Depositary Agreement (as defined in the Credit Agreement)), acknowledges and agrees that any foreclosure of the Creditors’ Security Instruments is subject to the survival of the lien and effect of the Standby Deed of Trust.

NOW, THEREFORE, in consideration of the premises and the sum of Ten Dollars ($10.00) the receipt and sufficiency of which is hereby acknowledged, Creditors’ Agent and SAWS hereby covenant and agree as follows:

ARTICLE I
DEFINED TERMS

Section 1.01. Definitions. Unless the context otherwise specifies or clearly requires for the purposes of this Agreement, the capitalized terms used herein shall have the meanings specified in this Agreement including, without limitation, those defined hereinabove and those defined as follows (with all definitions herein to be applicable equally to singular and plural):

“Default” means, with respect to the Water Supply Corporation,
(a) a failure by the Water Supply Corporation or the Project Company to timely convey the Water Supply Corporation Project Assets in accordance with the WTPA and the RCPA, as applicable; or

(b) the Water Supply Corporation is dissolved or partitioned.

“Foreclosure Condition” means, either the Expiration Date or the Senior Debt Discharge Date (as each such term is defined in the WTPA) shall have occurred.

Section 1.02. Terms Not Defined Herein. Capitalized terms used in this Agreement but not defined herein shall have the respective meanings ascribed to such terms in the WTPA.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of SAWS. SAWS represents and warrants to Creditors’ Agent as of the date hereof as follows:

(a) The undersigned signatory for SAWS is an officer of SAWS and has full and complete authority to enter into this Agreement on behalf of SAWS.

(b) SAWS is an agency of the City of San Antonio, created by City Ordinance 75686 as a public utility, validly existing and in good standing under the laws of the State of Texas, and has the authority to do business in the State of Texas and in any other state in which it conducts its activities with full legal right, power and authority to execute, deliver and perform its obligations under this Agreement.

(c) This Agreement has been duly authorized, executed and delivered by SAWS, and constitutes a legal, valid and binding obligation of SAWS, enforceable against SAWS in accordance with its terms, except to the extent that its enforceability may be limited by the law of sovereign or governmental immunity, bankruptcy, insolvency or other similar laws affecting creditors’ rights from time to time in effect, and equitable principles of general application.

Section 2.02. Representations and Warranties of Creditors’ Agent. Creditors’ Agent represents and warrants to SAWS as of the date hereof as follows:

(a) The undersigned signatory for Creditors’ Agent is an officer of Creditors’ Agent and has full and complete authority to enter into this Agreement on behalf of Creditors’ Agent in its capacity as Collateral Agent for the Secured Parties.

(b) Creditors’ Agent is validly existing and in good standing under the jurisdiction of its incorporation, and has the authority to do business in the jurisdiction of its incorporation and in any other state in which it conducts its activities with full legal right, power and authority to execute, deliver and perform its obligations under this Agreement.

(c) This Agreement has been duly authorized, executed and delivered by Creditors’ Agent in its capacity as Collateral Agent for the Secured Parties and constitutes a legal, valid and binding obligation of Creditors’ Agent, in such capacity, and of each current and future Lender, enforceable against Creditors’ Agent and the Lenders in accordance with its terms, except to the extent that its enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors’ rights from time to time in effect, and equitable principles of general application.
ARTICLE III
COVENANTS AND AGREEMENTS


(a) SAWS shall not take any action to impair the lien or effectiveness of the Creditors’ Security Instruments, including but not limited to any foreclosure or trustee’s sale the effect of which is, or that purports to result in, a sale or other transfer of any Collateral (as defined in the Credit Agreement) free and clear of the lien and security interest of the Creditors’ Security Instruments, and any such foreclosure or trustee’s sale shall be void and of no effect with respect to the Creditors’ Security Instruments.

(b) SAWS shall not exercise any non-foreclosure remedies under the Standby Deed of Trust except following the expiration of any applicable cure period afforded to the Creditors’ Agent under the Creditors’ Remedies Agreement.

(c) The prohibitions on SAWS contained in subsection (a) and (b) of this Section 3.01 shall not apply following the satisfaction of the Foreclosure Condition.

Section 3.02. Non-Impairment of Standby Deed of Trust.

(a) Creditors’ Agent shall not take any action to impair the lien or effectiveness of the Standby Deed of Trust, including but not limited to any foreclosure or trustee’s sale under any of the Creditors’ Security Instruments the effect of which is, or that purports to result in, rendering any Water Supply Corporation Project Assets free and clear of the lien and security interest of the Standby Deed of Trust, and any such foreclosure, trustee’s sale or other action shall be void and of no effect with respect to the Standby Deed of Trust, which shall survive any such trustee’s sale, foreclosure or other action.

(b) Creditors’ Agent hereby acknowledges and agrees that a foreclosure of any of the Creditors’ Security Instruments will not disturb or terminate the rights of SAWS under the Standby Deed of Trust or the lien and security interest thereof, but that the same will remain in effect.

Section 3.03. Effectiveness of Agreement. This Agreement shall apply regardless of (a) whether any property affected by the Standby Deed of Trust or the Creditors’ Security Instruments, as the case may be, are encumbered thereby on the date hereof or become acquired or encumbered hereafter, (b) the order in which any mortgage, deed of trust or other security instrument is executed, recorded or filed, (c) the timing of any advance or the accrual of any obligation secured by the Standby Deed of Trust or the Creditors’ Security Instruments, as the case may be, and (d) any amendment, extension, restatement or replacement of the Standby Deed of Trust or the Creditors’ Security Instruments.

Section 3.04. Expenses. Each party shall bear its own expenses in connection with this Agreement.
ARTICLE IV

MISCELLANEOUS

Section 4.01.  Prior Agreements Superseded.  This Agreement, along with the CRA, are the sole agreements between SAWS and Creditors’ Agent with regard to the matters set forth herein and any prior agreements or understandings are superseded hereby and merged herein.

Section 4.02.  Conflicts Between This Agreement And The CRA.  This Agreement and the CRA are intended to be complementary.  However, in the event of any conflict or inconsistency between the terms of the CRA and the terms of this Agreement the terms of this Agreement shall govern.

Section 4.03.  Severability.  If any provisions of this Agreement or the application thereof to any person, entity or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons, entity or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

Section 4.04.  Governing Law; Submission to Jurisdiction.  This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without resort to any jurisdiction's conflict of laws rules, laws or doctrines.  Any claims arising out of this Agreement shall be submitted to the courts of the State of Texas in Bexar County or of the United States for the Western District of Texas.  In any action on or related to the terms of this Agreement, the parties (for themselves and their successors and assignees) hereby waive any right to trial by jury and expressly consent to trial of any such action before the court.

Section 4.05.  Notices.  Any and all notices, elections, demands, requests and responses thereto permitted or required to be given under this Agreement shall be in writing, signed by or on behalf of the party giving the same, and shall be deemed to have been properly given and shall be effective upon being personally delivered, or upon being deposited in the United States mail, postage prepaid, certified with return receipt requested, to the other party at the address of such other party set forth below or at such other address within the continental United States as such other party may designate by notice specifically designated as a notice of change of address and given in accordance herewith; provided, however, that the time period in which a response to any such notice, election, demand or request must be given shall commence on the date of receipt thereof; and provided, further, that notice of change of address shall be effective until the date of receipt thereof.  Personal delivery to a party or to any officer, partner, agent or employee of such party at said address shall constitute receipt.  Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received shall also constitute receipt.  Any such notice, election, demand, request or response, if given to SAWS, shall be addressed as follows:
San Antonio Water System  
2800 US Hwy 281 North  
San Antonio, TX 78212  
Attention: President and Chief Executive Officer

With a copy to:

San Antonio Water System  
2800 US Hwy 281 North  
San Antonio, TX 78212  
Attention: General Counsel

if given to Creditors’ Agent, shall be addressed as follows:

Sumitomo Mitsui Banking Corporation  
277 Park Avenue, 4th Floor  
New York, NY 10172  
Attn: Raymond DiPrinzio/Wunda Pangu  
Facsimile: 212.918.1633  
Telephone: 212.224.5266/212.224.4352  
Email: rdiprinzio@smbc-lf.com/  
wunda_pangu@smbcgroup.com/  
agencyservices@smbcgroup.com

Section 4.06. Limitation of Rights of Others. Nothing in this Agreement is intended or shall be construed to give to any person or entity, other than the parties, the Secured Parties, their successors and assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or provision herein contained.

Section 4.07. Modification and Amendment. This Agreement may not be modified or amended except by an instrument in writing executed by SAWS and Creditors’ Agent, and no requirement hereof may be waived at any time except by a writing signed by the party against whom such waiver is sought to be enforced, nor shall any waiver be deemed a waiver of any subsequent breach or default.

Section 4.08. Covenants Running With the Land. All obligations of the parties to this Agreement are intended by the parties to be and shall be construed as covenants running with the Mortgaged Premises and the Land (as such terms are defined in the Standby Deed of Trust).

Section 4.09. Counterparts. This Agreement may be executed in any number of counterparts and each thereof shall be deemed to be an original; and all such counterparts shall constitute but one and the same instrument.

Section 4.10. Successors and Assigns. All of the provisions herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. Wherever used, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.
Section 4.11. **Survival of Representations, Warranties and Covenants.** All representations, warranties and covenants contained in this Agreement shall survive the execution hereof and continue in full force and effect during the term hereof.

Section 4.12. **No Partnership or Joint Venture Intended.** The parties do not intend to create a partnership or joint venture by virtue of the execution and delivery of this Agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered, all as of the day and year first above written.

CREDITORS’ AGENT:

Sumitomo Mitsui Banking Corporation

By ____________________________
Name ____________________________
Title ____________________________

STATE OF ____________________________

COUNTY OF ____________________________

ACKNOWLEDGMENT

This instrument was acknowledged before me on the ___ day of ___________, 2016, by ____________________________ of Sumitomo Mitsui Banking Corporation, a ______________, on behalf of said corporation.

____________________________________
Notary Public in and for the State of ____________

____________________________________
Printed Name of Notary

My Commission expires: ____________
CITY OF SAN ANTONIO, TEXAS, ACTING BY
AND THROUGH THE SAN ANTONIO WATER
SYSTEM BOARD OF TRUSTEES

By ____________________________
Name: __________________________
Title: __________________________

STATE OF )
) ss.: __________________________
COUNTY OF )

ACKNOWLEDGMENT

This instrument was acknowledged before me on the ___ day of _________, 2016, by ____________________________ of the San Antonio Water System Board Of Trustees, an agency of the City of San Antonio, Texas, established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq, and Chapter 1502, as amended, Texas Government Code, on behalf of said corporation.

________________________________
Notary Public in and for the
State of _________________________

________________________________
Printed Name of Notary

My Commission expires: ____________
Exhibit A

Affected Premises

Those certain tracts of real property described in the following instruments:

1. Fee and Subleasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement, dated as of the date hereof, by the Water Supply Corporation in favor of C. Christopher Wilson, as trustee for the benefit of Sumitomo Mitsui Banking Corporation, as Collateral Agent, and filed of record on November __, 2016, in the Official Records of Real Property of Bastrop County, Texas, under Clerk’s File No. _____________

2. Fee and Subleasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement, dated as of the date hereof, by the Water Supply Corporation in favor of C. Christopher Wilson, as trustee for the benefit of Sumitomo Mitsui Banking Corporation, as Collateral Agent, and filed of record on November __, 2016, in the Official Records of Real Property of Bexar County, Texas, under Clerk’s File No. _____________

3. Fee and Subleasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement, dated as of the date hereof, by the Water Supply Corporation in favor of C. Christopher Wilson, as trustee for the benefit of Sumitomo Mitsui Banking Corporation, as Collateral Agent, and filed of record on November __, 2016, in the Official Records of Real Property of Burleson County, Texas, under Clerk’s File No. _____________

4. Fee and Subleasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement, dated as of the date hereof, by the Water Supply Corporation in favor of C. Christopher Wilson, as trustee for the benefit of Sumitomo Mitsui Banking Corporation, as Collateral Agent, and filed of record on November __, 2016, in the Official Records of Real Property of Caldwell County, Texas, under Clerk’s File No. _____________

5. Fee and Subleasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement, dated as of the date hereof, by the Water Supply Corporation in favor of C. Christopher Wilson, as trustee for the benefit of Sumitomo Mitsui Banking Corporation, as Collateral Agent, and filed of record on November __, 2016, in the Official Records of Real Property of Comal County, Texas, under Clerk’s File No. _____________

6. Fee and Subleasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement, dated as of the date hereof, by the Water Supply Corporation in favor of C. Christopher Wilson, as trustee for the benefit of Sumitomo Mitsui Banking Corporation, as Collateral Agent, and filed of record on November __, 2016, in the Official Records of Real Property of Guadalupe County, Texas, under Clerk’s File No. _____________

7. Fee and Subleasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement, dated as of the date hereof, by the Water Supply Corporation in favor of C. Christopher Wilson, as trustee for the benefit of Sumitomo Mitsui Banking Corporation, as Collateral Agent, and filed of record on November __, 2016, in the Official Records of Real Property of Lee County, Texas, under Clerk’s File No. _____________
8. Fee and Subleasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement, Fixture Filing, and Financing Statement, dated as of the date hereof, by the Water Supply Corporation in favor of C. Christopher Wilson, as trustee for the benefit of Sumitomo Mitsui Banking Corporation, as Collateral Agent, and filed of record on November __, 2016, in the Official Records of Real Property of Milam County, Texas, under Clerk’s File No. __________