

CONTRACT FOR SALE OF WATER

STATE OF TEXAS

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COUNTY OF BELL

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THIS CONTRACT, regarding the wholesale of potable water (the "Contract"), is made and entered into on the date shown below, by and between the City of Killeen, Texas, a Texas home-rule municipality (the "Supplier") and Texas Water Utilities, L.P., a Texas limited partnership, by and through its general partner, Texas Water Services Group, LLC, a Texas limited liability company (the "Customer"); collectively, the "Parties".

RECITALS

WHEREAS, Customer is desirous of obtaining potable water;

WHEREAS, Supplier will have potable water available to be sold by it to the Customer;

WHEREAS, the Parties desire to enter into an agreement for the sale of potable water by Supplier to Customer; and

WHEREAS, the Bell County Water Control and Improvement District Number 1 ("District"), by minutes dated March 27, 2025, has consented to this Contract as per the Amended and Restated Water Supply Contract between the District and the Supplier, dated June 24, 2004.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreement herein contained, Supplier agrees to provide, and Customer agrees to pay for, potable water upon the terms and conditions and for the consideration set forth below:

1. DEFINITIONS. In addition to any terms defined elsewhere in this Contract, the following terms shall have the meanings set out below:

"Customer Line" means one of two proposed twelve-inch water transmission lines running from the Point of Delivery to the End Point, as approximately designated on the attached Exhibit "A."

"End Point" means the location where the Customer Line terminates, as approximately designated as "Mustang Springs Service Point" on the attached Exhibit "A."

"Initial Delivery" means the date in which Customer Line is connected to Supply Line and Supplier is providing water to Customer for residential water demand.

“Phase-in Period” means the time following the Initial Delivery until the amount needed for residential water demand equals \$10,000 per month based on the rates described below.

“Point for Delivery” means the location at the Supply Line and at which Supplier will provide water to Customer from Supplier’s system, as approximately designated on the attached Exhibit "A."

“Substantial Completion” means such time when either of the two proposed pipelines, as shown in the attached Exhibit “A”, is connected and water can flow from the Point of Delivery to the End Point.

“Supply Line” means the existing and in-place thirty-six-inch water transmission line north of FM 2484 in Bell County.

2. QUANTITY. (a) Supplier shall, during the Term of this Contract, tender and make available to Customer for its use and at the Point of Delivery as specified below, potable water in the volume required by Customer, provided that the maximum rate of delivery of such water shall not exceed 1.5 million gallons per day. Customer shall pay Supplier for such services in accordance with the provisions of Section 9 below.

(b) Should Customer desire to increase the maximum rate of delivery as stated in Paragraph 2(a), a written request stating the desired rate of increased delivery shall be addressed to Supplier and it shall then become a matter of negotiation between Customer and Supplier.

(c) The Parties understand and agree that Supplier is not the producer of the water subject to this Contract. However, Supplier will use its best efforts to remain in a position to furnish water as contracted to be sold to Customer, but its obligations shall be limited in accordance with other conditions contained below. If at any time the total water supply available to Customer shall be insufficient to meet all of the needs of its customers, water must first be furnished to all customers of Customer sufficient to satisfy their needs for domestic purposes before supplying any water for the watering of lawns or gardens.

(d) In the event that the total water supply available to Supplier shall become insufficient to meet all of the needs of Supplier’s retail customers and the customers of Customer, Supplier may decrease the agreed upon quantities and/or flow to Customer or temporarily suspend this Contract and cease providing water to Customer until such conditions improve and sufficient quantities return. Before decreasing quantities, decreasing flow, or suspending this Contract, Supplier shall provide sixty days advance written notice to Customer.

3. QUALITY. Supplier is obligated to furnish to Customer potable water which will be of the same quality as Supplier furnishes its customers.

4. WATER CONSERVATION. Supplier has adopted water conservation ordinances and a Drought Contingency Plan. Customer agrees to adopt, implement, and enforce said ordinance and Plan as well as any and all other ordinances and policies related to water conservation and drought management as required by the Texas Water Code, rules of the TCEQ, and/or as may be adopted by the City, as may be applicable to Customer.

5. METERING. (a) Customer, at its own expense, shall furnish and install the necessary meters, equipment, and devices of standard type ("Equipment") at the Point of Delivery for measuring and controlling the quantity of water delivered under this Contract. Once installed, the Equipment shall become property of the Supplier. Customer shall have access to the Equipment at all reasonable times during normal business hours, but the responsibilities of reading, calibration, and adjustment of said Equipment shall remain with Supplier.

(b) Supplier shall calibrate the equipment at such times as may be required under the rules and regulations of the Texas Commission on Environmental Quality. In addition, upon the written request of Customer, and not more than once per six-month period, Supplier shall calibrate the Equipment in the presence of a representative of Customer. If Customer requests calibration, Supplier will give Customer notice of the date and time such calibration shall occur. If a representative from Customer is not present at the given date and time, Supplier may proceed with calibration in the absence of the representative.

(c) Customer may, at its option and its own expense, install and operate a check meter downstream of the Point of Delivery to check each billing meter installed by Supplier, but the measurement of water for the purpose of this Contract shall be solely by the Supplier's meter. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of the Supplier with reasonable advance written notice to Customer.

6. BACKFLOW PREVENTION. Customer shall be solely responsible for adopting and enforcing appropriate regulations for the control and elimination of cross-connections and conditions of backflow and back siphonage within its retail water system in accordance with applicable federal, state, and local laws and regulations.

7. POINT OF DELIVERY. Supplier will deliver at the Point of Delivery the quantities of water contracted for at the pressure which is maintained at said point in the water supply system of Supplier. Customer may utilize whatever pressure maintained in the Supplier system for the movement of the water contracted to be purchased through the supply lines of the Customer.

Customer, at its sole expense, shall be responsible for connecting the Customer Line to the Supply Line at the Point of Delivery. In the event that the water supply line is relocated for any reason beyond the reasonable control of Supplier, Customer shall be

responsible for all costs associated with construction and relocation of the Point of Delivery.

Supplier will not be responsible for any maintenance or repair of any pipeline or other infrastructure beyond the Point of Delivery.

8. UNIT OF MEASUREMENT. The unit of measurement for water delivered shall be 1,000 gallons of water U.S. Standard Liquid Measure.

9. PRICE AND TERMS. (a) Within thirty days following Substantial Completion, Customer will pay Supplier a \$1,000,000 connection fee.

(b) During the Phase-In Period, Customer will pay Supplier \$10,000 per month.

(c) Following the Phase-In Period and for the remainder of the Term, Customer will pay Supplier \$4.00 per 1,000 gallons of water per month (the "Rate").

(c) Supplier will read the meter at the Point of Delivery monthly and prepare and deliver to Customer a bill for the month. Payment shall then be made each month by the Customer to Supplier no later than the last day of the month following the date of the billing statement, but only after Customer is connected to Supplier's system.

(d) If Customer takes water under this Contract during any month that exceeds the amount set out in Paragraph 2(a), Customer will pay 1.15 times the Rate for such excess.

10. RATE ADJUSTMENT. Supplier may increase the Rate from time to time, but no more often than annually. Upon such an increase, Supplier will provide Company sixty days written notice at which time the new rate will become effective. If the rate hereunder increases by more than 10% at any given time, Customer may terminate this Agreement by providing at least thirty (30) days written notice to Supplier.

11. CERTIFICATE OF CONVENIENCE AND NECESSITY. The Parties acknowledge that the area to be serviced by Customer in connection with this Contract is within the Certificate of Convenience and Necessity ("CCN") for the City of Georgetown (CCN No. 12369). Customer, at its own expense, shall obtain a CCN from the Public Utility Commission of Texas to cover the area to be serviced.

12. FORCE MAJEURE. In case of reason of a Force Majeure event, either party shall be rendered unable wholly or in part to carry out its obligations under this Contract, then if such party shall give notice and full particulars of such Force Majeure event in writing to the other party within a reasonable time after occurrence of the event or cause relied on. The obligation of the party giving such notice, so far as it is affected by such Force Majeure event, shall be suspended during the continuance of the Force Majeure event then claimed but no longer, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch.

The term "Force Majeure" as used in this Contract, means strikes, lockouts, or other industrial disturbance, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, civil disturbances, explosions, pandemics, or breakage or accidents to machinery, pipelines, or canals. No damage shall be recoverable from Supplier by reason of the suspension of the delivery of water due to any of the causes above mentioned, and no failure of the Supplier to meet any obligations by reasons of force majeure shall relieve the Customer from its obligations to make the payments required under the terms of Section 8 above.

13. TERM. This Contract shall become effective upon the Effective Date and, unless terminated sooner as provided herein, continue in full force and effect for a period of ten years ("Initial Term"). Upon the mutual written consent of the Parties, the Contract may be extended for one additional ten-year term following expiration of the Initial Term ("Renewal Term"); each a "Term". If Customer desires to exercise said renewal option, it will give Supplier sixty days written notice before the termination of the Initial Term.

14. EVENTS OF DEFAULT. (a) Each of the following events or conditions shall constitute an "Event of Default" by Customer:

- (i) Customer fails to make a payment of monies due hereunder within thirty days of the due date, and such failure is not cured within thirty days after notice thereof from Supplier;
- (ii) Customer fails to observe or perform any of its covenants or material duties or obligations contemplated by this Contract, and such failure is not cured within thirty days after notice thereof from Supplier; or
- (ii) Customer (1) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or have such petition filed against it, and such proceeding remains uncontested for sixty days or (2) otherwise become bankrupt or insolvent (however evidenced).

(b) Each of the following events or conditions shall constitute an "Event of Default" by Supplier:

- (i) Supplier fails to observe or perform any of its covenants or material duties or obligations contemplated by this Contract, and such failure is not cured within thirty days after notice thereof from Customer; or
- (ii) Supplier (1) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or have such petition filed against it, and such proceeding remains uncontested for sixty days or (2) otherwise become bankrupt or insolvent (however evidenced).

(c) In the case of a non-monetary Event of Default by either Party, the non-breaching Party may terminate this Contract following the thirty-day cure period. If the Event of Default is related to Paragraph 14(a)(1), following the cure period, Supplier may limit the quantity of water to be delivered under this Contract and require Customer to stop making

new retail connections to the system until the default is cured. If the monetary default remains uncured for an additional sixty days beyond the initial cure period, Supplier may terminate this Contract and cease providing water to Customer.

15. LIMITATION ON RESALE. Customer agrees that it will not, during the Initial Term or Renewal Term, resell any of the treated water it purchases from Supplier hereunder to any wholesale or other customer other than retail customers within its service area, without prior written authorization by Supplier.

16. ASSIGNMENT. This Contract may not be assigned except with the written consent of Supplier or Customer, as applicable, which consent will not unreasonably be withheld, delayed, or denied.

17. MODIFICATION. This Contract may be changed or modified only by a written Contract signed by representatives of both parties.

18. REGULATORY BODIES. This Contract shall be subject to all valid rules, regulations and laws applicable hereto, passed or promulgated by the United States of America, the State of Texas; or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

19. NOTICES. All notices or communications provided for shall be in writing and shall be either delivered to Customer or Supplier, or if mailed, shall be sent by registered mail, postage prepaid, addressed to Customer or Supplier at the address hereafter furnished by said party.

20. ENTIRE AGREEMENT. This Contract constitutes the entire agreement between the Parties respecting the subject matter hereof and supersedes any prior understanding or written or oral agreements concerning same.

21. COUNTERPARTS. This Contract may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

22. SEVERABILITY. The provisions of this Contract are severable and, in the event that any portion of this Contract is found to be invalid or unconstitutional for any reason, the remainder of this Contract will not be affected, and this Contract will be construed as if it had never contained such invalid or unconstitutional provision.

23. GOVERNING LAW. This Contract, and the rights and obligations of the Parties under or pursuant to this Contract, shall be governed by the laws of the State of Texas. Venue for legal actions arising hereunder shall lie exclusively in Bell County, Texas.

24. JOINT PREPARATION. This Contract shall be considered for all purposes as having been prepared through the joint efforts of the Parties and shall not be construed

against one party or the other as a result of the preparation, substitution or other event of the negotiation, drafting or execution thereof.

25. RELATIONSHIP OF THE PARTIES. Customer and Supplier shall not be deemed in a relationship of partners or joint ventures by reason of this Contract, or the activities taken pursuant hereto. This Contract is intended to secure and provide for the services of each party as an independent contractor.

26. NO CONSEQUENTIAL DAMAGES. Notwithstanding any other provision of this Contract, in no event shall the Parties, by reason of any of their respective acts or omissions relating to any of their obligations under this Contract, be liable, whether in contract, tort, misrepresentation, warranty, negligence, strict liability or otherwise, for any special, indirect, incidental, or consequential damages arising out of or in connection with this Contract, or the performance or breach thereof.

27. ATTORNEY'S FEES. In the event of any dispute and/or legal action arising from an interpretation and/or performance of any of the provisions of this Contract, the prevailing party shall be awarded reasonable attorney's fees and costs.

28. INDEMNIFICATION. As part of the consideration for the Contract, and to the greatest extent allowed by law, both parties, for themselves and their successors and assigns shall indemnify and hold harmless each other and their respective officers, directors, representatives and agents from every actual loss, damage, injury, cost, expense, claim, judgment or liability of every kind or character, whether in contract, tort or otherwise, which arises directly (but not indirectly) from each party's willful, intentional, reckless, negligent (whether active, passive or gross) acts or omissions related to or arising from this Contract. This indemnity and hold harmless agreement will apply whether such acts or omissions are conducted by either party or any subcontractor or agent of either party.

** * * Signatures to Follow * * **

IN WITNESS WHEREOF, the Parties acting under authority in their respective governing bodies, have caused this Contract to be duly executed, all as of the _____ day of _____, 20____; the "Effective Date".

City of Killeen, Texas

By: _____

Name: Kent Cagle

Title: City Manager

Address: 101 North College Street, Killeen, TX 76541

TEXAS WATER UTILITIES, L.P.

By: Texas Water Services Group, LLC Its general partner

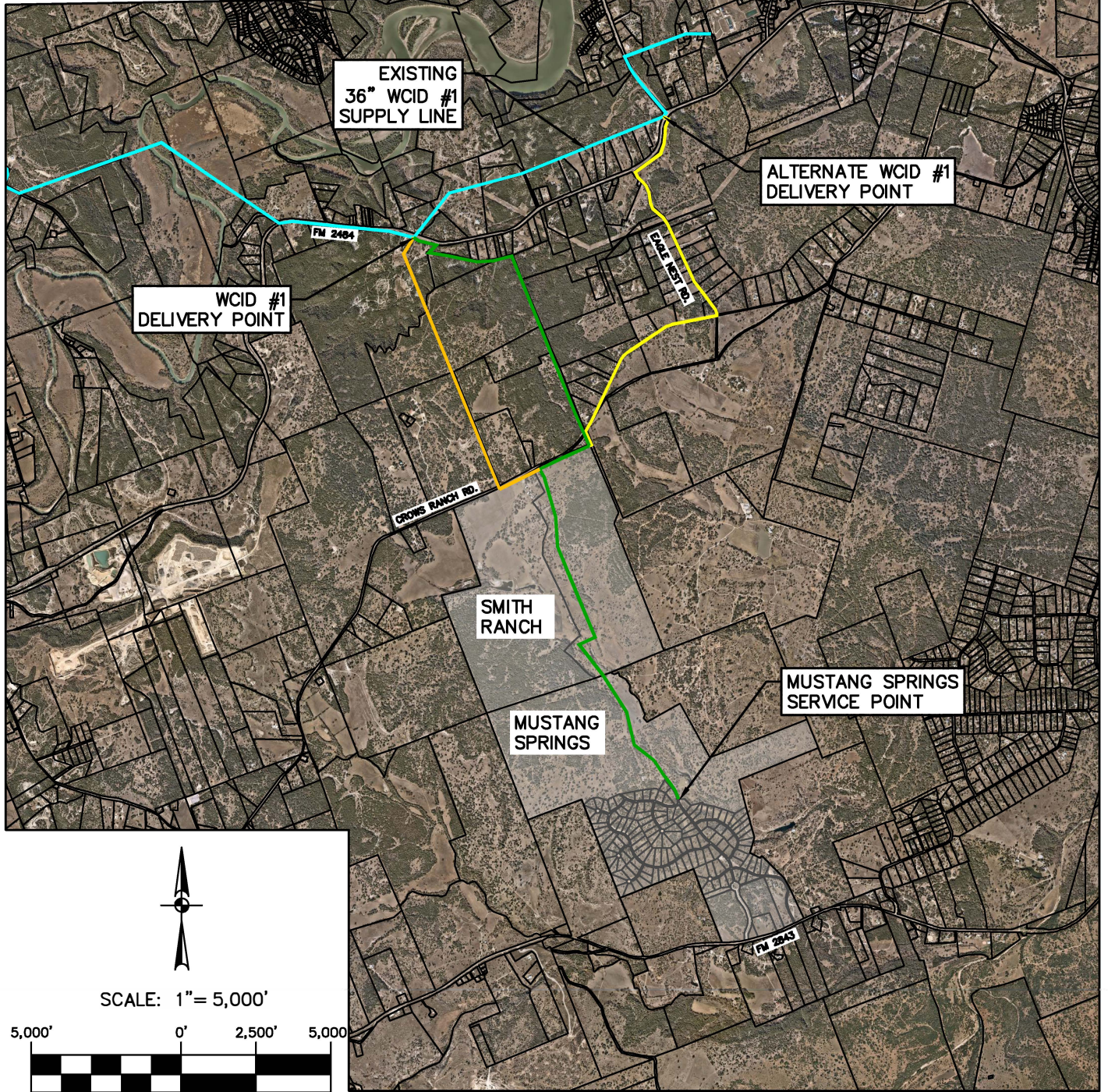
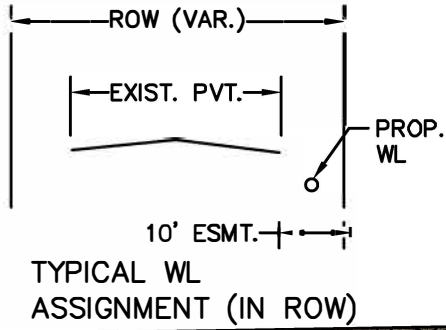
By: _____

Name: Jeffrey L. McIntyre

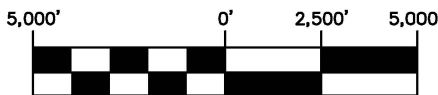
Title: President

Address: 12535 Reed Road, Sugar Land, TX 77478

Exhibit A



SCALE: 1" = 5,000'



JOB NO. 51365-01
 DATE MAR 2025
 DESIGNER
 CHECKED DRAWN
 SHEET 1 of 1

MUSTANG SPRINGS
 SALADO, TEXAS
 KILLEEN WL EXHIBIT

PAPE-DAWSON ENGINEERS

AUSTIN | SAN ANTONIO | HOUSTON | FORT WORTH | DALLAS
 10801 N MOPAC EXPY, BLDG 3, STE 200 | AUSTIN, TX 78759 | 512.454.8711
 TBPE FIRM REGISTRATION #470 | TBPLS FIRM REGISTRATION #10028801