

WATER SUPPLY CONTRACT

This Contract is made on September 30, 2011, by and between the City of Bronte, Texas, a Municipal Corporation of Coke County, Texas ("Bronte"), and the City of Robert Lee, Texas, a municipal corporation of Coke County, Texas ("Robert Lee")

WITNESSETH:

That for and in consideration of the covenants, promises and agreements set forth herein, it is mutually agreed as follows:

I. GENERAL PROVISIONS**A. Purpose**

The purpose of this Contract is for Bronte to sell and provide water to Robert Lee for residential and commercial uses and for uses incidental to such uses under this Contract's provisions.

On an interim basis, water shall be transported from Oak Creek reservoir through Bronte's existing pipelines and treated by Bronte's existing treatment plant until Bronte's new facilities are in place. Once Bronte's new water wells, pipelines, treatment plant, etc. are in place, water provided under this contract shall be transported and treated by Bronte's new facilities.

In addition to Robert Lee providing water service to its existing meters, Robert Lee shall be permitted to set service meters (not larger than 3/4") along Robert Lee's proposed treated water line west of Bronte along Highway 158 outside of Bronte's ETJ (1/2 mile from Bronte's city limits). Robert Lee shall not provide water service to any property within Bronte's ETJ. All facilities required to provide Bronte water to Robert Lee shall be designed, constructed, owned, and operated by the City of Bronte except for Robert Lee's proposed pipeline between Bronte and Robert Lee and Robert Lee's proposed pump station to be located at the Bronte water treatment plant.

B. Term of Duration

This Contract is effective for 40 years, from October 1, 2011 through September 30, 2051.

C. Modification

This Contract may be changed or modified only by Bronte and Robert Lee. Any modification must be in writing and signed by all parties. Such modification may be requested by either party, in which event a joint meeting of representatives of all parties shall be held within 90 days after such notice is given, at which joint meeting the requested changes or modifications shall be considered and discussed. No such change or modification may be made which will adversely affect the prompt payment, when due, of all monies required to be paid by Robert Lee under this Contract's provisions.

D. No Assignment

Robert Lee shall not assign or transfer any interest under this Contract without Bronte's prior written consent.

E. Breach and Termination

Upon either party's breach of any of this Contract's provisions, the other party may terminate this Contract after providing written notice of the breach to the breaching party. The party in breach shall have 90 days to correct all contract violations after receipt of written notice by registered or certified mail to the address shown herein. Such notice shall explain in detail the Contract provision(s) that has been breached and the circumstances giving rise to the breach.

It is specifically provided that Robert Lee's failure to timely pay Bronte for water supplied under this Contract is a breach of this Contract. If Robert Lee pays the full amount of money owed Bronte within 90 days after Bronte gives notice of the breach, this Contract shall remain in full force and effect. However, Bronte's acceptance of any partial payment from Robert Lee will not waive any of Bronte's contract rights, including the right to pursue Robert Lee for any remaining balance due. No endorsement or statement on any check or letter which acknowledges payment, partial or full, shall be deemed an accord and satisfaction.

F. Notices

All notices required under the provisions of this Contract must be in writing, hand-delivered or sent by registered or certified mail to the addresses below. The name and address for notification may be changed by notice to the other party.

Bronte: City of Bronte
Attn: Mayor Gerald Sandusky
P. O. Box 370
Bronte, Texas 76933

Corporation: City of Robert Lee
Attn: Mayor John Jacobs
P. O. Box 26
Robert Lee, Texas 76945

G. Venue

Venue for any cause of action arising under this Contract is in Coke County, Texas. This Contract is governed by the laws of Texas both as to interpretation and performance.

H. Force Majeure

If by reason of *force majeure* either party hereto is rendered unable wholly or in part to carry out its contract obligations, other than Robert Lee's obligation to make payment required under the provisions hereof, then if such party shall give written notice and full details of such *force majeure* to the other party within 10 days after occurrence of the event or cause relied on, the obligation of the party filing such notice, so far as it is affected by such *force majeure*, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "*force*

majeure" as used herein means any circumstance or condition beyond the party's control, including but not limited to: acts of God and actions of the elements (including floods, droughts, storms, etc.); acts of the public enemy or acts of war; strikes or other industrial disturbances; accidents; explosions; laws, acts, rules, regulations, or orders of any local, state, or federal government; transportation failures; civil disturbances; breakage or accidents to machinery, pipelines or canals; partial or complete water supply failure; and Bronte's inability to deliver water or Robert Lee's inability to receive water hereunder due to any other causes not reasonably within the control of the party claiming such inability.

I. No Indebtedness

Robert Lee agrees that no payments owed by it to Bronte, including payment in advance for service charges or any sums of any character whatsoever, are or shall become delinquent or in arrears.

J. Attorney's Fees

If either party brings legal action to enforce this Contract's provisions, the prevailing party shall be entitled to reasonable attorney's fees and court costs.

K. Compliance with Laws and Regulations

When taking water from Bronte, Robert Lee hereby agrees to comply with all applicable local, state, and federal laws and regulations. Robert Lee hereby agrees to comply with all provisions of Bronte's Drought Contingency Plan and as such other ordinances regulating the use of water as applicable.

L. Conflict/Severability

If any provision of this Contract conflicts with a state or federal law or constitution, the state or federal law or constitution shall control. The invalidity of any provision of this Contract as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

M. Subject to Certificate of Convenience

Upon final contract approval and execution by all parties, the terms and conditions of the Contract shall be filed with and be a part of any "Certificate of Convenience and Necessity" that has been or will be issued to Robert Lee by the Texas Commission on Environmental Quality.

N. Additional Contract Violations

It is hereby agreed that the following actions are contract violations that subject Robert Lee to liability to Bronte in the amount of \$1,000 per violation per month that the violation continues:

1. Robert Lee fails to comply with Bronte's Drought Contingency Plan; or
2. Robert Lee sells any Bronte water in violation of this Contract (e.g., sells water outside the

specified service area shown in Section A of this contract).

II. FURNISHING WATER

A. Delivery Point

Bronte agrees to sell and provide water, as available, to Robert Lee at the following point of metering which shall be known as the "Delivery Point":

City of Bronte Water Treatment Facility

Additional Delivery Points may be designated as negotiated between Bronte and Robert Lee.

Robert Lee agrees to purchase and to take delivery of said water at the Delivery Point for Robert Lee's own use. Bronte is obligated to deliver the same quality of water that is supplied to Bronte's customers. Robert Lee agrees to provide all necessary cross connection control for its Delivery Point distribution and storage system that may be required by the health standards of the State of Texas, and any changes thereto. If Robert Lee moves or abandons the designated Delivery Point, Robert Lee shall pay all costs incurred in relocating the Delivery Point.

B. Quantity and Demand

The unit of measurement for water delivered hereunder shall be 1,000 gallons of water, U.S. Standard Liquid Measure.

"Water Year" means the year beginning October 1 and ending September 30.

"Contract Amount" will not exceed 200,000 gallons per day.

Bronte is not required to deliver any more water to Robert Lee than the Maximum Daily Flow Rate. The "Maximum Daily Flow Rate" of water that Bronte's system is capable of delivering to Robert Lee, at a minimum pressure as provided by Bronte's treated water storage is 500 gallons per minute.

Bronte will use its best efforts to remain in a position to furnish water sufficient for Robert Lee's reasonable demands, but Bronte's obligation under this Contract shall depend on the amount of water available to Bronte from its own source of supply. If unavoidable distribution system, water plant, or raw water supply problems arise, Bronte reserves the right to further limit Robert Lee's quantity of water to be taken on an hourly, daily, and/or monthly basis as Bronte determines necessary, to preserve adequate water for both parties.

In providing water hereunder, Bronte shall have the option to provide water from either surface water or well water or combination thereof.

If there is a change in Bronte's Drought Contingency Plan, written notice of such change shall be mailed to Robert Lee.

C. Rates

Robert Lee agrees to pay as noted below, which shall be the rates for one year from the effective date of this contract:

Oak Creek water - \$2.20 per 1,000 gallons

Well water - \$3.95 per 1,000 gallons

Robert Lee agrees that Bronte may revise this Contract rate from time to time to cover all reasonable, actual, and expected costs including the cost of future municipal water supplies. Bronte shall give 60 days advance written notice to Robert Lee of any rate change.

D. Payment

Bronte agrees to provide a monthly statement of charges for each month's water delivery. Robert Lee agrees to pay within 30 days from receipt of the statement.

E. Additional Water Supplies

If Robert Lee develops or acquires additional water supplies from any source other than Bronte, resulting in a reduced water demand to Bronte, then Bronte is released from the obligation to supply the quantity of water mutually established under Part II(B) of this Contract. In such event, Bronte may adjust its supply obligation to levels commensurate with Robert Lee's reduced demand. Robert Lee specifically agrees not to take water from Oak Creek reservoir except as provided for in this contract and based upon the contract between Robert Lee, Bronte, and UCRA. Also, Robert Lee specifically agrees not to drill water wells within 3 miles of Bronte's existing well fields without Bronte's consent.

F. Facilities and Equipment

Robert Lee agrees to construct and install all pipelines, master meter, valves, fittings, and appurtenances required to meet the quantity and demand requirements set forth in Part II(B) of this Contract. Robert Lee shall own and maintain all facilities and equipment from that point where its system is connected to Bronte's water system, except for the master meter. Bronte will own, and maintain the master meter, as required, to maintain meter accuracy. Both parties to this Contract shall have access to such metering equipment at all reasonable times. It is the duty of each party to this Contract to notify the other party if any meter is registering inaccurately or malfunctioning so the meter can be promptly repaired. Each meter will be operated and maintained so as to record with commercial accuracy. Bronte will notify Robert Lee before any meter tests are performed. Either party may request a meter test with the other party having the right to witness such test. If Robert Lee requires that an independent testing service be used, Robert Lee shall pay the cost of the testing service if the meter is found to be accurate. If the meter is found to be inaccurate, Bronte shall pay the costs of the testing service. Robert Lee shall provide electric meter for its pump station and shall pay for said electricity.

In the event that Bronte and Robert Lee enter into an agreement where Bronte purchases water from Robert Lee, Robert Lee shall allow Bronte to use without charge the pipeline constructed by Robert Lee to receive water provided hereunder.

G. Right to Water

The right to use the water supplied under this Contract shall remain with Bronte up to the Delivery Point. From such Delivery Point, whether metered there or not, the right to use the water shall pass to Robert Lee.

H. Hold Harmless

To the extent permitted by law, Robert Lee shall indemnify, hold harmless, and defend Bronte, its officers, agents, and employees from and against all liability for any and all claims, liens, suits, demands, and/or actions for damages, injuries to persons (including death), property damage (including loss of use), and expenses, including court costs, attorneys' fees, and other reasonable costs occasioned by or resulting from the negligent acts or omissions of Robert Lee during the transportation, delivery, and disposal of said water beginning at the Delivery Point and continuing while title to the water remains with Robert Lee.

To the extent permitted by law, Bronte shall indemnify, hold harmless, and defend Robert Lee, its officers, agents, and employees from and against all liability for any and all claims, liens, suits, demands, and/or actions for damages, injuries to persons (including death), property damage (including loss of use), and expenses, including court costs, attorneys' fees, and other reasonable costs occasioned or resulting from the negligent acts or omissions of Bronte during the transportation, delivery, and disposal of said water while title to the water remains with Bronte, ending at the Delivery Point.

In the event of liability from claims, liens, suits, demands, or actions arising out of or occasioned by the negligence of both Robert Lee and Bronte, their officers, agents or employees in the performance of this Agreement, each party shall contribute toward the satisfaction of the liability its proportionate share, which share shall be equal to the percentage of negligence attributable to that party, as permitted by law.

AGREEMENT

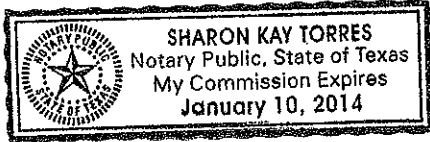
Entire Agreement. This Contract is the entire agreement of the parties, and any prior representations, warranties, agreements, promises, or negotiations, verbal or otherwise, pertaining to this agreement not expressly set forth in this written agreement are of no force and effect. This Contract shall cover all water sales by Bronte to Robert Lee. This Contract shall be binding upon and shall inure to the benefit of the respective successors and/or assigns of Bronte and Robert Lee.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed.

STATE OF TEXAS §

COUNTY OF COKE §

This instrument was acknowledged before me on September 30, 2011, 2011,
by John Jacobs, Mayor City of Robert Lee, a Texas water
supply corporation, on behalf of said corporation.



Sharon Kay Torres
Notary Public, State of Texas

FILED FOR RECORD
AT 9:00 O'CLOCK A M
ON THE 4 DAY OF October
A.D., 2011.

STATE OF TEXAS
COUNTY OF COKE
I hereby certify that this instrument was
FILED on the date and at the time stamped
hereon by me and was duly RECORDED in
the Volume and Page of the OPR
Records of Coke County, Texas.

Mary Binn
COUNTY CLERK, COKE COUNTY, TEXAS



Mary Binn
County Clerk, Coke County, Texas

BY Martha Ratliff
JUDY GARTRELL
MARTHA RATLIFF DEPUTY

VOL. 242 PAGE 568
RECORDED 10-4-2011