

**Alliance Regional Water Authority
Board of Directors**

REGULAR MEETING



ALLIANCE WATER

BOARD MEMBER PACKETS

Thursday, December 14, 2023 at 1:00 P.M.

County Line Special Utility District Offices
8870 Camino Real, Kyle, TX 78640

REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS

Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

This Notice is posted pursuant to the Texas Open Meetings Act (Texas Government Code Chapter 551). The Alliance Regional Water Authority (the Authority) Board of Directors will hold a meeting at 1:00 PM, Thursday, December 14, 2023, at the County Line Special Utility District Offices, 8870 Camino Real, Kyle, Texas. The presiding officer of the meeting will be physically present at the location noted above. Some directors may participate remotely through videoconference. The public may observe this meeting in person or by using the following videoconference link and/or calling the number and code provided:

[ZOOM MEETING LINK](#)

Call-In Number: 1-346-248-7799

Meeting ID: 881 6982 9627

Passcode: 886056

Members of the public wishing to make public comment during the meeting must (1) be present at the public meeting location or (2) join by videoconference and register by emailing info@alliancewater.org prior to 1:00 p.m. on December 14, 2023. Public comment is not allowed by call-in. This meeting will be recorded and the audio recording will be available on the Authority's website after the meeting. A copy of the agenda packet will be available on the Authority's website at the time of the meeting. Additional information can be obtained by calling Graham Moore at (512) 294-3214.

A. CALL TO ORDER

B. ROLL CALL

C. PUBLIC COMMENT PERIOD (Note: Each person wishing to speak must register with the Executive Director at info@alliancewater.org before 3:00 p.m.)

D. CONSENT AGENDA

The items included in the Consent Agenda portion of this meeting agenda can be considered and approved by the Board of Directors by one motion and vote. A Board member may request that an item included in the Consent Agenda be considered separately, in which event the Board of Directors will take action on the remaining Consent Agenda items and then consider the item removed from the Consent Agenda.

D.1 Consider approval of minutes of the Regular Meeting held November 29, 2023.
~ Graham Moore, P.E., Executive Director

E. PUBLIC HEARINGS / PRESENTATIONS

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F. ITEMS FOR DISCUSSION NOT REQUIRING ACTION

F.1 Report on Technical Committee activities. ~ *Graham Moore, P.E., Executive Director*

F.2 Update on status of groundwater management in project target area, and Gonzales County Underground Water Conservation District, Plum Creek Conservation District, Groundwater Management Area 13, Region L Planning Group, Guadalupe-Blanco River Authority, Hays County and CAPCOG activities. ~ *Graham Moore, P.E., Executive Director*

G. EXECUTIVE DIRECTOR AND LEGAL COUNSEL REPORTS - Update on future meeting dates, locations, status of Authority procurements, Executive Director activities, other operational activities and the status of legal issues, where no action is required. ~ *Graham Moore, P.E., Executive Director / Mike Gershon, Lloyd Gosselink Rochelle & Townsend, P.C.*

H. ITEMS FOR ACTION OR DISCUSSION/DIRECTION

H.1 Update and possible direction to Staff regarding construction of the Authority's Phase 1B program. ~ *Toby Flinn, P.E., Pape-Dawson Engineers*

H.2 Consider adoption of Resolution 2023-12-14-001 approving a Letter of Intent with Frontier for relocation of telecom facilities on SH-142 in an amount not-to-exceed \$50,000. ~ *Graham Moore, P.E., Executive Director*

H.3 Update and discussion regarding the status of the Authority's Phase 1B program, and direction to staff and consultants. ~ *Ryan Sowa, P.E., Kimley-Horn & Associates*

H.4 Consider adoption of Resolution 2023-12-14-002 authorizing the Issuance of Alliance Regional Water Authority Bond Anticipation Note (Regional Water Supply Contract Project), Series 2023; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Note. ~ *Graham Moore, P.E., Executive Director*

H.5 Consider adoption of Resolution 2023-12-14-003 Relating to Establishing the Authority's Intention to Reimburse Itself for the Expenditure of Funds Relating to the Payment of Project Costs for The Phase 1B Improvements Water Supply Project from the Proceeds of Tax- Exempt Obligations to be Issued by the Authority; Authorizing Other Matters Incident and Related Thereto; and Providing an Effective Date. ~ *Graham Moore, P.E., Executive Director*

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I. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS – Possible acknowledgement by Board Members of future area events and/or requests for item(s) to be placed on a future agenda where no action is required.

J. EXECUTIVE SESSION

J.1 *Executive Session pursuant to the Government Code, Section 551.071 (Consultation with Attorney) and/or Section 551.072 (Real Property Deliberations) regarding:*

- A. *Water supply partnership options*
- B. *Groundwater leases*
- C. *Acquisition of real property for water supply project purposes*

J.2 Action from Executive Session on the following matters:

- A. *Water supply partnership options*
- B. *Groundwater leases*
- C. *Acquisition of real property for water supply project purposes*
- D. *Consideration of Resolution 2023-12-14-004 finding Public Convenience and Necessity for and authorizing the acquisition of certain water pipeline easements and temporary construction easements and certain fee estates for the Alliance Regional Water Authority, Phase 1B Water Line Project in connection therewith, over, across, upon and under certain privately owned real estate properties; authorizing all appropriate actions by the Board of Directors, staff, retained attorneys and engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed fee estates and easements and temporary construction easements and related rights of ingress and egress that cannot be acquired through negotiation; declaring further negotiations futile; ratifying and affirming all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of ARWA to acquire such property interests including necessary acts for any applicable lienholders for such properties; authorizing all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary interests in real property; declaring the sections of the resolution to be severable one from the other in the event any section of the resolution is determined to be invalid; establishing an effective date; and finding and determining that the meeting at which this resolution is passed was noticed and is open to the public as required by law.*

K. ADJOURNMENT

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NOTE: *The Board of Directors may meet in Executive Session for any purpose authorized under the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, for any item listed on this agenda or as otherwise authorized by law. An announcement will be made of the basis for Executive Session. The Board of Directors may also publicly discuss any item listed on the agenda for Executive Session.*

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A. CALL TO ORDER

No Backup Information for this Item.

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B. ROLL CALL

NAME	TERM ENDS	PRESENT
Mayor Jane Hughson (San Marcos)	April 2026	
Regina Franke (CRWA - General Manager, Crystal Clear SUD)	April 2026	
Tim Samford (Kyle – Wastewater Treatment Operations Manager)	April 2024	
Blake Neffendorf – Treasurer (Buda – Director of Public Works)	April 2026	
Councilmember Mark Gleason (San Marcos)	April 2025	
Humberto Ramos – Vice Chair (CRWA – Water Resources Director)	April 2024	
Amber Schmeits (Kyle – Assistant City Manager)	April 2024	
Tyler Hjorth (San Marcos – Director, Utilities)	April 2024	
Chris Betz – Chair (CRWA – Project Coordinator, County Line SUD)	April 2025	
Vacant (Kyle)	April 2024	
Marcus Naiser (San Marcos –Asst. Director of Engineering & CIP)	April 2025	
Pat Allen (CRWA - General Manager, Green Valley SUD)	April 2026	
Paul Kite (San Marcos – Asst. Director of Public Services)	April 2025	

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- C.** PUBLIC COMMENT PERIOD (Note: Each person wishing to speak must register with the Executive Director at info@alliancewater.org before 3:00 p.m.)
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D. CONSENT AGENDA

Item D.1 is part of the consent agenda.

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D.1 Consider approval of minutes of the Regular Meeting held November 29, 2023. ~
Graham Moore, P.E., Executive Director

Attachment(s)

- 2023 11 29 Board Meeting Minutes

Board Decision(s) Needed:

- Approval of minutes.



ALLIANCE WATER

Alliance Regional Water Authority

BOARD MEETING

MINUTES

Wednesday, November 29, 2023

The following represents the actions taken by the Board of Directors of the Alliance Regional Water Authority (ARWA) in the order they occurred during the meeting. The Board of Directors convened in a meeting on Wednesday, November 29, 2023 at County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640.

A. CALL TO ORDER.

- **The Alliance Water Board Meeting was called to order at 3:02 p.m. by Mr. Ramos.**

B. ROLL CALL.

- **Present: Hughson, Franke, Neffendorf, Gleason, Ramos, Naiser and Kite with Samford and Hjorth joining in Item C.1 and Schmeits joining in Item K.1 with Mr. Gleason leaving in Item K.1.**
- **Absent: Betz, Allen and vacant position.**

C. SEATING OF NEWLY APPOINTED DIRECTOR

C.1 Oath of Office and swearing in of Director.

- **Marcus Naiser took the oath of office for San Marcos.**

D. PUBLIC COMMENT PERIOD

- **None.**

E. CONSENT AGENDA

- E.1 Consider approval of minutes of the Regular Meeting held October 25, 2023.
- E.2 Consider approval of the financial reports for the periods ending August 2023, September 2023 and October 2023.
- E.3 Consider approval of the Quarterly Investment Report for the period ending September 30, 2023.

- **Motion to approve the consent agenda as presented was made by Mr. Hjorth, seconded by Mr. Samford and approved on a 9-0 vote.**

F. PUBLIC HEARINGS / PRESENTATIONS

- **None.**

G. ITEMS FOR DISCUSSION NOT REQUIRING ACTION

- F.1 Report on Technical Committee activities.
- F.2 Update on status of groundwater management in project target area, and Gonzales County Underground Water Conservation District, Plum Creek Conservation District, Groundwater Management Area 13, Region L Planning Group, Guadalupe-Blanco River Authority, Hays County and CAPCOG activities.
- **No items opened.**

H. EXECUTIVE DIRECTOR AND LEGAL COUNSEL REPORTS

- **No action.**

I. ITEMS FOR ACTION OR DISCUSSION/DIRECTION

- I.1 Update and possible direction to Staff regarding construction of the Authority's Phase 1B program.
- **Toby Flinn with Pape-Dawson provided the Phase 1B Construction Update.**
 - **Mr. Ramos requested that ARWA get good photos and videos of the South EST bowl raising when it happens.**
 - **Mr. Ramos also requested an update on the corrosivity studies at a future meeting.**
 - **No Action.**
- I.2 Consider adoption of Resolution 2023-11-15-001 approving Supplemental Amendment #1 to Work Order #6 with HVJ South Central Texas – M&J, Inc. for additional material testing on the Segment E Pipeline project.
- **Motion to adopt Resolution 2023-11-15-001 approving Supplemental Amendment #1 to Work Order #6 with HVJ was made by Mr. Ramos, seconded by Ms. Hughson and approved on a 9-0 vote.**
- I.3 Update and discussion regarding the status of the Authority's Phase 1B program, and direction to staff and consultants.
- **Mr. Sowa provided an update on the Phase 1B Program.**
 - **No Action.**

- I.4 Consider adoption of Resolution 2023-11-29-002 approving Amendment No. 2 to Regional Water Supply Contract.
- **Mr. Moore provided an overview of the need for the amendment.**
 - **Mr. Ramos asked what was included in the first amendment.**
 - **Mr. Moore noted that the definition of the project and participation percentages were modified.**
 - **Motion to adopt Resolution 2023-11-15-002 approving Amendment #2 to the Regional Water Supply Contract was made by Mr. Samford with a revision to change the signature block for Buda to the City Manager, seconded by Mr. Neffendorf and approved on a 9-0 vote.**
- I.5 Consider adoption of Resolution 2023-11-029-003 related to a Short-Term Financing Transaction.
- **Mr. Samford requested that Mr. Moore use the same basic presentation when presenting to the Sponsors governing boards/councils. Mr. Moore noted that in general that will be the case, but a few Sponsors will likely request some specific items be addressed.**
 - **Motion to adopt Resolution 2023-11-15-003 approving the Authority to continue forward with a Short-Term Financing Transaction was made by Mr. Hjorth with a revision to strike the language under “Other Covenants” prohibiting Sponsors from issuing other debt until the BAN is paid off, seconded by Mr. Neffendorf and approved on a 9-0 vote.**
- I.6 Consider adoption of Resolution 2023-11-15-004 approving a Service Order with Charter Communications Operating, LLC for internet and communication services at the Maxwell Booster Pump Station site.
- **Mr. Moore provided an overview.**
 - **Mr. Ramos asked if we were tied to the seven-year contract. Mr. Moore confirmed that would be the case.**
 - **Motion to adopt Resolution 2023-11-15-004 approving a Service Order with Charter Communications Operating, LLC for internet and communication services was made by Ms. Hughson, seconded by Mr. Samford and approved on a 9-0 vote.**
- J. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS
- **As noted in Item I.1, Mr. Ramos requested an update at a future meeting on the status of the corrosion / lead and copper status.**

- K.1 The Board of Directors recessed into Executive Session at 3:57 p.m. pursuant of the Government Code, Section 551.071, to seek the General Counsel's advice regarding matters involving attorney-client privilege and Section 551.072 to discuss water supply project partnership options. The Board of Directors reconvened from Executive Session at 4:48 p.m.
- K.2 Action from Executive Session on the following matters:
- A. Water supply partnership options
 - B. Groundwater leases
 - C. Acquisition of real property for water supply project purposes.
 - D. Caldwell County Cause No. 6945 Alliance Regional Water Authority v. Nicholson Farms, Inc. and A.E. Nicholson, Parcel A008C.
- **Staff was authorized to proceed as directed in Executive Session.**
- L. ADJOURNMENT
- **Meeting was adjourned at 4.:48 p.m. based on the motion by Mr. Samford, seconded by Mr. Hjorth on a 9-0 vote.**

APPROVED: _____, 2023

ATTEST:

Chair, Board of Directors

Secretary, Board of Directors

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F.1 Report on Technical Committee activities. ~ *Graham Moore, P.E., Executive Director*

Background/Information

The Technical Committee did not meet in December.

Board Decision(s) Needed:

- None.

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- F.2** Update on status of groundwater management in project target area, and Gonzales County Underground Water Conservation District, Plum Creek Conservation District, Groundwater Management Area 13, Region L Planning Group, Guadalupe-Blanco River Authority, Hays County and Capital Area Planning Group activities.
-

Gonzales County Underground Water Conservation District (GCUWCD)

The GCUWCD is scheduled to meet on December 12th – no items affecting the Authority are on the agenda.

Plum Creek Conservation District (PCCD)

The PCCD is scheduled to meet on December 19th.

Groundwater Management Area 13

No update.

Region L Planning Group

No update.

Guadalupe-Blanco River Authority; Hays County Activities; CAPCOG Activities

No update.

Board Decision(s) Needed:

- None.

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- G. EXECUTIVE DIRECTOR AND LEGAL COUNSEL REPORTS** - Update on future meeting dates, locations, status of Authority procurements, Executive Director activities, other operational activities and the status of legal issues, where no action is required. ~ *Graham Moore, P.E., Executive Director / Mike Gershon, Lloyd Gosselink Rochelle & Townsend, P.C.*

EXECUTIVE DIRECTOR

Executive Director PTO

- Graham Moore will be on PTO from December 21st through December 27th, but will be available by phone as needed.

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H.1 Update and possible direction to Staff regarding construction of the Authority's Phase 1B program. ~ *Toby Flinn, P.E., Pape-Dawson Engineers*

Background/Information

Toby Flinn with Pape Dawson will update the Board on recent construction activities associated with the Phase 1B program.

Attachment(s)

- Phase 1B Construction Update – December 4, 2023

Board Decision(s) Needed:

- None.



PHASE 1B CONSTRUCTION UPDATE

December 4, 2023

Water Resources | Transportation | Land Development | Surveying | Environmental



PROGRAM CONTRACT VALUES



PROJECT	ORIGINAL CONTRACT PRICE	APPROVED CONTRACT MODIFICATIONS	CURRENT CONTRACT VALUE	BILLED TO DATE	REMAINING	% COMPLETE
WTP/RWI	\$54,349,675.00	\$862,792.00	\$55,212,467.00	\$44,881,868.79	\$10,330,598.21	81.29%
BPS	\$19,759,331.00	\$484,295.69	\$20,243,626.69	\$16,603,566.01	\$3,640,060.68	82.02%
Seg A	\$49,471,384.71	\$268,234.78	\$49,739,619.49	\$46,745,841.23	\$2,993,778.26	93.98%
Seg B	\$37,629,104.42	\$4,590,094.45	\$42,219,198.87	\$40,829,953.35	\$1,389,245.52	96.71%
Seg D	\$46,663,969.35	\$165,669.36	\$46,829,638.71	\$38,638,633.59	\$8,191,005.12	82.51%
Seg E	\$27,277,770.46	\$120,177.66	\$27,397,948.12	\$8,008,732.99	\$19,389,215.13	29.23%
EST	\$4,573,000.00	\$7,545.00	\$4,580,545.00	\$3,692,640.00	\$887,905.00	80.62%

WTP/RWI - Progress Photos



WTP – Setting Conduits in Trench for Duct Bank ZZ & YY



WTP – Setting Conduits in Trench for Duct Bank T-T



WTP – Trench Backfill at Duct Bank T-T

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Water Treatment Plant / Raw Water Infrastructure (Archer Western / Walker Partners)

Next Month - Projected Construction Activities

- Installation of electrical duct bank and underground conduit.
- Conduit installation at the Filter Complex and HSPS.
- Excavate Pond C and construct berm.
- Entrance road subgrade preparation and limestone base installation.
- Continue concrete paving placement.
- Installation of the type C walls continued at the filter complex (top of CMU walls to the roof).
- Continue installation of the HVAC equipment and pads.
- Continue installation of pumps at the Filter Complex.
- FRP ribbon curb for asphalt paving.
- Pressure testing 48" PWL.
- Install light poles.
- Install rapid mix cover plates.



WTP – Installation of Exhaust Fan at Filter Complex

Booster Pump Station (MWH / Freese and Nichols)

Construction Status

- Installed sonotube for light poles.
- CRWA #3 installed ductbank.
- CRWA #3 began meter slab install.
- Continued excavation under PS slab for repairs.
- Electrical wire and cabling installation at BPS pumps.
- Placed concrete swale under fence .
- Continued site grading at the BPS site.
- Continued yard pipe install CRWA 3 site.

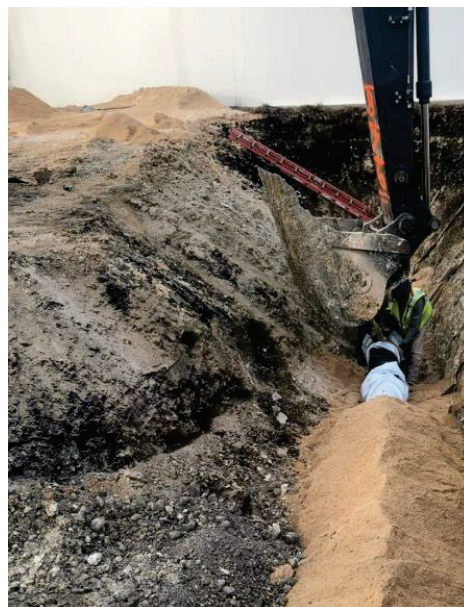


BPS – Installing Pump Station Motors

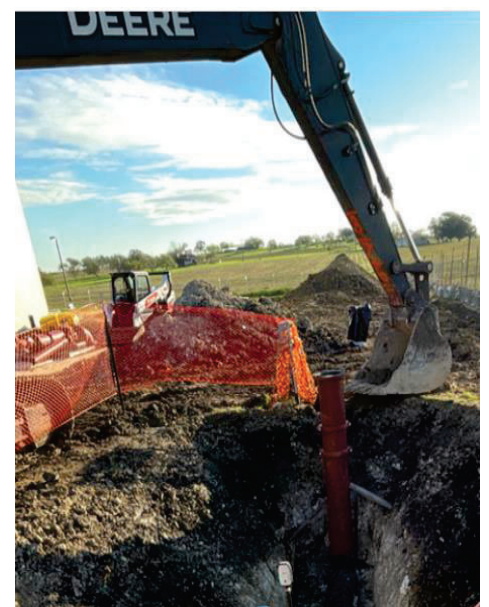
BPS- Progress Photos



BPS – Excavation for Yard Pipe Install



BPS – Yard Pipe Installation



BPS – Pipe Install

Booster Pump Station (MWH / Freese and Nichols)

Next Month - Projected Construction Activities

- Continue working on access road.
- Continue install of light poles.
- Layout Valve pad and begin under slab ductbank install.
- Continue entrance install.
- Continue work at CRWA delivery point.
- Install site security.

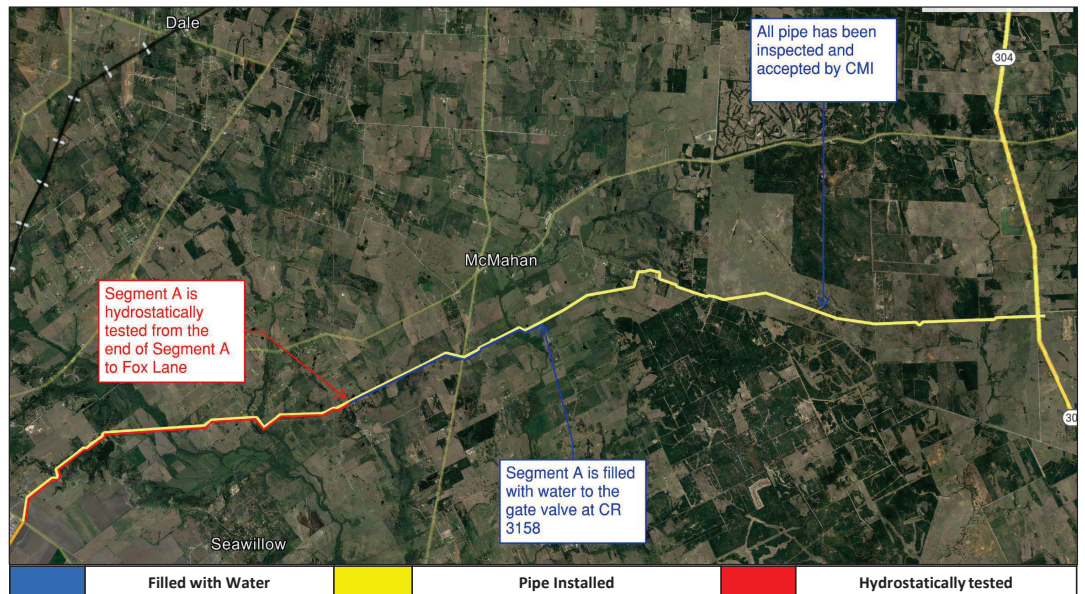


BPS – Sonotube for Light Pole Pier

Segment A (Garney Construction / LAN)

Construction Status	
ROW Cleared	100%
Pipe Delivered	100%
Tunnels Completed	100% (15 of 15)
Pipe Installed	100%
Major Crossing (Plum Creek)	100%

Filling and Pressure Testing	
Filling of Segment A	53%
Hydrostatic Testing	34%



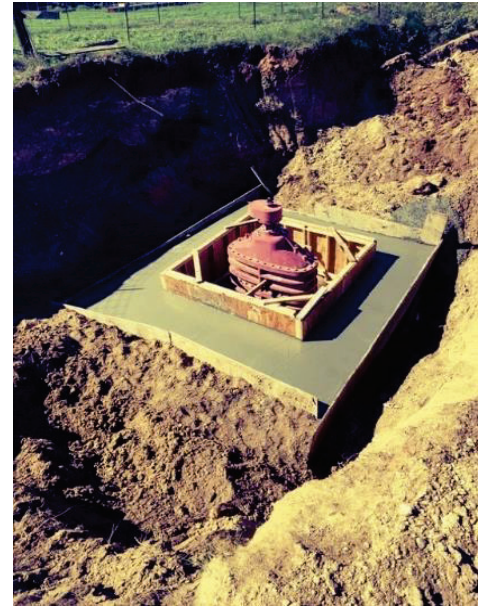
Segment A – Progress Photos



Seg A – Rebar Install for Vault Box Pad



Seg A – Concrete Placement for Vault Box



Seg A – Vault Box Base

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Segment A (Garney Construction / LAN)

Next Month - Projected Construction Activities

- Perform maintenance on all county roads and private roads being used for construction operations.
- Continue haul-off excess native material, final grading of topsoil, and final build out of CAV assemblies.
- J7 services will continue installing permanent gates and permanent entrances.
- Haul off spoils, reassemble chain link fence, and locate end of tunnel liner plate under the Lehman high school baseball field.
- Conduct bi-weekly meeting .
- Continue hydrostatically testing first test section of Seg A.
- Continue fiber conduit installation on Segment B1 and continue blowing in fiber through conduit on Segment A.



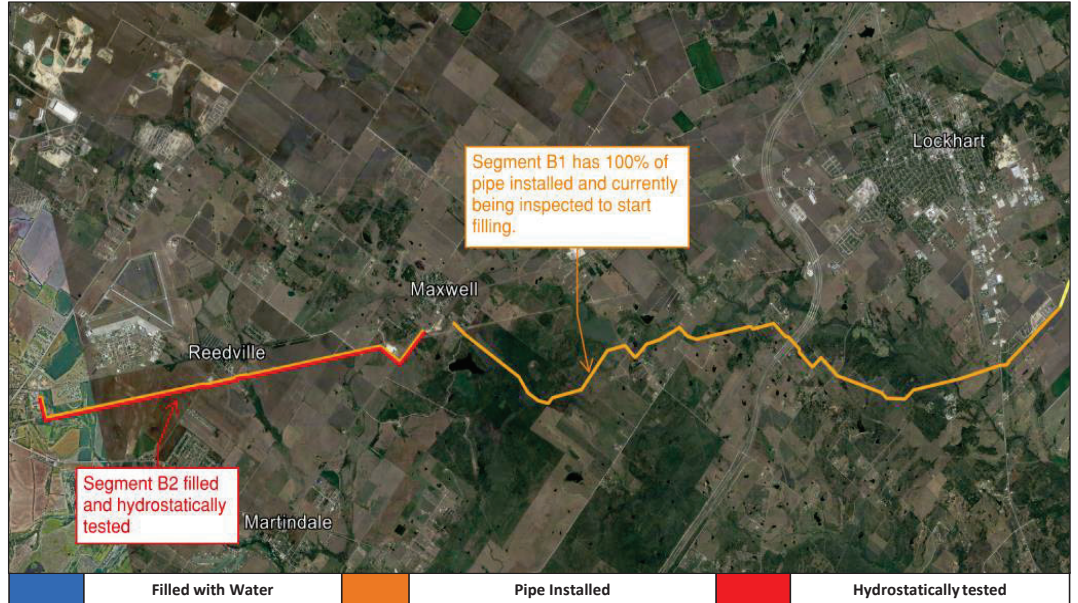
Seg A - Drain Valve Assembly

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Segment B (Garney Construction / K Friese)

Construction Status	
ROW Cleared	100%
Pipe Delivered	100%
Tunnels Completed	100%
Pipe Installed on Segment B	100%
Pipe Installed on Segment D-B	100%
Pipe Installed on Segment D-C	0%

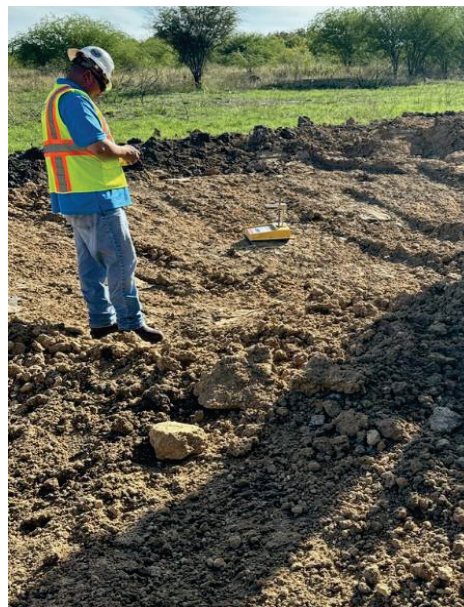
Filling and Pressure Testing	
Filling of Segment B	36%
Hydrostatic Testing B	36%
Filling of Segment D	0%
Hydrostatic Testing D	0%
Filling of Segment D-C	0%
Hydrostatic Testing D-C	0%



SEGMENT B - PROGRESS PHOTOS



Seg B – Start of Fiber Optic Duct



Seg B – Density Test on Backfill



Seg B – Permanent Lid Placed at STA 359+94

Segment B (Garney Construction / K Friese)

Next Month - Projected Construction Activities

- Garney Resources
 - Hauling off excess spoils from project site and spreading topsoil.
 - Installing DV and CAVs.
 - Cleaning interior of pipe for final CMI inspections.
 - Correcting deflected pipe identified by CMI staff.
- Tunnels
 - 4 of 4 (100%) completed on CP002 scope of work added to segment B contract.
 - Tunnel is completed.
 - Asphalt repair complete
- Conduct bi-weekly meeting

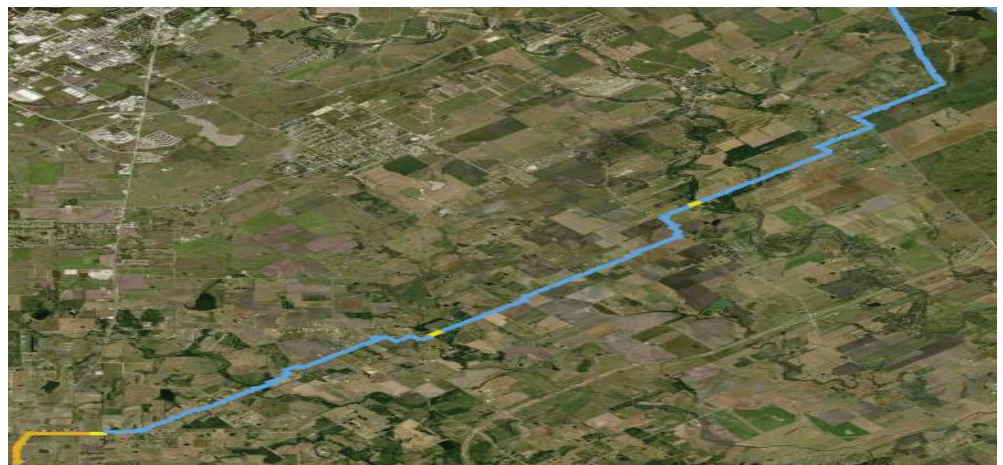


Segment B – Removing Mud from Pipe

Segment D (SJ Louis / Freese & Nichols)

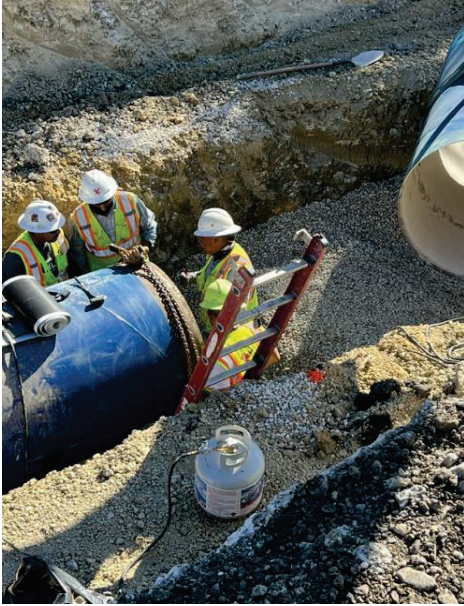
Construction Status

- Not Started
- ROW Cleared
- Pipe Delivered
- Pipe Installed
- Complete

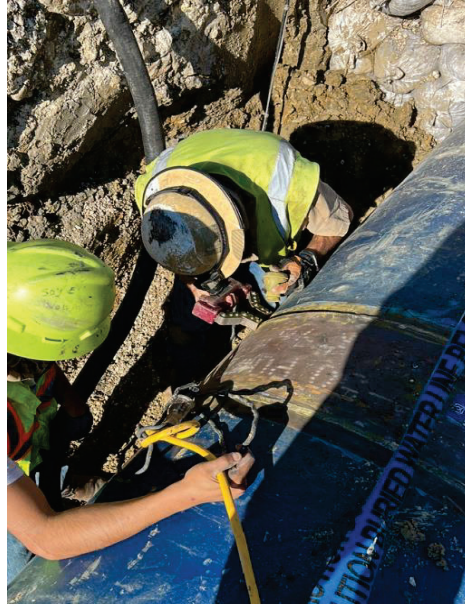


Activity	Status
ROW Cleared	100%
Pipe Delivered	96%
Tunnels Completed	100%
Pipe Installed	91%
Major Crossing (San Marcos River Crossing)	5%

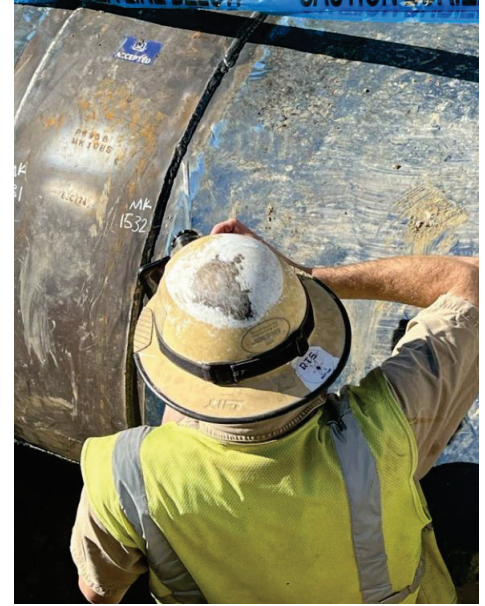
Segment D – Progress Photos



Seg D – Buttstrap Preparation



Seg D – Welding Buttstrap



Seg D – Buttstrap Weld Inspection
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Segment D (SJ Louis / Freese & Nichols)

Next Month - Projected Construction Activities

- Processing documentation in SharePoint.
- Finish pipe deliveries along FM 1339.
- Conduct next bi-weekly progress meeting 12/14/23.
- Continue pipe installation with two pipe crews along 1339.
- Continue installing precast at CAV and drain valve locations behind the pipe installation operations.
- Resume cleaning and grouting interior of pipe for final CMI inspections.
- Tunnels
 - 18 of 18 (100%) Sundance continue work at HWY 123.
- Major Crossings
 - San Marcos River Crossing – 5% complete.

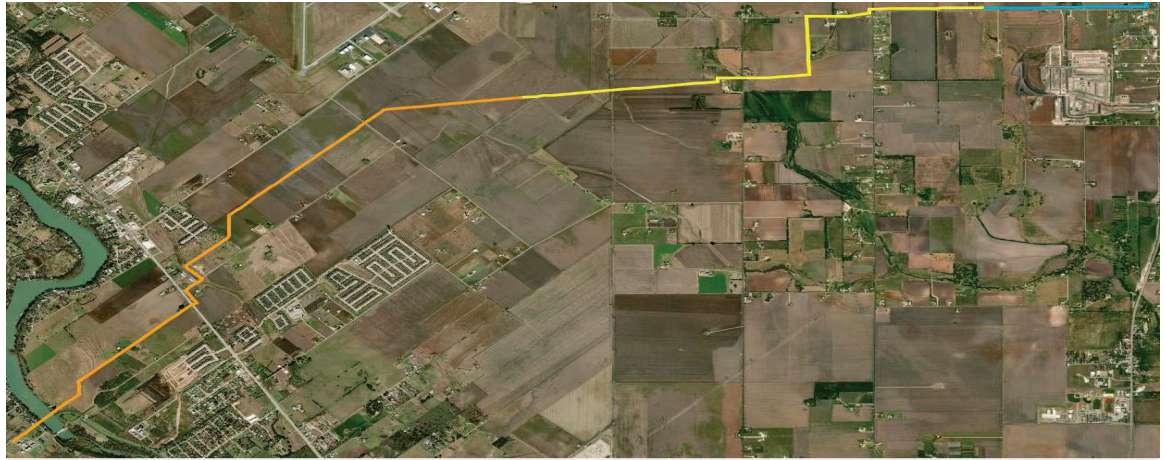


Seg D – Silt Fence Placement

Segment E (Garney / Walker Partners)

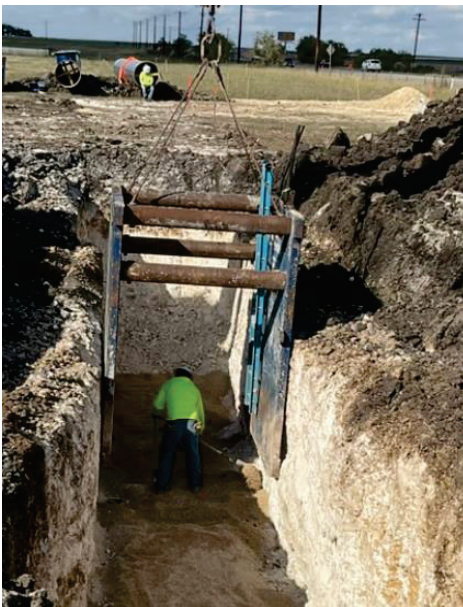
Construction Status

- Not Started
- ROW Cleared
- Pipe Delivered
- Pipe Installed
- Complete



Activity	Status
ROW Cleared	100%
Pipe Delivered	35%
Tunnels Completed	70% (7 of 10)
Pipe Installed	8%
Major Crossing (Lake Dunlap)	0%

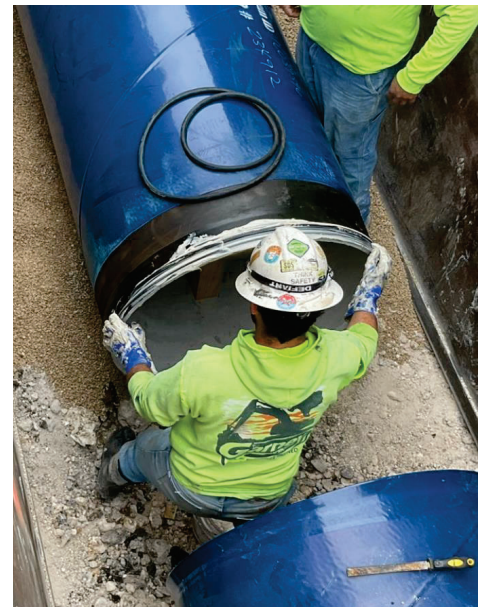
Segment E – Progress Photos



Seg E – Leveling Embedment



Seg E – Lowering Pipe Into Ditch



Seg E – Preparing Pipe to Push Together

Segment E (Garney / Walker Partners)

Next Month - Projected Activities

- Processing documentation in SharePoint.
- Conduct bi-weekly progress meeting.
- Continue potholing existing utilities.
- Continue pipe installations on E1 laying pipe south towards the NBU delivery point.
- Tunnels
 - 7 of 10 Auger Bore (70% Completed).
 - 3 of 10 Open Cut Casing (30% Completed).
- Major Crossings
 - Lake Dunlap crossing has not started.
 - Pipe will be delivered for HDD the week of 12/4/23.



Seg E – Preparing Casing for Bore

21

Elevated Storage Tanks Landmark / Plummer

Construction Activities

- Welding crew finished the ground phase of the tank build.
- Welding top cover for tank access pipe prior to demobilization.
- Radiograph inspection of welds performed.
 - Boswell will be inspecting and overseeing the X-ray inspections.
 - All welds passed.
- Pre-Coating / Paint meeting was held.
- Viking Paint Crew mobilized and Started Painting process.

Next Month - Projected Activities

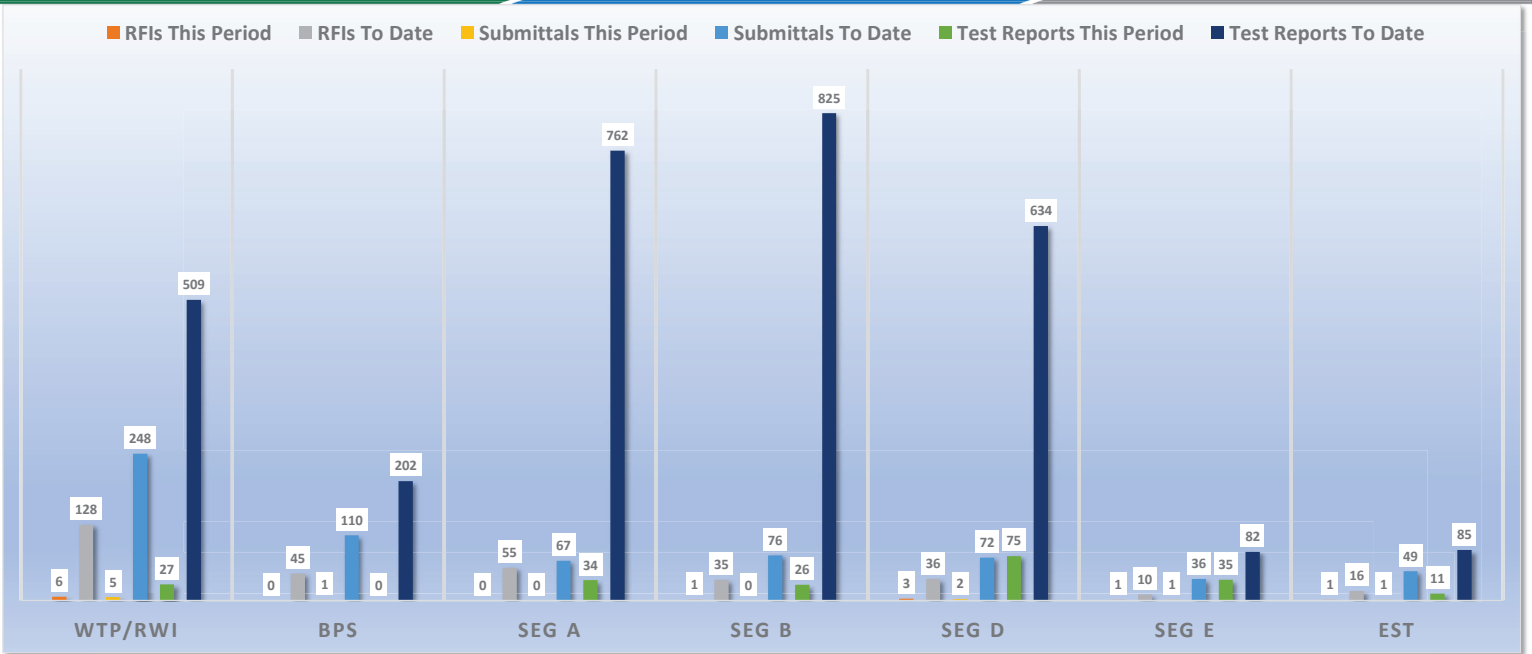
- Viking paint crew will continue blasting and painting process.
- Electrical Duct Bank Scheduled to start installation once painting on the ground portion of the tank is completed.
- Finish site grading and backfill for waterline / drainage easement, will wait to seed until later in year.
- Working on 24 Inch DI waterline required submittals prior to remobilizing to install.



EST – First Coat of Paint

22

PROGRAM OVERSIGHT RECAP



23

QUESTIONS?

24

REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS

Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- H.2** Consider adoption of Resolution 2023-12-14-001 approving a Letter of Intent with Frontier for relocation of telecom facilities on SH-142 in an amount not-to-exceed \$50,000. ~ *Graham Moore, P.E., Executive Director*
-

Background/Information

The Maxwell Booster Pump Station project requires a drainage outfall to SH-142. At the location of the outfall are existing Frontier communication lines and facilities. Staff reached out to Frontier to get an agreement to relocate the facilities so as to no longer have a conflict with the drainage outfall. Frontier provided the attached Letter of Intent to relocate the facilities in an amount slightly under \$50,000.

Staff is seeking the Board's approval of the attached resolution authorizing the Executive Director to enter into the Letter of Intent for the relocation.

Attachment(s)

- Resolution 2023-12-14-001
- Frontier Letter of Intent

Board Decision(s) Needed:

- Adoption of Resolution 2023-12-14-001 authorizing the Executive Director to enter into the Letter of Intent with Frontier for relocation of telecommunication facilities on SH-142.



ALLIANCE WATER

RESOLUTION NO. 20231214-001

A RESOLUTION OF THE ALLIANCE REGIONAL WATER AUTHORITY BOARD OF DIRECTORS AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A LETTER OF INTENT WITH FRONTIER FOR RELOCATION OF COMMUNICATION FACILITIES ON SH-142 AND RELATED MATTERS, AND DECLARING AN EFFECTIVE DATE

RECITALS:

1. The Alliance Regional Water Authority (the "Authority") is constructing its Maxwell Booster Pump Station that includes an offsite drainage easement.
2. The easement outfall ends at SH-142 where there are existing Frontier communications lines and facilities.
3. The attached Letter of Intent would authorize Frontier to relocate the existing facilities so that there is no longer a conflict with the drainage easement outfall.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY:

SECTION 1. The attached Letter of Intent for communications relocation with Frontier is approved in an amount not-to-exceed \$50,000.

SECTION 2. The Authority's Executive Director, Graham Moore, is authorized to execute the Letter of Intent on behalf of the Authority.

SECTION 3. This Resolution shall be in full force and effect immediately upon its passage.

ADOPTED: December 14, 2023.

ATTEST:

Chris Betz
Chair, Board of Directors

Amber Schmeits
Secretary, Board of Directors

Letter of Intent



Date: 11/30/2023

To: Jim Tolles, Jr. P.E.
JR Tolles and Associates LLC
JimTolles@AllianceWater.org
512-784-7909

Re: This is in response to your request for Frontier to perform the following work: Remove 1 x-box, remove 1 carrier, remove or abandon existing copper cable and duct, reroute working service from existing carrier to keep Frontier customers in service, by placing new copper cable, loading copper pairs, splicing copper cable, placing PED's. This work is being done to remove existing Frontier facilities from an existing Frontier easement so that ARWA can complete a water drainage project, at ARWA request.

We have determined that your cost of this work effort will be: \$49,126.37

You must return this signed agreement to the engineer by email. Once we have received your signed Letter of Intent (LOI) you will be emailed a Frontier invoice for this agreed upon amount. The invoice will include a remit to address. Once payment is received, your work will be scheduled with our Construction Department.

Upon job completion, you may be issued either: **(1)** a refund for any overpayment, or **(2)** an invoice, if the final actual costs differ from your advance payment.

If you agree to these terms, please sign below and return this signed letter by emailing to (engineer's email address).

Frontier shall not be responsible to the extent its performance is delayed or prevented due to causes beyond its control, including but not limited to acts of God or the public enemy, terrorism, civil commotion, embargo, acts of government, any law, order, ordinance, regulation, or requirement of any government, fires, explosions, weather, quarantine, strikes, labor disputes, lockouts, and other causes beyond the reasonable control of Frontier.

Should you have any questions or concerns regarding these terms, please contact me at #325-213-0141.

Please be advised that the price quoted above is only valid for sixty (60) days from the date of this letter. If we do not receive this signed agreement and your full advance payment within this sixty (60) day period, we will assume that you do not want the work to be undertaken and the project will be **cancelled**.

Sincerely,

Billy H Harper

Frontier – Signature

Bill H Harper

Printed engineer name

I agree to the terms of this agreement:

Accepted (Signature): _____

Print Name & Title: _____

Company: _____

Billing Address: _____

Telephone #: _____

Email address: _____

Date: _____

Email address required, invoices are sent via email

REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS

Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- H.3** Update and discussion regarding the status of the Authority's Phase 1B program, and direction to staff and consultants. ~ *Ryan Sowa, P.E., Kimley-Horn & Associates*
-

Background/Information

Ryan Sowa with Kimley-Horn will update the Committee on their recent activities associated with the Phase 1B program.

Attachment(s)

- Phase 1B Program Update – December 14, 2023
- Kimley-Horn Monthly Summary of Activities for November 2023

Board Decision(s) Needed:

- None.



Phase 1B Program Update

Board of Directors Meeting
December 14, 2023



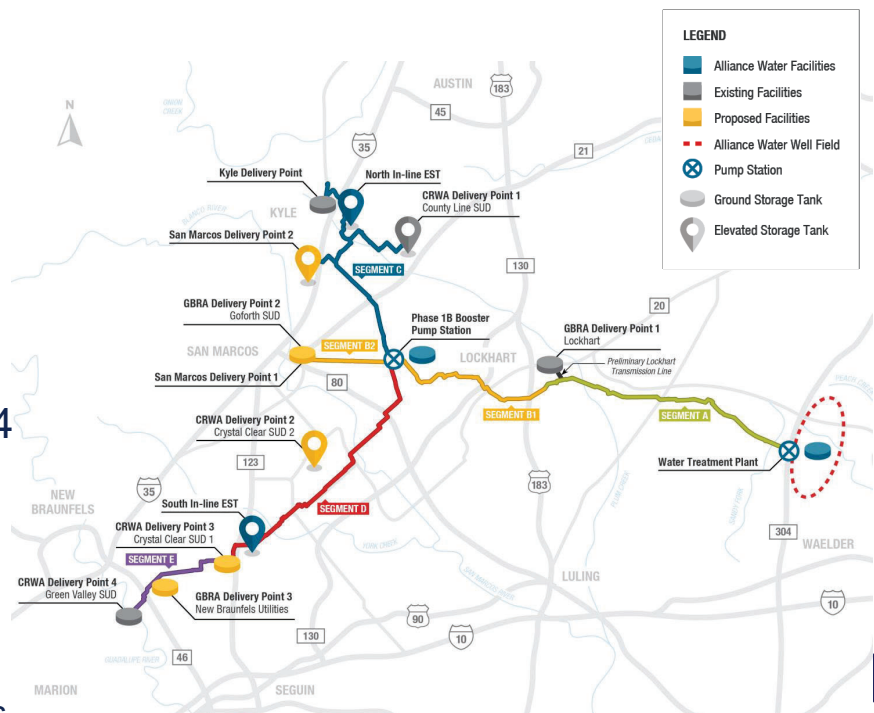
ALLIANCE WATER

Kimley»Horn
Expect More. Experience Better.

PRESENTED BY

Ongoing Progress

- ▶ Design Milestone Status
 - Segment C
 - Final Documents Submitted
- ▶ Segment C Procurement
 - Advertise – 12/6
 - Pre-Proposal Meeting – 12/14
 - Proposals Received – 01/15
 - Board Approval - January
- ▶ TWDB Reviews
 - South Inline EST
 - Plans and Specs – Approved
 - Construction – Release of Funds Request – Awaiting Approval



ALLIANCE WATER

Pipeline Easement Acquisition Status

Pipeline Segment	Number of Parcels	STATUS						Final Settlement Outstanding
		(A) Appraisal/Offer in Development	(B) Negotiation	(C) = (A+B) Appraisal / Negotiation	(D) Condemnation in Process	(E) = (C+D) Possession Still Needed	(F) Purchase Agreement Signed / Possession Obtained	
A	39	0	0	0	0	0	39	4
B	47	0	0	0	0	0	47	14
D	60	0	0	0	0	0	60	15
C	76	3	5	8	2	10	66	32
E	36	0	0	0	0	0	36	11
Well Field	16	0	4	4	0	4	12	4
Total	274					14	260	80



COST UPDATES BASED ON FEBRUARY MILESTONE SUBMITTALS/RESULTS

Submittal (%)	Construction Package	PREVIOUS	REVISED	DIFFERENCE
		ARWA Total Projected Cost	ARWA Total Projected Cost	
Combined Program Infrastructure				
Const.	Water Treatment Plant	\$ 29,500,000	\$ 31,400,000	\$ 1,900,000
Const.	Booster Pump Station & GBRA Meter Stations	\$ 13,700,000	\$ 14,000,000	\$ 300,000
Const.	Inline EST (South)	\$ 4,800,000	\$ 4,500,000	(\$ 300,000)
Const.	Pipeline Segment A	\$ 28,600,000	\$ 31,000,000	\$ 2,400,000
Const.	Pipeline Segment B	\$ 33,800,000	\$ 38,000,000	\$ 4,200,000
Const.	Pipeline Segment D	\$ 44,200,000	\$ 49,200,000	\$ 5,000,000
Const.	Pipeline Segment E	\$ 14,000,000	\$ 17,800,000	\$ 3,800,000
	Subtotal	\$168,600,000	\$185,900,000	\$ 17,300,000
ARWA-Only Infrastructure				
Closed	Well Drilling	\$ 3,300,000	\$ 3,300,000	\$ 0
Const.	Raw Water Infrastructure	\$ 10,600,000	\$ 11,400,000	\$ 800,000
Const.	ARWA Booster Pump Station & Delivery Points	\$ 4,800,000	\$ 5,200,000	\$ 400,000
60	Inline EST (North)	\$ 6,500,000	\$ 7,200,000	\$ 700,000
95	Pipeline Segment C	\$ 68,600,000	\$101,800,000	\$ 33,200,000
Const.	Pipeline Segment E (ARWA-Only)	\$ 12,800,000	\$ 15,300,000	\$ 2,500,000
No Design	Administration and Operations Building	\$ 4,200,000	\$ 4,200,000	\$ 0
	Subtotal	\$110,800,000	\$148,400,000	\$ 37,600,000
	Total	\$279,400,000	\$334,300,000	\$54,900,000

Revised Projected Cost (\$334,300,000) - Total SWIFT Funding (\$288,410,000) = \$45,890,000



Questions?

December 11, 2023

Project Monthly Summary

November 2023 Tasks Performed:

- Task 2 – Stakeholder Coordination
 - Coordination and/or meetings with entities including: Caldwell County, Guadalupe County, Bluebonnet Electric Coop, TxDOT, TCEQ, and TWDB.
 - Continued weekly task coordination with Alliance Water.
 - Prepare and present the Technical Committee Meeting Update.
 - Prepared and presented the Project Advisory Committee Meeting Update.
 - Prepared and presented the Board Meeting Update.
 - Prepared for and held Monthly Status Meeting with Alliance Water.

- Task 3 – Budgeting
 - Prepared and presented the monthly update for the Technical Committee and Board meetings.
 - Continued updates to Budget Workbook to include monthly tracking of actual costs for ARWA review.

- Task 4 – Schedule
 - Integrated each project schedule into overall Program schedule. Developed and distributed the monthly Program schedule summary.

- Task 6 – Data Management
 - Continued tracking the number of easements with final settlement outstanding.
 - Ongoing maintenance of Microsoft SharePoint Online program.
 - Continued updating of web-based GIS for easement acquisition process and alignment changes.

- Task 7 – Environmental Management
 - Continued coordination between Program Environmental Consultant and Design Engineers.

- Task 8 – Land Acquisition Management
 - *Continued negotiations with remaining Segment C parcels.*
 - Coordinated the appraisal process for Segments C and W parcels as needed.
 - Coordinated with Program Survey Consultant, Program Environmental Consultant, and Land Acquisition legal team to address questions that arise as part of the field work coordination process.
 - Performed weekly QC of parcel files in SharePoint, provided comments to Land Acquisition legal team.

Alliance Water – Phase 1B Infrastructure – Owner’s Representative

- Weekly coordination meeting with Legal Land Acquisition team to discuss status of easement acquisition proceedings and to provide Program clarification on any questions/requests that have come from landowners.
- Reviewed Program Appraiser and Program Survey invoices.
- Continued field work coordination to notify landowners of upcoming field work by consultants as needed.

- Task 9 – Texas Water Development Board Management
 - Coordinated with TWDB staff to track the status of funding release requests as well as plans and specifications under review.
 - Continued coordination with ARWA, GBRA, and TWDB Staff to track all documents currently under review.

- Task 11 – Engineering Design Management
 - Pipelines:
 - Segment A
 - Continue coordination with Design Consultant for construction phase services.
 - Segment B
 - Continued coordination with Design Consultant for construction phase services.
 - Segment C
 - *Reviewed 100% Submittal and provided comments to the Design Consultant.*
 - Continued coordination with Design Consultant for final design.
 - Continued coordination with Design Consultant regarding ongoing pipeline alignment considerations.
 - Segment D
 - Continue coordination with Design Consultant for construction phase services.
 - Segment E
 - Continue coordination with Design Consultant for construction phase services.
 - Raw Water Infrastructure:
 - Continued coordination with Design Consultant for construction phase services.
 - Water Treatment Plant:
 - Continued coordination with Design Consultant for construction phase services.
 - Booster Pump Station:
 - Coordinated with Design Consultant for construction phase services.
 - Inline Elevated Storage Tanks:
 - Continued coordination with Design Consultant for construction phase services for the South Inline Elevated Storage Tank.

Alliance Water – Phase 1B Infrastructure – Owner’s Representative

- Continued coordination with Design Consultant for final design development for the North Inline Elevated Storage Tank.
 - Other:
 - Monthly progress meetings with all Design Consultants (pipelines, water treatment plant, raw water infrastructure, wellfield, booster pump station).
 - Review invoices, schedules, and risk logs for consultants.
- Task 14 – Permit Coordination/Tracking
 - Continued Permit coordination with Pipeline Consultants.
 - Continued coordination with Caldwell, Guadalupe, and Hays County TxDOT offices concerning roadway crossings.
 - Continued coordination with Caldwell, Guadalupe, and Hays Counties regarding on going permit reviews.
 - Continued General Coordination with GVEC, BBEC, and LCRA.
 - On-going Permit Tracking Log Updates.
- Task 15 – Procurement and Construction Phase Services
 - On-going coordination with WTP, RWI, BPS, Segment A, Segment B, Segment D, Segment E, and South Inline EST Design Consultants during the construction phase.
 - Continued coordination with the Construction Management & Inspection team.
- Task 16 – Other Services
 - *Responded to City of San Marcos comments for the submitted City of San Marcos Watershed Protection Plan for the parcels to be platted near the Booster Pump Station.*
 - *Ongoing GBRA WTP Expansion option evaluation and cost projection development.*
- Task 18 – Environmental Construction Services
 - Attended construction status meetings.
 - Performed migratory bird nesting surveys.

December 2023 Projection:

- Task 2 – Stakeholder Coordination
 - Coordination and/or meetings with entities including: Caldwell County, Guadalupe County, GVEC, Bluebonnet Electric Coop, TxDOT, TCEQ, and TWDB.
 - Continue weekly task coordination with Alliance Water.
 - Prepare and present the Technical Committee Meeting Update.
 - Prepare and present Project Advisory Committee Meeting Update.
 - Prepare and present Board Meeting Update.
 - Prepare for and hold Monthly Status Meeting with Alliance Water.

Alliance Water – Phase 1B Infrastructure – Owner’s Representative

- Task 3 – Budgeting
 - *Support ARWA staff in the continued budget presentation updates to the Technical Committee and Board Meetings.*
 - Prepare and present the monthly update for the Technical Committee and Board meetings.
 - Continue updates to Budget Workbook to include monthly tracking of actual costs for ARWA review.

- Task 4 – Schedule
 - Integrate each project schedule into overall Program schedule. Develop and distribute schedule update and memorandum.

- Task 6 – Data Management
 - Continue tracking the number of easements with final settlement outstanding.
 - Continue coordination with ARWA and Construction Management & Inspection Team to integrate construction data collected on the new GIS WebMap.
 - Ongoing maintenance of Microsoft SharePoint Online program.
 - Continue updating of web-based GIS for easement acquisition process and alignment changes.

- Task 7 – Environmental Management
 - Continue coordination between Program Environmental Consultant and Design Engineers.

- Task 8 – Land Acquisition Management
 - *Continue negotiations with remaining Segment C parcels.*
 - Coordinate the appraisal process for Segment C and W parcels.
 - Coordinate with Program Survey Consultant and Design Consultants to address questions that arise as part of the field work coordination process.
 - Perform weekly QC of parcel files in SharePoint, provide comments to Legal Land Acquisition team.
 - Weekly coordination meeting with Legal Land Acquisition to discuss status of easement acquisition proceedings and to provide Program clarification on any questions/requests that have come from landowners.
 - Review Program Appraiser and Program Survey invoices.
 - Continue field work coordination to notify landowners of upcoming field work by consultants as needed.

- Task 9 – Texas Water Development Board Management
 - *Coordinate with Program PM and Design Consultants to prepare additional Funding Release documentation.*
 - Continue coordination with ARWA, GBRA, and TWDB Staff to track all documents currently under review as well as preparation of funding release requests.

Alliance Water – Phase 1B Infrastructure – Owner’s Representative

- Task 10 – Design Standards
 - Review Construction Standards given questions arising from construction activities and coordinate with the Program Design Consultants as needed.

- Task 11 – Engineering Design Management
 - Pipelines:
 - Segment A
 - Continue coordination with Design Consultant for construction phase services.
 - Segment B
 - Continue coordination with Design Consultant for construction phase services.
 - Segment C
 - *Coordinate with the Design Consultant to confirm 100% Submittal comments are addressed.*
 - Continue coordination with Design Consultant for final design.
 - Segment D
 - Continue coordination with Design Consultant for construction phase services.
 - Segment E
 - Continue coordination with Design Consultant for construction phase services.
 - Raw Water Infrastructure:
 - Continue coordination with Design Consultant for construction phase services.
 - Water Treatment Plant:
 - Continue coordination with Design Consultant for construction phase services.
 - Booster Pump Station:
 - Continue coordination with Design Consultant for construction phase services.
 - Inline Elevated Storage Tanks:
 - Continue coordination with Design Consultant for construction phase services for the South Inline Elevated Storage Tank.
 - Continue coordination with Design Consultant for final design development for the North Inline Elevated Storage Tanks.
 - Other:
 - Monthly progress meetings with all Design Consultants (pipelines, water treatment plant, raw water infrastructure, wellfield, booster pump station).
 - Review invoices, schedules, and risk logs for consultants.

- Task 14 – Permit Coordination/Tracking

Alliance Water – Phase 1B Infrastructure – Owner’s Representative

- Continue Permit coordination with Pipeline consultants
- Coordinate with Hays County concerning the Site Development Permit.
- General Coordination with TxDOT.
- Coordinate with Caldwell, Guadalupe, and Hays County TxDOT offices concerning roadway crossings.
- Continue General Coordination with GVEC, BBEC, and LCRA.
- On-going Permit Tracking Log Updates.

- Task 15 – Procurement and Construction Phase Services
 - On-going coordination with WTP, RWI, BPS, Segment A, Segment B, Segment D, Segment E, and South Inline Elevated Storage Tank Design Consultants during the construction phase.
 - On-going coordination with the Construction Management & Inspection team.

- Task 16 – Other Services
 - *Receive and address any remaining comments for the City of San Marcos Watershed Protection Plan for the parcels to be platted near the Booster Pump Station.*
 - *Ongoing GBRA WTP Expansion option evaluation and cost projection development.*

- Task 18 – Environmental Construction Services
 - Attend construction status meetings.
 - Perform migratory bird nesting surveys.

Scope Elements Added/Removed:

None at this time.

Outstanding Issues/Concerns:

None at this time.

REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS

Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- H.4** Consider adoption of Resolution 2023-12-14-002 authorizing the Issuance of Alliance Regional Water Authority Bond Anticipation Note (Regional Water Supply Contract Project), Series 2023; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Note. ~ *Graham Moore, P.E., Executive Director*
-

Background/Information

Wells Fargo submitted its final Note Purchase Agreement in the afternoon of December 5th. The agreement terms and conditions had not significant changes from the version approved by the Board in November. The final interest rate for the Bond Anticipation Note is 4.72% and closing is anticipated to occur on December 21, 2023. Below is an estimate of the interest on the BAN:

Principal: \$46 million
Interest Rate: 4.72%
Interest: \$1,998,694*

* Assumes closing on 2024 SWIFT funding on November 21, 2024

Approvals for the Authority's Sponsors have been scheduled as follows:

Buda	December 5
CRWA	December 11
Green Valley SUD	December 14
ARWA	December 14
Crystal Clear SUD	December 14
County Line SUD	December 18
Kyle	December 19
San Marcos	December 19

Attachment(s)

- Resolution 2023-12-14-002

Board Decision(s) Needed:

- Adoption of Resolution 2023-12-14-002 authorizing the Issuance of Alliance Regional Water Authority Bond Anticipation Note Series 2023.



RESOLUTION NO. 20231214-002

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY BOND ANTICIPATION NOTE (REGIONAL WATER SUPPLY CONTRACT PROJECT), SERIES 2023; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE AND DELIVERY OF SUCH NOTE

ADOPTED DECEMBER 14, 2023

RESOLUTION NO. 20231214-002

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY BOND ANTICIPATION NOTE (REGIONAL WATER SUPPLY CONTRACT PROJECT), SERIES 2023; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH NOTE

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EXHIBIT A	DEFINITIONS
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EXHIBIT E	REGIONAL WATER SUPPLY CONTRACT
EXHIBIT F	APPROVAL CERTIFICATE
EXHIBIT G	FORM OF NOTE PURCHASE AGREEMENT

RESOLUTION NO. 20231214-002

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY BOND ANTICIPATION NOTE (REGIONAL WATER SUPPLY CONTRACT PROJECT), SERIES 2023; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH NOTE

WHEREAS, pursuant to Chapter 572, as amended, Texas Local Government Code, the Hays Caldwell Public Utility Agency (the "Agency") as a constituted authority and instrumentality and political subdivision of the State of Texas (the "State," was created by the Cities of Buda ("Buda"), Kyle ("Kyle") and San Marcos, Texas ("San Marcos"), each Texas home rule municipalities, and the Canyon Regional Water Authority ("Canyon Regional"), a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 670, Acts of the 71st Legislature, Regular Session, 1989, as amended (collectively, the "Sponsors" or singularly, a "Sponsor"); and

WHEREAS, the Agency and the Sponsors have entered into a "Regional Water Supply Contract" dated as of January 9, 2008, as amended by Amendment No. 1 and Amendment No. 2 and as may be further amended (collectively, the "Contract") pursuant to which the Agency has agreed to design, finance, construct, own, acquire, maintain and operate a water supply project in a manner that will allow the Agency to deliver water to the Sponsors on a regional basis and under which each of the Sponsors agree to pay their share of the project costs and to make payments to or on behalf of the Agency in amounts sufficient to meet all of the Agency's obligations under the Contract including those relating to a Sponsor's bonds (or a Sponsor's pro rata share of bond anticipation notes issued as a single series) issued to finance and refinance a Sponsor's share of the Project Costs and to own, operate and maintain the Project; and

WHEREAS, on June 15, 2017, by special act of the 85th Legislature, SB 1198, codified as Chapter 11010, Special District Local Laws Code (the "Act"), the Agency was converted to the Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district to accomplish the purposes set forth in the Act and of Article XVI, Section 59, Texas Constitution; and

WHEREAS, by operation of the law pursuant to the Act, the Authority assumed all assets, liabilities, bonds, notes and other obligations of the Agency including all obligations pursuant to the Outstanding Bonds and the Contract; and

WHEREAS, at the request of Canyon Regional and Kyle, the Agency issued two series of bonds on November 19, 2015 for such Sponsors share of the Phase 1A Project entitled: \$3,960,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2015A and \$3,530,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2015B (collectively, the "Outstanding Bonds"); and

WHEREAS, at the request of the Sponsors, the Authority issued sixteen series of bonds, one for each of the Sponsors' share of the Project Costs, to wit: \$9,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2017A, \$8,995,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2017B, \$11,450,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2017C, \$1,625,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2017D, \$26,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2019A, \$24,200,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2019B, \$30,800,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2019C and \$4,370,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2019D, \$37,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2020A, \$34,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2020B, \$43,955,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2020C and \$6,225,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2020D, \$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A, \$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B, \$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C and \$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D; and

WHEREAS, to finance such water projects, the Act also authorizes the Authority acting through its Board of Directors (the "Board") to issue (i) bonds, notes and other obligations authorized by law, including bond anticipation notes under the Act or Chapter 49 of the Texas Water Code and (ii) revenue bonds to finance such water projects, payable solely from the revenues derived from payments to be made to the Authority by one or more of the respective Sponsors for which a series of bonds are issued, in each case for the purpose of defraying the relevant Sponsor's share of the cost of financing, acquiring, and constructing water supply facilities including the Phase 1B Improvements Water Supply Project (as hereinafter defined); and

WHEREAS, the Authority expects to issue one series of such bond anticipation notes (with a single interest rate) in 2023 for Canyon Regional, Kyle, San Marcos and Buda, collectively, to finance their additional shares of the Phase 1B Improvements Water Supply Project costs, with such series payable from, and to the extent of, and secured solely by proceeds from the sale, issuance and delivery of future Bonds or additional bond anticipation notes; and

WHEREAS, the Sponsors have requested that the Authority issue a single series of bond anticipation notes in the aggregate principal amount of \$46,000,000 pursuant to the Contract to

finance their share of certain additional Phase 1B Improvements Water Supply Project Costs (the "Note"); and

WHEREAS, this Resolution constitutes a Bond Resolution as that term is defined in the Contract; and

WHEREAS, the principal of the Note and the interest thereon are and shall be solely payable from, and to the extent of, and secured solely by proceeds from the sale, issuance and delivery of future Bonds or additional bond anticipation notes.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY THAT:

Section 1. DEFINITIONS. In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution (except as may be otherwise indicated in the FORM OF NOTE) and not otherwise defined herein shall have the meanings given in Exhibit "A" to this Resolution attached hereto and made a part hereof.

Section 2. AMOUNT, PURPOSE AND DESIGNATION OF THE NOTE. (a) *Amount and Designation.* The Authority's Note issued pursuant to this Resolution shall be entitled "ALLIANCE REGIONAL WATER AUTHORITY BOND ANTICIPATION NOTE (Regional Water Supply Contract Project), Series 2023" and is hereby authorized to be issued in the aggregate principal amount of \$46,000,000.

(b) *Purpose.* The Note is to be issued for the following purposes: (i) FOR DESIGNING, CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PAYMENT OF PROJECT COSTS FOR THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE NOTE.

Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF NOTES. (a) *Terms of Note.* The Note shall initially be issued, sold, and delivered hereunder as a fully registered note, without interest coupons, numbered consecutively from R-1 upward (except the initial Note delivered to the Attorney General of the State which shall be numbered T-1), dated the date of delivery, payable to the respective initial Registered Owners thereof in an Authorized Denomination, on December 21, 2024, in the aggregate principal amount of \$46,000,000.

b) *In General.* The Note (i) may be redeemed prior to its scheduled maturity date on November 1, 2024 or any Business Day thereafter, (ii) may be assigned and transferred (but only to persons who have been provided sufficient information with which to make an informed decision to invest in the Note) in accordance with Section 5(f) hereof, (iii) may be exchanged for other Note(s), (iv) shall have the characteristics, (v) shall be signed, and the principal of and interest on the Note shall be payable, all as provided, and in the manner required or indicated, in the FORM OF NOTE set forth in Exhibit "B" to this Resolution.

Section 4. INTEREST. The Note shall bear interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from its date of delivery at the rate of 4.72%. Interest

shall be payable to the Registered Owner of any such Note in the manner provided and, on the dates, stated in the FORM OF NOTE set forth in Exhibit "B" to this Resolution.

Upon the occurrence and during the continuance of an Event of Default (as defined herein), interest on the Note shall accrue at the Default Rate (as defined herein) until such Event of Default has been cured.

In the event of a Determination of Taxability (as defined herein), the interest rate on the Note shall increase to the Taxable Rate (as defined herein).

Section 5. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION. (a) ***Paying Agent/Registrar.*** Wells Fargo Bank, National Association (the "Paying Agent/Registrar") is hereby appointed the Paying Agent/Registrar for the Note. The Authority Representative is authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Note in substantially the form and substance presented to the Board in connection with the approval of this Resolution with such changes as are acceptable to the Authority Representative.

(b) ***Registration Books.*** The Board shall keep or cause to be kept at a designated corporate trust office of the Paying Agent/Registrar in Austin, Texas (the "Designated Trust Office") the Registration Books and the Board hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Board and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Note to which payments with respect to the Note shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Board shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. A copy of the Registration Books shall be maintained in the State.

(c) ***Ownership of Note.*** The entity or person in whose name any Note shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Note shall be overdue, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Note shall be made only to such Registered Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

(d) ***Payment of Note and Interest.*** The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Note, all as provided

in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Note.

(e) **Authentication.** The Note initially issued and delivered pursuant to this Resolution shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar's Authentication Certificate unless they have been approved by the Attorney General of the State and registered by the Comptroller of Public Accounts of the State, and on each substitute Note issued in exchange for any Note or Notes issued under this Resolution the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate (the "Authentication Certificate"). The Authentication Certificate shall be in the form set forth in the FORM OF NOTE in Exhibit "B" attached hereto.

(f) **Transfer, Exchange, or Replacement.** Each Note issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender of such Note at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the Registered Owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the Registered Owner or such assignee or assignees, as appropriate, be exchanged for fully registered Notes, without interest coupons, in the appropriate form prescribed in the FORM OF NOTE set forth in Exhibit "B" to this Resolution, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Note shall be of the same Series and have a single stated maturity date), as requested in writing by such Registered Owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Note or Notes so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees, as the case may be. If a portion of any Note shall be redeemed prior to its scheduled maturity as provided herein, a substitute Note or Notes having the same Series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon surrender thereof for cancellation. If any Note or portion thereof is assigned and transferred, each Note issued in exchange therefor shall have the same Series designation and maturity date and bear interest at the same rate and payable in the same manner as the Note for which it is being exchanged. Each substitute Note shall bear a letter and/or number to distinguish it from each other Note. The Paying Agent/Registrar shall exchange or replace Notes as provided herein, and each fully registered Note delivered in exchange for or replacement of any Note or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Notes for all purposes of this Resolution and may again be exchanged or replaced. On each substitute Note issued in exchange for or replacement of any Note or Notes issued under this Resolution there shall be printed an Authentication Certificate, in the form set forth in Exhibit "B" to this Resolution. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign the Authentication Certificate, and, except as provided in (e) above, no such Note shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Notes surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Note or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of

the substitute Notes in the manner prescribed herein, and said Notes shall be in typed or printed form as determined by the Authority Representative. Pursuant to Subtitle D, Texas Government Code and particularly Section 1201.063, thereof, the duty of transfer, exchange, or replacement of Notes as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Notes which were originally issued pursuant to this Resolution. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, and exchanging any Note or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Notes or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Note or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Note issued in an exchange, replacement, or transfer of a Note will be delivered to the Registered Owner or assignee of the Registered Owner not more than three business days after the receipt of the Notes to be canceled and the written request as described above.

The Note may be transferred without limitation to any affiliate of the Purchaser or to a trust or custodial arrangement established by the Purchaser or an affiliate of the Purchaser, each of the beneficial owners of which are “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended. The Note may be transferred to another purchaser (other than an affiliate of the Purchaser or a trust or custodial arrangement as described in the preceding sentence) in Authorized Denominations if (i) written notice of such transfer, together with addresses and related information with respect to such purchaser, is delivered to the Authority and the Paying Agent/Registrar by such transferor and (ii) such purchaser shall have delivered to the Authority, the Paying Agent/Registrar and the transferor an investor letter in the form of the letter attached as Exhibit A to the Note Purchase Agreement and executed by a duly authorized officer of such purchaser; *provided* that each such purchaser shall constitute (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, and (2) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this Section, of not less than \$5,000,000,000.

(g) ***Substitute Paying Agent/Registrar.*** The Board covenants with the Registered Owners of the Notes that at all times while the Notes are outstanding the Board will provide a competent and legally qualified bank, trust company, financial institution, or other Authority to act as and perform the services of Paying Agent/Registrar for the Notes under this Resolution, and that the Paying Agent/Registrar will be one entity. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than ninety (90) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Board covenants that promptly it will appoint a competent and

legally qualified bank, trust company, financial institution, or other Authority to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Notes, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Notes, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(h) **Notice of Redemption.** Each notice of redemption required in the FORM OF NOTE shall contain a description of the Notes to be redeemed including the complete name of the Notes, the Series, the date of issue, the interest rate or rates, the maturity date, the CUSIP number, a reference to the certificate numbers and the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Note may be redeemed, including a contact person and telephone number. All redemption payments made by the Paying Agent/Registrar to the registered owners of the Note shall include a CUSIP number relating to each amount paid to such Registered Owner.

(i) **Initial Note.** The Note herein authorized shall be initially issued as a fully registered note, being one note in the denomination of the aggregate principal amount and the initial Note shall be registered in the name of Wells Fargo Municipal Capital Strategies, LLC (the "Purchaser"). The initial Note shall be the Note submitted to the Office of the Attorney General of the State for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State and delivered to the Registered Owner. Immediately after the delivery of the initial Note, the Paying Agent/Registrar shall cancel the initial Note delivered hereunder and exchange therefor a Note in the form of a separate single fully registered Note registered in the name of the Purchaser.

Section 6. FORM OF NOTE. The form of the Note, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State, with respect to the Note initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "B", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

Section 7. PLEDGE OF FUTURE BOND PROCEEDS. (a) **Pledge.** The Authority hereby covenants and agrees that the Future Bond Proceeds (when, as and if issued) are hereby irrevocably pledged to the payment and security of the Note including the establishment and maintenance of the special funds or accounts created and established on the books and records of the Authority for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Note, and the interest thereon, shall constitute a lien on and pledge of the Future Bond Proceeds (when, as and if issued) and be valid and binding without any physical delivery thereof or further act by the Authority. The Authority shall deposit the Future Bond Proceeds

(when, as and if issued), as collected and received, into a Debt Service Fund (hereinafter defined) or such other appropriate fund or account as authorized by law, to be utilized pursuant to Section 9 hereof to pay the Note. Notwithstanding anything contained herein to the contrary, only the Future Bond Proceeds (when, as and if issued) and no other funds of the Authority shall be encumbered, pledged, committed or used for the payment and security of the Note. Further (and for the avoidance of doubt), the Authority shall never be obligated to pay the principal of or interest on the Note from Bond Payments, and the Registered Owner shall never have the right to demand payment for the Note out of any funds raised or to be raised from taxation by the Sponsors or the Authority.

(b) **Perfection of Pledge.** Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Note and the lien on and pledge of Future Bond Proceeds granted by the Authority under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Note is outstanding and unpaid such that the pledge of the Future Bond Proceeds granted by the Authority is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Note the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

Section 8. DEBT SERVICE FUND AND PROJECT FUND. (a) **Debt Service Fund.** For purposes of providing funds to pay the principal of and interest on the Note as the same become due and payable, the Authority shall maintain, at a Depository, a separate and special fund or account to be created and known as the "Alliance Regional Water Authority Bond Anticipation Note (Regional Water Supply Contract Project) Debt Service Fund" (the "Debt Service Fund"). The Authority shall deposit into the Debt Service Fund (or such other appropriate fund or account as authorized by law) prior to each principal and interest payment date, solely from and to the extent of the available Future Bond Proceeds (when, as and if issued), an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Note then falling due and payable.

Any accrued interest received from the Purchaser of the Note shall be deposited into a subaccount of the Debt Service Fund. In addition, any surplus proceeds from the sale of the Note, including investment income therefrom, not expended for authorized purposes shall be deposited into the Debt Service Fund, and such amounts (i.e., accrued and investment interest) so deposited shall reduce the sum otherwise required to be deposited in the Debt Service Fund from Future Bond Proceeds.

(b) **Project Fund.** The Authority hereby creates and establishes and shall maintain on the books and records of the Authority a separate fund or account to be entitled the "Alliance Regional Water Authority Bond Anticipation Note (Regional Water Supply Contract Project), Project Fund" for use by the Authority for payment of the Sponsors' respective shares of the Project Costs. The Authority shall deposit the net proceeds from the sale of the Note into the Project Fund as provided in this Resolution. Funds in the Project Fund shall be requisitioned for payment of the Sponsors' respective shares of Project Costs in accordance with a requisition in substantially the form set forth in Exhibit "C" attached hereto with such changes as approved by the Authority

Representative. Upon payment of all Project Costs, any moneys remaining on deposit in the Project Fund shall be transferred to the Debt Service Fund.

In the event the Project is not completed for any reason contemplated in the Contract or otherwise or any proceeds from the Note are not used for completion of the Project for any reason, any Note proceeds and earnings therein not used for completion of the Project shall be utilized to pay principal and/or interest on the Note or as otherwise authorized by law.

Any surplus proceeds, including the investment earnings derived from the investment of monies on deposit in the Project Fund, from the Note remaining on deposit in the Project Fund after completing the Project, shall be used as authorized by law.

Section 9. PAYMENT OF THE NOTE. While the Note is outstanding, the Executive Director of the Authority or other authorized Authority official, shall cause to be transferred to the Paying Agent/Registrar therefor, from Future Bond Proceeds (which may be on deposit in a Debt Service Fund or other appropriate fund or account), amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Note as such installment accrues or matures, subject to the provisions of Section 7; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Note at the close of the Business Day next preceding the date a debt service payment is due on the Note, subject to the provisions of Section 7.

Section 10. INVESTMENTS. Funds held in any fund or account created, established, or maintained pursuant to this Resolution shall, at the option of the Authority, be invested in time deposits, certificates of deposit, guaranteed investment contracts, or similar contracting arrangements and/or as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law, and secured (to the extent not insured by the Federal Deposit Insurance Corporation) to the fullest extent required by the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code. All interest and income derived from deposits and investments in any fund shall immediately be credited to, and any losses debited from, the fund from which such funds were derived. All such investments shall be sold promptly when necessary to prevent any default in connection with the Note.

Section 11. ISSUANCE OF ADDITIONAL INDEBTEDNESS. While the Note is outstanding, the Authority agrees not to issue additional indebtedness without the consent of the Registered Owners thereof other than Future Bonds; provided, however, the Note may be refunded (pursuant to any law then available) upon such terms and conditions as the Board of the Authority may deem to be in the best interest of the Authority.

Section 12. MAINTENANCE OF PROJECT - INSURANCE. The Authority covenants, agrees, and affirms its covenants that while the Note remains outstanding it will maintain and operate the Project with all possible efficiency and maintain casualty and other insurance on the properties of the Project and its operations of a kind and in such amounts customarily carried by municipal corporations in the State engaged in a similar type of business (which may include an adequate program of self-insurance) which insurance shall also be sufficient to protect the Purchaser; and that it will faithfully and punctually perform all duties with reference to the Project required by the laws of the State. All money received from losses under such

insurance policies, other than public liability policies, shall be retained for the benefit of the Registered Owners of the Note until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses of the Project. Nothing in this Resolution shall be construed as: (i) requiring the Authority to expend any funds which are derived from sources other than the operation of the Project but nothing herein shall be construed as preventing the Authority from doing so or (ii) requiring the purchase of insurance until the Facilities are constructed.

Section 13. RECORDS AND ACCOUNTS - ANNUAL AUDIT. The Authority covenants, agrees, and affirms its covenants that so long as the Note remains outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the Project in which complete and correct entries shall be made of all transactions relating thereto as provided by applicable law. The Registered Owners of any Note or any duly authorized agent or agents of such Registered Owners shall have the right to inspect the Project and all properties comprising the same. The Authority further agrees that following (and in no event later than six (6) months after) the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Expenses incurred in making the annual audit of the operations of the Project are to be regarded as Operation and Maintenance Expenses of the Project.

Section 14. SALE OR ENCUMBRANCE OF SYSTEM. While the Note remains outstanding, the Authority will not sell, dispose of or further encumber the Project or any substantial part thereof; provided, however, that this provision shall not prevent the Authority from (i) pledging the Bond Payments and Funds to Future Bonds issued to refund the Note as set forth in Section 11 of this Resolution or (ii) disposing of any part of the Project which is being replaced or is deemed by the Authority to be obsolete, worn out, surplus or no longer needed for the proper operation of the Project. Any agreement pursuant to which the Authority contracts with a person, corporation, municipal corporation or political subdivision to operate the Project or to lease and/or operate all or part of the Project shall not be considered as an encumbrance of the Project; provided, however, no such agreement shall impair the pledge and lien on Future Bond Proceeds (when, as and if issued), Bond Payments and Funds.

Section 15. SPECIAL COVENANTS. The Authority further covenants and agrees that:

(a) **Title.** The Authority lawfully owns or will own and is or will be lawfully possessed of the lands, easements or other property rights (including leasehold interests) upon which its Project is and will be located, and has or will purchase good and indefeasible estate in such lands in fee simple, or has or will lawfully obtain any necessary easements or has or will lawfully obtain property rights (including leasehold interests) to operate the Project, and it warrants that it has or will obtain and will defend, the title to all the aforesaid lands, easements and property rights for the benefit of the Registered Owners of the Note against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Future Bond Proceeds to the payment of the Note, in the manner prescribed herein, and that it has lawfully exercised such rights.

(b) ***Liens.*** The Authority will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or its Project, and it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge upon its Project, provided, however, that no such tax, assessment, or charge, and that no such claims which might be or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the Authority.

(c) ***Performance of Outstanding Bond Requirements.*** The Authority will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the resolutions authorizing the issuance of the Outstanding Bonds, and in each and every Outstanding Bond.

(d) ***Legal Authority.*** The Authority is duly authorized under the laws of the State, including the Act, to issue the Note; that all action on its part for the authorization and issuance of the Note has been duly and effectively taken, and the Note in the hands of the Registered Owners thereof are and will be valid and enforceable special obligations of the Authority in accordance with their terms payable solely from, and to the extent of, Future Bond Proceeds (when, as and if issued).

(e) ***Budget.*** The Authority will prepare, adopt, and place into effect an annual budget (the "Annual Budget") for Operation and Maintenance Expenses of the Project for each Fiscal Year, including in each Annual Budget such items as are customarily and reasonably contained in a utility project budget under generally accepted accounting procedures.

(f) ***Permits.*** The Authority will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the Project and which have been obtained from any governmental Authority; and the Authority has or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the Project.

Section 16. LIMITED OBLIGATIONS OF THE AUTHORITY. The Note is a limited, special obligation of the Authority payable from, and to the extent of, and secured solely by a lien on and pledge of Future Bond Proceeds (when, as and if issued), and the Registered Owners thereof shall never have the right to demand payment of the principal or interest on the Note from the Bond Payments or any funds raised or to be raised through taxation by the Sponsors or the Authority.

Section 17. DEFAULT AND REMEDIES. (a) ***Events of Default.*** For purposes of this Resolution and the Note authorized hereby, an "Event of Default" has the meaning set forth in the Form of Note.

(b) ***Remedies for Event of Default.***

(i) Upon the happening and continuance of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Authority, or any official, officer or employee of the Authority in their official capacity, for the purpose of protecting and enforcing the rights of

the Registered Owners under this Resolution, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies. The Registered Owners are third party beneficiaries to the Contract with the ability to enforce the provisions of the Contract for such period that a default exists under the Contract.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of the Note.

(iii) Notwithstanding anything in this Resolution to the contrary, so long as the Purchaser continues to hold the Note, the Purchaser may exercise all remedies available to it in law or equity and any provision in this Resolution or the Note that restricts or limits the Purchaser's full exercise of these remedies shall be of no force and effect.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Note now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Resolution, the right to accelerate the debt evidenced by the Note shall not be available as a remedy under this Resolution.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of the Note authorized under this Resolution, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Resolution do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Authority or the Board.

(iv) None of the members of the Board, nor any other official or officer, agent, or employee of the Authority, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Resolution, or because of any Event of Default or alleged Event of Default under this Resolution.

Section 18. AMENDMENT OF RESOLUTION. (a) ***Amendments Without Consent.*** This Resolution and the rights and obligations of the Board and of the Registered Owners of the Note may be modified or amended at any time without notice to or the consent of any Registered Owner of the Note, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Resolution;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Resolution, upon receipt by the Board of an opinion of counsel, that the same is needed for such purpose, and will more clearly express the intent of this Resolution;

(iii) To supplement the security for the Note or change the form of the Note or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Note;

(iv) To make any changes or amendments requested by any Rating Authority then rating or requested to rate the Note, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Note;

(v) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Note; or

(vi) To assign the Contract to a trustee.

(b) ***Amendments With Consent.*** Subject to the other provisions of this Resolution, the Registered Owners of the Note aggregating 51% in outstanding principal amount shall have the right from time to time to approve any amendment, other than amendments described in Subsection (a) of this Section, to this Resolution which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of the Note, the amendment of the terms and conditions in this Resolution or in the Note so as to:

- (1) Make any change in the maturity of the Note;
- (2) Reduce the rate of interest borne by the Note;
- (3) Reduce the amount of the principal payable on the Note;
- (4) Modify the terms of payment of principal or interest on the Note, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Note; or
- (6) Change the minimum percentage of the outstanding principal amount of the Note necessary for consent to such amendment.

(c) ***Notice.*** (i) If at any time the Board shall desire to amend this Resolution other than pursuant to (a) above, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York (including but not limited to, the Bond Buyer and The Wall Street Journal) or the State (including

but not limited to the Texas Bond Reporter) once during each calendar week for at least two (2) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of the Note. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each Registered Owner of the Note.

(d) **Receipt of Consents.** Whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in outstanding principal amount of the Note, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) **Effect of Amendments.** Upon the adoption by the Board of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of the Note shall thereafter be determined, exercised, and enforced under the resolution and this Resolution, as amended.

(f) **Consent Irrevocable.** Any consent given by any owner of the Note pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication or other service of the notice provided for in this Section and shall be conclusive and binding upon all future owners of the same Note during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and the Board, but such revocation shall not be effective if the owners of 51% in outstanding principal amount of the Note, prior to the attempted revocation, consented to and approved the amendment.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Notes registered as to ownership shall be determined from the Registration Books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

Section 19. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTE. (a) *Covenants.* The Authority covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Note as an obligation described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Authority covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Authority, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Note, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Note (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Note being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Note being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Note, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Note, other than investment property acquired with --

(A) proceeds of the Note invested for a reasonable temporary period of 5 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Note is issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Note;

(7) to otherwise restrict the use of the proceeds of the Note or amounts treated as proceeds of the Note, as may be necessary, so that the Note does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Note or proceeds of any prior notes to pay debt service on another issue more than 90 days after the date of issue of the Note in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Note) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Note has been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;

(b) **Rebate Fund.** In order to facilitate compliance with the above covenant (9), a "Rebate Fund" is hereby established by the Authority for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the noteholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) **Proceeds.** The Authority understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations. It is the understanding of the Authority that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Note, the Authority will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Note under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Note, the Authority agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Note under section 103 of the Code. In furtherance of such intention, the Authority hereby authorizes and directs the Executive Director to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Authority, which may be permitted by the Code as are consistent with the purpose for the issuance of the Note.

(d) **Allocation Of, and Limitation On, Expenditures for the Project.** The Authority covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Authority recognizes that in

order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Authority recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Note, or (2) the date the Note is retired. The Authority agrees to obtain the advice of nationally recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Note. For purposes hereof, the Authority shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Note.

(e) ***Disposition of Project.*** The Authority covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Authority of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Note. For purpose of the foregoing, the Authority may rely on an opinion of nationally recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Note. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Authority shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Note.

(f) ***Reimbursement.*** This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

Section 20. RESOLUTION TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Note, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Board and the Registered Owners from time to time of the Note and the pledge made in this Resolution by the Board and the covenants and agreements set forth in this Resolution to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Registered Owners, except as expressly provided in or permitted by this Resolution.

Section 21. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Note issued hereunder.

Section 22. PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Except as provided to the contrary in the FORM OF NOTE, whenever under the terms of this Resolution or the Note, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Note, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Note, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 23. LIMITATION OF BENEFITS WITH RESPECT TO THE RESOLUTION. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Note is intended or should be construed to confer upon or give to any person other than the Board, the Registered Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Registered Owners, and the Paying Agent/Registrar as herein and therein provided.

Section 24. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND PREAMBLE. The Authority Representative is hereby authorized to have control of the Note issued hereunder and all necessary records and proceedings pertaining to the Note pending its delivery and approval by the Attorney General of the State. The Authority Representative is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Note as permitted by Chapter 1202, Texas Government Code, in which case the Authority Representative also is authorized to request the Comptroller of Public Accounts register the Note, and to cause an appropriate legend reflecting such approval and registration to appear on the Note and the substitute Notes. The approving legal opinion of the Board's Bond Counsel and the assigned CUSIP numbers may, at the option of the Board, be printed on the Note and on any Notes issued and delivered in exchange or replacement of any Note, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Note. The preamble to this Resolution is hereby adopted and made a part of this Resolution for all purposes.

Section 25. CONTINUING DISCLOSURE UNDERTAKING. Except as may otherwise be provided in Exhibit "D" to this Resolution, the Authority is not required to make, and does not make, any continuing disclosure undertaking pursuant to the Rule.

Section 26. APPLICATION OF NOTE PROCEEDS. (a) Proceeds from the sale of the Note shall, promptly upon receipt thereof, be applied by the Authority Representative as follows:

- (i) accrued interest, if any, for the Note shall be deposited as provided in Section 9(a);
- (ii) an amount sufficient to accomplish the purposes of Section 2(b) shall be deposited to the Project Fund; and

(iii) any proceeds from the sale of the Note remaining after the deposits provided for in clauses (i) and (ii) above, shall be applied to pay expenses arising in connection with the issuance of the Note.

Any sale proceeds of the Note remaining after making all deposits and payments provided for above shall be applied to the payment of interest on the Note and deposited into the Debt Service Fund.

Section 27. DEFEASANCE PROVISIONS. (a) Any Note and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Note") within the meaning of this Resolution, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Note, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Authority with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all Defeased Notes shall have become due and payable or (3) any combination of (1) and (2). At such time as a Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Future Bond Proceeds as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Note as aforesaid when proper notice of redemption of such Note shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the Authority also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Note and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the Authority.

(c) Notwithstanding any provision of any other Section of this Resolution which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Note and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Note and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Notes shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar

for such Defeased Notes the same as if they had not been defeased, and the Authority shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) Notwithstanding anything elsewhere in this Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section for the payment of the Note and such Note shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Note affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Note to be paid at its maturity, the Authority retains the right under State law to later call that Defeased Note for redemption in accordance with the provisions of this Resolution, the Authority may call such Defeased Note for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Note as though it was being defeased at the time of the exercise of the option to redeem the Defeased Note and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Note.

Section 28. SALE OF NOTE; USE OF PROCEEDS. (a) *Sale to Wells Fargo.* The Note is hereby sold to the Purchaser for the price of par. The Note has been purchased by the Purchaser pursuant to the Note Purchase Agreement in substantially the form attached hereto as Exhibit "G," which the Authority Representative is hereby authorized to execute and deliver. The Note initially delivered shall be registered in the name of the Purchaser. The Authority has determined, based upon the advice provided by its financial advisors, that acceptance of the purchase price for the Note is on terms advantageous to, and in the best interests of, the Authority.

(b) *Notice from Purchaser of Sale of the Note.* It is the intent of the parties to the sale of the Note that the Note is being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution and that if the Purchaser ever determines to sell, assign or transfer all or a part of the Note, such sale, assignment or transfer shall be in accordance with Section 5(f) of this Resolution.

(c) *Proceeds.* The proceeds from the sale of the Note shall be used in the manner described in the letter of instructions executed by the Authority, or on behalf of the Authority by its financial advisor.

(d) *Payment by Wire Transfer.* Payment of amounts due and owing on the Note to the Purchaser shall be made by wire transfer, at no expense to the Purchaser, as provided in the FORM OF NOTE and without presentment or surrender.

(e) *Investment of Note Proceeds.* Proceeds from the sale of the Note shall be held at a depository or other properly chartered and authorized institution in accordance with Chapter 2256, Texas Government Code, and Chapter 2257, Texas Government Code.

Section 29. FURTHER PROCEDURES. The Authority Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby

expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Note, the sale and delivery of the Note and fixing all details in connection therewith. The Authority Representative is authorized to sign this Resolution.

Section 30. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 31. PUBLIC NOTICE. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted; that this Resolution would be introduced and considered for adoption at said meeting; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

Section 32. NO PERSONAL LIABILITY. No covenant or agreement contained in the Note, this Resolution or any corollary instrument shall be deemed to be the covenant or agreement of any member of the Board or the Sponsors or any officer, agent, employee or representative of the Board or the Sponsors in their individual capacity, and neither the directors, officers, agents, employees or representatives of the Board or the Sponsors nor any person executing the Note shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountable by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Note.

Section 33. APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT. The Paying Agent/Registrar Agreement by and between the Authority and the Paying Agent/Registrar ("Paying Agent Agreement"), in substantially the form and substance submitted to the Board is hereby approved and the Authority Representative is hereby authorized and directed to complete, amend, modify, and execute the Paying Agent Agreement, as necessary.

Section 34. APPROVAL CERTIFICATE. Pursuant to Section 3.1 of the Contract, the Sponsors have authorized the execution of an approval certificate attached hereto as Exhibit "F" which evidences the approval of the terms and provisions of the Note as set forth herein by the Sponsors.

PASSED AND ADOPTED this December 14, 2023.

**ALLIANCE REGIONAL WATER
AUTHORITY**

Authority Representative

EXHIBIT A

DEFINITIONS

As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text in this Resolution specifically indicates otherwise.

The term *Authorized Denominations* shall mean the denomination of \$250,000 or any integral multiple of \$5,000 in excess thereof.

The term *Authority* shall mean Alliance Regional Water Authority and any other public Authority succeeding to the powers, rights, privileges and functions of the Authority and, when appropriate, the Board of the Authority.

The term *Authority Representative* shall mean the Chair, Vice Chair or the Executive Director of the Authority or such other person authorized by the Board to act as an Authority Representative.

The term *Board* shall mean the Board of Directors of the Authority.

The term *Bond Payments* shall mean the payments defined as "Bond Payments" within the Contract.

The term *Bonds* shall mean the obligations defined as "Bonds" within the Contract.

The term *Business Day* shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term *Certified Public Accountant* shall mean an independent certified public accountant or firm of independent certified public accountants.

The term *Completion Date* shall mean when the Facilities have been substantially complete, the date specified in a certificate of the Authority and Project Engineer that the Project is substantially completed and ready to be placed in service.

The term *Contract* shall mean the Regional Water Supply Contract dated as of January 9, 2008, together with amendments and supplements thereto including Amendment No. 1 and Amendment No. 2 (which by the term of such instrument is designated as a supplement or amendment to such Contract) between the Authority and each Sponsor, conformed copies of the Contract being attached hereto as Exhibit "E" for the purposes of identification.

The term *Debt Service Fund* shall mean the special fund or account created and established by the provisions of Section 9(a) of this Resolution.

The term *Default Rate* shall mean the "Default Rate" as defined in in the FORM OF NOTE.

The term *Defeasance Securities* shall mean (i) Federal Securities, (ii) noncallable obligations of an Authority or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or notes or otherwise provides for the funding of an escrow to effect the defeasance of the Note are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) non-callable obligations of a state or an Authority or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or notes or otherwise provide for the funding of an escrow to effect the defeasance of the Note, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent, or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Note.

The term *Depository* shall mean an official depository bank of the Authority.

The term *Designated Trust Office* shall have the meaning ascribed to said term in Section 5(b) of this Resolution.

The term *Determination of Taxability* shall mean a "Determination of Taxability" as defined in in the FORM OF NOTE.

The term *Engineering Report* shall mean the "Final Report of the Plumbing Plan," prepared by Lockwood, Andrews & Newnan, Inc., dated September 21, 2007, as such report may be amended, modified, changed or superseded with the approval of the Authority and Sponsors, at any time prior to the execution of construction contracts for the Project or as modified and changed by change orders issued after the execution of such construction contracts; provided, however, no such change orders shall adversely affect any of the Sponsors without the consent of the Sponsors.

The term *Event of Default* shall mean an "Event of Default" as defined in in the FORM OF NOTE.

The term *Facilities* shall mean the facilities, wells, diversion structures, treatment plants, storage tanks, capacity rights, lines, booster pumps, and other appurtenances sufficient to produce, divert, treat and deliver the water to which the Sponsors are entitled under the Contract and any improvements, additions, or extensions to such Facilities hereafter acquired or constructed to deliver water between such places.

The term *Federal Securities* shall mean direct, non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

The term *Fiscal Year* shall mean the twelve-month accounting period used by the Authority in connection with the operation of the Project, currently ending on September 30th of each year,

which may be any twelve consecutive month period established by the Authority, but in no event may the Fiscal Year be changed more than one time in any three-calendar year period.

The term *Funds* shall mean the Debt Service Fund and Project Fund created and held pursuant to this Resolution.

The term *Future Bond Proceeds* shall mean proceeds from the sale, issuance and delivery of the Future Bonds (when, as and if issued) issued to refund the Note in full.

The term *Future Bonds* shall mean the first issuance of Bonds and/or bond anticipation notes of the Authority issued after the date thereof, the proceeds of which shall be used to pay the outstanding principal of and interest on the Note in full.

The term *Government Securities* shall mean (i) direct non-callable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) non-callable obligations of an Authority or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds or notes, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; (iii) non-callable obligations of a state or an Authority or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds or notes, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Note.

The term *Interest Payment Date* shall mean the date interest is payable on the Note, as set forth in the FORM OF NOTE.

The term *IRS Code* shall mean the Internal Revenue Code of 1986, as amended.

The term *Land Interests* shall mean the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Facilities and the Water Rights for the Project.

The term *Maturity* shall mean the date on which the principal of the Note becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption or otherwise.

The term *Note Purchase Agreement* shall mean the note purchase agreement dated December 14, 2023, by and between the Authority and the Purchaser, relating to the Note, as the same may be amended, modified or restated from time to time.

The term *Operation and Maintenance Expenses* shall mean all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the

generality of the foregoing) amounts payable under any contract with any person, including, but not limited to any federal, state, or local Authority for the right to produce, withdraw or divert and use water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's production, withdrawal or diversion of or sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, any required costs of mitigation and land management incidental to Project operation, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than the Contract.

The term *Overhead Expenses* shall mean the Authority's reasonable and necessary costs and expenses incurred at any time directly related to the issuance and servicing of the Note, Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project, the Notes or Bonds, including, but not limited to: (i) per diem and reimbursable expenses incurred by the Directors of the Authority for special meetings of the Authority's Board related to the Project; (ii) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority; (iii) salaries of the Authority's staff attributable to the Project or the Note or Bonds based on time expended, as documented or reasonably estimated by the President, Board of the Authority; (iv) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Notes or Bonds from the regulatory authorities having jurisdiction; (v) the cost of property casualty and public liability insurance incurred prior to the Completion Date; including any insurance deductible charged to or required to be paid by the Authority; provided that if the Authority is unable to obtain such insurance on an occurrence basis, then any expense incurred by the Authority from and after the Completion Date for casualty and public liability insurance, including any insurance deductible, shall be paid by the Sponsors; (vi) all costs incurred in litigation involving or relating to the Project; and (vii) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Note or Bonds, whether enumerated above or not, and whether or not included in the definition or as a part of Project Costs.

The terms *Paying Agent/Registrar*, *Paying Agent* or *Registrar* shall mean the agent appointed pursuant to Section 5 of this Resolution or any successor to such agent.

The term *Sponsors* shall mean the "Sponsors" described in the recitals to this Resolution.

The term *Phase 1A Project* shall mean the design and construction of facilities to interconnect the Cities of Kyle and Buda water systems. The Project will use the Phase 1A Project facilities to deliver Carrizo water into the Buda system. Facilities include a possible water pump section, pumps, ground storage tank, chlorine treatment system, yard piping necessary to receive and pump water, fee simple purchase of property for the pump station and new transmission pipeline.

The term *Phase 1B Improvements Project* shall include design, construction and equipment of multiple wells drilled and installed; the primary collection line from the well field to the treatment plant along with the individual collection lines; a sand filter water treatment plant including filters, disinfection equipment, high service pump station, and clearwell storage; plant construction in phases with Phase 1B expected to provide a treatment capacity of approximately 5 MGD, with an ultimate plant buildout of approximately 35 MGD; and transmission mains from the water treatment plant to the Project's Phase 1A infrastructure all as further set forth in the Authority's application to the Texas Water Development Board.

The term *Project* shall mean, collectively, the Land Interests and the Facilities as described in the recitals to the Contract and in the Engineering Report.

The term *Project Costs* shall mean and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority or the Sponsors: (i) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies; (ii) the cost of acquisition, construction, repair, replacement, improvement or decommissioning of the Facilities, and any structure, item of equipment, or other item, used for, or in connection with, the Project; (iii) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project; (iv) the cost of engineering, legal, architectural or other related services; (v) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project; (vi) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation; (vii) finance charges and interest before, during, and after construction as permitted by the laws of the State; (viii) costs incurred in connection with financing the project, including, without limitation: (1) financing, legal, accounting, financial advisory, rating Authority, and auditing fees, expenses and disbursements; (2) the cost of printing, engraving, and reproduction services; and (3) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees; (ix) all costs, fees and expenses of litigation of all kinds; (x) the cost of property casualty and public liability insurance; (xi) the fees and costs of the anticipated Purchaser of the Note (or purchasers of Bonds), including underwriting services, if applicable; (xii) reimbursement of the costs previously incurred by the Sponsors with respect to the Project; and (xiii) other costs generally recognized as a part of Project construction costs.

The term *Project Engineer* shall mean such engineer or engineering firm selected by the Authority.

The term *Purchaser* shall mean the initial purchaser of the Note, Wells Fargo Municipal Capital Strategies, LLC.

The term *Record Date* shall mean the Business Day of each month as set forth in the FORM OF NOTE.

The term *Registration Books* shall mean the books or records relating to the registration, payment and transfer or exchange of the Note maintained by the Paying Agent/Registrar pursuant to Section 5 of this Resolution.

The term *Registered Owner* shall mean the entity or person in whose names the Note is registered in the Registration Books.

The term *Resolution* shall mean this resolution adopted by the Board of the Authority on December 14, 2023.

The term *Rule* shall mean SEC Rule 15c2-12, as amended from time to time.

The term *SEC* means the United States Securities and Exchange Commission.

The term *State* shall mean the State of Texas.

The term *Stated Maturity* shall mean, when used with respect to the Note, the scheduled maturity date of the Note.

The term *Taxable Rate* shall mean the "Taxable Rate" as defined in in the FORM OF NOTE.

The term *Water Rights* shall mean the right to produce, withdraw or divert water, and transport the water from the location where it is produced, withdrawn, or diverted into Caldwell County, Guadalupe County, Hays County, and the surrounding counties. "Water Rights" are a component of "Land Interests."

EXHIBIT B

FORM OF NOTE

**REGISTERED
NO. T-1**

**REGISTERED
PRINCIPAL AMOUNT
\$46,000,000**

**THE TRANSFERABILITY OF THIS NOTE
IS RESTRICTED AS SET FORTH IN SECTION 5(F)
OF THE HEREINAFTER DEFINED RESOLUTION**

**UNITED STATES OF AMERICA
STATE OF TEXAS
ALLIANCE REGIONAL WATER AUTHORITY
BOND ANTICIPATION NOTE
(REGIONAL WATER SUPPLY CONTRACT PROJECT)
SERIES 2023**

<u>NOTE DATE</u>	<u>STATED MATURITY</u>	<u>INTEREST RATE</u>	<u>CUSIP NO.</u>
December 21, 2023	December 21, 2024	4.72%	

REGISTERED OWNER: WELLS FARGO MUNICIPAL CAPITAL STRATEGIES, LLC

PRINCIPAL AMOUNT: FORTY-SIX MILLION DOLLARS

The Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas (the "State"), created by the Cities of Buda, Kyle and San Marcos, Texas and the Canyon Regional Water Authority a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and existing under the laws of the State, for value received, hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on the unpaid principal amount hereof from the Note Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on the Stated Maturity.

Principal and premium, if any, of this Note shall be payable to the Registered Owner hereof (the "Holder") upon presentation and surrender, at a corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Note (or one or more predecessor Notes) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business

on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Note shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. The foregoing notwithstanding, so long as Wells Fargo Municipal Capital Strategies, LLC, is the registered owner of 100% in aggregate principal amount of the Note then outstanding, payment of principal and interest on the Note shall be made thereto by wire transfer, at no expense to Wells Fargo Municipal Capital Strategies, LLC, without presentment or surrender. Notwithstanding the foregoing, during any period in which ownership of the Note is determined only by a book entry at a securities depository for the Note, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Authority and the securities depository.

Upon the occurrence and continuance of an Event of Default (as defined below), interest on the Note shall accrue at the Default Rate (as defined below) until such Event of Default has been cured.

"Default Rate" has the meaning set forth in the Note Purchase Agreement (as defined in the Resolution).

"Event of Default" has the meaning set forth in the Note Purchase Agreement (as defined in the Resolution).

In the event of a Determination of Taxability (as defined below), the interest rate on the Note shall increase to the Taxable Rate (as defined below).

"Determination of Taxability" has the meaning set forth in the Note Purchase Agreement (as defined in the Resolution).

"Taxable Rate" has the meaning set forth in the Note Purchase Agreement (as defined in the Resolution).

This Note is issued in the aggregate principal amount of \$46,000,000 pursuant to a resolution adopted by the governing body of the Authority (the "Resolution"), (i) FOR CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE NOTE.

On November 1, 2024, or any Business Day thereafter, the Note may be redeemed prior to its Stated Maturity, at the option of the Authority, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Note to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If this Note is subject to redemption prior

to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Note to the Paying Agent/Registrar at its corporate trust office, a new Note or Notes of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof.

If this Note (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Note (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Note is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Note within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Note is a special obligation of the Authority payable from, and to the extent of, and secured solely by a lien on and pledge of the Future Bond Proceeds received by the Authority. In the Resolution, the Authority reserves and retains the right to refund the Note (pursuant to any law then available) upon such terms and conditions as the Board of the Authority may deem to be in the best interest of the Authority, but subject to any terms, conditions, or restrictions set forth in the Resolution or as may be applicable thereto under law or otherwise. The Note does not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Authority or System, except with respect to the Future Bond Proceeds.

The Holder hereof shall never have the right to demand payment of this obligation out of Bond Payments (as defined in the Resolution) or any funds raised or to be raised by taxation.

Reference is hereby made to the Resolution, copies of which are on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description and nature of the special payments pledged for the payment of the Note; the terms and conditions under which the Authority may (or may not) issue additional indebtedness while the Note is outstanding; the terms and conditions relating to the transfer or exchange of the Note; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Note may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer outstanding thereunder; and for the other terms and provisions specified in the Resolution. Capitalized terms used herein and not otherwise defined herein have the same meanings assigned in the Resolution.

This Note, subject to certain limitations contained in the Resolution, may be transferred on the Registration Books upon presentation and surrender at a corporate trust office of the Paying

Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or its duly authorized agent, and thereupon one or more new fully registered Notes of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The Authority and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Note as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the Authority nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Note in order to render the same a legal, valid, and binding special obligation of the Authority have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Note does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Note by a lien on and pledge of the Future Bond Proceeds and as otherwise provided in this Resolution. In case any provision in this Note or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Note and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of the Authority has caused this Note to be duly signed with the manual or facsimile signature of the Chair or Vice Chair of the Board of the Authority and countersigned with the manual or facsimile signature of the Secretary of the Board of the Authority.

ALLIANCE REGIONAL WATER
AUTHORITY

Chair, Board

ATTESTED:

Secretary, Board

A. Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Note Only.

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

**OFFICE OF THE COMPTROLLER OF PUBLIC ACCOUNTS
THE STATE OF TEXAS** ' ' ' ' REGISTER NO. _____

I HEREBY CERTIFY that this Note has been examined and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

B. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Note Only.

This Note has been duly issued under the provisions of the within-mentioned Resolution; the Note or Notes of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: _____

Wells Fargo Bank, National Association
as Paying Agent/Registrar

By: _____
Authorized Signature

C. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number): _____
the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular.

Signature guaranteed:

D. The Initial Note shall be in the form set forth in this Exhibit B (except the column labeled "CUSIP NO." may be deleted).

EXHIBIT C

FORM OF PROJECT FUND REQUISITION

PROJECT FUND REQUISITION

DATE: _____

Alliance Regional Water Authority hereby makes this requisition pursuant to "A Resolution by the Board of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Bond Anticipation Note (Regional Water Supply Contract Project), Series 2023; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale, and Delivery of Such Note" adopted by the Board of the Authority on December 14, 2023. The undersigned hereby authorizes disbursement from the Project Fund to pay Project Costs for the purposes and in the amounts as follows:

<u>Name of Payee</u>	<u>Nature of Disbursement</u>	<u>Amount</u>
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EXHIBIT D

CONTINUING DISCLOSURE

In connection with the sale of the Note, the Authority is not required to make, and does not make, any continuing disclosure undertaking pursuant to the Rule.

EXHIBIT E

REGIONAL WATER SUPPLY CONTRACT

See Separate Tab of Transcript

EXHIBIT F

APPROVAL CERTIFICATE

The undersigned Authorized Representative of the [*Sponsor*] pursuant to the resolution (the "Resolution") authorizing the issuance of obligations designated as "Alliance Regional Water Authority Bond Anticipation Note (Regional Water Supply Contract Project), Series 2023" (the "Note") hereby approves the following terms of the Note:

- (i) the total principal amount of the Note of \$46,000,000;
- (ii) the purchase price for the Note is \$46,000,000 (representing the original principal amount of the Note);
- (iii) the interest rate for the Note is 4.72% and the Note shall mature on December 21, 2024;
- (iv) the Note is subject to redemption as set forth below:

On November 1, 2024, or any Business Day thereafter, the Note may be redeemed prior to its Stated Maturity, at the option of the Authority, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Note to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If the Note is subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum thereof is to be redeemed, there shall be issued, without charge therefor, to the Holder thereof, upon the surrender of the Note to the Paying Agent/Registrar at its corporate trust office, a new Note or Notes of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum thereof.

If the Note (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date the Note (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable thereon from and after the redemption date on the principal amount thereof to be redeemed. If the Note is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange the Note within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance thereof in the event of its redemption in part; and

- (v) the Note will be approved by the Texas Attorney General.

EXECUTED AND DELIVERED THIS ____ day of December, 2023.

[SPONSOR]

Title: _____

EXHIBIT G
NOTE PURCHASE AGREEMENT

REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS

Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- H.5** Consider adoption of Resolution 2023-12-14-003 Relating to Establishing the Authority's Intention to Reimburse Itself for the Expenditure of Funds Relating to the Payment of Project Costs for The Phase 1B Improvements Water Supply Project from the Proceeds of Tax- Exempt Obligations to be Issued by the Authority; Authorizing Other Matters Incident and Related Thereto; and Providing an Effective Date. ~ *Graham Moore, P.E., Executive Director*
-

Background/Information

The Authority intends to utilize the 2023 BAN as “Local Funds” on its application for 2024 SWIFT financing through the Texas Water Development Board. In order for the funds to be eligible for reimbursement, the Authority’s Board must adopt a resolution establishing its intent to be reimbursed through future funding. The attached resolution was drafted by bond counsel to establish the intent to reimburse.

Attachment(s)

- Resolution 2023-12-14-003

Board Decision(s) Needed:

- Adoption of Resolution 2023-12-14-003 relating to establishing the Authority's Intention to reimburse itself for the expenditure of funds relating to the payment of project costs for the Phase 1B Improvements Water Supply Project from the proceeds of tax-exempt obligations to be issued by the Authority.



ALLIANCE WATER

RESOLUTION NO. 20231214-003

**A RESOLUTION RELATING TO ESTABLISHING THE
AUTHORITY'S INTENTION TO REIMBURSE ITSELF FOR THE
EXPENDITURE OF FUNDS RELATING TO THE PAYMENT OF
PROJECT COSTS FOR THE PHASE 1B IMPROVEMENTS WATER
SUPPLY PROJECT FROM THE PROCEEDS OF TAX- EXEMPT
OBLIGATIONS TO BE ISSUED BY THE AUTHORITY;
AUTHORIZING OTHER MATTERS INCIDENT AND RELATED
THERE TO; AND PROVIDING AN EFFECTIVE DATE**

WHEREAS, the Board of Directors (the "Board") of the Alliance Regional Water Authority (the "Authority") or any successor or assigns has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds to finance the costs associated with financing, acquiring, and constructing water supply facilities including the Phase 1B Improvements Water Supply Project which constitute the costs of the Authority's project that is the subject of this Resolution (the "Project") with an aggregate maximum principal amount not to exceed \$46,000,000 for the purpose of paying the costs of the Project; and

WHEREAS, the provisions of Section 1201.042, as amended, Texas Government Code ("Section 1201.042") provide that the proceeds from the sale of obligations issued to finance the acquisition, construction, equipping, or furnishing of any project or facilities, such as the Project, may be used to reimburse the Authority for costs attributable to such project or facilities paid or incurred before the date of issuance of such obligations; and

WHEREAS, the United States Department of Treasury (the "Department") released Regulation Section 1.150-2 (the "Regulations") which establishes when the proceeds of obligations are spent and therefore are no longer subject to various federal income tax restrictions contained in the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Board intends to reimburse itself, within eighteen (18) months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three (3) years after the original expenditures are paid), for the prior lawful capital expenditure of funds from the proceeds of one or more series of tax-exempt obligations (the "Obligations") that the Authority currently contemplates issuing Obligations to finance the costs of the Project and expects to expend approximately \$46,000,000 prior to issuance of such Obligations; and

WHEREAS, under the Regulations, to fund such reimbursement with proceeds of the Obligations, the Authority must declare its expectation ultimately to make such reimbursement before making the expenditures; and

WHEREAS, the Authority hereby finds and determines that the reimbursement for the prior expenditure of funds of the Authority is not inconsistent with the Authority's budgetary and financial circumstances; and

WHEREAS, the Board hereby finds and determines that the adoption of this Resolution is in the best interests of the Authority; now, therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY OR ANY SUCCESSOR OR ASSIGNS THAT:

SECTION 1: This Resolution is a declaration of intent to establish the Authority's reasonable, official intent under section 1.150-2 of the Regulations and Section 1201.042 to reimburse itself from certain of the proceeds of the Obligations for any capital expenditures previously incurred (not more than 60 days prior to the date hereof) or to be incurred with respect to the Project from lawfully available funds of the Authority.

SECTION 2: The Authority intends to issue the Obligations and allocate within 30 days after the date of issuance of the Obligations the proceeds therefrom to reimburse the Authority for prior lawful expenditures with respect to the Project in a manner to comply with the Regulations.

SECTION 3: The reimbursed expenditure will be a type properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles.

SECTION 4: The Authority will reimburse itself, within eighteen (18) months from the later of the date of expenditure or the date the property financed is placed in service but in no event more than three (3) years after the original expenditures are paid.

SECTION 5: The Authority intends to otherwise comply, in addition to those matters addressed within this Resolution, with all the requirements contained in the Regulations.

SECTION 6: This Resolution may be relied upon by the appropriate officials at the Office of the Attorney General for the State of Texas and establishes compliance by the Authority with the requirements of Texas law and the Regulations.

SECTION 7: The recitals contained in the preamble hereof are hereby found to be true, and such recitals 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 8: All ordinances and resolutions, 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 resolved herein.

SECTION 9: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10: 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 11: 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: This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

EXECUTED this the 14th day of December, 2023.

Chair, Alliance Regional Water Authority

Secretary, Alliance Regional Water Authority

[Signature Page]

REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS

Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- I. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS – Possible acknowledgement by Board Members of future area events and/or requests for item(s) to be placed on a future agenda where no action is required.
-

Background/Information

The Board Members have an opportunity to make announcements or to request that items be added to future Board or Committee agendas.

REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS

Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- J.1** *Executive Session pursuant to the Government Code, Section 551.071 (Consultation with Attorney) and/or Section 551.072 (Real Property Deliberations) and/or Section 551.074 (Personnel Matters) regarding:*
- A. Water supply partnership options*
 - B. Groundwater leases*
 - C. Acquisition of real property for water supply project purposes*
-

REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS
Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

J.2 Action from Executive Session on the following matters:

- A. *Water supply partnership options*
 - B. *Groundwater leases*
 - C. *Acquisition of real property for water supply project purposes*
-

REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS

Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

J.2 Action from Executive Session on the following matters:

- D. Consideration of Resolution 2023-12-14-004 finding Public Convenience and Necessity for and authorizing the acquisition of certain water pipeline easements and temporary construction easements and certain fee estates for the Alliance Regional Water Authority, Phase 1B Water Line Project in connection therewith, over, across, upon and under certain privately owned real estate properties; authorizing all appropriate actions by the Board of Directors, staff, retained attorneys and engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed fee estates and easements and temporary construction easements and related rights of ingress and egress that cannot be acquired through negotiation; declaring further negotiations futile; ratifying and affirming all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of ARWA to acquire such property interests including necessary acts for any applicable lienholders for such properties; authorizing all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary interests in real property; declaring the sections of the resolution to be severable one from the other in the event any section of the resolution is determined to be invalid; establishing an effective date; and finding and determining that the meeting at which this resolution is passed was noticed and is open to the public as required by law.*

Board Decision(s) Needed:

- Adoption of Resolution 2023-12-14-004.



ALLIANCE WATER

RESOLUTION NO. 20231214-004

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY FINDING PUBLIC CONVENIENCE AND NECESSITY FOR AND AUTHORIZING THE ACQUISITION OF CERTAIN WATER PIPELINE EASEMENTS, TEMPORARY CONSTRUCTION, ACCESS, AND OTHER ASSOCIATED EASEMENTS, FOR THE PHASE 1 B WATER LINE PROJECT IN CONNECTION THEREWITH, OVER, ACROSS, UPON AND UNDER CERTAIN PRIVATELY OWNED REAL PROPERTIES; AUTHORIZING ALL APPROPRIATE ACTION BY THE BOARD OF DIRECTORS, STAFF, RETAINED ATTORNEYS AND ENGINEERING AND TECHNICAL CONSULTANTS IN THE INSTITUTION AND PROSECUTION OF CONDEMNATION PROCEEDINGS TO ACQUIRE ANY SUCH NEEDED FEE ESTATES AND EASEMENTS AND TEMPORARY CONSTRUCTION, ACCESS, AND ASSOCIATED EASEMENTS AND RELATED RIGHTS OF INGRESS AND EGRESS THAT CANNOT BE ACQUIRED THROUGH NEGOTIATION; DECLARING FURTHER NEGOTIATIONS FUTILE; RATIFYING AND AFFIRMING ALL ACTS AND PROCEEDINGS HERETOFORE DONE OR INITIATED BY EMPLOYEES, AGENTS, AND ATTORNEYS OF ARWA TO ACQUIRE SUCH PROPERTY INTERESTS, INCLUDING NECESSARY ACTS FOR ANY APPLICABLE LIENHOLDERS FOR SUCH PROPERTIES; AUTHORIZING ALL OTHER LAWFUL ACTIONS NECESSARY AND INCIDENTAL TO SUCH ACQUISITIONS OR EMINENT DOMAIN PROCEEDINGS TO SURVEY, SPECIFY, DEFINE, AND SECURE THE NECESSARY INTERESTS IN REAL PROPERTY; DECLARING THE SECTIONS OF THE RESOLUTION TO BE SEVERABLE ONE FROM THE OTHER IN THE EVENT ANY SECTION OF THE RESOLUTION IS DETERMINED TO BE INVALID; ESTABLISHING AN EFFECTIVE DATE; AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, in order to promote public health, safety, and welfare, ALLIANCE REGIONAL WATER AUTHORITY (“ARWA”) hereby finds that public convenience and necessity require the acquisition of permanent Pipeline and Right-of-Way Easements and, in some instances, temporary easements and access easements (cumulatively, “Easements”) over certain tracts, or fee simple title to certain tracts of land identified for the public use to

construct, reconstruct, operate, inspect, maintain and repair water transmission lines and related facilities and improvements of Phase 1 B of the project (the “Project”); and

WHEREAS, in order to effectuate the Project, it will be necessary and convenient that agents, representatives, or employees of ARWA lay out the Project, and acquire these property rights from properties for the purpose of construction, reconstruction, operation, inspection, maintenance and repair of the Project; and

WHEREAS, ARWA has entered into agreements with Guadalupe-Blanco Regional Authority (“GBRA”) for the installation of certain water pipelines within the Easements respectively in support of the Project; and

WHEREAS, it may be necessary to hire engineers, surveyors, appraisers, attorneys, title companies, architects, or other persons or companies to effect the laying out, establishment, and acquisition of land rights necessary to effectuate said Project; and

WHEREAS, in order to acquire the necessary land rights, it will be or has been necessary for ARWA’s agents, representatives, or employees to enter upon the above-described properties for the purpose of surveying and establishing said land titles and to determine adequate compensation for said land rights, to conduct tests, and to negotiate with the owners thereof for the purchase of necessary land rights; and

WHEREAS, it was necessary to set out procedures for the establishment and approval of just compensation for the necessary land rights to be acquired for the Project; and

WHEREAS, as provided for by Texas Water Code, Chapter 65, including Sections 65.201, and the Texas Special District Local Laws Code Chapter 11010, including Sections 11010.101, 11010.102 and 11010.103, the Board finds and determines that the parcel of land listed below, and more particularly described in the attached Exhibit (parcel), is necessary or convenient as a part of the system of water pipelines to be constructed, reconstructed, operated, inspected, maintained, or repaired and it is necessary to acquire the 90 foot wide permanent easement and the 30 foot wide access easement in the parcel as set forth in the attached Exhibit as part of the Project; and

WHEREAS, the Board finds and determines that the water pipeline facilities to be constructed or improved on the parcel identified and listed below and those property interests acquired; and

WHEREAS, the Board finds and determines that condemnation of the parcel is required; and

WHEREAS, the initiation of condemnation proceedings for this parcel is adopted and authorized by order of the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF ALLIANCE REGIONAL WATER AUTHORITY:

SECTION 1.

1. That in order to promote the public health, safety, and welfare, public convenience and necessity require ARWA's acquisition of a 90 foot wide permanent easement and a 30 foot wide access easement, for the public use for construction, reconstruction, operation, maintenance, inspection, access to and repair of water transmission lines and appurtenances over that certain parcel of land described with particularity on Exhibit "A," attached and incorporated herein by reference as if fully set out.

2. That ARWA's agents, representatives, or employees are hereby authorized to:
 - a. Lay out the exact location of the land area needed for the necessary property interests described herein;

 - b. Hire such engineers, surveyors, appraisers, title companies, architects, and other persons or companies needed to effect the laying out of the facilities, the establishment and acquisition of easement rights and other rights necessary for the Project;

 - c. Enter upon any property necessary for the purpose of surveying and establishing title, to determine adequate compensation for the necessary land rights, and to conduct tests;

 - d. Negotiate with the owners of any such properties for the purchase thereof;

 - e. To purchase any necessary easements and rights-of-way on, over, under and across each of the Easements and execute all documents necessary to acquire such necessary land rights;

 - f. Initiate eminent domain proceedings against the owner(s) of each of the Easements for acquisition thereof in the event the owner(s) fail to accept a bona fide offer to purchase each of the respective Easements; and

 - g. Take whatever further actions deemed appropriate to economically effect the establishment of the Project and appurtenances thereto.

3. That all previous acts and proceedings done or initiated by ARWA's agents, representatives, or employees for establishment of the Project, including the negotiation for and/or acquisition of any necessary property rights for any of the Easements are hereby authorized, ratified, approved, confirmed, and validated. This resolution shall take effect

immediately from and after its passage.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

PASSED AND APPROVED this the 14th day of December, 2023.

ALLIANCE REGIONAL WATER AUTHORITY

Chris Betz
Chair of the Board of Directors of
ALLIANCE REGIONAL WATER AUTHORITY

ATTEST:

Amber Schmeits
Secretary of the Board of Directors of
ALLIANCE REGIONAL WATER AUTHORITY

EXHIBIT "A"

<u>Parcel Number</u>	<u>Landowner</u>	<u>County</u>	<u>Survey</u>	<u>Abstract</u>	<u>Acres Owned</u>	<u>Property</u>
A003C	A.E. Nicholson and wife, Beverly J. Nicholson	Caldwell	B. Klekemp	No. 166	19.916-acres & 8.740-acres	1,483.458- acres

EXHIBIT "A"

PARCEL A003C
CALDWELL COUNTY, TEXAS
ALLIANCE WATER PH 1B



LOCATION MAP
NOT TO SCALE

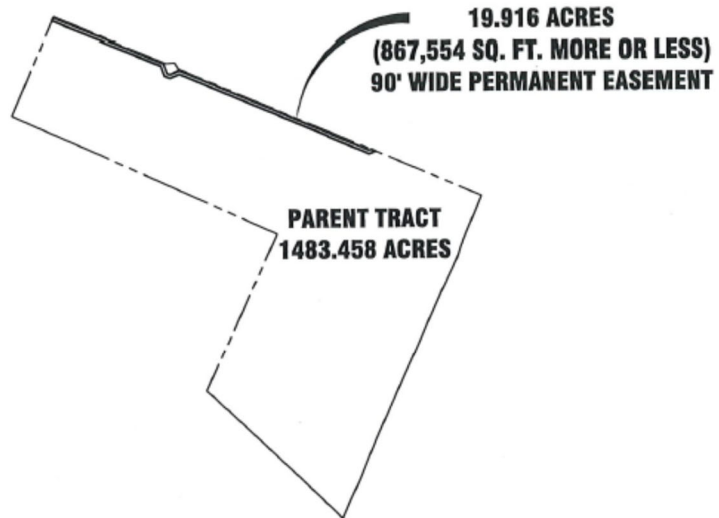
NOTES:

1. THE PROFESSIONAL SERVICES PROVIDED HERewith INCLUDE THE PREPARATION OF A METES AND BOUNDS DESCRIPTION.
2. THE BEARINGS ARE BASED ON THE TEXAS COORDINATE SYSTEM ESTABLISHED FOR THE SOUTH CENTRAL ZONE FROM THE NORTH AMERICAN DATUM OF 1983 (NA2011) EPOCH 2010.00.
3. AREAS AND DISTANCES SHOWN ARE IN U.S. SURVEY FEET. TO CONVERT TO GRID, APPLY THE COMBINED SCALE FACTOR OF 1.00013.

SCHEDULE B COMMENTS:

CHICAGO TITLE INSURANCE COMPANY
GF# CTA-21-CTA18026710
ISSUE DATE: APRIL 18, 2019

- 9h.) TERMS CONDITIONS AND PROVISIONS IN THAT PLUM CREEK GROUNDWATER DISTRICT RESOLUTION INST. NO. 082021. (DOES AFFECT)
- 9i.) RIGHT-OF-WAY EASEMENT AS DEFINED IN VOLUME 301, PAGE 601 D.R.C.C.T. (DOES AFFECT)
- 9j.) RIGHT-OF-WAY EASEMENT AS DEFINED IN VOLUME 308, PAGE 584 D.R.C.C.T. (DOES AFFECT)
- 9k.) RIGHT-OF-WAY EASEMENT AS DEFINED IN VOLUME 318, PAGE 403 D.R.C.C.T. (DOES NOT AFFECT)
- 9l.) RIGHT-OF-WAY EASEMENT AS DEFINED IN VOLUME 318, PAGE 408 D.R.C.C.T. (DOES NOT AFFECT)
- 9m.) RIGHT-OF-WAY EASEMENT AS DEFINED IN VOLUME 318, PAGE 411 D.R.C.C.T. (DOES NOT AFFECT)
- 9n.) RIGHT-OF-WAY EASEMENT AS DEFINED IN VOLUME 319, PAGE 743 D.R.C.C.T. (DOES NOT AFFECT)
- 9o.) UTILITY RIGHT-OF-WAY EASEMENT AS DEFINED IN VOLUME 335, PAGE 375 D.R.C.C.T. (DOES AFFECT)(BLANKET)
- 9p.) UTILITY RIGHT-OF-WAY EASEMENT AS DEFINED IN VOLUME 338, PAGE 433 D.R.C.C.T. (DOES AFFECT)



Date: Jul 12, 2019, 2:52pm User ID: ewhitfield
File G:\Projects\ARWA1800532-Alliance Water\SURVEY\SEGMENT A TITLES - Caldwell County\A003C\EXHIBIT EASEMENT\A003C PE.dwg



200 W. Hwy 6, Suite 620, Waco, Texas 76712
254.772.9272 TBPLS 10194124



**Legal Description
19.916 Acre (867,554 Square Foot)
90 Foot Wide Permanent Easement**

BEING A 19.916 ACRE, 90 FOOT WIDE PERMANENT EASEMENT, SITUATED IN THE B. KLEKEMP SURVEY, ABSTRACT NO. 166, CALDWELL COUNTY, TEXAS, AND BEING A PORTION OF A CALLED 1483.458 ACRE TRACT, AS DESCRIBED IN DEED TO A.E. NICHOLSON AND WIFE, BEVERLY J. NICHOLSON, AND RECORDED IN VOLUME 273, PAGE 317, OF THE OFFICIAL PUBLIC RECORDS OF CALDWELL COUNTY, TEXAS (O.P.R.C.C.T.). SAID 19.916 ACRE 90 FOOT WIDE PERMANENT EASEMENT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING at a Type I concrete right-of-way (ROW) monument found in the northwest ROW of TX 304 being a (120 foot wide ROW) also lying in the fenced southeast line of said 1483.458 acre tract;

THENCE N 22°47'08" E, with the southeast line of said 1483.458 acre tract and said ROW, a distance of 1,271.52 feet, to a found 8 inch creosote fence corner post for the northeast corner of said 1483.458 acre tract, the southeast corner of a called 25.00 acre tract as described in deed to Gary W. McMullen and recorded in Volume 351, Page 23, D.R.C.C.T., and at or near the southeast corner of the remainder of a called 100 acres and 50 square vara tract, Tract I, as described in a deed to Gary W. McMullen and recorded in Volume 432, Page 197, O.P.R.C.C.T. Said corner post being on the northeast side of Rifle Road, a gravel road, and at the common northeast corner of a called 30 foot wide ROW easement as described in Volume 308, Page 584, D.R.C.C.T., and a 40 foot wide ROW easement as described in Volume 301, Page 1964, D.R.C.C.T.;

THENCE N 66° 41' 54" W, with the northeast line of said 1483.458 acre tract, the southwest lines of said 25.00 acre tract and said Tract I, the common northeast line of said ROW easements, and generally along a wire fence, a distance of 3,128.74 feet, to a point for the **POINT OF BEGINNING** of the herein described tract;

THENCE over and across said 1483.458 acre tract, the following nine (9) courses and distances:

- S 70° 18' 32" W, a distance of 198.05 feet, to a point for corner;
- N 66° 47' 18" W, a distance of 1,192.53 feet, to a point for corner;
- N 36° 40' 28" W, a distance of 33.82 feet, to a point for corner;
- N 66° 42' 18" W, a distance of 4,387.52 feet, to a point for corner;
- S 67° 42' 17" W, a distance of 280.18 feet, to a point for corner;
- N 67° 05' 55" W, a distance of 155.00 feet, to a point for corner;
- N 21° 36' 54" W, a distance of 281.19 feet, to a point for corner;
- N 67° 01' 15" W, a distance of 2,429.30 feet, to a point for corner; and

N 67° 02' 58" W, a distance of 765.44 feet, to a point in the common fenced southeast line of a called 2264 acre tract of land as described in deed to Malcolm Robinson and recorded in Volume 106, Page 63, O.P.R.C.C.T. and the northwest line of said 1483.458 acre tract, also lying in the apparent northwest line of said Klekemp Survey and the southeast line of the Talbot Survey, Abstract No. 287, for the southwest corner hereof. From said point, a three inch steel fence corner post found at or near a bend in the northwest line of said 1483.458 acre tract bears S 23° 04' 18" W, a distance of 2,058.17 feet;

THENCE N 23° 04' 18" E, with said common line of said 2264 and 1483.458 acre tracts, passing the southwest corner of the aforesaid 30 foot wide ROW easement, a distance of 91.22 feet, to a found 8 inch creosote fence corner post for the northwest corner hereof;



THENCE S 56° 30' 10" E, leaving said common line a distance of 6.78 feet, to a point lying in the southwest line of said 30 foot wide ROW easement for a point for corner;

THENCE with or near the southwest line of said 30 foot wide ROW easement, over and across said 1483.458 acre tract and being 30 feet parallel to the northeast line of the same, the following two (2) courses and distances:

S 67° 03' 04" E, a distance of 758.54 feet, to a point for corner;

S 67° 01' 15" E, a distance of 2,467.04 feet, to a point for bend;

THENCE leaving the southwest line of said 30 foot wide ROW easement, over and across said 1483.458 acre tract, the following three (3) courses and distances:

S 21° 36' 54" E, a distance of 281.19 feet, to a point for corner;

S 67° 05' 55" E, a distance of 79.82 feet, to a point for corner; and

N 67° 42' 17" E, a distance of 280.55 feet, to a point in the southwest line of said 30 foot wide ROW easement for an angle point hereof;

THENCE S 66° 42' 18" E, with the southwest line of said 30 foot wide ROW easement, over and across said 1483.458 acre tract and being 30 feet parallel to the northeast line of said the same, a distance of 4449.48 feet, to a point for bend;

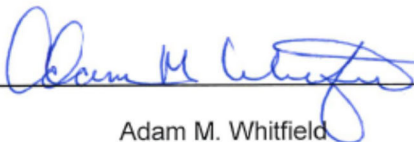
THENCE S 36° 40' 28" E, continuing over and across said 1483.458 acre tract, a distance of 33.75 feet, to a point at the southwest corner of the aforesaid 40 foot wide ROW easement and perpendicular to the southwest corner of the aforesaid Tract I for bend;

THENCE S 66° 47' 18" E, with or near the southwest line of said 40 foot wide ROW easement, over and across said 1483.458 acre tract and being 40 feet parallel to the northeast line of the same, a distance of 1,132.95 feet, to a point for bend;

THENCE N 70° 18' 32" E, across said ROW easements, a distance of 66.15 feet, to a point in the common northeast line of said easements and said 1483.458 acre tract and the southwest line of said Tract I for angle point for corner;

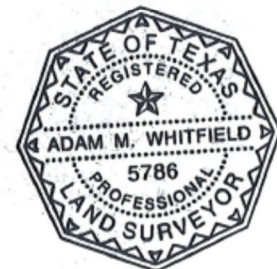
THENCE S 66° 41' 54" E, with said common line and generally along a wire fence, a distance of 131.98 feet, to the **POINT OF BEGINNING** and containing 19.916 acres, more or less.

The bearings shown hereon are based on the Texas Coordinate System, South Central Zone, NAD 83/2011. All distances shown are in U.S. Survey Feet and may be converted to grid by applying the combined scale factor of 1.00013.


Adam M. Whitfield

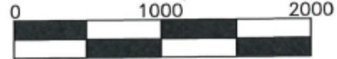
Registered Professional Land Surveyor
Texas Registration Number 5786

Date: 07-15-19
July 15, 2019



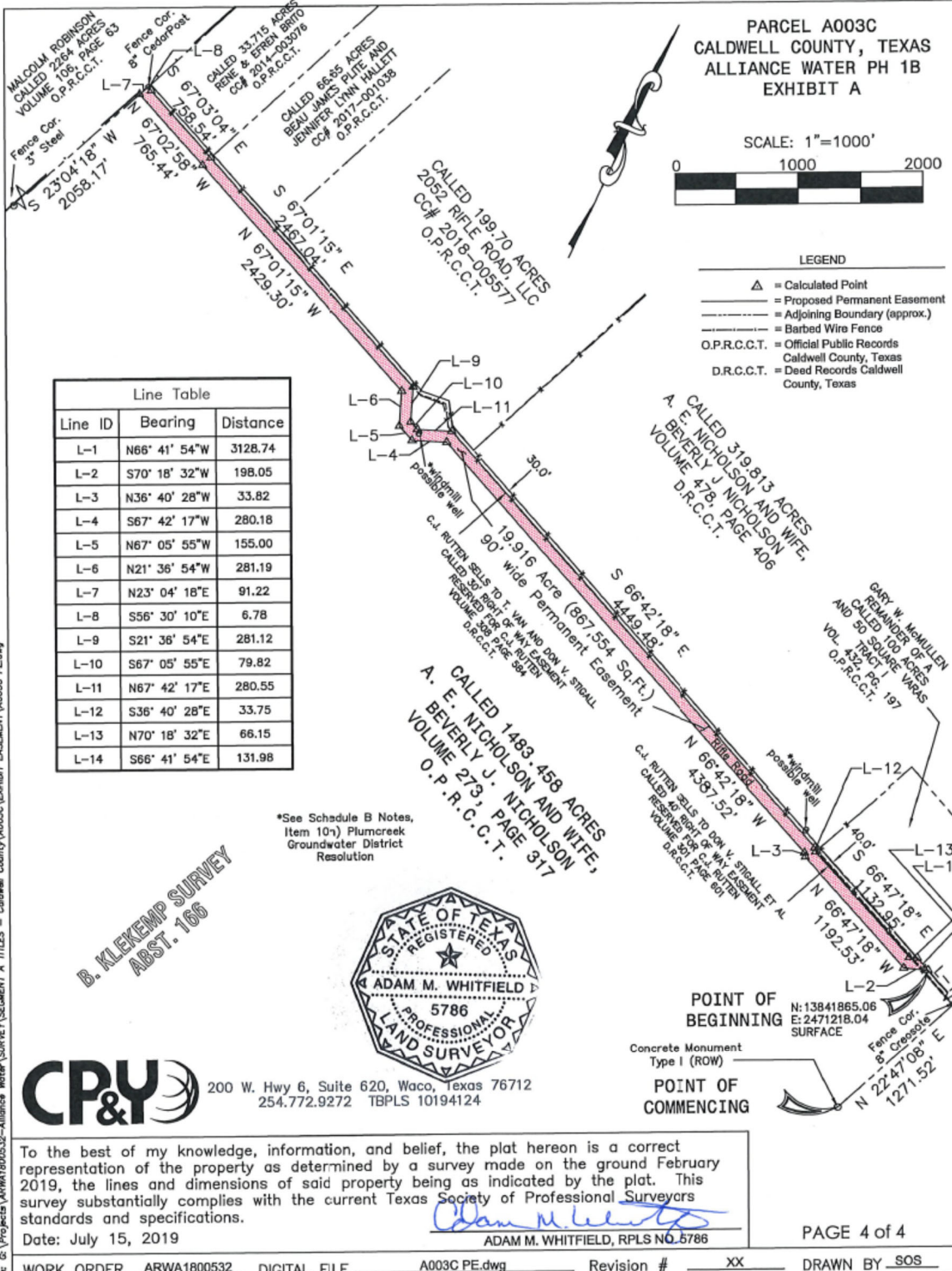
PARCEL A003C
CALDWELL COUNTY, TEXAS
ALLIANCE WATER PH 1B
EXHIBIT A

SCALE: 1"=1000'



LEGEND

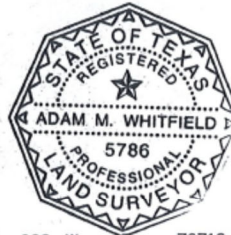
- △ = Calculated Point
- = Proposed Permanent Easement
- - - = Adjoining Boundary (approx.)
- = Barbed Wire Fence
- O.P.R.C.C.T. = Official Public Records Caldwell County, Texas
- D.R.C.C.T. = Deed Records Caldwell County, Texas



Line Table		
Line ID	Bearing	Distance
L-1	N66° 41' 54"W	3128.74
L-2	S70° 18' 32"W	198.05
L-3	N36° 40' 28"W	33.82
L-4	S67° 42' 17"W	280.18
L-5	N67° 05' 55"W	155.00
L-6	N21° 36' 54"W	281.19
L-7	N23° 04' 18"E	91.22
L-8	S56° 30' 10"E	6.78
L-9	S21° 36' 54"E	281.12
L-10	S67° 05' 55"E	79.82
L-11	N67° 42' 17"E	280.55
L-12	S36° 40' 28"E	33.75
L-13	N70° 18' 32"E	66.15
L-14	S66° 41' 54"E	131.98

*See Schedule B Notes, Item 10n) Plumcreek Groundwater District Resolution

B. KLEKEMP SURVEY
ABST. 166



200 W. Hwy 6, Suite 620, Waco, Texas 76712
254.772.9272 TBPLS 10194124



To the best of my knowledge, information, and belief, the plat hereon is a correct representation of the property as determined by a survey made on the ground February 2019, the lines and dimensions of said property being as indicated by the plat. This survey substantially complies with the current Texas Surveyors standards and specifications.

Date: July 15, 2019

Adam M. Whitfield
ADAM M. WHITFIELD, RPLS NO. 5786

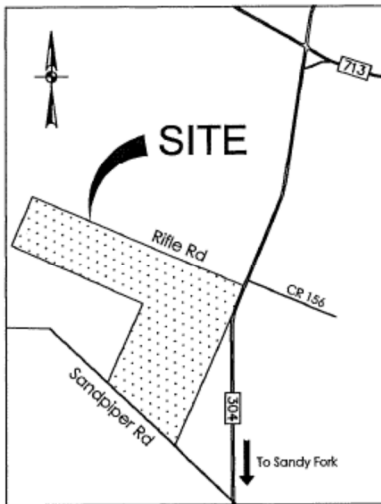
PAGE 4 of 4

WORK ORDER ARWA1800532 DIGITAL FILE A003C PE.dwg Revision # XX DRAWN BY SOS

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Date: Jul 13, 2019, 11:56am User: ID: mholliday File: G:\Projects\ARWA1800532-Alliance Water Survey\SEGMENT A TITLES - Caldwell County\A003C\EXHIBIT EASEMENT\A003C PE.dwg

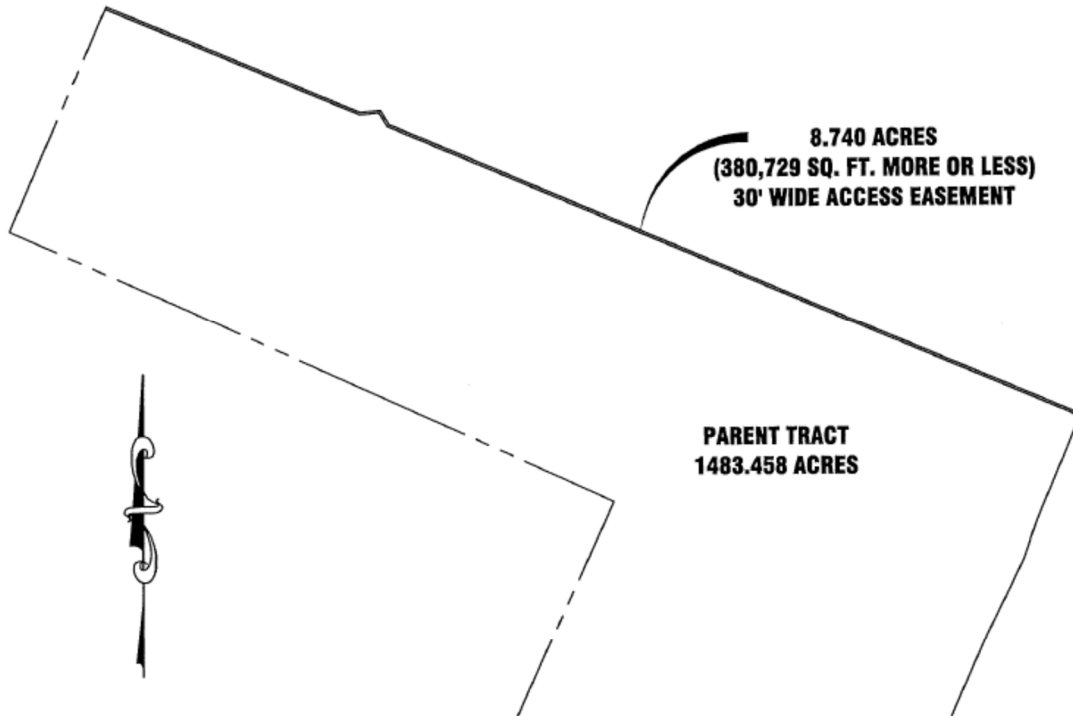
ACCESS - PARCEL A003C
CALDWELL COUNTY, TEXAS
ALLIANCE WATER PH 1B



NOTES:

1. THE PROFESSIONAL SERVICES PROVIDED HEREWITH INCLUDE THE PREPARATION OF A METES AND BOUNDS DESCRIPTION.
2. THE BEARINGS ARE BASED ON THE TEXAS COORDINATE SYSTEM ESTABLISHED FOR THE SOUTH CENTRAL ZONE FROM THE NORTH AMERICAN DATUM OF 1983 (NA2011) EPOCH 2010.00.
3. AREAS AND DISTANCES SHOWN ARE IN U.S. SURVEY FEET. TO CONVERT TO GRID, APPLY THE COMBINED SCALE FACTOR OF 1.00013.

LOCATION MAP
NOT TO SCALE



200 W. Hwy 6, Suite 620, Waco, Texas 76712
254.772.9272 TBPLS 10194124

**Legal Description
8.740 Acres (380,729 Square Foot)
30 Foot Wide Access Easement**

BEING A 8.740 ACRE, 30 FOOT WIDE ACCESS EASEMENT, SITUATED IN THE B. KLEKEMP SURVEY, ABSTRACT NO. 166, CALDWELL COUNTY, TEXAS, AND BEING A PORTION OF A CALLED 1483.458 ACRE TRACT OF LAND, DESCRIBED IN DEED TO A.E. NICHOLSON AND WIFE, BEVERLY J. NICHOLSON, AS RECORDED IN VOLUME 273, PAGE 317, OF THE OFFICIAL PUBLIC RECORDS OF CALDWELL COUNTY, TEXAS (O.P.R.C.C.T.). SAID 8.740 ACRE 30 FOOT WIDE ACCESS EASEMENT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING at a Type I concrete right-of-way (ROW) monument found in the northwest ROW of TX 304, being a 120 foot wide ROW, also lying in the fenced southeast line of said 1483.458 acre tract;

THENCE N 22°47'08" E, with the southeast line of said 1483.458 acre tract and said ROW, a distance of 1,241.52 feet, to a point lying in the southeast line of a 40 foot wide ROW easement described in deed to Don V. Stigall, T. Van Stigall, Harold A. Attaway & Lee Cezeaux as recorded in Volume 301, Page 601, of the Deed Records of Caldwell County, Texas (D.R.C.C.T.), being on the southwest side of Rifle Road, a gravel road, also being the southeast corner of a 30 foot wide ROW easement described in deed to T. Van Stigall and Don V. Stigall, as recorded in Volume 308, Page 584, of said D.R.C.C.T., for the southeast corner hereof and the **POINT OF BEGINNING**;

THENCE over and across said 1483.458 acre tract and with the southeast lines of said 30 foot wide ROW easement and Rifle Road, the following six (6) courses and distances:

N 66° 41' 54" W, a distance of 4,441.33 feet, to a point in the northwest line of said 40 foot wide ROW easement for angle point;

N 66° 42' 18" W, a distance of 4,526.74 feet, to a point for corner;

N 31° 46' 05" W, a distance of 187.77 feet, to a point for corner;

S 84° 38' 48" W, a distance of 227.32 feet, to a point for angle point;

N 67° 01' 15" W, a distance of 2,541.21 feet, to a point for angle point; and

N 67° 03' 13" W, a distance of 765.19 feet, to a point in the common fenced southeast line of a called 2264 acre tract of land described in deed to Malcolm Robinson as recorded in Volume 106, Page 63, of said O.P.R.C.C.T., and the northwest line of said 1483.458 acre tract, for the southwest corner of said 30 foot wide ROW easement and the southwest corner hereof. From said point, a three inch steel fence corner post found at or near a bend in the northwest line of said 1483.458 acre tract bears S 23° 04' 18" W, a distance of 2,148.11 feet;

THENCE N 23° 04' 18" E, with said common line of said 2264 and 1483.458 acre tracts, a distance of 30.00 feet, to a point on the northeast side of Rifle Road, and being at the southwest corner of a called 33.715 acre tract of land described in deed to Rene, Efen & Alonzo Brito, as recorded in CC No. 2014003076, of said O.P.R.C.C.T., and being the common northwest corner of said 1483.458 acre tract and said 30 foot wide ROW easement for the northwest corner hereof;

THENCE with the northeast line of said 1483.458 acre tract and generally with a fence along the northeast lines of said 30 foot wide ROW easement and Rifle Road, the following five (5) courses and distances:

S 67° 03' 13" E, a distance of 765.13 feet, to a point in an 8 inch creosote fence corner post at the southeast corner of said 33.715 acre tract and the southwest corner of a called 66.65 acre tract of land described in deed to Beau James Plite and Jennifer Lynn Hallett, and recorded in CC No. 2017001038, of said O.P.R.C.C.T. for angle point hereof;



S 67° 01' 15" E, passing the southeast corner of said 66.65 acre tract, being the southwest corner of a called 199.70 acre tract of land described in deed to 2052 Rifle Road, LLC, as recorded in CC No. 2018005577, of said O.P.R.C.C.T., a distance of 2,533.65 feet, to a 3 inch steel fence corner post for corner;

N 84° 38' 48" E, a distance of 238.34 feet, to a 16 inch dead oak tree for corner;


S 31° 46' 05" E, a distance of 196.92 feet, to a point for corner; and

S 66° 42' 18" E, passing the southeast corner of said 199.70 acre tract, being the southwest corner of a called 319.813 acre tract of land described in deed to A. E. Nicholson and wife, Beverly J. Nicholson, as recorded in Volume 478, Page 406, of said D.R.C.C.T., a distance of 4,517.30 feet, to a 10 inch creosote fence corner post at the northwest corner of the aforesaid 40 foot wide ROW easement, the southeast corner of said 319.813 acre tract, and the southwest corner of the remainder of a called 100 acres and 50 square varas tract of land, Tract I, described in a deed to Gary W. McMullen, as recorded in Volume 432, Page 197, of said O.P.R.C.C.T., for angle point hereof;

THENCE S 66° 41' 54" E, continuing with the common northeast line of said 1483.458 acre tract and said 30 foot and 40 foot wide ROW easements, passing the southeast corner of said Tract I, being the southwest corner of a called 25.00 acre tract of land described in deed to Gary W. McMullen, as recorded in Volume 351, Page 23, of said D.R.C.C.T., a distance of 4,441.06 feet, to an 8 inch creosote fence corner post lying in the aforesaid TX 304 ROW for the southeast corner of said 25.00 acre tract, the common northeast corner of said 1483.458 acre tract and said ROW easements, and the northeast corner hereof;

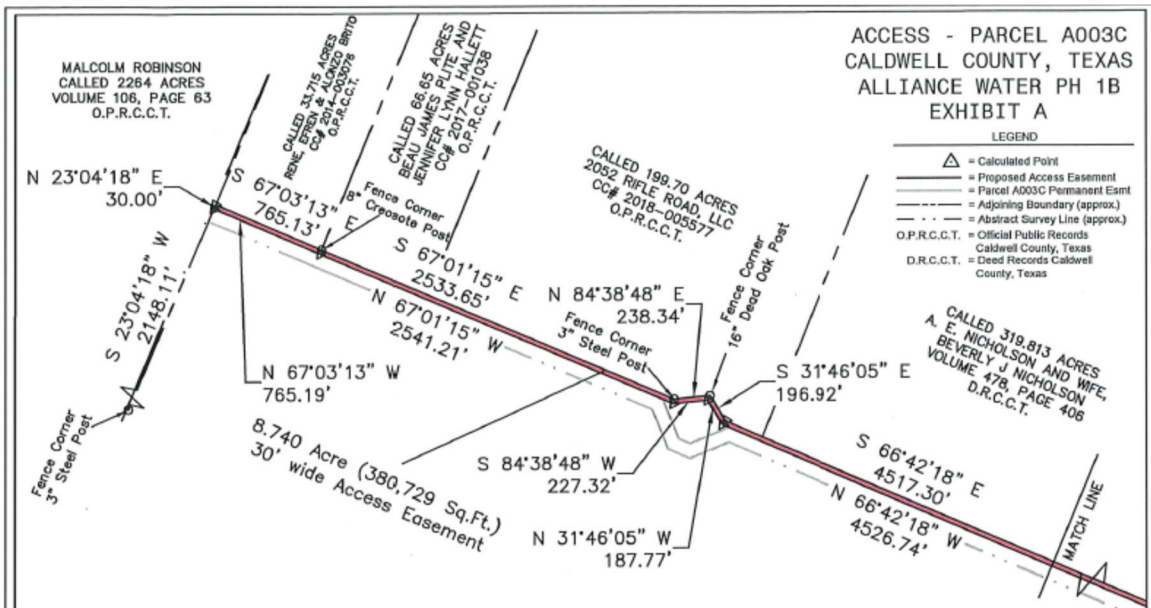
THENCE S 22° 47' 08" W, with the northeast line of said 1483.458 acre tract and ROW easements, also being with the northwest ROW of TX 304, a distance of 30.00 feet, to the **POINT OF BEGINNING** and containing 8.740 acres, more or less.

The bearings shown hereon are based on the Texas Coordinate System, South Central Zone, NAD 83/2011. All distances shown are in U.S. Survey Feet and may be converted to grid by applying the combined scale factor of 1.00013.


Adam M. Whitfield
Registered Professional Land Surveyor
Texas Registration Number 5786

Date: 07-16-2019
July 16, 2019

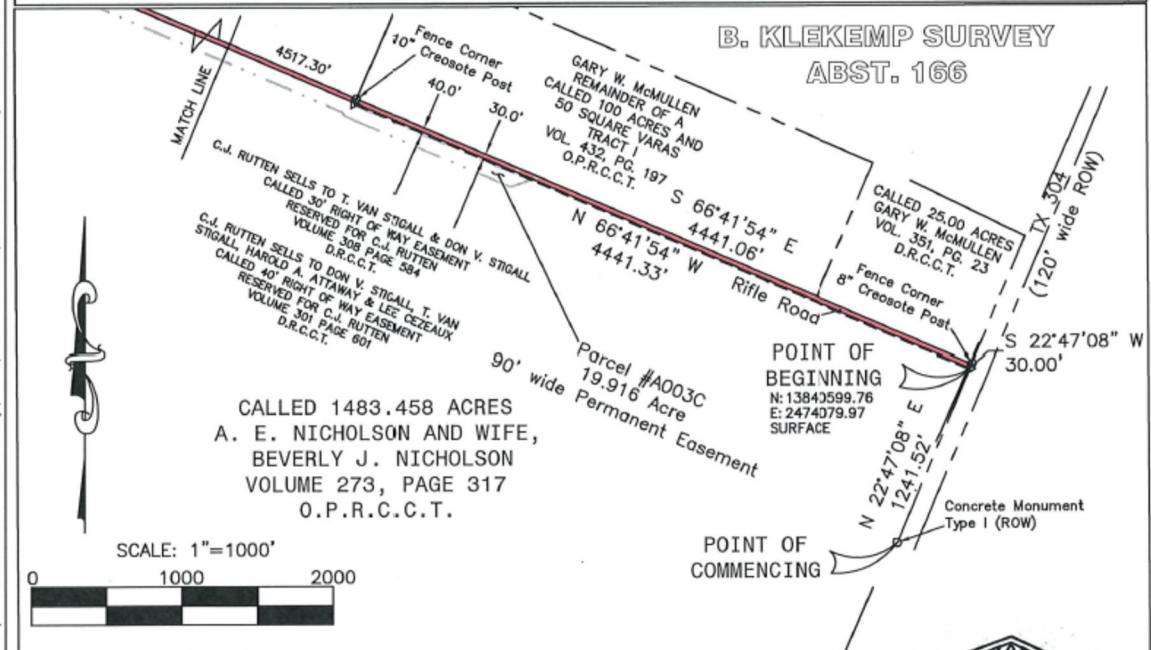




ACCESS - PARCEL A003C
CALDWELL COUNTY, TEXAS
ALLIANCE WATER PH 1B
EXHIBIT A

LEGEND

- Δ = Calculated Point
- = Proposed Access Easement
- = Parcel A003C Permanent Esmt
- - - = Adjoining Boundary (approx.)
- · · = Abstract Survey Line (approx.)
- O.P.R.C.C.T. = Official Public Records Caldwell County, Texas
- D.R.C.C.T. = Deed Records Caldwell County, Texas



B. KLEKEMP SURVEY
ABST. 166

SCALE: 1"=1000'

0 1000 2000

Date: Jul 16, 2019, 6:35am User ID: mhwhlly File: G:\Projects\ARWA1800532-Alliance Water\Survey\SEGMENT A TITLES - Caldwell County\A003C\EXHIBIT EASEMENT\A003C Access Esmt.dwg

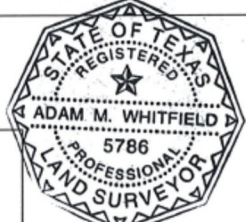


200 W. Hwy 6, Suite 620, Waco, Texas 76712
254.772.9272 TBPLS 10194124

To the best of my knowledge, information, and belief, the plat hereon is a correct representation of the property as determined by a survey made on the ground February, 2019, the lines and dimensions of said property being as indicated by the plat. This survey substantially complies with the current Texas Society of Professional Surveyors standards and specifications.

Date: July 16, 2019

Adam M. Whitfield
ADAM M. WHITFIELD, RPLS NO. 5786



PAGE 4 of 4

WORK ORDER ARWA1800532 DIGITAL FILE A003C.Access Esmt.dwg Revision # XX DRAWN BY SOS

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REGULAR MEETING
Alliance Regional Water Authority Board of Directors

BOARD MEMBER PACKETS
Thursday, December 14, 2023 at 1:00 P.M.
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

K. ADJOURNMENT
