

the proportionate capacity of water available in SSLGC facilities to satisfy the requirements under such contract, together with the requirements of the city entering into such contract. Prior to entering into such contract, Schertz or Seguin, as appropriate shall notify SSLGC as to the amount of water anticipated to be sold so that the capacity to provide the additional water supplies can be verified and the corresponding sales can be calculated into future rate setting by SSLGC.

2. Should any third party wholesaler and/or other person with an existing water supply contract with SSLGC desire additional SSLGC water and SSLGC has the capacity to supply the additional water, SSLGC will enter into such an agreement and not Schertz or Seguin individually. In compliance with Sections 3.09 and 8.01 of the 1999 Agreement and Section 38 of the SSLGC bond resolution (the "Bond Resolution") adopted on October 20, 2016 authorizing the issuance of obligations designated as Schertz/Seguin Local Government Corporation Contract Revenue Bonds, New Series 2016 (Texas Water Development Board SWIRFT Project Financing), dated August 1, 2016, in the principal amount of \$43,670,000 (the "Outstanding Bonds") the Parties acknowledge that no more than 10% of the capacity of the System (as defined in the Bond Resolution) may be contractually sold on a long-term basis to any private party or entity or to any agency of the federal government in order to protect and preserve the tax-exempt status on the Outstanding Bonds.

3. In compliance with the 1999 Agreement, the Parties agreed that an additional point of delivery requested by Schertz, to be located in the general vicinity of the southern area of Schertz, would be installed by the SSLGC and that Schertz would pay the costs of installing the point of delivery in accordance with Section 2.14 of the 1999 Agreement. The Parties now agree that the prior arrangement shall be modified and that the SSLGC will pay the cost of installing the point of delivery from the SSLGC's fund receiving the proceeds from impact fees paid by Schertz and Seguin. The Parties acknowledge the current balance of such fund is sufficient to pay the cost of installation, but should the amount of the funds be inadequate, then Schertz will pay for the installation costs of the point of delivery in excess of the funds available to SSLGC in the impact fee fund.

4. Schertz and Seguin agree that each of the Cities, as well as the SSLGC, is allowed to share or use any available proportionate allocations of the other city's 50% share of the groundwater produced from the existing wells located in Gonzales County producing water from the Carrizo Aquifer (the "Gonzales Wellfield") in the Gonzales Wellfield with each other and with SSLGC to provide the water production, treatment, and transmission capacity from the Gonzales Wellfield required to satisfy the requirements of Schertz and Seguin and the requirements of the supply of water to third party wholesalers and/or other persons as may be allowed pursuant to this Agreement and the 1999 Agreement until that availability does not exist. The Cities and SSLGC shall be notified as early as possible that using more than a member City's allocation may be necessary so that all Parties can plan accordingly.

5. The general provisions of the 1999 Agreement, as set forth in Article VIII, sections 8.01 through 8.22, are incorporated by reference into this Agreement as if set forth verbatim herein.

6. This Agreement is not intended to amend and should not be construed to amend the 1999 Agreement, its covenants or obligations entered into in connection therewith, or any other existing agreements, specifically including but not limited to agreements with the Texas Water Development Board. To the extent any provision of this Agreement irreconcilably conflicts with a provision of any existing agreement to which SSLGC is a party, the provisions of such other agreement shall prevail.

IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this Agreement to be duly executed as of the Effective Date.

SCHERTZ/SEGUIN LOCAL GOVERNMENT CORPORATION

Attest:

By: _____
President, Board of Directors

Secretary, Board of Directors

CITY OF SCHERTZ, TEXAS

By: _____
Mayor

Attest:

City Secretary

CITY OF SEGUIN, TEXAS

By: _____
Mayor

Attest:

City Secretary