

First Amendment to Mutual Regional Water Supply Contract

This First Amendment to Mutual Regional Water Supply Contract ("First Amendment") is entered into by and among the **Schertz/Seguin Local Government Corporation** (the "Corporation"), a non-profit corporation of the State of Texas (the "State"), created and existing under the laws of the State, including the Texas Transportation Corporation Act, as amended, Texas transportation Code Section 431.001 et. Seq., the **City of Schertz, Texas**, a home-rule city ("Schertz"); the **City of Seguin, Texas**, a home-rule city ("Seguin"); and the **City of San Antonio, Texas**, a home-rule city, acting by and through its **San Antonio Water System** ("SAWS").

Recitals

Whereas, the Corporation, Schertz, Seguin, and SAWS (collectively the Parties") entered into that certain Mutual Regional Water Supply Contract (the "Water Supply Contract") effective on January 1, 2011, for delivery and treatment of water; and

Whereas, the Parties desire to amend the Water Supply Contract to change certain requirements for administration, water delivery and water purchase;

Now therefore, in consideration of the mutual covenants and agreements herein contained, the sufficiency of which are hereby acknowledged, and upon and subject to the terms and conditions hereinafter set forth, the Parties mutually undertake, promise and agree as follows:

1. Section 1.01.D. Notice is deleted and replaced in its entirety by the following:

Section 1.01.D. Surplus Water Commitment. Subject to Section 1.11.B and further subject to a delivery schedule mutually determined by the Parties on an annual basis, SAWS shall be obligated to accept into the SAWS Water System and pay the Corporation for Surplus Water in the following amounts in calendar years 2018 through 2020 (the "Minimum Surplus Water Amounts"):

- a. 500 acre-feet in calendar year 2018;
- b. 500 acre-feet in calendar year 2019; and
- c. 500 acre-feet in calendar year 2020.

After December 31, 2020, SAWS shall not be obligated to accept any amount of Surplus Water into the SAWS Water System and shall not be obligated to pay the Corporation for any Surplus Water not accepted by SAWS. SAWS shall pay the Corporation on a monthly basis at the rate set forth in Section 2.03.B for (a) Minimum Surplus Water Amounts which have been actually delivered by the Corporation in compliance with this Contract, (b) any additional amount of Surplus Water for which timely notice of acceptance has been given by SAWS and which has been actually delivered by the Corporation, and (c) such incidental additional amounts of water not to exceed twenty-five acre-feet per calendar year delivery of which is attributable to accounting and operational procedures. The Corporation shall

use data obtained from the SAWS Supervisory Control and Data Acquisition System ("SCADA") at 11:59 p.m. on the final day of each month as the official monthly measurement of the water volume delivered to SAWS. The Corporation may make available to any person the amount of Surplus Water in excess of the volume of Surplus Water that SAWS agreed to accept.

2. Section 1.01.E. Surplus Water Commitment is deleted and replaced in its entirety by the following:

Section 1.01.E. Surplus Water Notice. The Corporation hereby notifies SAWS that the Minimum Surplus Water Amounts will be available from the Corporation in calendar years 2018 through 2020. The Corporation may notify SAWS in writing at any time if an additional amount of Surplus Water ("Additional Surplus Water Amount") in excess of the Minimum Surplus Water Amount for the following calendar year becomes available for SAWS. Within thirty (30) calendar days of receipt of the written notice, SAWS shall notify the Corporation in writing of the Additional Surplus Water Amount SAWS agrees to accept.

3. The second sentence of Section 2.02.D. SAWS Water is amended to read as follows:

SAWS shall notify the Corporation in writing on or before April 1 of each year during the term of this Contract of the amount of groundwater SAWS and its sources will be authorized by the GCUWCD to pump in the following calendar year (the "Annual Authorized Pumping Amount").

4. Section 2.03.G. Annual Projected Volume is deleted and replaced in its entirety by the following:

Section 2.03.G. Annual Preliminary and Final Notice of Rates.

1. Each year on or before May 1 beginning in 2017, the Corporation shall provide preliminary written notice to SAWS of the anticipated rate to be paid by SAWS for (a) treatment and transportation of SAWS water, and (b) Surplus Water; subject only to unforeseen adjustments necessitated by the Corporation's final budget development before July 1.
2. Each year on or before July 1 beginning in 2017, the Corporation shall provide written notice to SAWS of the rate to be paid by SAWS for (a) treatment and transportation of SAWS water, and (b) Surplus Water; all in accordance with this Section 2.03, for the following calendar year.
3. Both the preliminary written notice and the final written notice shall include supporting information and documentation sufficient to enable SAWS to evaluate the basis for any adjustments to the current rates.
4. Within fourteen (14) calendar days of receipt by SAWS of each notice, SAWS will notify the Corporation in writing of any objections to the adjustments. Within fourteen (14) calendar days of receipt by the Corporation of the written objections, the parties shall meet and attempt to resolve any objections by

SAWS. This subsection G relates only to the determination of Operation and Maintenance Charges and does not relate in any way to the debt service on the Contract Revenue Bonds.

5. The terms of this First Amendment shall be construed as part of the terms of the Water Supply Contract in all respects. In the event the terms, covenants or conditions of this First Amendment conflict with the terms, covenants or conditions of the Water Supply Contract, the terms of this First Amendment shall control. All other terms and conditions of the Water Supply Contract remain in full force and effect. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Water Supply Contract.
6. This First Amendment may be executed in counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.
7. The effective date of this First Amendment is January 1, 2017.

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

SCHERTZ/SEGUIN LOCAL GOVERNMENT
CORPORATION

By: Robin V. Lugo
President, Board of Directors

Attest:
Namda Pily
Secretary, Board of Directors

SAN ANTONIO WATER SYSTEM

By: _____
Robert R. Puente
President/Chief Executive officer

Attest:

CITY OF SCHERTZ, TEXAS

By: _____
City Manager

Attest:

City Secretary

CITY OF SEGUIN, TEXAS

By: _____
City Manager

Attest:

City Secretary