

**SABINE RIVER AUTHORITY OF TEXAS
WATER SUPPLY AGREEMENT**

**FIRST AMENDMENT TO
JULY 1, 2006 RAW WATER SUPPLY CONTRACT**

WITH

CITY OF GREENVILLE

LAKE FORK DIVISION

THE STATE OF TEXAS
COUNTY OF ORANGE

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**AMENDMENT TO
RAW WATER SUPPLY
CONTRACT**

First Amendment to 2006 Raw Water Supply Contract between the SABINE RIVER AUTHORITY OF TEXAS (“Seller”) a governmental agency of the State of Texas, having offices in Orange County, Texas and CITY OF GREENVILLE, TEXAS (“Buyer”), a municipal corporation in Hunt County, Texas made and entered into this 1st day of October, 2009.

RECITALS

1. Seller is an agency and political subdivision of the State of Texas, being a conservation and reclamation district created and governed by the provisions of Article 8280-133, Vernon’s Revised Civil Statutes, as amended, pursuant to Article 16, Section 59, of the Texas Constitution.
2. Seller owns and operates water supply facilities including Lake Fork, Lake Tawakoni, and Toledo Bend Reservoir and is authorized under provisions of Certificates of Adjudication Nos. 05-4669, 05-4670, and 05-4658 (as amended), issued by the Texas Commission on Environmental Quality (“Commission”) or its predecessor agencies, to appropriate public waters of the State of Texas.
3. In 2006, Buyer acquired the right to use raw, untreated water from Lake Fork originally contracted to Texas Utilities in 1981.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Agreement, the Seller and Buyer agree to amend the 2006 Raw Water Supply Contract as follows:

1. Replace **SECTION 1. DEFINITIONS. B., D. and J.** with the following:
 - B. "Base Rate" shall mean the rate that the Buyer shall pay monthly for the Maximum Monthly Quantity of Water as set forth in the current WATER RATE SCHEDULE, attached hereto as Exhibit 1, which shall initially be \$ 0.10 per 1,000 gallons. This rate may be modified as provided by Section 7, below.
 - D. Effective Date" shall mean the Effective Date of this Agreement. The Effective Date is October 1, 2009.
 - J. "Project" for purposes of rates established under this Agreement shall mean Lake Tawakoni and Lake Fork Reservoirs and other facilities used by Seller to make Water available at Buyer's Point(s) of Delivery.

2. Add to **SECTION 1. DEFINITIONS. L., M., N., and O.** as follows:
 - L. "Contract Quantity" shall mean Maximum Annual Quantity.
 - M. "Joint Use Contract" shall mean a contract with the Seller allowing Water to be diverted from Lake Tawakoni but charged against the yield of Lake Fork.
 - N. "Joint Use Water" shall mean Water diverted from Lake Tawakoni based on rights originating from a Joint Use Contract. Diversions of Joint Use Water from

Lake Tawakoni are required to be curtailed as necessary to protect Lake Tawakoni contracts. Under this Agreement, Maximum Annual Quantity is Joint Use Water.

O. "System-wide Rate" shall mean a rate based on Seller's total cost in providing Water to customers in the Upper-Basin of the Sabine River watershed, which is defined as that portion of the Sabine River Basin upstream of the headwaters of Toledo Bend Reservoir, including the Project and the cost of making Joint Use Water available for diversion from Lake Tawakoni.

3. Replace **SECTION 4. VOLUME.** with the following:

Subject to the limitations and conditions described in this Agreement and Certificate(s) of Adjudication Nos. 05-4669 and 05-4670, and subsequent amendments to each, Seller agrees to sell Buyer Water from the Project at the Point(s) of Delivery in an amount not to exceed the Maximum Annual Quantity. Diversions of the Joint Use Water from Lake Tawakoni shall be limited as necessary to protect the rights of Buyers under contracts for taking water from Lake Tawakoni entered into on or before July 30, 1986. Buyer may not divert more than the Maximum Annual Quantity without prior written approval of Seller.

4. Replace **SECTION 5. RATES AND COMPENSATION.** with the following:

Buyer agrees to pay Seller at the times and in the manner hereinafter prescribed the following:

Beginning with the Effective Date, Buyer shall pay, for each month of the Agreement, an amount equal to the Maximum Monthly Quantity times the Base Rate as specified in the WATER RATE SCHEDULE, attached as Exhibit 1, and incorporated herein for all purposes. The Base Rate may be adjusted proportionately as certain specific rates for Seller's customers are raised or lowered in accordance with the provision of Section 7 of this Agreement. Buyer acknowledges that the Base Rate may be changed pursuant to Section 7 and that the rate imposed may be a System-wide Rate. If Buyer diverts Joint Use Water, Seller may charge Buyer an additional amount based on the cost of moving Joint Use Water from Lake Fork to Lake Tawakoni.

5. Replace **SECTION 7. ADJUSTMENT.** with the following:

It is hereby mutually agreed that after October 1, 2010, and once each year thereafter, for the term of this Agreement, the Base Rate may be adjusted by action of Seller's Board of Directors to reflect changes in Seller's operation and maintenance and repair and replacement costs associated with the Project and as required by the provisions relating to the establishment of rates for the sale of Water set forth in the Statutes of the State of Texas creating and governing the operation of Seller. The Base Rate may also be adjusted under the provisions of any other applicable State or Federal laws.

Seller hereby notifies Buyer that Seller is evaluating using a System-wide Rate. Seller agrees to allow Buyer to participate in the evaluation of a System-wide Rate. Buyer agrees that should Seller adopt a System-wide Rate, to pay the System-wide Rate.

Seller also notifies Buyer that Seller is in discussions with the City of Dallas for the use of the City of Dallas's Lake Fork Pipeline for moving Water from Lake Fork to Lake Tawakoni for diversion by Seller's customers. The costs to Seller for using the City of Dallas's Lake Fork Pipeline for moving Water from Lake Fork to Lake Tawakoni have not been identified nor has the method for Seller to recover these costs.

EFFECTIVE as of the date signed by the authorized representative of Seller.

SABINE RIVER AUTHORITY OF TEXAS
P.O. Box 579
Orange, TX 77631-0579
Attn: General Manager

By: *Jerry Clark*
Title: *General Manager*
Date: *9-28-09*

ATTEST:

APPROVED AS TO FORM AND LEGALITY:

By:

[Signature]
Attorney for Seller

CITY OF Greenville
P.O. Box 1049
Greenville, TX 75403-1049

By: *[Signature]*
Title: *Mayor*
Date: *9/22/09*

ATTEST:

APPROVED AS TO FORM AND LEGALITY:

By:

[Signature]
Attorney for Buyer

Exhibit 1 WATER RATE SCHEDULE

WATER RATE SCHEDULE

Adopted by the Board of Directors to be effective October 1, 2009
The following rate applies to untreated, raw water supplied from Lake Fork and Lake
Tawakoni

Water used for Municipal, Industrial, or Irrigation Purposes

- I. IN-BASIN SALES – A rate of \$ 0.10 / 1000 gallons (or as may be periodically adjusted under the terms of the Contract dealing with Rate Adjustment) for all water committed under this Agreement.

- II. OUT OF BASIN SALES – A rate of \$ 0.15 / 1000 gallons (or as may be periodically adjusted under the terms of the Contract dealing with Rate Adjustment) for all water committed under this Agreement.

- III. All water sold under this WATER RATE SCHEDULE shall be on a Take or Pay Basis.

- IV. Any authorized calendar-year diversion of water in excess of the Maximum Annual Quantity for which an Agreement has been signed shall be charged a rate of 2.5 times the rate as set under this WATER RATE SCHEDULE.

*** *The above rate applies to all entities that have signed contracts referencing this WATER RATE SCHEDULE.***