

WALSH RANCH MUNICIPAL UTILITY DISTRICT

PUBLIC NOTICE OF REGULAR MEETING

TAKE NOTICE THAT A REGULAR MEETING OF THE
Board of Directors of
WALSH RANCH MUNICIPAL UTILITY DISTRICT
will be held at 4201 West Parmer Lane, Suite B-200
Austin, Texas 78727

in Travis County, Texas, commencing at 11:30 a.m. on August 24, 2011, said meeting being open to the public, for the Board of Directors to consider and act upon any lawful subject which may come before it, including among others, the following:

AGENDA:

1. Call to order.
2. Roll call of Directors.
3. Read, correct and consider approval of the Minutes from the August 9, 2011 Board of Directors' meeting.
4. Citizen comments. [This is an opportunity for citizens to address the Board of Directors concerning an issue of community interest that is not on the agenda. Comments on the agenda items must be made when the agenda item comes before the Board. The President may place a time limit on all comments. The response of the Board to any comment under this heading is limited to making a statement of specific factual information in response to the inquiry, or, reciting existing policy in response to the inquiry. Any deliberation of the issues is limited to a proposal to place it on the agenda for a later meeting.]
5. Public hearing to discuss the District's proposed 2011 tax rate.
6. Consideration and action with respect to the Resolution Adopting Property Tax Rate for the District, establishing the District's overall tax rate at \$0.67 per \$100 of assessed valuation, based on a maintenance and operations rate of \$0.26 and a debt service rate of \$0.41. (This is the resolution establishing the District's tax rate.)
7. Review and consider approval of updated Information Forms showing the adopted tax rate. Note: This agenda item will be considered only in the event that the District modifies its current tax rate. (To comply with legal requirements, the District must update its public notices when it changes its tax rate.)
8. Manager's summary of operations. Review and consider approval of August 2011 Manager's Report.

9. Bookkeeper's summary of finances. Review and consider approval of Bookkeeper's Report dated August 24, 2011, including approval of fund transfers and director and vendor payments.
10. Committee Reports – Finance, Landscape, Pond Maintenance, Legal Matters and Manager Operations.
11. General Counsel Report on May 2012 election plans. (I plan to update everyone on Williamson County's election plans for May 2012.)
12. Consider proposals and various alternatives for installation of up water meters and irrigation systems that would irrigate District-owned land located as follows:
 - a. Walsh Ranch Blvd between Block E Lots 45 and 43;
 - b. Walsh Ranch Blvd between Block G Lots 11 and 12; and
 - c. Tourmaline Trail between Block G Lots 3 and 5.(This is a follow up item from the prior meeting.)
13. Review and consider approval of solid waste disposal contract with Round Rock Refuse. (This is a follow up item from the prior meeting.)
14. Review and consider approval of contract with the selected provider of wastewater line testing. (This is a placeholder in case the District needs to execute a contract (beyond the proposal that was accepted) with Wastewater Transport Services, LLC. We will have an answer in the next day or two.)
15. Brief discussion of the potential effect of SB 18 on the MUD's eminent domain authority. Consideration of directing general counsel to comply with requirements of SB 18 in order to preserve MUD's eminent domain authority. (Under SB 18, MUDs have to file simple paperwork with the state in order to preserve their eminent domain authority. Our recommendation is that the District file the paperwork in case it ever needs to assert its eminent domain authority.)
16. Consider delegation of authority to one or more Board members to negotiate a lease agreement with the Walsh Ranch Homeowner's Association for the pool, amenity center, and entry feature, with defined limits on the authority. (This would allow the District to enter into a lease agreement without waiting until the next meeting.)
17. Review and consider approval of proposed Amended and Restated Rules Governing Water and Wastewater Service. (It has been 5 years since the MUD adopted its initial "Rules" which include the District's drought contingency plan and water conservation plan. We are recommending that the District update these plans.)
18. Discuss that date of the next meeting, and items that need to be on the agenda for the next regular meeting.

Adjourn.

The Board may go into closed session at any time when permitted by Chapter 551, Government Code. Before going into closed session a quorum of the Board must be assembled in the meeting room, the meeting must be convened as an open meeting pursuant to proper notice, and the presiding officer must announce that a closed session will be held and must identify the sections of Chapter 551, Government code, authorizing the closed session.

(SEAL)

Attorney for the District

The District is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call Patrick Hudson, McLean & Howard, L.L.P., at (512) 328-2008, for information.

WALSH RANCH MUNICIPAL UTILITY DISTRICT

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

August 9, 2011

A meeting of the Board of Directors of Walsh Ranch Municipal Utility District was held at 4201 West Parmer Lane, Suite B-200, Austin, Texas 78727, commencing at 11:30 a.m. on August 9, 2011, pursuant to notice duly given in accordance with the Open Meetings Act. An Affidavit of Filing and Posting Notice is attached hereto as **Exhibit A**.

- 1. Call to Order.** At approximately 11:30 a.m. on August 9, 2011, Director Rashid D. Shamsie, Jr., called the meeting to order.
- 2. Quorum of Directors.** Present at the meeting and constituting a quorum of the full Board of Directors were the following persons:

Christopher Hatch
Rashid D. Shamsie, Jr.
Brian White

Also present and attending all or part of the meeting were the following persons:

Mary Bott, Bott & Douthitt PLLC
Patrick Hudson, McLean & Howard, L.L.P.
Andrew Hunt, Crossroads Utility Services, LLC
Michael McCall, McCall Gibson Swedlund Barfoot, PLLC
Ralph Rocco, Round Rock Refuse
Allan and Yvonne Trask, residents of Walsh Ranch subdivision
Jessica Winters, McLean & Howard, L.L.P.
Resident of Walsh Ranch subdivision (name unknown)

- 3. Approval of Meeting Minutes from April 20, 2011 Meeting.** After reviewing the minutes from the prior meeting, on motion made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED that the minutes of the meeting of April 20, 2011 have been reviewed by the Directors and are hereby approved as presented, without modification, and adopted as the minutes of such meeting.

4. **Citizen Comments.** The Board of Directors provided an opportunity for citizens to address the Board of Directors concerning issues of community interest. No citizen comments were received.

5. **Consideration of Renewal and Modification of Round Rock Refuse Contract.** The Board discussed the current contract between the District and Round Rock Refuse for recycling and solid waste disposal services, which expires in September, 2011. Ralph Rocco with Round Rock Refuse proposed a new contract between the District and Round Rock Refuse. The proposed contract would be for a term of five years, and would increase rates for recycling and solid waste disposal services from \$14.50 to \$16.00 per residence per month, with future rate increases based on the Consumer Price Index. Recycling services would also change to single-stream recycling, with Round Rock Refuse supplying 90 gallon recycling bins for each residence. Mr. Rocco informed the Board that the City of Round Rock charges approximately \$18.00 per residence, and Brushy Creek MUD charges approximately \$20.00 per residence, for the same services. The Board asked questions about the proposed contract, and noted that previously the Board had considered two other service providers; however, their rates were both higher. The Board directed Patrick Hudson to prepare a contract between the District and Round Rock Refuse reflecting the terms discussed for consideration at the next meeting.

6. **Review and Approval of Proposal for Audit Services.** Michael McCall, a CPA with McCall Gibson Swedlund Barfoot, PLLC, made a proposal to perform the District's annual audit for the fiscal year ending September 30, 2011, for an amount not to exceed \$11,000. Mr. McCall described his firm's qualifications, noting that they perform audits for approximately 350 governmental entities across 25 counties in Texas, and perform several water district audits each year. The Board asked questions about who would be the partner responsible for the audit (Michael McCall), whether the audit team would be from Austin or Houston (Houston), along with other audit-related questions. The Board noted that the District paid almost \$15,000 for its 2010 annual audit, and that Maxwell Locke & Ritter, LLP had made a proposal of \$12,500 for 2011 audit services. Mary Bott stated that she had worked with McCall Gibson Swedlund Barfoot, PLLC on several audit projects, and she complimented their work. After discussion, on motion made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED that the proposal for audit services from McCall Gibson Swedlund Barfoot, PLLC, a true and correct copy which is attached hereto as **Exhibit B**, is approved and adopted by the Board.

7. **Manager's Reports.** The Board reviewed the April, May, June, and July 2011 Manager's Reports, copies of which had been circulated prior to the meeting. Andrew Hunt presented the manager's summary of operations. Mr. Hunt reported the master meter was recently repaired under supervision of the City of Round Rock, and that minor billing adjustments may be needed. Mr. Hunt and the Board also discussed how the City of Round

Rock was considering changes to its rates and its method of calculating wastewater usage. On motion made, seconded, and unanimously carried, the following resolution was adopted:

RESOLVED that the April, May, June, and July 2011 Manager's Reports, true and correct copies of which are attached hereto as **Exhibit C**, are hereby approved and adopted by the Board.

8. Approval of Bookkeeper's Reports. Mary Bott presented the Bookkeeper's Reports, including a supplemental Cash Activity Report, and fund transfers and vendor payments. The Board reviewed and discussed the Bookkeeper's Reports dated May 12, June 14, July 14, and August 9, 2011, copies of which had been previously circulated. On motion made, seconded, and unanimously carried, the following resolutions were adopted:

RESOLVED that the May 12, June 14, July 14, and August 9, 2011 Bookkeeper's Reports, and the supplemental Cash Activity Report, including fund transfers, bond and vendor payments, true and correct copies of which are attached hereto as **Exhibit D**, are hereby approved and adopted by the Board.

9. Review and Discussion of Committee Reports. The Board provided an opportunity for the following 5 committees to make reports on notable developments: Finance, Landscape, Pond Maintenance, Legal Matters, and Manager Operations. Director Brian White provided a finance committee report and coordinated logistics for approving inter-District fund transfers. Director Rashid Shamsie provided a landscape report. No other committee reports were received.

10. Review and Approval of Revised Rate Order for the District. The Board reviewed and discussed the Revised Rate Order for the District that changes the District's policies on delinquent accounts, and increases the base utility rate by \$1.50. Director Rashid Shamsie described the District's current penalties for delinquent accounts, and discussed the reasoning for proposing more leniency on disconnection of utilities. Director Shamsie also explained that the base utility rate would be increasing by \$1.50 to reflect the increased solid waste disposal costs from Round Rock Refuse. On motion made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED that the Order Establishing Water and Wastewater Service Rates, and Charges and Establishing Water and Wastewater Tap Fees and Capital Recovery Fees and Adopting Certain General Policies with Respect to the District's Water, Wastewater and Drainage Systems, a true and correct original of which is attached hereto as **Exhibit E**, is approved and adopted by the Board.

11. Consideration of Converting the Walsh Ranch Homeowner's Association Water Meter to a District Owned Water Meter. The Walsh Ranch Homeowner's Association (the "HOA") currently buys water from the District to supply and serve the District's property – its pool, irrigation, etc. The Board agreed to convert the HOA water meter into a District meter effective October 1, 2011, so that the District would pay the water bill for supplying and servicing District property.

12. Discussion and Consideration of Options for Contracting with the Walsh Ranch Homeowner's Association for Management of the District's Pool and Amenity Center. Patrick Hudson presented options for the District to enter into a lease agreement or a management agreement with the Walsh Ranch Homeowner's Association for management of the District's pool, amenity center, and front entry feature. Mr. Hudson gave the opinion that the District had legal authority to enter into either form of agreement, and that the District could lease its facilities and pay operating money to the Association, while accepting the Association's services as rent for the facilities. He answered Board questions about insurance, and said that the TML representative gave the opinion that there was no insurance reason to favor either form of agreement. He suggested that the Board initially enter into a short term agreement with the Association, so that any issues could be addressed before any long term agreement took effect. The Board directed Patrick Hudson to negotiate and prepare a one year lease agreement for the pool, amenity center and front entry feature, for future consideration by the Board and the Association.

13. Review and Consideration of Whether to Pay the District's Directors a Fee for Service to the District. The Board discussed whether or not to pay the District's Directors a fee for services provided to the District, as allowed by Texas law. After discussion, the Board decided not to receive any fees for their services to the District.

14. Review and Approval of Budget for Next Fiscal Year. The Board reviewed the proposed budget for the 2012 fiscal year. Director Shamsie presented and discussed the line items in the budget, and answered questions from the Board about the proposed budget, including assumptions and projections. On motion made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED that the budget for the 2012 fiscal year that was presented to the Board, a true and correct copy which is attached hereto as **Exhibit F**, is approved and adopted by the Board.

15. Consideration of Proposal to Modify the District's Tax Rate. The Board of Directors reviewed the 2011 Certified Appraisal Roll it received from the Williamson County Appraisal District. The Board also reviewed and discussed correspondence from Garry Kimball, the District's financial advisor, wherein Mr. Kimball supported the debt rate being set within a range

of \$0.40-\$0.44, with the maintenance and operations rate being set at \$0.26. Patrick Hudson discussed the process of adopting a tax rate and taking a record vote on the proposed tax rate. After discussion by the Board, Director Shamsie proposed that the District adopt an overall tax rate of \$0.67 per \$100.00 of assessed valuation, comprised of a maintenance and operations rate of \$0.26 and a debt service rate of \$0.41, which motion was seconded by Director White, and unanimously carried, and the following resolution was adopted:

RESOLVED that Board proposes to increase the District's overall tax rate by \$0.02 to a rate of \$0.67 per \$100 of assessed valuation, based on a maintenance and operations rate of \$0.26 and a debt service rate of \$0.41, based on votes in favor of the proposal by Directors Hatch, Shamsie and White, with Directors Mahnke and Stonecipher not present.

16. Consideration of Dates for Public Hearing on the Proposed Tax Rate and Authorization of Publishing Notice of said Hearing. The Board reviewed and considered dates for a public hearing on the proposed tax rate increase. Patrick Hudson explained the legal constraints and deadlines involved with the timing of the hearing, and offered available dates that complied with the legal requirements. On motion made, seconded, and unanimously carried, the following resolutions were adopted.

RESOLVED, that the Board shall conduct a public hearing to consider the proposed 2011 tax rate at 4201 West Parmer Lane, Suite B-200, Austin, Texas 78727, commencing at 11:30 a.m. on August 24, 2011.

FURTHER RESOLVED that the general counsel for the District is authorized and directed to prepare and publish a Notice of Public Hearing on Tax Rate in accordance with applicable law.

17. Review and Discussion of Pond Inspection Operations. The Board discussed the pond inspection obligations and noted that Randall Delgado's contract for pond inspections was terminated. Director Rashid Shamsie presented a proposal from H & H Foradory Construction, Inc. to perform certain pond repairs and prepare monthly reports. The Board considered the option of having a Board member perform routine monthly inspections and maintain logs. After discussion, the Board agreed to contract with H & H Foradory Construction, Inc. to perform the selected repairs, perform monthly inspections of the ponds, and maintain inspection logs. On motion made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED that the proposal from H & H Foradory Construction, Inc. for pond repairs and monthly inspections and inspection logs, a true and correct copy which is attached hereto as **Exhibit G**, is approved and adopted by the Board.

18. Discussion of the Potential Effect of SB 100 on the District's Elections. Patrick Hudson discussed the potential impact that Senate Bill 100, passed in the 82nd Texas Legislative Session, could have on the District's elections. He explained that Williamson County is considering not conducting May elections for local political subdivisions such as the District. Mr. Hudson said he would be attending a meeting with County election officials on August 15, and would report the results.

19. Consideration and Discussion of a Driveway Barrier to Restrict Access to the District's Wet Pond. The Board considered whether to take action to create a driveway barrier next to 3935 and 3940 Walsh Ranch Cove that would restrict vehicular access to the District's wet pond and whether to repair ruts on the informal access drive to the wet pond. The Board considered two different proposals for installing a driveway to the wet pond. The Board considered options for a concrete, granite, gravel or grass driveway to the pond. After discussion, the Board agreed to hire SG Builders to create a driveway barrier and a gravel driveway. On motion made, seconded, and unanimously carried, the following resolution was adopted:

RESOLVED that the proposal from SG Builders for a crushed gravel roadway, a true and correct copy which is attached hereto as **Exhibit H**, is approved by the Board.

20. Review and Consideration of Proposals Required for Wastewater Line Testing. Andrew Hunt presented four bids for the required wastewater line testing and certification. A copy of the bid tabulation summary is attached hereto as **Exhibit I**. Mr. Hunt explained how the City of Round Rock erroneously tested approximately 50% of the District's wastewater lines – lines that are outside of City limits. The Board considered whether to (a) hire a contractor to test all of the District's wastewater lines, or (b) use the City of Round Rock's testing results and hire a contractor to test the remaining 50% of the lines. The Board determined that a cost-effective option was to use the City of Round Rock's work (if it was acceptable quality and could be obtained at a reasonable price), and to hire a contractor to test the remaining 50% of the District's lines.

On motion made, seconded, and unanimously carried, the following resolutions were adopted:

RESOLVED that the District will attempt to purchase the City of Round Rock's testing results for a fee to be negotiated by Andrew Hunt, not to exceed \$10,000.00.

FURTHER RESOLVED that, contingent upon the District purchasing the City of Round Rock's testing results, the District agrees to engage Wastewater Transport Services, LLC to test the remainder of the District's wastewater lines, in

substantial accordance with the terms of the proposal that is attached hereto as **Exhibit J.**

21. Consideration and Discussion of whether the District Desires to Tax Goods in Transit. Patrick Hudson explained that if the District desires to tax goods in transit, it has to make those arrangements prior to a statutory deadline. Mr. Hudson gave the opinion that because the District is entirely residential, built out with homes, and deed restricted against commercial uses, it was unlikely that goods in transit would ever be located within the District's boundaries. After discussion, the Board decided not to pursue a tax on goods in transit.

22. Next Meeting Date and Items to be on Agenda for Next Meeting. The Board discussed the next meeting dates. The Board determined that the next regular Board meeting would be held on August 24, 2011. The Board requested an agenda item for the next meeting relating to installation of an irrigation system on certain District property.

23. Adjournment. There being no further business before the Board, on motion made, seconded and unanimously carried, the meeting was adjourned.

Executed to be effective on August 9, 2011.

WALSH RANCH MUNICIPAL UTILITY DISTRICT

By: _____

Name: _____

Title: _____

ATTESTATION:

By: _____ [SEAL]

NAME: _____

TITLE: _____

WALSH RANCH MUNICIPAL UTILITY DISTRICT

RESOLUTION ADOPTING PROPERTY TAX RATE

STATE OF TEXAS §
 §
COUNT OF WILLIAMSON §

WHEREAS, Section 54.602, Texas Water Code, authorizes the Board of Directors (the “Board”) of Walsh Ranch Municipal Utility District (the “District”) to adopt a resolution establishing a tax rate for the District; and

WHEREAS, the Board convened in a public hearing at 11:30 a.m. on Wednesday, August 24, 2011, held at 4201 West Parmer Lane, Suite B-200, Austin, Texas 78727, to discuss such tax rate; and

WHEREAS, the Board discussed the range of tax rates that the District’s Financial Advisor considered reasonable, and expressed a desire to adopt a tax rate within the range approved by the District’s Financial Advisor; and

WHEREAS, there were no comments from the public at the hearing; and

WHEREAS, the Board reviewed the amount that should be levied for maintenance and operation purposes, the amount that should be levied for payment of the District’s debt, the percentage of anticipated tax collection, and the cost of collecting the taxes; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF WALSH RANCH MUNICIPAL UTILITY DISTRICT THAT:

1. The property tax rate for the District is established at \$0.67 per one hundred dollars (\$100.00) of assessed property valuation. Of this \$0.67, the amount of \$0.41 will be applied to debt service, and \$0.26 will be applied to maintenance and operations, for a combined tax rate of \$0.67 per one hundred dollars (\$100.00) of assessed valuation.

PASSED AND APPROVED this _____ day of _____, 2011.

Rashid D. Shamsie, Jr.
President, Board of Directors
Walsh Ranch Municipal Utility District

ATTEST:

Name: _____
Title: _____

WALSH RANCH MUNICIPAL UTILITY DISTRICT

**AMENDED INFORMATION FORM
PURSUANT TO TEXAS ADMINISTRATIVE CODE §293.92**

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

- (A) The name of the district is Walsh Ranch Municipal Utility District (the “District”);
- (B) The complete and accurate legal description of the District is attached hereto as Exhibit A;
- (C) The most recent rate of district taxes on property located in the District is \$.67 per \$100 of assessed valuation;
- (D) The total amount of bonds that have been approved by the voters and which may be issued by the District (excluding refunding bonds and any bonds or portions of bonds payable solely from revenues received or expected to be received pursuant to a contract with a governmental entity) is \$12,915,000.00;
- (E) The aggregate initial principal amount of all bonds of the District payable in whole or in part from taxes (excluding refunding bond and any bonds or portions of bonds payable solely from revenues received or expected to be received pursuant to a contract with a governmental entity) which have been previously issued and remain outstanding is \$5,250,000.00;
- (F) A standby fee has not been imposed by the District;
- (G) The date on which the election to confirm the creation of the District was held on May 13, 2006;
- (H) The purpose of the District is to acquire and construct water, wastewater, drainage, recreational and park or flood control facilities and services within the District, and any and all work that a municipal utility district may engage in, within the District, through the issuance of bonds payable in whole or in part from property taxes. The cost of these utility facilities is not included in the purchase price of your property, and these facilities are owned or to be owned by the District;
- (I) The particular form of Notice to Purchasers required by Section 49.452, Texas Water Code, to be furnished by seller to a purchaser of real property in the District completed by the District with all information required by the District is attached hereto as Exhibit B;

(J) A complete and accurate map or plat of the boundaries of the District is attached hereto as Exhibit C;

[SIGNATURE PAGE TO FOLLOW]

EXECUTED TO BE EFFECTIVE on August _____, 2011.

We hereby certify that the above and foregoing information is true and correct.

WALSH RANCH MUNICIPAL UTILITY DISTRICT

Printed Name: _____
_____, Board of Directors

WALSH RANCH MUNICIPAL UTILITY DISTRICT

Printed Name: _____
_____, Board of Directors

WALSH RANCH MUNICIPAL UTILITY DISTRICT

Printed Name: _____
_____, Board of Directors

STATE OF TEXAS

§

COUNTY OF WILLIAMSON

§

§

This instrument was acknowledged before me on August ____, 2011 by _____, _____, and _____, in their respective capacity as Officer and Director of the Walsh Ranch Municipal Utility District.

[SEAL]

Notary Public, State of Texas
My Commission Expires: _____

AFTER RECORDING, PLEASE RETURN TO:

Patrick E. Hudson
McLean & Howard, L.L.P.
Barton Oaks Plaza, Building II
901 South MoPac Expressway, Suite 225
Austin, TX 78746

Z:\Open Files\Walsh Ranch Municipal Utility District - File No. 1335\Information Forms\First Amendment\Information Form - Administrative Code 293.92 (Proposed 2011 Amendment) 081611.doc

EXHIBIT "B"

NOTICE TO PURCHASER

The real property, described below, that you are about to purchase is in the Walsh Ranch Municipal Utility District. The district has taxing authority separate from any other taxing authority and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. As of this date, the rate of taxes levied by the district on real property located in the district is \$0.67 on each \$100 of assessed valuation. The total amount of bonds, excluding refunding bonds and any bonds or any portion of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity, approved by the voters and which have been or may, at this date, be issued is \$12,915,000.00, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the district and payable in whole or in part from property taxes is \$5,250,000.00.

The district has the authority to adopt and impose a standby fee on property in the district that has water, sanitary sewer, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located thereon and does not substantially utilize the utility capacity available to the property. The district may exercise the authority without holding an election on the matter. As of this date, the most recent amount of the standby fee is \$0. An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the district stating the amount, if any, of unpaid standby fees on a tract of property in the district.

The district is located in whole or in part in the extraterritorial jurisdiction of the City of Round Rock, Texas. By law, a district located in the extraterritorial jurisdiction of a municipality may be annexed without the consent of the district or the voters of the district. When a district is annexed, the district is dissolved.

The purpose of this district is to provide water, sewer, drainage, or flood control facilities and services within the district through the issuance of bonds payable in whole or in part from property taxes. The cost of these utility facilities is not included in the purchase price of your property, and these utility facilities are owned or to be owned by the district. The legal description of the property you are acquiring is as follows:

Date

Signature of Seller

PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property described in such notice or at closing of purchase of the real property.

Date

Signature of Purchaser

EXECUTED TO BE EFFECTIVE on August _____, 2011.

We hereby certify that the above and foregoing information is true and correct.

WALSH RANCH MUNICIPAL UTILITY DISTRICT

Printed Name: _____

_____, Board of Directors

WALSH RANCH MUNICIPAL UTILITY DISTRICT

Printed Name: _____

_____, Board of Directors

WALSH RANCH MUNICIPAL UTILITY DISTRICT

Printed Name: _____

_____, Board of Directors

STATE OF TEXAS

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COUNTY OF WILLIAMSON

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This instrument was acknowledged before me on August ____, 2011 by _____, _____, and _____, in their respective capacity as Officer and Director of the Walsh Ranch Municipal Utility District.

[SEAL]

Notary Public, State of Texas
My Commission Expires: _____

AFTER RECORDING, PLEASE RETURN TO:
Patrick E. Hudson
McLean & Howard, L.L.P.
Barton Oaks Plaza, Building II
901 South MoPac Expressway, Suite 225
Austin, TX 78746

EXHIBIT "A"

Legal description and map or plat of the boundaries of the District

EXHIBIT "B"

NOTICE TO PURCHASER

The real property, described below, that you are about to purchase is in the Walsh Ranch Municipal Utility District. The district has taxing authority separate from any other taxing authority and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. As of this date, the rate of taxes levied by the district on real property located in the district is \$0.67 on each \$100 of assessed valuation. The total amount of bonds, excluding refunding bonds and any bonds or any portion of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity, approved by the voters and which have been or may, at this date, be issued is \$12,915,000.00, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the district and payable in whole or in part from property taxes is \$5,250,000.00.

The district has the authority to adopt and impose a standby fee on property in the district that has water, sanitary sewer, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located thereon and does not substantially utilize the utility capacity available to the property. The district may exercise the authority without holding an election on the matter. As of this date, the most recent amount of the standby fee is \$0. An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the district stating the amount, if any, of unpaid standby fees on a tract of property in the district.

The district is located in whole or in part in the extraterritorial jurisdiction of the City of Round Rock, Texas. By law, a district located in the extraterritorial jurisdiction of a municipality may be annexed without the consent of the district or the voters of the district. When a district is annexed, the district is dissolved.

The purpose of this district is to provide water, sewer, drainage, or flood control facilities and services within the district through the issuance of bonds payable in whole or in part from property taxes. The cost of these utility facilities is not included in the purchase price of your property, and these utility facilities are owned or to be owned by the district. The legal description of the property you are acquiring is as follows:

Date

Signature of Seller

PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property described in such notice or at closing of purchase of the real property.

Date

Signature of Purchaser



ROUND ROCK, TEXAS
PURPOSE. PASSION. PROSPERITY.

August 12, 2011

Attention City of Round Rock wholesale water customer:

Due to the ongoing drought and triple-digit temperatures, the City of Round Rock will be implementing Stage 2 of its Drought Contingency Plan, effective on Tuesday, August 16th. For City water customers and MUDs, this means transitioning from voluntary to mandatory, outdoor water use restrictions.

The full Stage 2 water use restrictions for City of Round Rock water customers (which includes Chandler Creek, Fern Bluff, Paloma Lake, Teravista, Vista Oaks and Walsh Ranch municipal utility districts, and Blessing Mobile Home Park), are detailed below. According to your contract with the City and per the Round Rock's Drought Contingency Plan, these restrictions must be promoted and enforced to all wholesale customers.

Stage II Mandatory Water Use Management

- Outdoor irrigation with automatic irrigation systems, hose-end sprinklers, soaker hoses, and/or drip irrigation only on water day(s), **not** between 10 a.m. and 7 p.m.
 - Watering days for single-family residential customers are Wednesdays and Saturdays for odd-numbered addresses, and Thursdays and Sundays for even-numbered addresses.
 - Watering days for commercial/industrial/institutional/municipal/multifamily customers are Tuesdays and Fridays.
- Watering with a hand held hose or bucket is allowed any day, at any time.
- Planting of new landscape is discouraged.
- Vehicle washing at a residence is permitted only on water day(s) and not between 10 a.m. and 7 p.m. Water cannot run continuously while washing vehicle (use of spray nozzle required). There is an exemption when washing for health and safety purposes (example: garbage trucks, ambulances).
- Charity carwashes are prohibited.
- The watering of the ground around foundations to prevent foundation cracking is prohibited except on designated outdoor water use days, however not between the hours 10 a.m. to 7 p.m.
- Swimming pools, wading pools, fountains and ponds may be refilled on the designated water days. This restriction does not apply to public swimming pools and wading pools equipped with filtration and a recirculation system that includes the gutter drains or that are not using water from the City's water distribution system. However, public pools may not be filled if there are unrepaired leaks.
- The operation of any ornamental fountain or other structure making similar use of water is prohibited except where necessary to support aquatic life.
- Golf course fairways may only be watered on designated water day(s), not between 10 a.m. and 7 p.m. Golf course greens and tees allowed every other day watering (must submit schedule to City utility department). Exemption is use of reuse or ground water.
- Fire hydrants may only be used for fire-fighting activity or other activity to maintain health, safety and welfare of residents of Round Rock. Exemption is use for land development and building construction purposes; however they must have written approval from Utility Director. Routine flushing of fire hydrants is prohibited.

- Street washing from hydrants is prohibited with potable water.
- The City shall voluntarily inspect water lines and repair leaks on a daily basis; and discontinue flushing of water lines and street cleaning programs.
- Water waste is prohibited. Examples are: failing to repair a controllable leak; washing sidewalks, driveways, parking areas, streets, tennis courts, patios, or other paved areas, except to alleviate immediate health or fire hazards, operating irrigation system with a broken head, misaligned heads, overspray, misting, or runoff.

Stage II restrictions do not apply to:

- Necessary use of water (NOT landscape irrigation) by a government entity in pursuit of its functions to benefit public (i.e. capital improvement construction projects)
- Necessary use of water for land development and building construction (NOT landscape irrigation), such as dust control, flushing lines and concrete work.
- Necessary use of water for repair of water distribution facilities, irrigation systems and plumbing.
- Use of water for irrigation of specially permitted landscaping in new development should be postponed, if possible.
- Necessary use of water on organized youth, amateur, or professional sports fields where the field is in use or will be in use for the first 60 days of Stage 2 restrictions.

If you have any questions regarding the water restrictions and the status of our water supply, please contact Jessica Woods at 671-2872 or by email at jwoods@round-rock.tx.us. We appreciate your efforts in protecting this precious resource during this severe drought.

Sincerely,



Michael D. Thane, P.E.
Director of Utilities
City of Round Rock
2008 Enterprise Drive
Round Rock, TX 78664
512-218-3236



2601 Forest Creek Drive
Round Rock, Texas 78665-1232
512.246.1400

To: Walsh Ranch MUD Customers
From: Andrew Hunt, General Manager
Subject: Stage 2 Watering Restrictions – Drought Contingency Plan
Date: 8/15/11

Walsh Ranch residents:

On August 12, 2011, the City of Round Rock notified Walsh Ranch MUD of implementation of its Stage 2 Drought Contingency Plan following increasing water demand and exceptional drought conditions. The City's Stage 2 plan includes mandatory watering restrictions to its wholesale customers. In accordance with its contract with the City of Round Rock, Walsh Ranch MUD is implementing Stage 2 of its plan **effective Tuesday, August 16, 2011.**

Provisions of Stage 2 Restrictions are as follows:

- a. Water customers must adhere to the Watering Restriction Schedule as follows:
 1. Single Family Odd Addresses: **Wednesday & Saturday**
 2. Single Family Even Addresses: **Thursday and Sunday**
 3. All other type (irrigation, institutional, etc.) customers: **Tuesday and Friday**
- b. Outdoor water use is prohibited between the hours of **10:00 a.m. and 7:00 p.m.** except with hand-held hoses equipped with a positive pistol grip nozzle or other device that automatically shuts off water flow when the hose is not being used, or hand-held buckets.
- c. The washing of automobiles, trucks, motorbikes, boats, trailers, or other vehicle is prohibited except on designated watering days. Washing is prohibited between the hours of 10:00 a.m. and 7:00 p.m. Such washing, when allowed, must be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Further, this restriction does not apply to the washing of vehicles or any other type of mobile equipment (such as garbage trucks and vehicles to transport food and perishables) when the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing. Charity car washes are prohibited.

d. Use of water to fill, refill, or add to any private indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools is prohibited except on designated watering days. Exceptions for public use pools may be granted upon review by the District Manager, Board appointed subcommittee, or the District Manager's designee.

e. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

f. Use of water from hydrants is limited to fire fighting related activities, or other activities necessary to maintain public health, safety, and welfare, such as routine flushing to maintain chlorine residuals. Use of water from designated fire hydrants for construction purposes may be allowed under written permission from the District.

g. The following uses constitute a waste of water and are prohibited:

i. washing sidewalks, walkways, driveways, parking lots, tennis courts, patios or other hard surfaced areas except to alleviate immediate health or safety hazards;

ii. use of water for dust control;

iii. allowing water to run off a property or allowing water to pond in the street or parking lots;

iv. operating a permanently installed irrigation system with broken heads, heads that are out of adjustment or spray more than 10% of the spray on street or parking lots, or heads that are misting;

v. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and

vi. washing an automobile, truck, trailer, boat, or other mobile equipment with a hand-held hose not equipped with a pistol grip nozzle or other device that automatically shuts off water flow when the hose is not being used.

h. Any additional or alternative restrictions imposed by the City or otherwise determined to be necessary by the District Manager of the Board may be imposed by the District.

If you have any questions regarding the restrictions, please don't hesitate to contact Crossroads Utility Services at 512-246-1400.



2601 Forest Creek Drive
Round Rock, Texas 78665-1232
512.246.1400

To: Walsh Ranch MUD
From: Andrew Hunt, General Manager
Subject: Quote for irrigation improvements
Date: 8/12/11

New Irrigation Tap Proposals

- 1) Water service to easement between Block G lots 11 and 12
Work: excavate existing single service line, replace with double service, new double meter box, install meter, perform inspection of irrigation connection, and landscape repair
Labor \$ 331.64 (1/2 day two maint. techs)
Equipment \$127.50 (truck w/ trailer)
Materials: \$307.05 (y-branch, meter, new meter box)
TOTAL \$ 766.64
IMPACT FEE NEEDED: \$4,446.00

- 2) Water service to easement between Block E lots 45 and 43
Work: excavate existing single service line, replace with double service U-branch, new double meter box, install meter, perform inspection of irrigation connection, and landscape repair
Labor \$ 331.64 (1/2 day two maint. techs)
Equipment \$127.50 (truck w/ trailer)
Materials: \$307.05 (y-branch, meter, new meter box)
TOTAL \$ 766.64

- 3) Water service to easement between Block G lots 3 and 5
Work: install meter box, install sub-meter, perform irrigation tap into irrigation line of Block G Lot 3 or 5 **TOTAL: TO BE DISCUSSED, PRIVATE SUB-METER AGREEMENT RECOMMENDED**

TOTAL LABOR, EQUIPMENT, MATERIALS: **\$ 1,533.28**
TOTAL IMPACT FEES TO ROUND ROCK: \$ 4,446.00

Signed on behalf of
Walsh Ranch MUD

Date

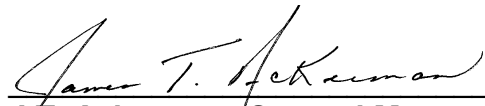


**WALSH RANCH
3 IRRIGATION SYSTEMS
INSTALLATION PROPOSAL**

ISS will install 3 irrigation systems at Walsh Ranch. Two lots are located on Walsh Ranch Blvd. and the other is located on Tourmaline.

ISS will at all 3 lots, trench for irrigation lines, install RPZ backflow preventors and test, bore under sidewalks (4 locations) for irrigation between sidewalks and curbs, install 3 battery operated controllers, 4 valves per lot including all irrigation boxes, all irrigation heads will be on swing joints, irrigation wires and 3 ball valves to allow for shutting off the systems when necessary. All materials are commercial grade quality.

Total Cost (3 systems)..... \$5,573.00 no tax



J.T. Ackerman, General Manager
ISS Grounds Control
8/12/11

Authorized Representative
Walsh Ranch

SOLID WASTE COLLECTION AND DISPOSAL SERVICES AGREEMENT

This Solid Waste Collection and Disposal Services Agreement (this "Agreement") is entered into effective October 1, 2011 between **WALSH RANCH MUNICIPAL UTILITY DISTRICT**, a political subdivision of the State of Texas operating under Chapters 49 and 54 of the Texas Water Code (the "District"), and **ROUND ROCK REFUSE, INC.**, a Texas corporation ("Contractor"), and is as follows:

I. PURPOSE OF AGREEMENT.

This Agreement sets forth the terms and conditions on which Contractor will provide recycling and solid waste collection and disposal services to all Customers within the District. This Agreement is entered under the authority granted to the District by Sections 49.213, 54.203, and 30.002 of the Texas Water Code and Section 364.034 of the Texas Health and Safety Code.

II. DEFINITIONS.

A. Bags – Plastic sacks designed to store refuse with sufficient wall strength to maintain physical integrity when lifted by top. Total weight of a bag and its contents shall not exceed 40 pounds.

B. Bulky Waste – Stoves, refrigerators, hot water heaters, washing machines, clothes dryers, furniture, and other similar household waste materials.

C. Bundle – Tree, shrub, and brush trimmings securely tied together, forming an easily handled package not exceeding 4 feet in length or 40 pounds in weight. Such trimmings are limited to those originating from the specific residential units.

D. Cart – A wheeled waste receptacle provided by Contractor, with a capacity not less than 90 gallons nor more than 98 gallons.

E. Construction Debris – Waste building materials resulting from construction, remodeling, repair, or demolition operations.

F. Container – A receptacle with a capacity of greater than 10 gallons, but less than 35 gallons, constructed of plastic, metal or fiberglass, having handles of adequate strength for lifting, and having a tight fitting lid capable of preventing entrance into the container by vectors. The top of the container will have a diameter greater than or equal to that of the base. The total weight of a container and its contents will not exceed 60 pounds.

G. Customer – An occupant of a Residential Unit who generates Refuse.

H. Disposal Site – A refuse depository licensed by the State of Texas, including sanitary landfills, transfer stations, incinerators, and waste processing/separation centers licensed by the State of Texas to receive Refuse for processing or final disposal.

I. Landfill – A permitted sanitary landfill of Contractor's selection.

J. Refuse – All solid waste generated by a Customer, including Bulky Waste and Construction Debris.

K. Residential Unit – A single family dwelling within the boundaries of the District. A Residential Unit will be deemed occupied if it receives either water or electric utility services.

L. Recycling – Any process by which solid waste or materials that would otherwise become solid waste are separated, collected, and processed for reuse or returned to use or to market in the form of raw materials or products.

III. **SERVICES TO BE PERFORMED.**

In consideration of the compensation set forth in Section V, Contractor will provide the following services:

A. Solid Waste Collection and Disposal. (1) Contractor will provide solid waste collection and disposal services to all Customers within the boundaries of the District. A map indicating the boundaries of the District and the names and locations of all existing residential streets is attached as **Exhibit "A"**.

(2) Solid waste collection will be provided to each Customer within the District at least once per week on _____, between the hours of 7:00 a.m. and 5:00 p.m. A fine of \$200 will be imposed on Contractor for each violation of this hours of operation limitation.

(3) Unless another collection day is agreed to in writing by Contractor and the District, the collection day will be on _____. If a Customer's regular collection day falls on Thanksgiving Day, Christmas Day, or New Year's Day, collection will occur on the following day. Each Customer will be notified in writing by Contractor of their regular collection day. A fine of \$200 may be assessed for each missed pick-up. If this Agreement results in a change in collection schedules, the Contractor will, at its expense, notify all customers of the change in collection schedules by mail and home-delivered flyer. Contractor will provide a copy of the notice to the District's manager (the "District Manager") and meet and confer with the District Manager to receive input on the form and substance of the notification. The Contractor will coordinate with the District Manager in order to ensure a smooth transition in collection schedules, and a Contractor supervisor or manager will report to the District Manager daily to inform him of the status of the transition and any issues that may have occurred and the resolution thereof.

(4) Except as provided in Section III.A(5), Contractor will collect all items placed at curbside by Customers. If solid waste exceeds the volume of the Cart, up to six additional Bags, Bundles, and/or Containers of solid waste placed next to the Cart will be picked up by Contractor on the normal collection day. Bulky Waste will be collected weekly on the regular collection day; provided that any Customer who, in the reasonable opinion of Contractor, abuses this privilege, will pay an additional sum to Contractor, which sum will be agreed upon between the District and Contractor on a case-by-case basis. All Refuse collected by Contractor, other than recyclable materials placed at curbside in a recycling Cart, will be disposed of at a Disposal Site. Contractor will additionally provide house-side collection at no extra charge for Customers who have handicaps or disabilities that make it difficult to place Carts and bins curbside. If a Customer requests such service, the District and Contractor will determine if a resident qualifies.

(5) Construction Debris, dead animals, toxic or hazardous waste, batteries, stable matter, rocks, dirt, concrete, ammunition, hot ashes, medical waste, auto parts, tires, stumps, and any

item containing CFCs will not be collected as part of normal residential service; provided, however, Customers may arrange for collection of such items directly with Contractor for an additional expense.

B. Recycling.

(1) Contractor will provide single stream, curbside recycling collection services for, at a minimum, aluminum, tin, and steel cans and containers, glass bottles and jars (all colors), magazines, newsprint, junk mail, office paper, school paper, paper grocery bags, cardboard, boxboard, catalogs, magazines, telephone directories, tin and steel cans, and plastics (all types and colors) to all Customers at least once per week. Non-recyclable items will be left in the resident's cart along with a tag indicating why such item(s) were not collected. Contractor will pick up recyclable materials on the same day that solid waste is collected. A fine of \$200 may be assessed for each missed pick-up. Contractor will furnish the District with receipts evidencing delivery of recyclable materials to an appropriate recycling center. Contractor's failure to dispose of recyclable materials collected within the District will constitute a violation of this Agreement and will render Contractor liable for liquidated damages in the amount of \$500 per occurrence. It is acknowledged that the District's damages in such event would be difficult to determine, and that this amount has been agreed upon by the parties in order to make the amount of such damages certain. Contractor will schedule, publicize, and conduct ongoing recycling education programs within the District to inform and educate Customers about the District's recycling program, and will notify the Board of Directors of the District (the "Board") of these meetings.

C. Carts to be Provided. Contractor will provide each Customer with a garbage Cart and a recycling Container. Contractor will replace any Carts or Containers requiring repair or replacement with an unbroken Cart or Container. All Carts and Containers will be in good condition, new or properly reconditioned, and Contractor will replace any broken or damaged Carts and Containers at its sole cost. The District Manager will, via fax or email, provide Contractor with a daily written list of any Customers who have initiated or terminated utility service according to the District's records. Contractor will provide Carts and Containers to all new Customers, and pick up Carts and Containers from all terminated Customers, on the next District collection day after this notification. Contractor will notify the District Manager of any Customers that have requested initiation or termination of solid waste service and are not reflected on the written lists provided by the District Manager.

D. Park Dumpster. The Contractor will provide a dumpster for one District park area designated by the Board. The dumpster will be in a location that is accessible by the Contractor's vehicles, and will be emptied weekly at no charge to the District. The dumpster will be maintained in neat and sanitary condition by the Contractor.

E. Christmas Tree Pick-Up. Contractor will collect Christmas trees curbside at Customers' residences for no extra charge. Contractor will collect Christmas trees through the last collection day of January of each year.

IV. CONTRACT ADMINISTRATION.

A. Contract Administration. All work performed by Contractor under this Agreement will be supervised and verified by the District's manager.

B. Vehicle and Property Condition. Contractor must keep all vehicles utilized in the performance of its duties under this Agreement in proper operating condition, and vehicles which are

leaking oil, hydraulic fluid, or other substances, or which present an unhygienic or unsafe appearance, are not permitted. The use of any vehicle which is leaking oil, hydraulic fluid, or other substances will subject Contractor to a fine of \$250 per day, in accordance with the District's rules, it being acknowledged that releasing these substances on the streets and rights-of-way within the District may result in their being deposited in the neighborhood's storm sewer and drainage systems in violation of the District's rules. Contractor will immediately notify the District manager by telephone if any spill or leakage occurs and will also provide a written report of the occurrence and remedial action taken. Contractor will ensure that all personnel are trained in the containment and remediation of accidental discharges of contaminants or solid waste. Vehicles will carry an adequate supply of absorbents and damming devices to enable personnel to contain hydraulic spills. Contractor will take all steps necessary to ensure that areas where trash is picked up and removed are left in a neat and litter-free condition, and no loose trash will be left in these locations. All vehicles will be properly and adequately covered, and no trash will be permitted to blow out of these vehicles. Carts will be replaced within five feet of Customer's placement without obstructing traffic or damaging landscaping. Lids will be closed after servicing and the Cart will be turned with the handle toward the Customer's residence so that the whole street is uniform wherever possible. Recycling Carts will be placed within five feet of garbage Carts. A violation of these provisions will subject Contractor to a fine of \$250 per day.

C. Safety. Contractor will be required to observe all safety laws, including compliance with all speed-limit and traffic-control signs. Failure of any driver to comply with such requirements will subject Contractor to a fine of \$200 per confirmed occurrence. Occurrences will be deemed confirmed upon either: (1) the issuance of a traffic ticket to the driver by any governmental authority with jurisdiction; (2) the signing of a written complaint by any resident of the District that sets forth the date, time, description of vehicle (including truck number), description of violation, and location of the violation; or (3) the signing of a written complaint by any director, consultant, or contractor of the District, or their employees, which sets forth the date, time, description of vehicle (including truck number), description of violation, and location of the violation.

D. Customer Relations. Contractor will use all reasonable efforts to collect solid waste and recyclable materials regardless of barriers, such as blocked streets, except when the safety and health of Contractor's employees or the public would be jeopardized. Contractor must notify the District Manager by 2:00 p.m. on the collection day if service cannot be provided. Missed pick-ups must be corrected within 24 hours of notification by either the District manager or the Customer. Customer complaints, such as calls for missed pick-ups, will be first directed to Contractor for resolution. Contractor will maintain an office equipped with sufficient telephones and personnel to respond to complaints and will have a responsible person in charge from 8:00 a.m. to 5:00 p.m. on regular collection days. If Contractor is unable to resolve a customer complaint and the complaint requires the attention of the District's manager, the District may withhold payment of one month's garbage collection and recycling charges for the residence in question as liquidated damages resulting from Contractor's failure to resolve the complaint. Contractor will monitor and log all customer complaints received, and will provide a monthly summary of the complaints to the District as described in Section IV.E, below.

E. Reports. Contractor will submit written reports in a form approved by the District's manager, including a complete complaint log, together with a copy of Contractor's route sheets for all solid waste and recyclable material collections during the period covered by the report, to the District Manager at least ten days prior to each regular Board meeting.

F. Meeting Attendance. Contractor will send a representative to the Board's regular monthly meeting upon request. Failure to attend any required Board meeting will subject Contractor to a fine of \$250 per meeting.

V. **COMPENSATION.**

A. Billing. Contractor will bill the District monthly for all solid waste collection and disposal and recycling services rendered by Contractor during the previous calendar month. The District will pay Contractor within ten days after the first regular monthly Board meeting occurring after receipt of the invoice, based upon collected residences only; however, if there is a bona fide dispute over a prior or current invoice, the District may withhold payment of the amount disputed until the dispute is resolved.

B. Base Period Rate. Beginning with the effective date of this Contract through September 30, 2016, the monthly fee to be paid to Contractor will be \$16.00 per residence. Thereafter, the monthly fee will be modified annually in accordance with Section V.C below.

C. Adjustment. The monthly compensation for the services specified above will remain in effect until September 30, 2016. Thereafter, the compensation will be adjusted annually at the end of each contract year, according to any increase or decrease in the Consumer Price Index – All Urban Consumers – United States Bureau of Labor Statistics, South Urban Area ("CPI-U"), provided that no adjustment will exceed a percentage difference of three percent (3%), and will be calculated using the following formula:

Current Compensation x **1 + A** = **Adjusted Compensation**, where A is equal to the lesser of 3% or the percentage difference between the most recently available monthly CPI-U and the CPI-U for the same month in the previous year.

Contractor will calculate the revised compensation annually and will submit the calculation to the District for approval at least 60 days prior to the date that the revised compensation is to become effective. If Contractor fails to submit a revised compensation calculation in a timely manner, Contractor's compensation will not be adjusted.

D. Pass-through of Increased Governmental Costs. Contractor may request an increase in the monthly rate hereunder if, during the term of this Agreement, Contractor's costs increase solely as a result of an increased or new fee, charge, or assessment imposed by the federal or state government on Contractor's business capital or operations after the date of this Agreement, provided that the fee, charge, or assessment was not imposed due to Contractor's violation of any applicable legal requirement. To obtain an increase in the monthly rate under this Subsection, Contractor must submit documentation confirming the amount of or increase in the fee, charge, or assessment and the effective date of the increase, and must provide the Board with calculations confirming the District's proportionate share of the increased cost. Only the District's proportionate share of the increased cost may be passed through to the District, and no pass-through will be effective until the District has approved the increase and made an appropriate adjustment to its rate order.

VI. **COMPLIANCE WITH APPLICABLE LAWS.**

Contractor will comply with all applicable federal, state, county, and city laws, ordinances, rules, and regulations and obtain any licenses and permits required in performing all services rendered by

Contractor under this Agreement. **TO THE FULLEST EXTENT PERMITTED BY LAW, CONTRACTOR WILL INDEMNIFY THE DISTRICT, ITS OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES FROM ALL CLAIMS, LIABILITY AND EXPENSE ARISING OUT OF ANY ACTUAL OR ALLEGED FAILURE OF CONTRACTOR TO COMPLY WITH SUCH LAWS, ORDINANCES, AND REGULATIONS OR OBTAIN SUCH LICENSES AND PERMITS.**

VII. **INSURANCE, INDEMNITY, AND BOND.**

A. Insurance. Contractor will secure and maintain in effect insurance to protect Contractor, its subcontractors, employees, and the District from claims for bodily injuries, death, or property damage that may arise out of or result from Contractor's performance or nonperformance of its duties under this Agreement, whether such performance or nonperformance is by Contractor, by any subcontractor, or by anyone directly or indirectly employed by Contractor or any subcontractor. Upon the full execution of this Agreement and prior to providing any services hereunder, Contractor must furnish to the District certificates of insurance and policies, including all endorsements, on forms acceptable to the District, confirming the following insurance coverage in at least the amounts set forth below and, except with respect to worker's compensation insurance, naming the District as an additional insured entitled to the full benefit of coverage:

- | | | |
|----|---|--|
| 1. | Workers Compensation/ Employer's Liability: | Statutory amounts as prescribed by law |
| 2. | General Liability (occurrence basis): | \$1,000,000 |
| 3. | Vehicle Liability (occurrence basis). Policy must include liability arising out of the operation of owned, hired, and non-owned vehicles: | \$1,000,000 |
| 4. | Excess/Umbrella Liability (must be in addition to the coverage amounts required in above): | \$1,000,000 |

Contractor's Commercial General Liability policy must: (1) be on a current edition of ISO form CG 00 01 12 07 or equivalent; (2) include, but not be limited to, the following coverages: premises/operations, products/completed operations, independent contractors, personal injury, contractual liability, including contractual indemnity, and explosion, collapse, underground property damage; and (3) not include an endorsement excluding the sole negligence of the District from the definition of "insured contract", (4) not include the following endorsements and exclusions or equivalent: CG 22 94 or CG 22 95 (Damage to Work Performed by Subcontracts Exclusion), CG 21 39 (Contractual Limitation Endorsement), CG 24 26 (Amendment of Insured Contract Definition), CG 21 37 (Employees as Insureds Exclusion), CG 21 49 (Pollution Exclusion), and CG 21 44 (Limitation of Coverage to Designated Premises or Projects). All of the above-listed insurance must be maintained in force throughout the term of this Agreement and must be written by insurance companies authorized to sell insurance where work is being performed and have an A.M. Best's rating of **B++ VII** or better. All insurance policies must provide that they may not be cancelled or modified without 30 days' prior written notice to the District and that they are primary and noncontributory over any insurance that

may be carried by the District. Any failure by Contractor to maintain any required insurance or to furnish any required certificate will be grounds for termination of this Agreement.

B. INDEMNITY. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, CONTRACTOR, ON BEHALF OF ITSELF AND ITS SUCCESSORS AND ASSIGNS, HEREBY AGREES TO WHOLLY INDEMNIFY, DEFEND, AND HOLD HARMLESS THE DISTRICT AND ITS DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, AND LIABILITIES, INCLUDING COSTS, LITIGATION EXPENSES, AND ATTORNEYS' FEES (COLLECTIVELY, "LOSSES") ARISING FROM OR RELATING TO THE SERVICES TO BE PERFORMED BY CONTRACTOR UNDER THIS AGREEMENT, INCLUDING LOSSES ARISING OUT OF OR RELATING TO DAMAGE TO PROPERTY, INJURY TO OR DEATH OF PERSONS (INCLUDING THE PROPERTY AND PERSONS OF THE PARTIES AND THEIR AGENTS, SERVANTS, CONTRACTORS AND EMPLOYEES), LOSS OF USE OF PROPERTY, LOSS OF REVENUE, ECONOMIC OR OTHER LOSSES, AND ANY NON-COMPETITION, EMPLOYMENT, OR OTHER SIMILAR AGREEMENT AFFECTING OPERATOR'S PERSONNEL. THE OBLIGATIONS IN THIS PARAGRAPH APPLY WHETHER ALLEGED OR ACTUAL NEGLIGENT OR GROSS NEGLIGENT ACTS OR OMISSIONS OR OTHER FAULT OF THE DISTRICT CAUSED THE LOSS IN WHOLE OR IN PART. THESE OBLIGATIONS INCLUDE WITHOUT LIMITATION, CLAIMS BY CONTRACTOR'S EMPLOYEES OR CONTRACTORS AGAINST THE DISTRICT.

C. Faithful Performance Bond. A performance bond in the amount of \$5,000 with a term expiring no sooner than September 30, 2016, or other security acceptable to the District will be required for the faithful performance of this contract. This bond must be written by a surety company satisfactory to the District and must be submitted on a form acceptable to the District.

VIII. TERM, TERMINATION, AND PERFORMANCE REVIEW.

A. Term. The term of this Agreement will be five years, commencing October 1, 2011 and ending September 30, 2016. The District may, by giving written notice to Contractor at least 60 days prior to the expiration of the term of this Agreement (including any extension), extend the term of this Agreement for an additional term not to exceed five years, or the District may, upon the expiration of any term, elect to continue this Agreement on a month-to-month basis.

B. Termination. This Agreement may be terminated by the District without cause (i) at any time upon 60 days' written notice to Contractor; and (ii) immediately upon written notice to Contractor in the event that the City of Round Rock refuses to allow the District to contract with Contractor directly. This Agreement may be terminated by the District for cause at any time without notice. Without limiting the generality of the foregoing, the assessment of fines or penalties against Contractor under Sections III or IV of this Agreement of \$500 or more in any three-month period, or Contractor's breach of any substantive provision of this Agreement that is not cured within five days of written notice from the District will constitute cause for the termination of this Agreement. Contractor agrees that, if Contractor defaults in its obligations under this Agreement, the District may hold and utilize all sums otherwise due and owing to Contractor under this Agreement to remedy the default. The District agrees to provide Contractor with written notice of any default that entitles the District to withhold and utilize funds otherwise due to Contractor and to extend Contractor five business days from the date of delivery of the notice to cure the default before utilizing the funds due to Contractor to remedy the default. Contractor agrees that the District will have no obligation to make any payment to Contractor under this Agreement at any time Contractor is in default hereunder.

C. Performance Review. The Board may conduct an annual review and evaluation of Contractor's performance during the previous year. Customer complaints, billing problems, failure to

submit required reports, penalties imposed, and other matters relating to Contractor's performance under this Agreement will be evaluated by the Board and, if problem areas are identified, the Board may (1) establish corrective action required of Contractor and set a subsequent performance review to evaluate the Contractor's corrective action; or (2) give Contractor written notice of termination of this Agreement based on the Contractor's inadequate performance. A termination under this Subsection will be effective upon the date specified in the Board's written notice and the Board's right of termination under this Subsection is in addition to, and not in lieu of, the Board's right of termination under Section VII.B.

IX. **MISCELLANEOUS.**

A. Contractor will provide adequate supervision to assure that all work will be done in accordance with this Agreement and generally accepted solid waste disposal practices.

B. All work outside the express terms of this Agreement must have prior written approval by the Board. Charges for extra work must be submitted to the Board for approval prior to commencement of the work.

C. This Agreement may not be assigned by either party without the prior, written approval of the other party. The use of any subcontractor shall be subject to the prior, written approval of the Board, which may be withheld for any reason.

D. This Agreement will be construed under the laws of the State of Texas, and all obligations of the parties are performable in Williamson County, Texas.

E. This Agreement is binding upon and inures to the benefit of the parties and their respective successors and assigns where permitted by this Agreement.

F. If any provision of this Agreement is illegal, invalid, or unenforceable in any respect, this invalidity, illegality, or unenforceability will not affect any other provision, and this Agreement will be construed as if the invalid, illegal, or unenforceable provision had never been contained herein.

G. This Agreement constitutes the sole and only agreement of the parties and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter.

H. If, by reason of force majeure, either party may be rendered unable, in whole or in part, to carry out its obligations under this Agreement, the party whose performance is so affected must give notice and the full particulars of such force majeure to the other party within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, will be suspended during the continuance of the inability then claimed but for no longer period and such party will endeavor to remove or overcome such inability with all reasonable dispatch. The term "*force majeure*" means Acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas, or of any court or agency of competent jurisdiction or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, vandalism, explosions, breakage or accidents to machinery, pipelines or canals, or inability on the part of a party to perform due to any other causes not reasonably within the control of the party claiming such inability.

I. Any notice required or permitted to be delivered hereunder may be given by personal delivery or by depositing the same in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to the appropriate party at the address set forth below such party's signature below, or at such other address as may hereafter be designated in accordance with this paragraph.

J. No subsequent amendment to this Agreement will be binding upon the District or Contractor unless made in writing and signed by both the Contractor and the District.

K. The Contractor is retained as and will continue in the capacity of an independent contractor. The Contractor will be responsible for hiring and compensating any personnel it deems necessary to carry out its duties under this Agreement, and to be responsible for collecting and remitting all applicable FICA and income tax withholding based upon any sums paid to the Contractor or its personnel.

L. No consent or waiver, expressed or implied, to or of any default of any covenant or provision hereof by any party will be construed as a consent or waiver to or any other default of the same or any other covenant or provision.

M. Any party to this Agreement who is the prevailing party in any legal proceeding against any other party brought under or in connection with this Agreement or the subject matter hereof will be additionally entitled to recover court costs and reasonable attorney's fees, and all other litigation expenses, including deposition costs, travel, and expert witness fees, from the non-prevailing party.

N. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

O. Each party represents and warrants that it has the full right, power, and authority to execute this Agreement and all related documents. Each person executing this instrument on behalf of a party represents that he or she is an authorized representative of and has the authority to sign this document on behalf the respective party.

(Signature pages follow.)

IN WITNESS WHEREOF, this Agreement has been executed to be effective as of the date first written above.

DISTRICT:

Walsh Ranch Municipal Utility District

By: _____

President, Board of Directors

Address: c/o McLean & Howard, L.L.P.
Attn: Patrick Hudson
901 S. MoPac Expressway
Building II, Suite 225
Austin, Texas 78746

CONTRACTOR:

Round Rock Refuse, Inc.,
a Texas corporation

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

EXHIBIT "A"

Map

August 24, 2011

Honorable Susan Combs
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

via CMRRR

RE: Walsh Ranch Municipal Utility District's Report of Eminent Domain Authority

Dear Comptroller Combs:

I am writing on behalf of Walsh Ranch Municipal Utility District. This letter is submitted to satisfy the requirements of Senate Bill 18 passed by the 82nd Regular Session of the Texas Legislature. Please be advised that Walsh Ranch Municipal Utility District is authorized by the State of Texas to exercise the power of eminent domain. This power is granted pursuant to Section 21.001 et seq. of the Texas Property Code and Sections 49.222 and 49.224 of the Texas Water Code.

In the event your office finds this notice fails to sufficiently fulfill the requirements of Senate Bill 18, or otherwise limits the Municipal Utility District's existing authority in some way, please advise us immediately of such deficiency so that we may immediately address the same. Thank you for your attention to this matter.

Sincerely,

MCLEAN & HOWARD, L.L.P.

Patrick E. Hudson,
General Council, Walsh Ranch Municipal
Utility District

First Amendment to
Amended and Restated
Walsh Ranch Municipal Utility District
Rules Governing
Water and Wastewater Services

Whereas, on or around May 17, 2006 the Board of Directors of the Walsh Ranch Municipal Utility District adopted the Amended and Restated Walsh Ranch Municipal Utility District Rules Governing Water and Wastewater Services (the “Rules”); and

Whereas, Chapter 7 of the Rules establishes a Drought Contingency and Water Emergency Plan for the Walsh Ranch Municipal Utility District (the “District”); and

Whereas, the District receives wholesale water and wastewater service from the City of Round Rock, Texas (the “City”) pursuant to that certain Walsh Ranch Municipal Utility District Water and Wastewater Agreement, dated May 11, 2006, and approved by the City pursuant to Resolution R-06-05-11-13C1, as modified and amended by First Amendment to the Water and Wastewater Agreement between the District and the City of Round Rock, dated June 25, 2009 (collectively, the “Water and Wastewater Agreement”); and

Whereas, pursuant to Section 4.01 of the Water and Wastewater Agreement, the District is to reduce water consumption in compliance with the City’s Water Conservation/Drought Management Plan when active by the City; and

Whereas, the District desires to amend the District’s Drought Contingency and Water Emergency Plan in order to adopt a plan to reduce water consumption in compliance with the City of Round Rock’s Water Conservation/Drought Management Plan; and

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THAT the Board of Directors of the District hereby amends the Rules as follows:

1. Amendment to Chapter 7 of the Rules. Chapter 7 of the Amended and Restated Walsh Ranch Municipal Utility District Rules Governing Water and Wastewater Services entitled “Drought Contingency and Water Emergency Plan” is hereby deleted in its entirety. The District hereby adopts the Water Conservation and Drought Contingency Plan attached hereto as **Exhibit “A”** and made part hereof for all purposes be, and the same is hereby, adopted as the official policy of the District.

2. If any provision, section, sentence, clause or phrase of this plan, or its application to any person or set of circumstances, is for any reason held to be unconstitutional, void, invalid, or for any reason unenforceable, the validity of the remaining portions of this plan and its application to other persons or sets of circumstances will not be affected, it being the intent of the Board in adopting this plan that no portion hereof or provision contained herein will become inoperative or fail by reason of any unconstitutionality or invalidity of any other provision.

3. The Secretary of the Board is directed to file a copy of this plan in the principal office of the District. This plan will remain in full force and effect from the date of its adoption until amended or replaced.

PASSED AND APPROVED this ____ day of _____, 2011.

(SEAL)

Rashid Shamsie, President
Board of Directors

ATTEST:

Name: _____

Title: _____

EXHIBIT "A"

WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN

I. *Approval of the Plan*

The Board of Directors (the "Board") of Walsh Ranch Municipal Utility District (the "District") hereby establishes the Water Conservation and Drought Contingency Plan (the "Plan"), as set forth below. The Board commits to implement this Plan according to the procedures set forth below.

II. *Water Conservation Plan*

2.01 *Water and Wastewater Utility System Profile.*

A. *Service Area Population.* As of August 1, 2011, the District had 241 occupied single family connections, seven District or HOA connections, thirty-two public school connections, and eight irrigation connections. The estimated population of the District's service area is 1,008 based on 288 living unit equivalents ("LUEs") multiplied by 3.5 persons/unit.

B. *Water Utility Data.*

1.	Type	Existing
	Residential	241 LUEs
	Irrigation	8 LUEs
	Public/School District	32 LUEs
	District	7 LUEs
	Industrial	0 LUEs

2. The average monthly use per occupied residential connection from January 1, 2010 through January 1, 2011 was approximately 17,000 gallons.

C. *Wholesale Water and Wastewater Service.* The District receives wholesale water and wastewater service from the City of Round Rock, Texas (the "City") pursuant to that certain Walsh Ranch Municipal Utility District Water and Wastewater Agreement (the "Original Agreement"), dated May 11, 2006, and approved by the City pursuant to Resolution R-06-05-11-13C1, as modified and amended by First Amendment to the Water and Wastewater Agreement between the District and the City of Round Rock, dated June 25, 2009 (collectively, the "Wholesale Contract").

D. *Financial Data.* The District's water and wastewater rates and connection/impact fees are set forth in the District's Order Establishing Water and Wastewater Service Rates, and Charges, and Establishing Water and Wastewater Tap Fees and Capital Recovery Fees and Adopting Certain General Policies with Respect to the District's Water and Wastewater and Drainage Systems. The rates and fees are comparable to surrounding adjacent developments and are cost-based.

2.02 *Conservation Strategies.*

A. *Minimum Measures.*

1. Water Conservation Goals. The District's five-year target for water savings is to reduce daily water consumption in gallons per capita by 3%, and the District's 10-year target for water savings is to reduce daily water consumption in gallons per capita by an additional 3% over the five-year target. The District will attempt to achieve these targets and goals by:

a. Encouraging and supporting efficient water use and reduced waste by including water conservation information on the District's website;

b. Taking measures to maintain per capita water usage below the median of the previous five years' gallons per capita per day consumption for similarly situated water providers;

c. Striving to limit unaccounted-for water from the District's system to no more than 10% of the volume of water delivered based on a moving five year average;

d. Implementing and maintaining a program of universal metering and meter replacement and repair;

e. Encouraging decreasing waste in landscape irrigation;

f. Raising public awareness of water conservation and encouraging responsible public behavior. An example of this method is notifying top ten users of their consumption history during peak use months;

g. Developing a system specific strategy to conserve water during peak demands, thereby reducing peak use;

h. If applicable, encouraging the development of a program for the reuse/recycling of wastewater/greywater; and

i. Encouraging and supporting efficient water use and reduced waste.

2. Meters. The District will strive to implement the following with respect to metering and meter repair/replacement:

a. The supply of water from the District's water supplier(s) will be metered with water meters capable of accuracy within $\pm 5\%$;

b. Each connection will be metered with a water meter capable of accuracy within $\pm 5\%$;

c. Each connection on the system will be metered, including landscape irrigation and public facilities; and

d. A regularly scheduled maintenance program of meter repair and replacement will be established in accordance with the following time intervals:

i. Master Meters: Test once/year;

ii. 1" + Meters: Test once/year; and

iii. Meters <1": Test once/10 years or upon reaching total usage above recommended industry standards.

3. Education and Public Information Programs. The District will attempt to undertake a coordinated water conservation public education and information program with its customers that will include:

a. Providing a conservation message that may be included with water bills or posted on a website;

b. Encouraging local media coverage of water conservation issues and the importance of water conservation; and

c. Making water conservation information and materials available.

B. *Other Measures*. Other measures may include system operation requirements and rules that promote water conservation such as use of new water conserving technology in construction, landscape watering management, and appropriate use of updated plumbing fixtures that conserve water. In addition, the District will regularly review this Plan in accordance with applicable rules to ensure that it is effective and efficient.

2.03 Coordination with Regional Water Planning Group. The service area of the District is located within the Brazos Regional Water Planning Area (Region G) of the State of Texas, and the District has provided a copy of this water conservation plan to the regional planning group.

III. Drought Contingency Plan

3.01 Declaration of Policy, Purpose, and Intent. Because of the water conditions prevailing within the District, the water resources available to the District must be put to the maximum beneficial use and the waste, unreasonable use, or unreasonable method of use of water must be prevented, with a view to the reasonable and beneficial use thereof in the interests of the residents of the District and for the public health and welfare.

Non-essential water uses, as defined below, which are regulated or prohibited under this Article III are considered to be non-essential and the continuation of such uses during times of water shortage or other emergency water supply conditions are deemed to constitute a waste of water, which may subject the offender to a penalty.

3.02 Public Involvement. An opportunity for the public to provide input into the preparation of this Plan was provided through the District's scheduling and providing public notice of a public meeting at which members of the public were afforded an opportunity to provide input to the Board on this Plan.

3.03 Public Education. The District will periodically provide the public with information about this Plan, including information about the conditions under which each stage of the drought contingency measures of this Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. This information will be provided by means of publication of notice in a newspaper of general circulation, posting notification signs in public places, mailing utility bill inserts or postcards, press releases, web page notices, or other means as determined necessary by the District Manager or his/her designee.

3.04 Coordination with Regional Planning Group. The service area of the District is located within the Brazos Regional Water Planning Area (Region G) of the State of Texas, and the District has provided a copy of this drought contingency plan to the regional planning group.

3.05 Notification.

A. TCEQ. The District will notify the executive director of the Texas Commission on Environmental Quality within five business days of the implementation or termination of any mandatory provisions of this Plan.

B. Customers. The District will provide notice to its Customers, by publication of notice in a newspaper of general circulation, posting notification signs in public places, mailing utility bill inserts or postcards, press releases, web page notices, or

other means as promptly as practicable in connection with the implementation or termination of each stage of this Plan. The notice will include: (i) the date the applicable restrictions will begin/end; (ii) the triggering circumstances; (iii) a summary of the applicable restrictions; and (iv) an explanation of the consequences for a violation. The District will not enforce the provisions of a particular stage until at least 72 hours after the applicable notice has been provided.

3.06 Authorization. The District's Manager or another consultant or employee specifically designated by the Board (for purposes of this Plan, the appointed party is designated the "District Manager"), in consultation with the Board President or Vice President or Board appointed subcommittee, if any is hereby authorized and directed to implement the applicable provisions of the drought contingency measures of this Plan upon determination that implementation is necessary to protect the public health, safety, and welfare. The District Manager, or his/her designee, in consultation with the Board President or Vice President, will have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

3.07 Application. The provisions of this Article III will apply to all persons, entities, customers, and property utilizing water provided by the District.

3.08 Definitions. For the purpose of this plan, the following definitions shall apply:

A. Conservation: those practices, techniques, and technologies that reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water, or increase the recycling and reuse of water so that a supply is conserved and made available for future or alternative uses.

B. Customer: any person, company, or organization using water supplied by the District.

C. Landscape Irrigation Use: water used for the irrigation and maintenance of landscaped areas, whether privately or publicly owned, including residential and commercial lawns, gardens, parks, and rights-of-way and medians.

D. Non-Essential Water Use: water uses that are not essential nor required for the protection of public health, safety, and welfare, including:

1. irrigation of landscaped areas, including parks and athletic fields, except otherwise provided by this Plan;
2. use of water to wash any motor vehicle, motorbike, boat trailer, or other vehicle;
3. use of water to wash down any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;

4. use of water to wash buildings or structures for purposes other than immediate fire protection;
5. flushing gutters or permitting water to run or accumulate in any gutter or street;
6. use of water to fill, refill, or add to any private indoor swimming pools or Jacuzzi-type pools;
7. use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life;
8. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
9. use of water from hydrants for construction purposes or any other purposes other than fire fighting.

E. Outdoor Water Use: includes but is not limited to watering lawns, shrubs, and other types of outdoor vegetation; washing vehicles, boats, and trailers; use of landscape irrigation systems; the refilling or adding water to private swimming pools or wading pools or ponds; the operation of any ornamental fountain or other similar structure; the use of water from fire hydrants for uses other than fire fighting or other activities necessary to maintain health and safety conditions; the watering of patios, driveways, parking areas, streets, tennis courts, sidewalks or other paved areas; and the watering of building foundations.

3.09 *Triggering and Termination Criteria for Drought Response Stages.* The District Manager, or his/her designee, shall monitor water supply and/or demand conditions on an ongoing basis and shall determine when conditions warrant initiation or termination of each stage of the Plan. During the months of May through September, water demand conditions may be monitored on a more frequent basis if deemed necessary.

A. *Stage 1 – Voluntary Water Conservation Conditions*

1. Requirements for initiation – Customers shall be requested to voluntarily conserve water and adhere to the water restrictions on non-essential water use, defined in 3.08 of this Plan, each year from May 1 through September 30.

2. Requirements for termination – Stage 1 of the Plan may be rescinded at any time by the District Manager or the District Manager’s designee.

B. *Stage 2 – Moderate Water Shortage Conditions*

1. Requirements for initiation – Customers shall be required to comply with the requirements and restrictions on non-essential water uses, defined in 3.08 of this Plan when required under the District’s wholesale water contract with the City or when the District Manager or his/her designee determines it to be necessary to address production or distribution limitations, including, but not limited to, system outage or equipment failure.

2. Requirements for termination – The District Manager, Board appointed subcommittee, or the District Manager’s designee may immediately rescind Stage 2 when the event listed in (1) ceases to exist. Upon termination of Stage 2, Stage 1 becomes operative.

C. *Stage 3 – Severe Water Shortage Conditions*

1. Requirements for initiation – Customers will be required to comply with Stage 3 when:

a. the water system is contaminated, whether accidentally or intentionally. Severe condition is reached immediately upon detection;

b. the water system fails due to an act of God (tornadoes, hurricanes) or man. Severe condition is reached immediately upon detection;

c. any mechanical failure of pumping equipment which will require more than 12 hours to repair and which causes unprecedented loss of capability to provide water service;

d. required under the District’s wholesale water contract with the City;

e. otherwise approved by the Board or the District Manager.

2. Requirements for termination – Stage 3 of the Plan may be rescinded by the District Manager, Board appointed subcommittee, or the District Manager’s designee when all of the conditions listed C.1.a through C.3.c as triggering events have ceased to exist for a period of three (3) consecutive days. The District Manager, Board appointed subcommittee, or the District Manager’s designee may immediately rescind Stage 3 when the event listed in C.1.d ceases to exist. Upon termination of Stage 3, Stage 2 becomes operative as directed by the District Manager or the District Manager’s designee.

3.10 *Drought Response Stages.* The District Manger or the District Manager’s designee, shall monitor water supply and/or demand conditions on a daily basis and, in accordance with the triggering criteria set forth in 3.09 of the Plan, shall determine that a

voluntary, moderate, or severe condition exists and shall implement the following actions upon publication of notice:

A. *Stage 1 – Voluntary Water Conservation Conditions.* The goal for Stage 1 of the Plan is to raise public and customer awareness of water demand conditions.

1. Voluntary Water Use Measures:

a. Water customers should voluntarily limit outdoor water use by participating in the Watering Restriction Schedule for outdoor water use as defined from time to time by the City. Outdoor water use should only occur on a designated outdoor watering day. The District Manager will maintain an up-to-date copy of the Watering Restriction Schedule.

b. Outdoor water use is discouraged between the hours of 10:00 a.m. and 7:00 p.m. except with hand-held hoses equipped with a positive pistol grip nozzle or other device that automatically shuts off water flow when the hose is not being used, or hand-held buckets. The time restrictions do not apply to: (1) the irrigation of commercial plant nurseries, (2) irrigation using treated wastewater effluent, (3) new landscape installation during installation and the first ten (10) days, and (4) the testing of new irrigation systems or existing irrigation systems being tested or under repair.

c. All operations of the District shall voluntarily adhere to non-essential water use restrictions in Section VIII of this Plan.

d. Water customers are requested to practice water conservation and voluntarily adhere to the restrictions on non-essential water uses, defined in 3.08.

B. *Stage 2 – Moderate Water Shortage Conditions.* The goal for Stage 2 of the Plan is to reduce and maintain maximum daily water demand by five percent (5%).

1. Water Use Restrictions. Under threat of penalty for violation, the following water use restrictions shall apply to all persons:

a. Water customers must adhere to the Watering Restriction Schedule as defined by the City from time to time.

b. Outdoor water use is prohibited between the hours of 10:00 a.m. and 7:00 p.m. except with hand-held hoses equipped with a positive pistol grip nozzle or other device that automatically shuts off water flow when the hose is not being used, or hand-held buckets. The

time restrictions do not apply to: (1) the irrigation of commercial plant nurseries, (2) irrigation using treated wastewater effluent, (3) new landscape installation during installation and the first ten (10) days, (4) the testing of new irrigation systems or existing irrigation systems being tested or under repair.

c. The washing of automobiles, trucks, motorbikes, boats, trailers, or other vehicle is prohibited except on designated watering days. Washing is prohibited between the hours of 10:00 a.m. and 7:00 p.m. Such washing, when allowed, must be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. The washing of individual vehicles may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, this restriction does not apply to the washing of vehicles or any other type of mobile equipment (such as garbage trucks and vehicles to transport food and perishables) when the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing. Charity car washes are prohibited.

d. Use of water to fill, refill, or add to any private indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools is prohibited except on designated watering days. This water use is prohibited between the hours of 10:00 a.m. and 7:00 p.m. Exceptions for public use pools may be granted upon review by the District Manager, Board appointed subcommittee, or the District Manager's designee.

e. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

f. Use of water from hydrants is limited to fire fighting related activities, or other activities necessary to maintain public health, safety, and welfare, such as routine flushing to maintain chlorine residuals. Use of water from designated fire hydrants for construction purposes may be allowed under written permission from the District as provided in Article IV.

g. The following uses constitute a waste of water and are prohibited:

i. washing sidewalks, walkways, driveways, parking lots, tennis courts, patios or other hard surfaced areas except to alleviate immediate health or safety hazards;

- ii. use of water for dust control;
 - iii. allowing water to run off a property or allowing water to pond in the street or parking lots;
 - iv. operating a permanently installed irrigation system with broken heads, heads that are out of adjustment or spray more than 10% of the spray on street or parking lots, or heads that are misting;
 - v. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
 - vi. washing an automobile, truck, trailer, boat, airplane, or other mobile equipment with a hand-held hose not equipped with a pistol grip nozzle or other device that automatically shuts off water flow when the hose is not being used.
- h. Any additional or alternative restrictions imposed by the City or otherwise determined to be necessary by the District Manager of the Board may be imposed by the District.

The District Manager, Board appointed subcommittee or the District Manager's designee, will provide a report to upon request with information regarding current water supply and/or demand conditions, projected water demand conditions if drought conditions persist, and a consumer information on water conservation measure and practices.

C. *Stage 3 – Severe Water Shortage Conditions.* The goal for Stage 3 of the Plan is to reduce and maintain maximum daily water demand by seven percent (7%).

1. Supply Management Measures: The District will cease the flushing of water mains except when necessary for reasons of health or safety. All District departments will discontinue irrigating public landscaped areas except when such areas are irrigated with wastewater effluent, ground water, or raw water.

2. **Water Use Restrictions.** All requirements of Stage 2 shall remain in effect during Stage 3 except:

a. Outdoor water use by use of hand-held buckets or hand-held hoses equipped with a positive grip nozzle or other device that automatically shuts off water flow when the hose is not being used may occur only between the hours of 6:00 a.m. to 10:00 a.m. and 7:00 p.m. to

10:00 p.m. on designated outdoor water use days; the uses of permanently installed irrigation systems, drip irrigation systems, and hose end irrigation is prohibited;

b. The washing of automobiles, trucks, trailers, boats, airplanes, and other types of mobile equipment not occurring on the immediate premises of a commercial car wash or a commercial service station and not in the immediate interest of the public health, safety, and welfare are prohibited;

c. The washing of vehicles listed in (b) to protect public safety and health may only occur between 6 a.m. and 10 a.m.;

d. Commercial plant nurseries may use only hand-held hoses equipped with a positive pistol grip nozzle or other device that automatically shuts off water flow when the hose is not being used or hand-held buckets;

e. The filling, refilling, or adding of potable water to swimming or wading pools is prohibited;

f. No new landscapes of any type may be installed; and

g. The use of water for construction purposes from designated fire hydrants under written permission from the District must be discontinued.

During Stage 3, the District Manager, or the District Manager's designee, will provide a report upon request with information regarding current water supply and/or demand conditions, projected water demand conditions if drought conditions persist, and consumer information on water conservation measures and practices.

In the event that severe water shortage conditions persist (Stage 3) for an extended period of time, the District Manager, upon recommendation of the Board of Directors, may order water rationing and/or terminate service to selected users of the system in accordance with the following sequence;

Recreational users
Commercial users
School users
Residential users
Hospitals, public health and safety facilities

3. Additional Measures. Through a contractual agreement with the City of Round Rock, the City may interrupt or curtail the water supplied to

District in accordance with the City's Drought Management Plan. The District may impose additional or alternative restrictions imposed by the City or otherwise determined to be necessary by the District Manager or the Board on its Customers.

3.11 Conflicts. In the event there is a conflict between the requirements of this Plan and any Drought Contingency Water Management plan as may be established by the City from time to time, Customers of the District must comply with the more stringent of the plans.

IV. Variances

A. Granting Variances. The District Manager, Board appointed subcommittee, or the District Manager's designee, may, in writing, grant a temporary variance for existing water uses otherwise prohibited under this Plan if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the health, sanitation, or fire protection for the public or the person requesting such variance and if one or more of the following conditions are met:

1. Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.
2. Alternative methods can be implemented which will achieve the same level of reductions in water use.

B. Application for Variance. Persons requesting an exemption from the provisions of this Order must file a petition for variance with the District within 5 days after the Plan or a particular drought response stage has been invoked. All petitions for variances will be reviewed by the District Manager, Board appointed subcommittee, or the District Manager's designee, and must include the following:

1. Name and address of the petitioner(s);
2. Purpose of water use;
3. Specific provision(s) of the Plan from which the petitioner is requesting relief;
4. Detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Plan;
5. Description of the relief requested;
6. Period of time for which the variance is sought;

7. Alternative water use restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date; and

8. Other pertinent information.

C. *Conditions to Variances.* Variances granted by the District Manager or the District Manager's designee are subject to the following conditions, unless waived or modified by the District Manager or the District Manager's designee:

1. Variances granted must include a timetable for compliance.

2. Variances granted expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.

3. No variance will be retroactive or otherwise justify any violation of this Plan occurring before the variance is issued.

D. *New Landscape Irrigations.* Irrigation of new landscape installations is permitted if a variance is granted.

1. Guide lines:

a. Every day for the first 10 days.

b. Every third day for day 21 through Day 30.

c. Every fifth day after day 30.

V. *Enforcement*

No person may knowingly or intentionally make, cause, use, or permit the use of water from the District for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner contrary to any provision of this Plan, or in an amount in excess of that permitted by the drought response stage in effect at the time pursuant to action taken by District Manager, or the District Manager's designee, in accordance with provisions of this Plan.

Any person who violates this Plan is guilty of a misdemeanor and, upon conviction shall be punished by a fine not to exceed five hundred dollars (\$500.00). Each day that one or more of the provisions in this Plan is violated constitutes a separate offense. In addition, the offending party will be liable to the District for any costs incurred by the District in connection with any violation. If a person is convicted of three or more distinct violations of this Plan, the District Manager or the District Manager's designee is, upon due notice to the customer, authorized to discontinue water service to the premises where the violations occur. Services discontinued under such circumstances may be restored only upon payment of all fines and any other costs

incurred by the District in discontinuing service. In addition, suitable assurance must be given to the District Manager, or the District Manager's designee, that the same action will not be repeated while the Plan is in effect. Compliance with this Plan may also be sought through injunctive relief in the District court.

Any person, including a person classified as a water customer of the District, in apparent control of the property where a violation occurs or originates is presumed to be the violator, and proof that the violation occurred on the person's property constitutes a rebuttable presumption that the person in apparent control of the property committed the violation, but any such person may show that he/she did not commit the violation. Parents are presumed to be responsible for violations of their minor children and proof that a violation, committed by a child, occurred on property within the parents' control constitutes a rebuttable presumption that the parent committed the violation, but any such parent may be excused if the parent proves that the parent had previously directed the child not to use the water as it was used in violation of this Plan and that the parent could not have reasonably known of the violation.

The District Manager, any Williamson County sheriff's deputy or other employee designated by the District Manager, may issue a citation to a person he/she reasonably believes to be in violation of this Order. The citation will be prepared in duplicate and will contain the name and address of the alleged violator, if known, the offense charged, and will direct him/her to appear in court on the date shown on the citation for which the date shall not be less than 3 days nor more than 5 days from the date the citation was issued. The alleged violator will be served a copy of the citation. Service of the citation will be complete upon delivery of the citation to the alleged violator, to an agent or employee of a violator, or to a person over 14 years of age who is a member of the violator's immediate family or is a resident of the violator's residence. The alleged violator must appear in court to enter a plea of guilty or not guilty for the violation of this Plan. If the alleged violator fails to appear in court, a warrant for that person's arrest may be issued. A summons to appear may be issued in lieu of an arrest warrant. These cases shall be expedited and given preferential setting in the court before all other cases.