

REGIONAL WATER SUPPLY PLANNING INTERLOCAL AGREEMENT

Creating the South Texas Water Supply Council

This Regional Water Supply Planning Interlocal Agreement (this “Agreement”) is entered into under Chapter 791 of the Texas Government Code (the “Interlocal Cooperation Act”) and Chapter 67 of the Texas Water Code (“Chapter 67”), effective on the last date signed below, between the undersigned Texas Water Supply Corporations, each a Texas nonprofit water supply corporation under Chapter 67 (a “Sponsor”), and each city, county, district, utility, or other public or governmental entity that signs this Agreement or executes a joinder (each a “Member”, and together with the Sponsors, the “Parties”).

1. Purpose

The Parties create the **South Texas Water Supply Council** (the “STWSC” or “Council”) as an administrative agency under Section 791.013 of the Texas Government Code to help member public entities and nonprofit water supply corporations jointly plan for, evaluate, develop, and pursue grant funding for new, drought-resilient water supplies. The Council is a planning and funding-coordination tool only. It does not obligate any Sponsor to sell water or any Member to buy water, build anything, borrow money, pledge taxes or revenues, or sign any future contract.

The following are the initial water supply projects under evaluation to provide groundwater or brackish groundwater intended to be treated and/or blended, and delivered as a supplemental potable supply (each a “Project”) to one or more Member public water systems in the Rio Grande Valley Region and Rio Grande Border Region:

- A. **E.V. Ranch Groundwater Supply Project** (the “E.V. Ranch Project”) located in Jim Hogg County, Texas, which is in the approved State Water Plan adopted by the Texas Water Development Board (“TWDB”) – Project Sponsor: Shefa Water Supply Corporation.
- B. **Maverick Aquifer Groundwater Supply Project** (the “Maverick Aquifer Project”) located in Maverick County, Texas, recommended by the TWDB for study as a potential water supply – Project Sponsor: Maverick Water Supply Corporation.
- C. **Legacy Water Supply Project** (the “Legacy Project”) located in Webb County, Texas, which is approved by the Texas Commission for Environmental Quality as a Public Water Supply and is under construction – Project Sponsor: Legacy Water Supply Corporation.

Other sources and other Members may be added by future Council action.

2. Membership and Fee

2.1 Joining. A public entity becomes a Member by signing this Agreement or the joinder in Exhibit A and paying the membership fee. Membership gives the Member a seat on the Council, a vote on Council matters, access to shared planning and funding work, and a preferred (non-binding) position to evaluate Project water. Joinder of members may be approved by the “Initial Parties” as the “Coordinating Council”.

2.2 Fee. The one-time membership fee is \$5,000, payable within 30 days after signing. That is the Member’s only required payment under this Agreement. No other money is owed unless the Member later signs a separate written agreement approved by its governing body.

2.3 Current revenues. Each Member pays the fee solely from current revenues lawfully available for that purpose. This Agreement creates no debt under the Texas Constitution and requires no tax.

3. What Members Receive

In exchange for the membership fee, SHEFA and the Council will, on a shared regional basis:

- Coordinate regional water-supply planning among Members;
- Assistance in preparing & filing grant and funding applications (for example, Texas Water Development Board, NADBank, USDA, and federal programs) for Members who elect to participate;
- Access to non-confidential Project data, water-quality information, and planning materials; and
- Opportunity to obtain supplemental water supply at a preferred rate and priority opportunity to negotiate for Project water if and when a supply is developed.

4. Optional Later Studies and Cost of Water

4.1 Optional work. A Member may later elect, in writing and at separately stated cost, optional services such as a city-specific blending and treatability study or a tailored grant-application package. No Member is required to elect any of these.

4.2 Estimated cost of water. The exact cost of treated, blended water cannot be fixed until source testing, engineering, and grant awards are complete. Based on current planning assumptions and the grant funding the Parties expect to pursue, the Parties presently estimate that delivered, blended potable water from the Projects would have a target price of approximately \$2.75 to \$3.50 per 1,000 gallons, blended with the Member’s existing supply after incentive offsets. This figure is a non-binding planning estimate only and is subject to study results, grant awards, incentives obtained, and a future definitive agreement.

4.3 Future supply agreement. Any actual purchase of water will be made only under a separate definitive water supply agreement, individually negotiated and approved by the Member’s governing body and the sponsor of the Project as required by law. Nothing in this Agreement commits a Member to that step.

5. Membership - Three Simple Steps

Participation is voluntary and step-by-step. A Member may stop after any step and owes nothing beyond the step it elected.

Step	What Happens	Member Commitment
1. Join	Pay \$5,000, take a Council seat, receive funding assistance & share planning work.	\$5,000 fee only. No further obligation.
2. Study	Optional additional grant applications and blending/treatability study, if elected.	Only the separately stated cost of work the Member elects.

Step	What Happens	Member Commitment
3. Acquire	Optional long-term water supply agreement, after studies completed and grants approved.	Only under a separate agreement approved by the governing body.

6. Member Protections

- No debt, no bond, and no pledge of taxes or utility revenues created by this Agreement.
- No water-purchase or take-or-pay obligation of any kind created by this Agreement.
- No waiver of governmental or sovereign immunity by this Agreement.
- A Member may withdraw at any time on 30 days’ written notice; fees already paid are not refundable, and obligations lawfully incurred before withdrawal survive.
- If a Member does not appropriate funds for a future period, it may end its future obligations under this Agreement by written notice (non-appropriation).

7. Council Administration

7.1 Coordinating Council. The Sponsors and Members signing this Agreement on 4 will serve as the initial Coordinating Council or the “Coordinator”. The Coordinator, acting by majority vote, may call meetings, hold and account for membership fees, engage qualified professionals and laboratories, assist Members in the preparation of funding packages, and perform administrative functions for the Council.

7.2 Representatives. Each Member may name one representative and one alternate to the Council.

7.3 Limited powers. The Council may coordinate planning, data, and funding applications. It has no taxing power, cannot incur debt for a Member, and cannot bind a Member to buy water.

7.4 New Members. Additional eligible entities may join by signing the Exhibit A Joinder & paying the fee.

7.5 No partnership. This Agreement does not create a partnership, joint venture, or agency relationship beyond the limited coordinating role stated here.

8. General Terms

8.1 Term. This Agreement runs for five years from the effective date and may be renewed by written agreement or continued performance.

8.2 Public information. The Parties will protect confidential, security-sensitive, and privileged information to the extent allowed by the Texas Public Information Act and will cooperate in seeking an Attorney General decision when appropriate. Nothing here requires a Party to violate that Act.

8.3 Independent review. Each Member is responsible for review by its own counsel, engineer, and financial advisor. No Member relies on the STWSC, its members or its counsel as its advisor.

8.4 Disclosure of interests. Participating Sponsors, Members and their affiliates, landowners, consultants, and partners may hold economic or contractual interests in a Project. Participation by Sponsors and by Members is voluntary and for the Sponsor’s and Member’s own planning purposes and benefit.

8.5 Liability. Each Party is responsible for its own acts and omissions to the extent provided by law. There are no third-party beneficiaries.

8.6 Dispute resolution. The Parties will try in good faith to resolve disputes informally and shall use non-binding mediation if a dispute arises.

8.7 Governing law and venue. Texas law governs. Venue lies in a county of proper venue under Texas law, subject to any mandatory venue applicable to a Member.

8.8 Amendment; assignment. This Agreement may be amended only in writing signed by an authorized representative of the STWSC and the affected Member(s); new Members may join by joinder if approved by the Coordinating Council of the STWSC. No Party may assign without prior written consent of Council except as part of approved Project financing that does not materially impair a Member’s rights.

8.9 Counterparts. This Agreement may be signed in counterparts and by electronic or PDF signature, each an original.

8.10 Entire agreement; severability. This Agreement and any joinder are the entire agreement on this subject. If any provision is held invalid, the rest remains in effect.

9. Signatures

The following Initial Parties sign to form the STWSC as the Coordinating Council as of the dates below:

<p>SHEFA WATER SUPPLY CORPORATION</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p> <p>Email: _____</p>	<p>LEGACY WATER SUPPLY CORPORATION</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p> <p>Email: _____</p>
<p>MAVERICK WATER SUPPLY CORPORATION:</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p> <p>Email: _____</p>	<p>WEBB COUNTY, TEXAS</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p> <p>Email: _____</p>
<p>MEMBER: _____</p> <p>By: _____</p>	<p>MEMBER: _____</p> <p>By: _____</p>

Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____
Email: _____	Email: _____

Exhibit A
Form of Joinder for STWSC

The undersigned public entity joins the Regional Water Supply Planning Interlocal Agreement (“Agreement”) creating the South Texas Water Supply Council (“STWSC”) and agrees to be a Member of STWSC pursuant to the Agreement.

Member / Entity: _____

Type of Entity: _____

Authorized Representative: _____

Alternate Representative: _____

Membership Fee: \$5,000

Notice Address: _____

Notice Email: _____

Member / Entity Signature:

By: _____

Name: _____

Title: _____

Date: _____

**Accepted by Authorized STWSC
Authorized Coordinating Council Member:**

By: _____

Name: _____

Title: _____

Date: _____