

**INTERLOCAL COOPERATION AGREEMENT BETWEEN
THE CITY OF FARMERSVILLE
AND
THE NORTH TEXAS MUNICIPAL WATER DISTRICT
REGARDING
MODIFICATIONS TO NTMWD'S 48-INCH LEONARD
TREATED WATER PIPELINE TO FARMERSVILLE
DELIVERY POINT WATERLINE**

THIS Interlocal Cooperation Agreement (“Agreement”) is made between the **NORTH TEXAS MUNICIPAL WATER DISTRICT**, a Texas conservation and reclamation district (“NTMWD and the **CITY OF FARMERSVILLE, TEXAS**, a home-rule municipality operating under the laws of the State of Texas (“**City**”). City and NTMWD are collectively hereinafter referred to as the “Parties” and each, individually, a “Party.”

RECITALS

WHEREAS, the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, authorizes local governmental entities to contract with one another to perform governmental functions and services under the terms thereof, and the City and the NTMWD have determined that mutual benefits and advantages can be obtained by formalizing their agreement as to the separate and distinct issues of importance to them regarding the matters addressed in this Agreement; and

WHEREAS, NTMWD is currently designing a 48-inch waterline from its 84-inch Leonard Treated Water Pipeline to the City of Farmersville delivery point, (“NTMWD’s **Waterline**”), as depicted on Exhibit A, which is incorporated herein by reference; and

WHEREAS, the City plans to construct a new potable water delivery point near the intersection of CR 617 and SH 78 (“**City’s Project**”); and

WHEREAS, the City is currently causing the construction of the Farmersville Parkway Road Expansion Project; and

WHEREAS, NTMWD has requested that City include the installation of the below described pipeline casing for NTMWD’s Waterline in the Farmersville Parkway Road Expansion Project right of way in exchange for NTMWD’S construction of the below described NTMWD stub out and valves; and

WHEREAS, under this Agreement, the City shall cause its contractor to install 100 linear feet of 68-inch (minimum inside diameter) steel casing for NTMWD’s Waterline between stations 611+34 and 612+31, as depicted with estimates of probable costs reflected on Exhibit B. The City shall be responsible for all costs and expenses associated with the materials and labor for the casing installation; and

WHEREAS, under this Agreement, NTMWD shall include a stub out and valves on NTMWD's Waterline at station 349+04, as depicted with estimates of probable costs reflected on Exhibit C, for a future pipeline connection to provide potable water to the City's Project. NTMWD shall be responsible for all costs and expenses associated with the materials and labor for the stub out and valve installation.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the City and NTMWD agree as follows:

ARTICLE ONE

Construction

1.01 The City's Scope of Work. As part of the City's Project, the City shall:

a. Cause the City's contractor to install approximately 100 linear feet of 68-inch (minimum inside diameter) steel casing for NTMWD's Waterline between stations 611+34 and 612+31. The casing will be installed within City owned Farmersville Parkway right-of-way. per approved construction plans and specifications dated December 15, 2025 (the "Casing Plans").

b. NTMWD represents that NTMWD's consulting engineer has reviewed and approved the Casing Plans and believes that the Casing Plans are suitable for their intended use based on the current, actual knowledge of NTMWD's consulting engineer, including knowledge of existing site conditions.

1.02 Site Access Provided. The City, and its contractors and agents, shall have a temporary right to access NTMWD's easement area, as depicted on Exhibit B, for the limited purpose of fulfilling the City's construction obligations outlined in this Agreement. Any other work needing to be performed in NTMWD's easement area, or otherwise affecting NTMWD's Waterline or other infrastructure made by the basis of this Agreement, shall require NTMWD's advanced written approval which shall not be unreasonably withheld, delayed, or qualified.

1.03 Inspection Activities. The City and/or its contractor shall notify, in writing, NTMWD's inspection staff 48 hours in advance of any need for NTMWD to inspect the work set forth in this Agreement. Such notice shall include both the scope of inspection(s) and date the work will be ready to inspect.

1.04 The NTMWD's Scope of Work. As part of the NTMWD's Waterline project, the NTMWD shall:

a. Install a stub out and valves on NTMWD's Waterline at station 349+04, as depicted on Exhibit C, for the future connection of a waterline to deliver potable water to the City's Project. The stub out and valves will be installed within NTMWD's 60-foot waterline easement per approved construction plans and specifications dated April 14, 2026.

1.05 Standards. All work will be done according to all applicable codes and

regulations, including municipal, county, state, and federal.

a. The City, through its contractor, shall give all notices required by and shall comply with all laws and regulations applicable to the performance of the scope of work outlined in Sections 1.01 and 1.02 herein. NTMWD shall not be responsible for monitoring the City's compliance with any laws or regulations. If the City, or any of the City's contractors or agents, performs any work that is contrary to laws or regulations, NTMWD shall not be held responsible.

b. The NTMWD, through its contractor, shall give all notices required by and shall comply with all laws and regulations applicable to the performance of the scope of work outlined in Sections 1.04 herein. The City shall not be responsible for monitoring NTMWD's compliance with any laws or regulations. If NTMWD, or any of NTMWD's contractors or agents, performs any work that is contrary to laws or regulations, the City shall not be held responsible.

ARTICLE TWO

Costs

2.01 Costs Borne by the City. The City shall be solely responsible for all costs and expenses associated with the City's scope of work outlined in Section 1.01 herein. Further, the purpose of this Agreement is that NTMWD shall bear no costs or expenses associated with the City's scope of work. The estimated cost for the labor, equipment, and materials for the City's scope of work is one hundred seventy-one thousand four hundred US Dollars (\$171,400).

2.02 Costs Borne by the NTMWD. NTMWD shall be solely responsible for all costs and expenses associated with NTMWD's scope of work outlined in Section 1.04 herein. Further, the purpose of this Agreement is that the City shall bear no costs or expenses associated with NTMWD's scope of work. The estimated cost for the labor, equipment, and materials for the NTMWD's scope of work is three hundred fifty-eight thousand eight hundred US Dollars (\$358,800).

2.03 Reimbursement of Costs and Fees. Neither party may seek reimbursement of costs associated with their respective scopes of work under this Agreement.

ARTICLE THREE

MUTUAL RELEASE AND HOLD HARMLESS

TO THE EXTENT ALLOWED BY LAW, AND WITHOUT WAIVING GOVERNMENTAL OR SOVEREIGN IMMUNITY, EACH PARTY AGREES TO RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE OTHER (AND ITS OFFICERS, AGENTS, AND EMPLOYEES) FROM AND AGAINST ALL CLAIMS OR CAUSES OF ACTION FOR INJURIES (INCLUDING DEATH), PROPERTY DAMAGES (INCLUDING LOSS OF USE), AND ANY OTHER LOSSES, DEMANDS, SUITS, JUDGMENTS AND COSTS, INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES, IN ANY WAY ARISING OUT OF, RELATED TO, OR RESULTING FROM ITS PERFORMANCE UNDER THIS AGREEMENT, OR CAUSED BY ITS NEGLIGENT ACTS OR OMISSIONS (OR THOSE OF ITS RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, OR ANY OTHER THIRD PARTIES FOR WHOM IT IS LEGALLY

RESPONSIBLE) IN CONNECTION WITH PERFORMING THIS AGREEMENT.

THIS INDEMNIFICATION CLAUSE IS VALID ONLY TO THE EXTENT PERMITTED BY THE LAWS AND CONSTITUTION OF THE STATE OF TEXAS, PARTICULARLY SECTION 7 OF ARTICLE XI OF THE TEXAS CONSTITUTION, AND WITH THE MUTUAL UNDERSTANDING THAT THE PARTIES ARE POLITICAL SUBDIVISIONS OF THE STATE OF TEXAS AND THAT THIS EXECUTORY INDEMNITY OBLIGATION CANNOT BE PAID FROM CURRENT REVENUES AND THAT NO TAX NOR INTEREST AND SINKING FUND HAS BEEN SET, ADOPTED OR ESTABLISHED FOR THE PAYMENT OF THIS EXECUTORY INDEMNITY OBLIGATION.

ARTICLE FOUR Defective or Non-conforming Work

4.01 NTMWD May Stop Work. If the City's work contemplated in this Agreement is defective, or the City fails to supply sufficient skilled workers or suitable materials or equipment, or fails to perform the work in such a way that the completed work will conform to the plans and specifications, NTMWD may order the City to stop the work, or any portion thereof, until the cause for such stop-work order has been eliminated. However, this right of NTMWD to stop the work shall not give rise to any duty on the part of NTMWD to exercise this right for the benefit of the City, the City's contractors, or any other individual or entity, or any surety for, or employee or agent of any of them.

4.02 Correction or Removal of Defective Work. Promptly after receipt of written notice of defective work, the City shall review and inspect said work for compliance with the approved standards and plans per this agreement. If NTMWD and City agree said work is defective, the City shall have its contractor correct all defective work, whether or not fabricated, installed, or completed, and shall remove it and replace it with work that is not defective. The City shall require its contractor to pay all costs arising out of or relating to such correction or removal of the defective work in accordance with the contract documents between the City and contractor. NTMWD shall not be responsible for the costs associated with the correction or removal of the defective work.

4.03 Correction Period. If the work associated with the City's scope of work described herein is found within one year after final completion to be defective, the City shall promptly, without cost to NTMWD and in accordance with NTMWD's written instructions: (a) cause the correction of such defective work in accordance with the contract documents between the City and its contractor and the bonds required thereby; or (b) in accordance with the Contract documents between the City and its contractor and the bonds required thereby, if the defective work has been rejected by NTMWD, cause removal and replacement with work that is not defective, and cause satisfactory correction or repair or removal and replacement of any damage to other work resulting therefrom.

4.04 NTMWD's Option. If the City does not promptly cause its contractor to comply with the reasonable terms of NTMWD's written instructions received by the City in accordance with the notice provision herein, or in an emergency where delay would cause serious risk of loss or damage, NTMWD may have the defective work corrected or repaired or may have the rejected

work removed and replaced. All costs arising out of or relating to such correction or repair or such removal and replacement (including but not limited to all costs of repair or replacement of work of others) will be paid solely by the City.

ARTICLE FIVE

Term

5.01 This Agreement shall be effective upon approval by the City Council and NTMWD's Board of Directors and execution by the City's and NTMWD's authorized representatives. The effective date will be the latter of the dates this Agreement is executed by the Parties' authorized representatives. This Agreement shall continue in effect until all the work required under this Agreement has been performed.

ARTICLE SIX

Insurance

6.01 Insurance Rating Requirements. All insurance required to be provided shall be obtained from insurance companies that are duly licensed or authorized in Texas to issue policies for the limits and coverages so required herein. Insurance companies providing the insurance shall have an A.M. Best Company Rating of A-VIII or better. City shall comply with all laws and regulations regarding payment and performance bonds and insurance.

6.02 Certificates of Insurance. The City shall deliver to NTMWD certificates of insurance (and other evidence of insurance requested by NTMWD) which the City's contractor is required to purchase and maintain. Failure of NTMWD to demand such certificates or other evidence of full compliance with these insurance requirements or failure of NTMWD to identify a deficiency in compliance from the evidence provided shall not be construed as a waiver of obligation to maintain such insurance. NTMWD does not represent that insurance coverage and limits established in this Agreement necessarily will be adequate to protect the City.

6.03 The City's Contractor's Insurance. The City shall have its contractor purchase and maintain such insurance as is appropriate for the work being performed and as will provide protection from claims set forth below which may arise out of or result from the City's contractor's performance of the work, whether it is to be performed by the City's contractor, any subcontractor or supplier, or by anyone directly or indirectly employed by any of them to perform any of the work, or by anyone for whose acts any of them may be liable:

- a. claims under workers' compensation, disability benefits, and other similar employee benefit acts;
- b. claims for damages because of bodily injury, occupational sickness or disease, or death of the City's or the City's contractor's employees;
- c. claims for damages because of bodily injury, sickness or disease, or death of any person other than the City's or the City's contractor's employees;

- d. claims for damages insured by reasonably available personal injury liability coverage which are sustained:
 - 1. by any person as a result of an offense directly or indirectly related to the employment of such person by the City or the City's contractor, or
 - 2. by any other person for any other reason;
- e. claims for damages, other than to the work itself, because of injury to or destruction of tangible property wherever located, including loss of use resulting therefrom; and
- f. claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle.
- g. The City's contractors will provide insurance satisfying the City's insurance requirements.

6.04 Insurance Policies. The policies of insurance required by this Article shall:

- a. be written on an occurrence basis, as applicable;
- b. include at least the specific coverages and be written for not less than the limits of liability required by laws or regulations;
- c. contain a provision or endorsement that the coverage afforded will not be canceled, materially changed or renewal refused until at least 30 days prior written notice has been given to NTMWD;
- d. remain in effect at least until the work is complete; and

6.05 City's Contractor's Insurance Coverage.

- a. Worker's Compensation and Employer's Liability Insurance required for City's contractor herein is to provide coverage for not less than the following amounts or greater where required by laws and regulations.

Workers' Compensation, etc.,	
1) State:	Statutory
2) Applicable Federal (e.g., Longshore)	Statutory
Employers' Liability	
1) Bodily Injury by Accident	\$500,000
2) Bodily Injury by Disease - Each Employee	\$500,000

3) Bodily Injury by Disease - Policy Limit	\$500,000

- b. The Liability Insurance required for City's contractor herein is to provide coverage for not less than the following amounts or greater where required by laws and regulations. The City's contractor can satisfy the requirements by a combination of the underlying coverage and umbrella/excess coverage; the underlying coverage amounts will be included in the overall umbrella/excess coverage amount:

Insurance for Claims of Damages	
1) General Aggregate (Except Products - Completed Operations)	\$ 2,000,000 / Occurrence \$ 4,000,000 / Aggregate
2) Products - Completed Operations Aggregate	
3) Personal and Advertising Injury (One Person/Organization)	\$1,000,000
4) Each Occurrence (Bodily Injury and Property Damage)	\$1,000,000
5) Limit Per Person – Medical Expense	\$10,000
6) Personal Injury Liability coverage will include claims arising out of Employment Practices Liability, limited to coverage provided under standard contract.	\$1,000,000
7) Property Damage Liability insurance will provide explosion, collapse and underground coverage where applicable	\$1,000,000

- c. The City's contractor's liability insurance shall also include completed operations and product liability coverage, and eliminate the exclusion with respect to property under the care, custody and control of the City or the City's contractor.
- d. The City's contractor's automobile liability insurance required herein is to provide coverage for not less than the following amounts or greater where required by laws and regulations.

Bodily Injury:	
1) Each Person	\$1,000,000

2) Each Accident	\$1,000,000
Property Damage:	
1) Each Accident	\$1,000,000
Or	
2) Combined Single Limit (Bodily Injury and Property Damage)	\$1,000,000

- e. The City's contractor's contractual liability insurance required herein is to provide coverage for not less than the following amounts or greater where required by laws and regulations.

The City's Contractual Liability Insurance	
1) General Aggregate	\$ 2,000,000
2) Each Occurrence (Bodily Injury and Property Damage)	\$ 4,000,000

6.06 Property Insurance. The City shall require Contractor to purchase and maintain a Builder's Risk "all-risk" policy that shall at least include insurance for physical loss or damage to the work, temporary buildings, falsework, and materials and equipment in transit, and shall insure against at least the following perils or causes of loss: fire, lightning, extended coverage, theft, vandalism and malicious mischief, earthquake, collapse, debris removal, demolition occasioned by enforcement of Laws and Regulations, water damage (other than that caused by flood), and such other perils or causes of loss. The Builder's Risk policy shall list NTMWD and the City as a loss payee; include expenses incurred in the repair or replacement of any insured property (including but not limited to reasonable fees and charges of engineers and architects) and cover materials and equipment stored at the Site or at another location and in transit for incorporation in the work from such storage locations that was agreed to in writing by NTMWD prior to being incorporated in the work. All the policies of insurance (and the certificates or other evidence thereof) required to be purchased and maintained in accordance with this section will contain a provision or endorsement that the coverage afforded will not be canceled or materially changed or renewal refused until at least 30 days prior written notice has been given to NTMWD.

6.07 NTMWD's Insurance for Project. NTMWD shall not be responsible for purchasing and maintaining any insurance to the City's Project in the interest of the City, the City's contractor or others involved with the work.

ARTICLE SEVEN Immunity

7.01 NTMWD and City are both political subdivisions of the state of Texas and enjoy governmental immunity. By entering into this Agreement, neither NTMWD nor City consents to suit, the waiver of their respective governmental immunity or the waiver of limitation as to

ARTICLE ELEVEN
Venue

11.01 The laws of the State of Texas shall govern the interpretation, validity, performance, and enforcement of this Agreement. The Parties consent, stipulate, and agree that this Agreement is performable in Collin County, Texas and that exclusive venue shall lie in a state or federal court in Collin County, Texas.

ARTICLE TWELVE
Recitals

12.01 The recitals are hereby incorporated in and made a part of this Agreement as if fully set forth herein. By signing this Agreement, the City and NTMWD understand and agree to all of these recitals.

ARTICLE THIRTEEN
Interpretation

13.01 This Agreement has been negotiated by and between the Parties, and any presumption that an ambiguity contained in this Agreement shall be construed against the Party that caused this Agreement to be drafted shall not apply to the interpretation of this Agreement.

ARTICLE FOURTEEN
Remedies, Non-Waiver

14.01 No right or remedy granted herein or reserved to the Parties is exclusive of any right or remedy granted by law or equity, but each shall be cumulative of every right or remedy given hereunder. No covenant or condition of this Agreement may be waived without the express written consent of the Parties. It is further agreed that one or more instances of forbearance by either Party in the exercise of its respective rights under this Agreement shall in no way constitute a waiver thereof.

ARTICLE FIFTEEN
Entire Agreement

15.01 This Agreement embodies the entire agreement between the Parties and may only be modified in writing executed by both Parties.

IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year pursuant to Section 5.01 above.

EXECUTED this 4 day of May, 2026.

City of Farmersville, Texas

By: Craig Overstreet

Name: Craig Overstreet

Title: Mayor

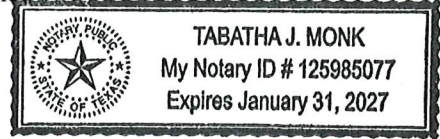
STATE OF TEXAS

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COUNTY OF COLLIN

This instrument was acknowledged before me on May 4, 2026, by Craig Overstreet, Mayor of the City of Farmersville, Texas.

Tabatha J. Monk
Notary Public, in and for the
State of Texas



EXECUTED this 4 day of May, 2026.

North Texas Municipal Water District

By: _____

Name: Jennafer P. Covington

Title: Executive Director

STATE OF TEXAS

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COUNTY OF COLLIN

This instrument was acknowledged before me on _____, 2026, by _____ of the NORTH TEXAS MUNICIPAL WATER DISTRICT, a governmental agency and body politic and corporate, on behalf of said agency and body politic and corporate.

Notary Public, in and for the
State of Texas

EXHIBIT C

