

**INTERLOCAL AGREEMENT BETWEEN NORTH TEXAS MUNICIPAL
WATER DISTRICT AND GREATER TEXOMA UTILITY AUTHORITY FOR
THE SOUTH TRANSMISSION PIPELINE PROJECT**

THIS INTERLOCAL AGREEMENT for the South Transmission Pipeline (“Project”) is made this ____ day of _____, 2025 (the Effective Date), by and between the North Texas Municipal Water District (“NTMWD” or “the District”), a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution and the Greater Texoma Utility Authority (“GTUA” or “the Authority”), a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution. The District and the Authority may be collectively referred to herein as the “Parties”:

WHEREAS, each Party is a political subdivision of the State of Texas created under the authority of Article XVI, Section 59, of the Texas Constitution, and operate pursuant each Party’s respective enabling act; and

WHEREAS, GTUA was created to provide its member cities with assistance in the financing and construction of water and wastewater facilities; and

WHEREAS, the Project (defined below) involves financial participation by the Participating Customers (defined below) of the District, each of which will enter into separate agreements with the Authority relating to the Project to establish the allocation and distribution of proportionate costs associated with a thirty-year bond issuance with the Authority (the “Bonds”), as well as maintenance and operation costs with the District; and

WHEREAS, the Project consists of designing and constructing approximately 37,000 linear feet of 42-inch pipeline from the Tawakoni 42-inch line to the Kaufman 20-inch line; and

WHEREAS, the Participating Customers are Gastonia Scurry Special Utility District, College Mound Special Utility District, Becker-Jiba Special Utility District, and North Kaufman Water Supply Corporation; and

WHEREAS, each Participating Customer is responsible for designing, constructing and maintaining its own delivery point and connection for the Project as set forth in each Participating Customer’s potable water supply contract with the District; and

WHEREAS, the Bonds shall be issued in the name of the Authority and shall remain in the Authority’s name until such time as the Bonds have been fully repaid in accordance with their terms. Upon full repayment of the Bonds by the Participating Customers, the Authority will transfer the South Transmission Pipeline, including all real estate and improvements, to the District; and

WHEREAS, the Authority shall fund the entirety of the Project; and

WHEREAS, the District shall provide the engineering design, procure necessary real estate, easements, and right-of-way, provide construction management and inspection services, and provide maintenance and operation of the Project; and

WHEREAS, it is understood that the Authority intends to enter into separate agreements with the Participating Customers to recover the funds expended on the Project from those entities; and

WHEREAS, the Parties hereto find it necessary and advisable to enter into this Agreement with respect to the Project to set forth the duties and responsibilities of the respective Parties for the implementation and funding of the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the Agreement herein made, and subject to the conditions herein set forth, the Parties agree as follows:

1. Project Obligations. The District generally agrees to provide services related to the Project's design, real estate acquisition, construction management, and maintenance and operation. The Authority agrees to fund all aspects of the Project and enter into such contracts as are necessary for same. More specifically, the Authority and the District agree that:
 - a. The District shall provide reasonable assistance to the Authority toward the goal of satisfying all the Authority's requirements for funding through the Texas Water Development Board;
 - b. The District shall be responsible for selecting and contracting with an engineering services firm (or firms) for tasks that may include, but are not limited to, real estate, easement and right of way acquisition, project design and the preparation of plans, specifications and bidding documents, as well as contract administration services. The Authority shall reimburse District for all costs associated with same within 30 days of District presenting a request for payment to the Authority, unless otherwise set forth in this Agreement;
 - c. Final plans and specifications for the Project shall be subject to the approval of the District, Authority, and Participating Customers, which approval shall not be unreasonably withheld;
 - d. The District shall provide services for acquisition of all real estate required for construction and operation of the Project. All real estate rights acquired shall be in the name of the District, if possible. If necessary or expedient to acquire real estate rights in the name of the Authority, the Authority grants the District the right to act on its behalf in all such instances. The Authority shall pay for all real estate acquired in connection with the Project within ten (10) business days of District presenting a request for payment to the Authority;

District shall provide construction management and inspection services during the construction phase of the Project. District may utilize internal staff for these tasks, or may contract with third-party construction management and/or inspection services firms to perform those tasks. In either case, Authority shall pay for all construction management and inspection services incurred by District in connection with the Project within 30 days of District presenting a

request for payment to the Authority;

- e. Operation and maintenance of the pipeline shall continue to be performed in accordance with the Operations and Maintenance Agreement between the District and the Participating Customers;
- f. District shall assist in the solicitation of bidders/proposers for the construction contract for the Project. All such solicitations shall be made in the name of the Authority, who shall be the party contracting with the construction company awarded the contract. District and Participating Customers shall have right to approve all construction contracts, with such approval not to be unreasonably withheld. Authority shall be responsible for the prompt payment of all costs of construction;
- g. The Authority shall deposit all proceeds from the sale of its Bonds, as well as any grant funds received for the purpose of providing all or part of the Project, into a segregated, special Construction Fund for the Project to be created and established by the Bond Resolution(s). The Authority shall draw on and use said Construction Fund to pay all the cost of the Project, including but not limited to, design, real estate acquisition, constructing, managing construction, inspection, improving, extending, enlarging and repairing the Project, as well as any other task or duties contemplated by this Agreement;
- h. In the event that a Participating Customer defaults on their obligations outlined in their funding agreement, the District will assist the Authority to the fullest extent possible to collect the obligations from the Participating Customer;
- i. The District and Authority acknowledge any payments will be contingent upon the release of funds from the Texas Water Development Board, including any requirements for the release of funds for planning, design, and construction; and
- j. During the life of the Bonds, the Authority will maintain sole ownership of the Project until the Bonds are paid in full. Within 60 days of the Bonds being paid in full, the Authority will transfer the ownership of the Project, including all real estate and improvements, to the District at no cost. Authority and District agree to promptly execute all such documents necessary to accomplish this purpose.

2. Agreement to Defend.

- a. IN THE EVENT ANY PERSON OR ENTITY, NOT A PARTY TO THIS CONTRACT, SHALL FILE ANY LAWSUIT AGAINST THE AUTHORITY THAT ARISES OUT OF, RELATES IN WHOLE OR IN PART, OR RELATES IN ANY WAY TO THE CONSTRUCTION OF THE PROJECT, THE DISTRICT AGREES TO DEFEND, BUT NOT TO INDEMNIFY, THE AUTHORITY FROM ANY AND ALL SUCH LAWSUITS, INCLUDING THE PAYMENT OF ALL REASONABLE AND NECESSARY ATTORNEYS' FEES NOT COVERED BY THE BOND PROCEEDS OR THE PARTICIPATING CUSTOMERS, EVEN WHEN CAUSED IN WHOLE OR IN PART BY THE ACTS, OMISSIONS, NEGLIGENCE, GROSS NEGLIGENCE OR OTHER LEGAL DEFAULTS OF THE AUTHORITY. IT IS WITHIN THE LAWFUL AND REASONABLE CONTEMPLATION OF THE PARTIES THAT ANY

AMOUNTS DUE UNDER THIS SUBSECTION (a) WILL BE SATISFIED OUT OF
CURRENT REVENUES OR SOME CURRENTLY AVAILABLE FUND WITHIN
THE IMMEDIATE CONTROL OF THE DISTRICT.

1. No Third-Party Beneficiaries. This Agreement shall inure only to the benefit of the Parties hereto and third persons not privy hereto shall not, in any form or manner, be considered a third-party beneficiary of this Agreement.
2. Relationship of the Parties. The Parties agree that neither Party is an agent, servant, or employee of the other Party and that each Party is responsible for its individual acts and deeds. The Parties agree that the Project is not an association, joint venture, joint enterprise, or joint partnership. None of the Parties shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any of the other Parties.
3. Recitals. The recitals contained in this Agreement: (a) are true and correct as of the Effective Date; (b) form the basis upon which the Parties negotiated and entered into this Agreement; and (c) reflect the final intent of the Parties with regard to the subject matter of this Agreement. If it becomes necessary to interpret any provision of this Agreement, the intent of the Parties, as evidenced by the recitals, shall be given full effect. The Parties have relied upon the recitals as part of the consideration for entering into this Agreement and, but for the recitals, would not have entered into this Agreement.
4. Authority to Execute. The individuals executing this Agreement on behalf of the respective Parties below represent to each other that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the Party for which his or her signature appears, that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement, and that each individual affixing his or her signature hereto is authorized to do so, and such authorization is valid and effective on the date of this Agreement.
5. Amendments. This Agreement may be amended only by the mutual written agreement of all Parties hereto.
6. Severability. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect the other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.
7. Governing Law and Venue. The validity of this Agreement and any of its terms and provisions as well as the rights and duties of the Parties, shall be governed by the laws of the State of Texas. Exclusive venue for any action concerning this Agreement shall be in a State District Court of Collin County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said courts.
8. Entire Agreement. This Agreement represents the entire agreement among the Parties with respect to the subject matter covered by this Agreement. There is no other collateral, oral or

written agreement between the Parties that in any manner relates to the subject matter of this Agreement.

9. Waiver. Any waiver at any time by any Party of its rights with respect to default under this Agreement shall not be deemed a waiver of such rights with respect to any subsequent default or matter.
10. Remedies. Nothing in this Agreement shall be construed as, in any manner, to abridge, limit or deprive any Party hereunto of any means which it could otherwise have of enforcing any right or remedy either in law or in equity for breach of any of the provisions hereof.
11. Counterparts. This Agreement may be executed in any number of counterparts, each of whom shall be deemed an original and constitute one and the same instrument.
12. Succession and Assignment. This Agreement is binding upon and shall inure to the benefit of the Parties, their heirs, successors and assigns. This Agreement may not be assigned by any Party hereto without the prior written notice to, and prior written approval by, the other Parties, which consent may be withheld without cause.
13. Captions. The captions to the various clauses of this Agreement are for informational purposes only and shall not alter the substance of the terms and conditions of this Agreement.
14. Addresses for Notice: Except as may be provided otherwise herein, any notice, demand or request required or permitted to be delivered hereunder shall be deemed received when delivered in person by hand-delivery, delivered by overnight mail with proof of receipt, delivered by certified mail return receipt requested, or by electronic mail, addressed to the Party at the address set forth below:

The District:

Attn: Executive Director and General Manager
North Texas Municipal Water District
P.O. Box 2408
Wylie, TX 75098
Phone: (972) 442-5405
jcovington@ntmwd.com

With copy to:

Mark Walsh
Saunders, Walsh & Beard
6850 TPC Drive, Suite 210
McKinney, TX 75070
Phone: (214) 919-3555
mark@saunderswalsh.com

The Authority:

Attn: General Manager
Greater Texoma Utility Authority
5100 Airport Road

Denison, TX 75020
Phone: (903) 786-4433

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the Effective Date.

(Signature page of North Texas Municipal Water District to Interlocal Agreement)

NORTH TEXAS MUNICIPAL WATER DISTRICT

By: _____
David Hollifield, President

Date

ATTEST:

Keith Stephens, Secretary

STATE OF TEXAS §
COUNTY OF COLLIN §

This instrument was acknowledged before me on this _____ day of _____, 2025, by David Hollifield, President of the Board of Directors of North Texas Municipal Water District, a conservation and reclamation district and political subdivision of the State of Texas, on behalf of said conservation and reclamation district.

Notary Public, State of Texas
Printed Name of Notary:

My Commission Expires: _____

GREATER TEXOMA UTILITY AUTHORITY
A Texas political subdivision

By: _____
Brad Morgan

_____ Date

ATTEST:

Scott Balckberby, Secretary Board of Directors

[illegible]