

**REGIONAL SOLID WASTE SYSTEM CONTRACT
CITY OF MELISSA**

This Regional Solid Waste System Contract (the “**Contract**”) is entered into this _____ day of _____, 2026 by and between North Texas Municipal Water District (the “**District**” as further described below) and the City of Melissa, Texas (“**Melissa**”). The “**Effective Date**” of this Contract shall be October 1, 2026.

RECITALS

WHEREAS, North Texas Municipal Water District, a conservation and reclamation district created under Article 16, Section 59, of the Texas Constitution, pursuant to Chapter 62, Acts of the Regular Session of the 52nd Legislature, 1951, as amended, originally codified as Vernon's Article 8280-141 (the “**District Act**”), operates a regional water supply system, and was designated by the State of Texas to be a regional agency to provide and develop a regional system for wastewater treatment in the general area of the East Fork of the Trinity River lying in Collin, Dallas, Kaufman, and Rockwall Counties; and

WHEREAS, the District has established and operates and maintains a separate Regional Solid Waste Disposal System (the “**System**” as further defined herein) for the purpose of providing facilities to receive, transport, treat, and dispose of Solid Waste (as further defined herein), in the general area of the East Fork of the Trinity River; and

WHEREAS, the System is designed and intended to aid in the control of water pollution, and to protect, improve, and enhance the water quality of the East Fork of the Trinity River and the water supplies impounded therein, and to protect the health of the inhabitants of said area; and

WHEREAS, each of the Cities of Richardson (“**Richardson**”) in Dallas and Collin

Counties, and Plano (“*Plano*”) in Collin County have entered into the “*Trinity East Fork Regional Solid Waste Disposal System Contract*,” dated November 29, 1979, with respect to the System (the “*Base Contract*”), pursuant to which the District is obligated to provide the services and facilities of the System to dispose of the Solid Waste of the cities of Richardson and Plano; and

WHEREAS, the Base Contract provided for other cities to become Additional Member Cities of the System with substantially the same rights and obligations as Plano and Richardson with respect to the System, upon the execution of a contract similar to the Base Contract; and

WHEREAS, in 1990, the City of Frisco, in Collin and Denton Counties, Texas, and in 1991, the City of Allen, in Collin County, Texas, and in 1993, the City of McKinney, in Collin County, Texas, each became a “Member City” within the meaning of the Base Contract and the contracts supplemental thereto (the “*Supplemental Contracts*”); and

WHEREAS, in 2015, the District and the Cities entered into an amended and restated contract to reflect current practices and new agreements at the time (the “*Restated Contract*”); and

WHEREAS, the Restated Contract provides for other cities to become Additional Member Cities of the System upon the execution of a contract similar to the Restated Contract; and

WHEREAS, Melissa requested to join the System as an Additional Member City in 2025, beginning October 1, 2026;

WHEREAS, the District and Melissa are authorized to make and enter into this Contract

under the District Act, the Regional Waste Disposal Act (codified as Chapter 30, Texas Water Code, Ann. as amended), Chapter 362 and 363 Texas Health and Safety Code as amended, and other applicable laws; and

WHEREAS, the District may issue Bonds (as defined herein) from time to time in the future to acquire, construct, extend, enlarge, improve, and/or repair the System; and

WHEREAS, the District has issued and has presently outstanding bonds issued in 2015 (the “**Series 2015 Bonds**”), 2016 (the “**Series 2016 Bonds**”), 2017 (the “**Series 2017 Bonds**”), 2022 (the “**Series 2022 Bonds**”), and 2023 (the “**Series 2023 Bonds**”); and

WHEREAS, this Contract restates the essential provisions of the Restated Contract and is structured as similarly thereto as practicable, but with additions and changes required to meet current practices and new agreements.

NOW, THEREFORE, the District and Melissa hereby agree as follows:

AGREEMENT

ARTICLE I

DEFINITIONS

Section 1.01. DEFINITION OF TERMS. In addition to the definitions stated in the preamble hereof, the terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

- (a) “**Additional Member City**” or “**Additional Member Cities**” means any city or cities in addition to Richardson, Plano, Frisco, Allen, and McKinney with which the District makes a Similar Contract, including, after the Effective Date of this Contract, Melissa.
- (b) “**Adjusted Annual Payment**” means the Annual Payment, as adjusted in accordance with Section 5.03 of this Contract during or after each Fiscal Year.

- (c) “**Annual Payment**” means the amount of money, as provided in Section 5.03 of this Contract to be paid to District by Member Cities as their proportionate share of the Annual Requirement.
- (d) “**Annual Requirement**” means the total amount of money required by District to pay all Operation and Maintenance Expenses of the System and to pay the principal of, redemption premium, if any, and interest on its Bonds, and to pay any amounts required to be deposited in any special or reserve funds, including a debt service reserve fund and a repair and replacement fund, as also required to be established and/or maintained by the provisions of any Bond Resolution.
- (e) “**Bond Resolution**” means any resolution of the Board of Directors of the District authorizing the issuance of Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted.
- (f) “**Bonds**” mean the Series 2015 Bonds, Series 2016 Bonds, Series 2017 Bonds, Series 2022 Bonds, Series 2023 Bonds, and any bonds, notes, or other obligations to be issued by the District pursuant to the Base Contract, all Similar Contracts with Additional Member Cities, and this Contract for the acquisition, construction, enlargement, improvement, extension, repair, or replacement of the System or any part thereof, whether in one or several issues, or any bonds, notes, or other obligations issued by the District to refund any or all of same.
- (g) “**Contract**” means this Regional Solid Waste Disposal System Contract, and all Similar Contracts executed at any time after the Effective Date of this Contract between the District and Additional Member Cities with respect to the System.
- (h) “**Contributing Weight of Solid Waste to the System**” or “**Contributing Weight**”
- (h)(1) “**Contributing Weight-BSC**” shall mean the greater of (i) any minimum Annual Contributing Weight for which an Additional Member City has agreed to pay, or (ii) the average of the Final Contributing Weight-OMC as defined in 1.01(h)(3)(i) for the most recently completed five (5) fiscal years, or (iii) 25% of the largest Final Contributing Weight-OMC for that Member City since that Member City joined the System.
- (h)(2) “**Estimated Contributing Weight-OMC**” shall mean the greater of (i) the estimate, provided by each Member City prior to March 1 of each fiscal year pursuant to 5.03(b), of the weight in tons of Solid Waste that that Member City reasonably expects to contribute to the system during the following fiscal year, or (ii) any minimum Annual Contributing Weight for which such Member City has agreed to pay.
- (h)(3) “**Final Contributing Weight-OMC**” shall mean the greater of (i) the actual measured weight of Solid Waste of a Member City

delivered to any Point of Delivery (as measured in accordance with Sections 3.06 and 3.07) during that Fiscal Year, or, (ii) any minimum Annual Contributing Weight for which an Additional Member City has agreed to pay.

- (i) “**District’s System**,” “**Regional System**,” “**Regional Solid Waste System**,” or “**System**” means all of the facilities, including all real and personal property, acquired or constructed with proceeds from the sale of Bonds or payments made to the District by third parties or the Member Cities, or made available to the District by the Member Cities pursuant to this Contract and all Similar Contracts, and used or operated by the District for receiving, transporting, treating, and disposing of Solid Waste of and for Member Cities, pursuant to this Contract and all Similar Contracts, including any improvements, enlargements, or additions to said System and any extensions, repairs, or replacements of said System acquired, constructed, used, operated, or otherwise incorporated into or made a part of said System in the future by the District pursuant to this Contract and all Similar Contracts. Said terms shall include only those facilities which provide service to Member Cities pursuant to this Contract and all Similar Contracts. Said terms exclude: (i) trucks or other equipment and facilities used for the initial local pickup or collection of Solid Waste within the Member Cities and the transportation thereof to Points of Delivery; (ii) the District’s Water Supply System; (iii) the District’s Regional Wastewater System; and (iv) any Solid Waste collection, reception, treatment, or disposal facilities acquired or constructed by the District with the proceeds from the issuance of Special Facilities Bonds (as defined below).
- (j) “**Fiscal Year**” means the twelve (12) month period beginning each October 1 and ending the following September 30, or such other twelve (12) month period as may be established in the future to constitute District’s Fiscal Year.
- (k) “**Force Majeure**” means acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning strikes, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, or canals, or any other causes not reasonably within the control of the party claiming such inability.
- (l) “**Local Solid Waste Facilities**” means the Solid Waste facilities owned and operated by the Member Cities.
- (m) “**Member Cities**” means Richardson, Plano, Allen, Frisco, McKinney, and

all Additional Member Cities.

- (n) “**Member City**” means any of the Member Cities; provided specifically, however, that the term Member City as used in this Contract refers only to the relationship of a city to the System, and does not in any way imply or mean that such city is or is not a “Member City” of the District under the District Act, or a “Member City” of the District's regional water system or its regional wastewater system.
- (o) “**One-half Ton Accounting**” means the method by which the District shall, for purposes of allocation of costs and fees among Member Cities, record one-half of the actual weight of certain loads, pursuant to § 3.07.
- (p) “**Operation and Maintenance Expenses**” means all costs of operation and maintenance of the District's System other than depreciation, including, but not limited to:
 - (1) repairs and replacements for which no special fund is created in a Bond Resolution;
 - (2) the cost of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums;
 - (3) the cost of any other supplies, services, administrative costs, and equipment necessary for proper operation and maintenance of the District's System;
 - (4) payments made for the lease, use, or operation of any real and/or personal property;
 - (5) payments of fines; and
 - (6) payments made by the District in satisfaction of judgments or other liabilities resulting from claims not covered by the District's insurance or not paid by one particular Member City arising in connection with the operation and maintenance of the District's System.
- (q) “**Point of Delivery**” means any point designated by the District for receipt of Solid Waste by the District from a Member City.
- (r) “**Prohibited Solid Waste**” means any Solid Waste which the District refuses to accept pursuant to § 4.01. Prohibited Solid Waste may be different at each Point of Delivery.
- (s) “**Schedule of Payments**” means the schedule of monthly payments for each Fiscal Year which will be supplied to each Member City by the District.
- (t) “**Similar Contract**” means a contract between the District and Additional Member Cities relating to the Regional Solid Waste System with terms substantially similar to this Contract.

- (u) “**Solid Waste**” as used in this Contract, means Municipal Solid Waste as that term is defined in the Texas Commission on Environmental Quality’s municipal solid waste rules (30 Tex. Admin. Code § 330.3(90)), and Industrial Solid Waste as that term is defined in the Texas Commission on Environmental Quality’s municipal solid waste rules (30 Tex. Admin. Code § 330.3(68)), however, in no event shall the term “Solid Waste” include:
- (1) Hazardous Waste as that term is defined in the Texas Commission on Environmental Quality’s municipal solid waste rules (30 Tex. Admin. Code § 330.3(64)), except for waste from conditionally exempt small-quantity generators (30 Tex. Admin. Code § 330.3(32)) and household hazardous waste (30 Tex. Admin. Code § 335.402(6));
 - (2) Class 1 Industrial Solid Waste as that term is defined in the Texas Commission on Environmental Quality’s municipal solid waste rules (30 Tex. Admin. Code § 330.3(21));
 - (3) Special Waste as that term is defined in the Texas Commission on Environmental Quality’s municipal solid waste rules (30 Tex. Admin. Code § 330.3(154)), except for Special Waste specifically allowed in the District’s permit for the Point of Delivery to which the Special Waste is delivered and which the District agrees to accept; and
 - (4) Materials removed from the waste stream for Recycling as that term is defined in the Texas Commission on Environmental Quality’s municipal solid waste rules (30 Tex. Admin. Code § 330.3(129)).
 - (5) Notwithstanding anything in this agreement to the contrary, with respect to the Member Cities, the conversion of material that would otherwise be considered Solid Waste to either electricity or fuel, including but not limited to conversion by incineration, digestion, pyrolysis, gasification, or plasma arc, shall not be considered recycling, and shall not be a basis for excluding such material from Solid Waste. It is not the intent of this paragraph to prevent the District from converting Solid Waste to fuel, electricity, or any other usable product, and the District is encouraged to periodically evaluate the technical and fiscal viability of technologies for diverting Solid Waste from the System, and the Member Cities agree that any such technologies should be pursued on a regional basis.
- (v) “**Special Facilities Bonds**” means obligations of the District which are not secured by or payable from Annual Payments under this Contract and Similar Contracts with Additional Member Cities, but which are payable solely from other sources; but Special Facilities Bonds may be made payable from payments from any person or entity, including any Member City, under a separate contract whereunder the facilities to be acquired or constructed are declared not to be part of the System and are not made payable from the Annual Payments as defined in this Contract.

- (w) “**Uncompacted Loads**” means any acceptable waste delivered by a Member City in an open top roll-off box, dump truck, or dump trailer. Waste delivered by a passenger vehicle such as a pick-up truck or service truck or waste delivered on a trailer pulled by a pick-up truck or service truck shall not be considered Uncompacted Loads.
- (x) “**Useful Life**” means until all facilities making up the System are closed, and all applicable post closure requirements of the State of Texas and federal government have ended.

ARTICLE II

PROVIDING AND OPERATING FACILITIES BY DISTRICT

Section 2.01. FACILITIES. In order to provide services and facilities for receiving, transporting, treating, and disposing of Solid Waste for Member Cities, District will provide the current facilities of the System to serve all of the Member Cities for the present, and will operate and maintain the System, and will from time to time enlarge, improve, repair, replace, and/or extend the System as necessary to provide service to all Member Cities. The District shall obtain and hold in its name all required permits and licenses from the appropriate Federal and State agencies, and each Member City shall assist District in obtaining same. The District shall provide, manage, operate, and maintain the System in such manner as the District determines is reasonably necessary for providing adequate, efficient, and economical service to Member Cities, and shall have the right to provide single facilities or multiple facilities, and to use or discontinue the use of any facilities of the System at District’s discretion.

Section 2.02. USE OF PAYMENTS. The District will use the payments to be received under this and Similar Contracts for the payment of Operation and Maintenance Expenses of the System and for the payment of the principal of, redemption premium, if any, and interest on its Bonds, and to establish and maintain debt service reserves and other

funds if and as provided in any Bond Resolution; and the payments to be received under this and Similar Contracts will be pledged to such purposes.

ARTICLE III

COLLECTION OF SOLID WASTE

Section 3.01. DELIVERY. Each Member City shall deliver or cause to be delivered all of the Solid Waste attributable to and generated within that Member City into District's System, provided that such Solid Waste meets the requirements for quality as set forth in Article IV of this Contract. Delivery of Solid Waste into any System facilities acquired or constructed in the future shall commence only after notice by the District that the facility is ready to receive the same pursuant to this Contract. However, the District may reject Solid Waste on the following bases:

- (a) The District shall not be required to accept any materials at any Point of Delivery that the District is prohibited by law or regulation from processing or disposing of at that Point of Delivery or is not authorized to accept at that Point of Delivery.
- (b) The District shall not be required to accept Solid Waste at a transfer station from a Member City if that transfer station is unable to accept the Solid Waste in accordance with its permit. In that event, the Member City shall direct haul its Solid Waste to another District-operated transfer station or landfill that can accept the Solid Waste in accordance with its permit. In the event that, due to operational restrictions, the District remains unable to accept all of the Solid Waste delivered to a transfer station by the Member Cities, the District shall, within 180 days, begin making adjustments such that the transfer station will be

able to accept all of the Solid Waste delivered to the transfer station by the Member Cities, and shall pursue such adjustments in good faith.

Section 3.02. POINTS OF DELIVERY. Each Member City shall deliver or cause to be delivered all Solid Waste attributable to and generated within that Member City to any Point or Points of Delivery, except, however, that if a Point of Delivery is at or above its permitted capacity, or a Point of Delivery is inoperative, or under repair or maintenance, the District may require that the Member Cities divert their Solid Waste to another Point of Delivery.

Section 3.03. CONVEYANCE TO POINT OF DELIVERY. It shall be the sole cost and responsibility of each Member City to collect and deliver or cause to be collected and delivered, Solid Waste attributable to and generated within that Member City to a Point or Points of Delivery.

Section 3.04. QUANTITY AT POINTS OF DELIVERY. The quantity of Solid Waste conveyed to the Point or Points of Delivery shall be measured by the District by weight in accordance with Sections 3.06 and 3.07, and the total weight of Solid Waste received during any Fiscal year shall be used to determine each Member City's basic Annual Payment, as set forth in Article V.

Section 3.05. LIABILITY FOR DAMAGES AND RESPONSIBILITY FOR DISPOSAL. Liability for any and all claims, demands, causes of action, damages, losses, costs, fines, injuries to persons or death of persons, and expenses, including reasonable attorney's fees, expert and professional fees (collectively, "*Claims*"), arising from the receipt, transportation, delivery, and disposal of all Solid Waste delivered hereunder shall remain with the Member City delivering such Solid Waste until the Solid Waste is unloaded at a Point(s) of Delivery and control of the Solid Waste is transferred to the District, at which point

liability for Claims shall pass to District. The District has the responsibility as between the parties for the proper receipt, transportation, treatment, and disposal of all Solid Waste received by it at Points of Delivery, subject to the other provisions of this Contract.

Nothing stated within this Contract shall be construed as a waiver of all the protections afforded the District as a sovereign governmental unit. To the extent afforded by Texas Tort Claims Act, the District shall be responsible only for claims, demands, judgments and the like attributable to the sole acts and omissions of its agents, officers and/or employees. The District assumes no liability or responsibility for the acts and omissions of any Member City, their employees, agents, officers, contractors, or others working through such Member City in any capacity. Nothing stated herein shall be construed as a waiver of all the protections afforded a Member City as a sovereign governmental unit. To the extent afforded by the Texas Tort Claims Act, each Member City shall be responsible only for claims, demands, judgments and the like attributable to the sole acts and omissions of its agents, officers and/or employees. Each Member City assumes no liability or responsibility for the acts and omissions of the District, its employees, agents, officers, or others working through the District in any capacity.

Section 3.06. MEASUREMENT OF WEIGHT. The District will furnish, install, operate, and maintain at each Point of Delivery the necessary equipment and devices of standard type for measuring properly the weight of all Solid Waste delivered under this Contract. Such equipment and devices shall remain the property of the District. Each Member City shall have access to such equipment and devices at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of District, and if requested, in the presence of a representative of any Member City. All readings will be recorded by the District. Not less than two (2) times

in each calendar year of operation, the District shall calibrate such measurement equipment and devices and provide written results of such calibration to each Member City within one (1) week of each calibration and/or adjustment. If, for any reason, any such equipment and devices are out of service or out of repair, or if, upon any test, the percentage of inaccuracy thereof is found to be in excess of five percent (5%), registration thereof shall be corrected for a period of time extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the date of the last calibration, but in no event further back than a period of six (6) months. Any Member City may, at its option and its own expense, install and operate equipment or devices for checking the measurement equipment and devices of the District, but the measurement for the purpose of this Contract shall be solely by District's measurement equipment and devices.

Section 3.07. ONE-HALF TON ACCOUNTING. Uncompacted Loads delivered by any Member City directly to the 121 Regional Disposal Facility ("**121 RDF**") will be recorded utilizing One-half Ton Accounting and shall be used to calculate the Member City's Contributing Weight-BSC and Final Contributing Weight-OMC. Uncompacted Loads delivered to any Point of Delivery other than 121 RDF are not eligible for One-half Ton Accounting unless that Point of Delivery is designated by the District in writing as eligible for One-half Ton Accounting.

This Section will not affect any District waste receipt reporting requirements to the Texas Commission on Environmental Quality ("**TCEQ**"). Such reports shall be submitted according to TCEQ requirements.

ARTICLE IV

QUALITY

Section 4.01. GENERAL. Each Member City agrees to limit delivery into the District's System to Solid Waste that complies with quality requirements the District finds necessary from time to time to establish in order (a) to meet standards imposed by regulatory agencies having appropriate jurisdiction; or (b) to prevent delivery of any Solid Waste of which the District is unable to properly dispose. To enable the highest degree of disposal in the most economical manner possible, the District may refuse delivery of Prohibited Solid Waste or return Prohibited Solid Waste to the Member City after Prohibited Solid Waste enters the District's System. Lists of Prohibited Solid Waste applicable to each Delivery Point, as amended from time to time, shall be furnished to all Member Cities, with a minimum of sixty (60) days' prior notice before such amendment takes effect. If any Member City wishes for the District to accept and dispose of any Prohibited Solid Waste otherwise authorized through that facility's regulatory permit, the District may, at its option, agree to accept and dispose of same, provided that such Member City must pay a surcharge set by the District's Board of Directors for such service in an amount not less than the additional expenses to the District for such disposal.

ARTICLE V

PAYMENTS

Section 5.01. FINANCING. The District will use its best efforts to issue its Bonds, in amounts and at times as determined by the District, to acquire, construct, extend, enlarge, improve, and/or repair the System as needed to provide for the needs of the System, and the obligations of the District under this Contract are subject in all events to (a) the ability of the District to sell and deliver Bonds in amounts sufficient to pay for the System; and (b) the ability of the District to obtain the necessary property, equipment, labor, materials, and contractors.

Section 5.02. ANNUAL REQUIREMENT. It is acknowledged and agreed that payments to be made under this Contract and Similar Contracts will be the only source available to the District to fund the Annual Requirement; and that the District has a statutory duty to establish, and from time to time, to revise the charges for services to be rendered and made available to the Member Cities hereunder so that the Annual Requirement shall at all times not be less than an amount sufficient to pay or provide for the payment of all of the following:

- (a) An “*Operation and Maintenance Component*” equal to the amount paid or payable for all Operation and Maintenance Expenses; and
- (b) A “*Bond Service Component*” equal to:
 - (1) the principal of, redemption premium, if any, and interest on, its Bonds, as such principal, redemption premium, if any, and interest become due, less interest to be paid out of Bond proceeds or other sources if permitted by any Bond Resolution; and
 - (2) during each Fiscal Year, the proportionate part of any special or reserve funds required to be established and/or maintained by the provisions of any Bond Resolution; and
 - (3) an additional amount sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the provisions of any Bond Resolution; and
 - (4) the charges of paying agents for paying principal of, redemption premium, if any, and interest on, all Bonds.

Section 5.03. PAYMENTS BY CITY.

- (a) Each Member City covenants and agrees that it shall pay its Annual Payment,

calculated as provided in this Section, and as adjusted pursuant to this Contract. Notwithstanding any other provisions in this Contract, monthly payments by Member Cities, as set forth in each Schedule of Payments, shall be no less than:

(1) the amount necessary to provide the Bond Service Component of the Annual Requirement so as to enable the District to make all payments with respect to the Bonds when due; and

(2) such amounts as will cause the District to have on hand, on or before the twentieth (20th) day of each month, an amount not less than one-sixth (1/6) of the then-current Annual Budget required for Operation and Maintenance Expense.

(b) Annual Payments. For services and facilities to be provided to the Member Cities by the District under this Contract, each Member City agrees to pay, at the time and in the manner hereinafter provided, its proportionate share of the Annual Requirement, which shall be determined as hereafter described and shall constitute that Member City's Annual Payment or Adjusted Annual Payment. Each Member City's proportionate share of the Annual Requirement shall be determined as the sum of that Member City's proportionate share of the Operation and Maintenance Component and that Member City's proportionate share of the Bond Service Component. For purposes of calculating each Member City's Contributing Weights as defined in Section 1.01(h), prior to March 1 of each fiscal year, each Member City shall provide to the District an estimate of the weight in tons of Solid Waste that that Member City reasonably expects to contribute to the system during the following fiscal year.

(1) Proportionate Share of the Estimated Operation and Maintenance Component. For all or any part of each Fiscal Year during which the System is in operation, each Member City's proportionate share of the Operation and Maintenance

Component of the Annual Requirement shall be a fraction obtained by dividing each Member City's Estimated Contributing Weight-OMC by the sum of the Estimated Contributing Weight-OMC of all Member Cities during each Fiscal Year. Each Member City's proportionate share of the estimated Operation and Maintenance Component of the Annual Requirement shall be determined by the District by multiplying the Member City's fraction by that Fiscal Year's Annual Budget's Operation and Maintenance Component of the Annual Requirement.

(2) Proportionate Share of the Estimated Bond Service Component. For all or any part of each Fiscal Year during which the System is in operation, each Member City's proportionate share of the estimated Bond Service Component of the Annual Requirement shall be determined based on that Member City's Contributing Weight-BSC for the respective Fiscal Year. Each Member City's Contributing Weight-BSC shall be divided by the sum of all of the Member Cities' Contributing Weight-BSC for that Fiscal Year. Each Member City's proportionate share of the estimated Bond Service Component of the Annual Requirement shall be determined by the District by multiplying the resulting fraction by that Fiscal Year's Annual Budget's Bond Service Component of the Annual Requirement (less any budgeted revenue from any source other than the Annual Payments).

(c) Monthly Payments. Each Member City's proportionate share of the Annual Requirement along with any other charges, including surcharges as provided in § 4.01 and penalties from prior months in accordance with this section, shall be made to the District on or before the twentieth (20th) day of each month (the "***Due Date***") in accordance with a Schedule of Payments for each Fiscal Year which will be supplied to each Member City. If a Member

City fails to make its monthly installment payment on or before three calendar days following the Due Date in any month, that Member City shall incur and pay a penalty of ten percent (10%) of the amount due, together with any legal or other costs incurred by the District in collecting the amount due. District is hereby authorized to discontinue service to any Member City if that Member City fails to make any monthly payment.

(d) Adjusted Annual Payments. At the close of each Fiscal Year, the District shall re-determine each Member City's proportionate share of the Operation and Maintenance Component by dividing each Member City's Final Contributing Weight-OMC to the System for the entire Fiscal Year by the sum of the Final Contributing Weight-OMC of all Member Cities for the entire Fiscal Year and multiplying that fraction by the actual Operation and Maintenance Component of the Annual Requirement for the entire Fiscal Year.

At the close of each Fiscal Year, the District shall also re-determine each Member City's proportionate share of the Bond Service Component, by dividing each Member City's Contributing Weight-BSC to the System for the entire Fiscal Year by the sum of the Contributing Weights-BSC of all Member Cities for the entire Fiscal Year and multiplying that ratio by the actual Bond Service Component of the Annual Requirement for the entire Fiscal Year less any revenue from any source other than the Annual Payments.

The difference between the Adjusted Annual Payment and the Annual Payment, if any, shall be applied as a credit or a debit to the respective Member City's account with the District and shall be credited or debited to the respective Member City's next monthly payment or payments.

(e) If, during any Fiscal Year, the District begins providing services to an Additional Member City or Cities, each Member City's Annual Payment for such Fiscal Year

shall be re-determined consistent with the provisions of this Contract.

(f) Each Member City's Annual Payment also shall be adjusted and re-determined for the balance of any applicable Fiscal Year, consistent with the provisions of this Contract, and initially based on its Contributing Weight-BSC and Estimated Contributing Weight-OMC, if at any time during any Fiscal Year the District's Board of Directors reasonably determines that:

(1) Additions, enlargements, repairs, extensions, or improvements to the System are placed in service by District which require an increase and re-determination of the Annual Requirement; or

(2) Unusual or extraordinary expenditures for operation and maintenance of the System are required which are not provided for in the Annual Budget or in a Bond Resolution; or

(3) During the Fiscal Year, a Member City's Final Contributing Weight-OMC will likely be more than twenty-five percent (25%) greater or less than that Member City's Estimated Contributing Weight-OMC on which Annual Payments for that Fiscal Year are based, to the extent that such difference in weight will substantially affect the District's budget, and consequently any Member City's Annual Payment to the District;

(4) The District issues additional Bonds, the payments in connection with which require an increase and re-determination of the Annual Requirement; or

(5) It appears to the District that for any other reason it will not receive the full amount of the Annual Requirement unless such adjustment and re-determination are made.

(g) The District shall give the Member Cities at least forty-five (45) days written notice prior to consideration by the Board of Directors of the District of making any Adjusted Annual Payment for a Member City during any Fiscal Year.

(h) The Annual Payment set forth in this section shall be considered the basic charge for services and facilities under this Contract.

(i) Member Cities' Solid Waste System.

(1) It is recognized that the District Act and other applicable laws provide that any City which contracts with the District for any service or facilities is authorized, by all lawful means, to fix, charge, and collect fees, rates, charges, rentals, and other amounts for any such service or facilities provided pursuant to or in connection with any such contract with the District, and to pledge such amounts sufficient to make all payments required under such contract, and that the provisions of the District Act shall prevail over all other laws. Each Member City hereby agrees to establish, provide, operate, and maintain during the term of this Contract a separate city utility to be known as the Member City's solid waste disposal system, which shall provide, generally, the services and facilities required for the initial pickup or collection of Solid Waste from persons and entities within the Member City's boundaries, and the handling and transportation thereof to a Point of Delivery. Accordingly, the Member City further agrees to fix, charge, and collect by all lawful means fees and charges necessary to make the Member City's Annual Payment or Adjusted Annual Payment, as applicable, for (a) the solid waste disposal services (including local collection and transportation services) which shall be provided by the Member City's solid waste disposal system, and (b) the Solid Waste disposal services and facilities provided by the District's System pursuant to

and in connection with this Contract. It is further recognized that the Member City is authorized to carry out and implement the foregoing provisions of this subsection not only by the District Act, but also by applicable provisions of the Texas Health and Safety Code.

(2) The services and facilities of the District's System to be provided to the Member City pursuant to this Contract are and will be essential and necessary to the general operation of the Member City's solid waste disposal system, and all payments to be made hereunder by the Member City shall constitute reasonable and necessary "operating expenses" of the Member City's solid waste disposal system, and shall constitute a charge and claim against the gross revenues of such solid waste disposal system, with the effect that the Member City's obligation to make payments from the gross revenues of its solid waste disposal system under this Contract shall have priority over its obligations to make payments of the principal of and interest on any and all of its revenue bonds or other obligations which are at any time payable from the net revenues of the Member City's solid waste disposal system.

(3) Each Member City agrees to fix, charge, and collect by all lawful means, fees or charges for services and facilities to be supplied by its solid waste disposal system and the District's System in such amounts as will (a) produce funds sufficient to enable the Member City to pay promptly and make all payments, obligations, and indemnities contracted hereunder; and (b) produce such additional funds as will be sufficient, together with any other funds from any source which are available for such purposes, to pay promptly all other expenses of operation and maintenance of its solid waste disposal system and the principal of and interest on the Member City's bonds

and other obligations which are at any time legally required to be paid from the revenues of its solid waste disposal system. Each Member City hereby pledges the gross revenues of its solid waste disposal system, to the payment of all amounts required to be paid by it to the District pursuant to this Contract, and the District shall have a lien on said gross revenues to the extent of the amounts required for such payment. Each Member City shall not dispose of or mortgage its solid waste disposal system, and shall not encumber, pledge, or grant liens on the revenues of its solid waste disposal system, in any manner which would violate, impair, or be inconsistent with the provisions, covenants, and agreements set forth in this Contract or the pledges and liens contracted and created hereunder; provided that the gross revenues thereof may be used or pledged for other operating and maintenance expenses of the Member City's solid waste disposal system.

(4) The District shall never have the right to demand payment of the amounts due hereunder from funds raised or to be raised from taxation by any Member City. Recognizing the fact that each Member City urgently requires the services and facilities covered by this Contract, and that such services and facilities are necessary for actual use and for stand-by purposes; and further recognizing that the District will use the payments received from each Member City hereunder to pay, secure, and finance the issuance of its Bonds, it is hereby agreed that if and when any Bonds are delivered, the Member City shall be obligated unconditionally, and without offset or counterclaim, to make the payments designated as the "Bond Service Component" of the Annual Requirement, in the manner provided in this Contract, regardless of whether or not the District actually provides such services and facilities, or whether or not any

Member City actually receives or uses such services and facilities, and regardless of the validity or performance of the other parts of this Contract. Such “**Bond Service Component**” shall in all events be applied and used for providing debt service and other requirements of the Bonds, and the holders of the Bonds shall be entitled to rely on the foregoing agreement and representation, regardless of any other agreement between the District and any Member City. Each Member City further agrees that it shall be obligated to make the payments designated as the “**Operation and Maintenance Component**” of the Annual Requirement as described in Section 5.02 of this Contract.

(j) On or prior to November 1 of each year, each Member City shall provide an updated ten (10) year projection of its Estimated Contributing Weight-OMC (adjusted in accordance with Section 3.07) to the District. On or prior to March 1 of each year, the District shall cause a ten (10) year cost projection for the System to be prepared and a copy thereof provided to each Member City. At least ninety (90) days prior to the commencement of each Fiscal Year, if requested by a Member City, the District shall furnish that Member City with an estimate, which is subject to change, of that Member City’s Annual Payment. At least sixty (60) days prior to the commencement of each Fiscal Year, the District will furnish the Member Cities a tentative budget and an estimated Schedule of Payments to be made by each Member City for the ensuing Fiscal Year. On or before the commencement of each Fiscal Year, the District shall furnish the Member Cities with a finalized Schedule of Payments to be made to the District for the ensuing Fiscal Year. Each Member City agrees that it will make such payments to the District on or before the twentieth (20th) day of each month of such Fiscal Year. If any Member City shall dispute the Annual Budget, and proceed as provided in Article VII, it shall nevertheless promptly make the payment or payments determined by District, and if it is

subsequently determined by agreement that such disputed payments made should have been less, District shall promptly revise, reallocate, and readjust the charges among all Member Cities then being served by District in such manner that the Member City will recover its overpayment. At the close of each Fiscal Year, the District shall re-determine each Member City's proportionate share of the Annual Requirement pursuant to § 5.03(d).

(k) If any Member City's Annual Payment is re-determined as is herein provided, District will, within thirty (30) days, furnish that Member City with an updated Schedule of Payments reflecting such redetermination.

(l) All interest income earned by the investment of any Funds created pursuant to any Bond Resolution shall be credited towards the payment of the Bond Service Component and taken into account in determining the Annual Requirement; except that as to any Acquisition or Construction Fund created from any Bond proceeds, all interest income earned by the investment thereof may, at the option of the District, be either credited to such Acquisition or Construction Fund and used for the System purposes for which the Bonds are issued, or be credited towards the payment of the Bond Service Component.

Section 5.04. OTHER USE OF SYSTEM.

(a) Notwithstanding any other provisions of this Contract, the District may provide any excess available Solid Waste disposal capacity of the System to any person, as defined by the Texas Water Code, provided that any such service shall in all events be subordinate and subject to the rights of the Member Cities under this Contract; and provided further that the District must charge for such service in amounts at least sufficient to pay all Operation and Maintenance Expense attributable to such service, plus additional charges which will produce an amount, as determined by the District, which amount shall not be less than the unit

cost by weight for Solid Waste disposal being paid by any Member City as part of its Annual Requirement for the then-current Fiscal Year. The District is not authorized to issue Bonds, as defined in this Contract, to provide the services of the System to any persons other than Member Cities. The District may provide the services of the System to Collin County and shall charge Collin County for such service not less than 10% greater than the District's cost to provide such service. The District's cost to provide such service shall be calculated by dividing the sum of all expenses in the previous fiscal year allocable to the landfill to which Collin County delivers its Solid Waste, by the amount of Solid Waste delivered by all of the Member Cities to the same landfill during the same fiscal year. The District may dispose of sludge generated by the District from any of its wastewater treatment facilities and shall charge for such service not less than the District's cost to provide such service. The District's cost to provide such service shall be calculated by dividing the sum of all expenses in the previous fiscal year allocable to the landfill to which the District delivers its sludge, by the amount of Solid Waste delivered by all of the Member Cities to the same landfill during the same fiscal year.

(b) If the System shall include facilities for recovering metals or other valuable materials from any Solid Waste accepted by the System, or other revenue generating facilities (including but not limited to waste-to-fuel, waste-to-energy, landfill gas-to-energy, composting, material recovery, or other new technologies), any revenue received by the District from such revenue generating facilities shall be credited as provided in subparagraph (c), below.

(c) All revenue from any source other than Annual Payments received by the District as provided in this Section 5.04 shall reduce (to the extent of such credits) the amounts which otherwise would be required to be paid by the Member Cities for the Bond Service Component of the Annual Requirement in the current fiscal year in accordance

with §5.03(d). Any remaining revenue after full credit against the Bond Service Component of the Annual Requirement shall be applied to the Operation and Maintenance Expenses.

ARTICLE VI

GENERAL PROVISIONS

Section 6.01. FORCE MAJEURE. If by reason of Force Majeure, the District or a Member City shall be rendered unable wholly or in part to carry out its obligations under this Contract, then if such party shall give written notice and full particulars of such Force Majeure to the other parties within a reasonable time after 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 (with the exception of the obligation of the Member Cities to make the payments required in Section 5.03 of this Contract, which in all events shall be made as provided therein) shall be suspended during the continuance of the inability then claimed, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty.

Section 6.02. INSURANCE. District will carry insurance for such purposes and in such amounts as are determined by the District to be necessary or advisable.

Section 6.03. REGULATORY BODIES. This Contract shall be subject to all valid rules, regulations, and laws applicable hereto passed or promulgated by the United States of

America, the State of Texas, or any authorized representative or agency of any of them.

Section 6.04. ANNUAL AUDIT OF SYSTEM. The District shall, at the close of each Fiscal Year, cause a financial audit to be prepared and shall post the audit on its website.

Section 6.05. PUBLICATIONS, REFERENCE WORKS, GOVERNMENTAL REGULATIONS. Unless otherwise specified herein, in each instance herein where reference is made to a publication, reference work, or Federal or State law or regulation, it is the intention of the parties that at any given time the then current edition of any such publication of reference work or Federal or State law or regulation shall apply, except to the extent that the new Federal or State law or regulation provides for grandfathering. If a publication or reference work is discontinued or ceases to be the generally accepted work in its field, or if a law or regulation is repealed, amended, or recodified, or if conditions change or new methods or processes are implemented by the District, new standards shall be adopted which are in compliance with State and Federal laws and any valid rules and regulations issued pursuant thereto.

Section 6.06. OPERATION OF THE SYSTEM. The District covenants that it will operate and maintain the System in accordance with accepted good business and engineering practices. Any Member City (or group of Member Cities) may request an operational audit to determine compliance with this section. Any such audit may be performed by an auditor chosen by the Member City or Cities, and approved by the District, such approval to not be unreasonably withheld. Such audit shall be funded solely by the Member City or Cities requesting the audit. In the event that an operational audit is requested by a majority of the Member Cities, then such audit shall be funded by all of the Member Cities. The District shall

reasonably cooperate with the auditor in performing the audit. Such audit shall occur no more frequently than once every five (5) years.

Section 6.07. PERIODIC REVIEW OF CONTRACT. The District and all Member Cities shall review this Contract at least once every five (5) years during the Term as described in Section 10.01, and shall propose any amendments thereto that each deems advisable; provided no such amendments shall in any way adversely affect the prompt payment, when due, of each Member Cities' proportionate share of the Bond Service Component of the Annual Requirement.

Section 6.08. MEETING AGENDA. The District shall provide a copy of the agenda for each District board meeting and each Solid Waste Committee meeting to the Member Cities, in electronic "pdf" format, or other format acceptable to the Member Cities and the District, at least five (5) calendar days prior to each meeting.

ARTICLE VII

DISTRICT BUDGET

Section 7.01. FILING WITH CITY.

(a) Not less than sixty (60) days before the commencement of each Fiscal Year while the System is in operation, the District shall cause its tentative budget for the System for the ensuing Fiscal Year to be prepared and a copy thereof provided to the Member Cities. If no protest or request for a hearing on such tentative budget is presented to District within thirty (30) days after such filing of the tentative budget by one or more then-current Member Cities, the tentative budget for the System, when adopted by District's Board of Directors, shall be considered for all purposes as the "*Annual Budget*" for the ensuing Fiscal Year. But if a protest or request for a hearing is duly filed, it shall be the duty of the District to fix the date and time for a

hearing on the tentative budget. The Board of Directors of the District shall consider the testimony and showings made in such hearing. The Board of Directors of the District may adopt the budget or make such amendments thereof as it may deem proper. The budget thus approved by the Board of Directors of the District shall be the Annual Budget for the next ensuing Fiscal Year.

(b) The Annual Budget may be amended to provide for transfers of budgeted funds between expenditure accounts within the various functions of the Regional Solid Waste System, provided, however, that said transfers do not result in an overall increase in the Annual Budget. The Annual Budget may be increased only through formal action by the Board of Directors of District. A copy of any amended Annual Budget and the resolution authorizing same shall be provided by the District to each Member City.

ARTICLE VIII

Section 8.01. DISTRICT CONTRACTS WITH ADDITIONAL MEMBER CITIES.

(a) The District reserves the right to contract with Additional Member Cities to provide the services of the System to such Additional Member Cities; provided that the terms and provisions of such contracts with Additional Member Cities shall be, to the extent practicable and applicable, the same as the terms and provisions of this Contract, except that with respect to any Local Solid Waste Facilities of such Additional Member City which are to be acquired, operated, or used by the District as a part of the System as a result of such contract, the District and the Additional Member City may agree in such contract for mutually acceptable payments in connection therewith from Bond proceeds or as an Operation and Maintenance Expense of the System (provided that in any formula used for determining such payments, the value attributed to such Local Solid Waste Facilities shall not exceed a sum equal to the

actual cost to the Additional Member City for acquiring or constructing such Local Solid Waste Facilities), and except that such contract shall provide for payments calculated on the basis of adequate minimum Contributing Weights as hereinafter provided. It is further provided, however, that, notwithstanding the provisions of Section 5.03(i)(4), payments under any such contract may be made either from any taxes or any revenues, or any combination of taxes and revenues, to the extent then permitted by law.

(b) A city may become an Additional Member City in the following manner and under the following conditions:

(1) A formal request must be submitted to the District furnishing information on the area to be served, a description of existing solid waste disposal facilities, and the latest annual audit or audits of such proposed Additional Member City;

(2) Such proposed Additional Member City must provide funds for any necessary engineering studies. The preliminary studies must determine or estimate, for the ensuing ten (10) year period, the size and type of any proposed solid waste disposal facilities which may be required for such city, its estimated cost, and estimated Contributing Weights, so as to enable the District to ascertain or estimate the requirements of the proposed Additional Member City for the ensuing ten (10) year period; and

(3) After all preliminary data is developed, the Board of Directors of the District shall call a hearing and notify all Member Cities to review the request of the proposed Additional Member City. The Board of Directors of the District then shall determine if the proposed Additional Member City shall become a Member City.

(c) Each Additional Member City must agree to make minimum payments under its contract, on the basis of an estimated minimum Contributing Weight-OMC and Contributing Weight-BSC, that would provide amounts annually at least sufficient, as determined by the District to pay:

(1) all of the annual Operation and Maintenance Component of the Annual Requirement which is attributable to any Local Solid Waste Facilities of such Additional Member City which are to be acquired, operated, used, or improved by the District as part of the System and any other new and additional facilities of the System provided and designated by the District to serve such Member City, less any amount thereof attributable to the use of any part of said facilities for the benefit of any other Member City or Cities, and

(2) an amount (to be credited and applied to the Bond Service Component of each Annual Requirement), at least equal to:

(A) all of that part of the Bond Service Component of each future Annual Requirement attributable to Bonds issued to acquire or improve any existing Local Solid Waste Facilities of such Additional Member City to be a part of the System, and all Bonds then proposed to be issued to provide any other new and additional facilities for the System to serve such Additional Member City, plus

(B) a percentage of the Bond Service Component of each future Annual Requirement for all then outstanding Bonds equal to the then- estimated percentage of use by such proposed Additional Member City of any portion of the then existing

System.

Section 8.02. **ADDITIONAL CAPACITY AND FACILITIES.** As the responsible party for the establishment, administration, management, operation, and maintenance of the System, the District will, from time to time determine in its sole discretion when and to what extent it is necessary to provide additions, enlargements, improvements, repairs, and extensions to the System to receive, transport, treat, recycle, and dispose of the Solid Waste of the Member Cities, including all Additional Member Cities, and to issue its Bonds to accomplish such purposes; and all Member Cities, including Additional Member Cities, shall be obligated to pay both the Operation and Maintenance Component and the Bond Service Component included in the Annual Requirement with respect to the entire System, as expanded, as provided in Section 5.03. Section 8.02 shall not be construed so as to reduce or alter the requirements of Section 8.01 with respect to minimum payments.

Section 8.03. **AMENDMENTS TO THIS CONTRACT.** This Contract may only be amended in writing signed by the District and all Member Cities. This Contract may not be amended in such a way as to adversely affect payments to the holders of the Bonds.

ARTICLE IX

REMEDIES

Section 9.01. **LEGAL AND EQUITABLE REMEDIES.** Any party to this Contract, and any holder of the District's Bonds, may require any party hereto, and its officials and employees, to carry out, respect, and enforce the covenants and obligations of this Contract, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against such party, and its officials and employees.

ARTICLE X

CONTINUING DISCLOSURE OF INFORMATION

Section 10.01. MEMBER CITIES TO COMPLY. The Member Cities shall comply or, upon the request of the District, shall provide to the District such information as will enable the District to comply, with any continuing disclosure requirements with respect to the Bonds imposed by Securities and Exchange Commission Rule 15c2-12.

ARTICLE XI

TERM

Section 11.01. TERM OF CONTRACT. This Contract shall continue in force from the Effective Date hereof at least until all Bonds, including any Bonds issued to refund same, and the interest thereon, shall have been paid in full; and shall also remain in force thereafter throughout the Useful Life of the System, as the System may be later maintained, improved, expanded, or modified.

ARTICLE XII

NOTICES

Section 12.01. NOTICES. All notices under this Contract shall be to the individual holding the following position at the time that the notice is provided. Any Member City or the District may revise the receiver by written notice to all parties.

North Texas Municipal Water District

Executive Director

City of Allen

City Manager

City of Frisco

City Manager

City of McKinney

City Manager

City of Plano

City Manager

City of Richardson

City Manager

City of Melissa

City Manager

DRAFT

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original.

NORTH TEXAS MUNICIPAL WATER DISTRICT

BY _____
David Hollifield,
President, Board of Directors

ATTEST:

Kieth Stephens
Secretary, Board of Directors

CITY OF MELISSA, TEXAS

BY _____
Name,
Title

ATTEST:

Name,
City Secretary