

**FIRST AMENDMENT TO THE INTERLOCAL AGREEMENT
FOR FUNDING, CONSTRUCTION, AND MAINTENANCE
OF WASTEWATER TREATMENT FACILITIES**

STATE OF TEXAS §
 §
COUNTY OF PARKER §

This First Amendment to the Interlocal Agreement for Funding, Construction, and Maintenance of Wastewater Treatment Facilities (this “Amendment”) made and entered into on ____ day of _____, 2025 (the “Effective Date”), between the City of Hudson Oaks, Texas (“Hudson Oaks”) and the City of Willow Park, Texas (“Willow Park”), sometimes jointly referred to as the “Parties”.

RECITALS

WHEREAS, the Parties previously entered into an Interlocal Agreement for Funding, Construction, and Maintenance of Wastewater Treatment Facilities on or about June 27, 2024 (the “Original Agreement”); and

WHEREAS, following the execution of the Original Agreement, the Parties recognize that portions of the Original Agreement must be amended; and

WHEREAS, the Parties desire to document those amendments to the Original Agreement in this Amendment.

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereafter set forth, the Parties, for good and valuable consideration, specifically the mutual promises and agreements contained herein, hereby contract, covenant and agree to amend the Original Agreement as follows:

1.0 All terms utilized in this Amendment shall have the same meaning as set forth in the Lease Agreement unless otherwise indicated herein.

2.0 The Original Agreement shall be amended to provide for a larger capacity New Wastewater Treatment Plant, expanding the plant from a seven hundred fifty thousand (750,000) gallon per day capacity plant to a one million (1,000,000) gallon per day capacity plant. Sections 2.6, 2.8, 3.1, 3.1.1 and 3.1.3 of the Original Agreement shall be amended in their entirety to read as follows:

“2.6. ***New Wastewater Treatment Plant*** means the new one million (1,000,000) gallon per day wastewater treatment plant being constructed by Willow Park and located at 420 J.D. Towles Road, Willow Park, Texas as described herein.

2.7 ***Operation and Maintenance Costs*** means the costs incurred to operate and maintain the Willow Park Wastewater Treatment Facilities or the Hudson Oaks Wastewater Transmission Line, and related Capital Improvements including, but not limited to, direct expenses, personnel and personnel related expenditures (including personnel benefits), utilities, chemical costs, permitting fees and all other costs required to operate and maintain the foregoing facilities. Itemized costs are identified on the attached Exhibit A and incorporated herein by reference.

2.8 ***Wastewater Treatment Facilities*** shall mean the proposed new one million (1,000,000) gallon per day New Wastewater Treatment Plant and all wastewater transmission lines, effluent lines, and other appurtenances necessary to transport Hudson Oaks and Willow Park wastewater to the New Wastewater Treatment Plant for treatment, and specifically includes the following components, as described herein:

- Hudson Oaks Wastewater Transmission Line;
- Willow Park Effluent Line; and
- New Wastewater Treatment Plant.

3.1 **Design, Construction, Ownership, and Maintenance.** The Wastewater Treatment Facilities shall be a one million (1,000,000) gallon a day plant.

3.1.1 The Hudson Oaks Wastewater Transmission Line shall consist of a lift station, meter, and ten-inch (10”) force main wastewater transmission line along East Bankhead Drive in Hudson Oaks to a point at Kingswood Road in Willow Park where the force main becomes a ten-inch (10”) gravity flow main into the New Wastewater Treatment Plant, as further described and depicted in the attached Exhibit A. The Hudson Oaks Wastewater Transmission Line shall include a metering station at the lift station in Hudson Oaks, to meter the wastewater flow by Hudson Oaks into the New Wastewater Treatment Plant. Hudson Oaks will pay all design and construction costs to tie the Hudson Oaks Wastewater Transmission Line into the New Wastewater Treatment Plant. The Hudson Oaks Wastewater Transmission Line shall be designed and constructed by Hudson Oaks, at its sole cost and expense. Willow Park shall have the right to inspect the construction of the Hudson Oaks Wastewater Transmission Line and related facilities to tie the transmission line into the New Wastewater Treatment Plant. Upon completion of the construction of the Hudson Oaks Wastewater Transmission Line, Hudson Oaks shall own and maintain the Hudson Oaks Wastewater Transmission Line.

3.1.3 The New Wastewater Treatment Plant shall be located generally at located at 420 J.D. Towles Road, Willow Park, Texas consisting of a minimum (one million) 1,000,000 gallon per day wastewater treatment plant. The New Wastewater Treatment Plant shall be designed, constructed, owned, and maintained by Willow Park at its sole cost and expense,

except that Hudson Oaks agrees to pay for a portion of the design, construction, operation, and maintenance cost of the New Wastewater Treatment Plant as further detailed in Section 3.2 and Section 6. below for the privilege of connection and treatment of Hudson Oaks' wastewater at the New Wastewater Treatment Plant.”

3.0 The Original Agreement shall be amended to provide that Hudson Oaks shall pay Willow Park for the increased cost of the larger New Wastewater Treatment Plant, and Section 3.2.1 of the Original Agreement shall be amended in its entirety to read as follows:

“3.2.1 The estimated Construction Costs of the Willow Park Wastewater Treatment Facilities is estimated to be twenty-one million four hundred eighty-five thousand seven hundred and sixty-one dollars (\$21,485,761), as set forth in the attached Exhibit B. The final Construction Costs of the Willow Park Wastewater Treatment Facilities shall not be established until after the New Wastewater Treatment Plant is completed, and any work on the Willow Park Wastewater Effluent Line has been completed and shall include any change orders on the construction contract(s). Willow Park has entered into a final construction contract with Gracon Construction for the New Wastewater Treatment Plant, but any other construction contracts for any work on the other Willow Park Wastewater Treatment Facilities that have not been previously completed prior to the Effective Date of this Agreement shall be provided to Hudson Oaks, who shall approve the final construction contract(s), in writing, promptly after its receipt, and any change orders issued by Willow Park during the construction of the Willow Park Wastewater Treatment Facilities. Willow Park shall provide the construction contract entered into by and between Willow Park and Gracon Construction for the New Wastewater Treatment Plant as a courtesy to Hudson Oaks.”

4.0 The Original Agreement shall be amended to provide that Hudson Oaks will be entitled to twenty-five percent (25%) of the capacity in the new Wastewater Treatment Plant, will be obligated to pay Willow Park for twenty-five percent (25%) of the final construction costs and operation and maintenance costs of the Willow Park Wastewater Treatment Facilities and will, for the purposes of division of assets and liabilities, take on a twenty-five percent share of the fixed assets and debt liabilities associated with the Willow Park Wastewater Treatment Facilities, and Sections 3.2.3, 3.2.7, 4.1, 4.2, 4.3 and 6.2.1 of the Original Agreement shall be amended in their entirety to read as follows:

“3.2.3 Hudson Oaks agrees to reimburse Willow Park a sum equal to twenty five percent (25%) of the final Construction Costs of the Willow Park Wastewater Treatment Facilities (the “Final Construction Costs of the Willow Park Wastewater Treatment Facilities”). Such reimbursement payment by Hudson Oaks to Willow Park shall be made to Willow Park as follows: a) Hudson Oaks shall pay Willow Park one hundred percent (100%) of the \$3,365,761.00 change order to expand the New Wastewater Treatment Plant. This change order reimbursement payment shall be made to Willow Park no later than thirty (30) days after Willow Park approves the payments to the contractor building the New Wastewater Treatment Plant and invoices Hudson Oaks for the change order reimbursement; and b) Hudson Oaks shall pay Willow Park the remaining twenty five percent (25%) of the Final Construction Costs of the Willow Park Wastewater Treatment Facilities, no later than thirty (30) days after Final Acceptance of the Wastewater Treatment Plant by Willow Park and

invoices Hudson Oaks for the reimbursement payment. If Hudson Oaks fails to make such payment after thirty (30) days from receipt of an invoice from Willow Park, Hudson Oaks shall be in breach of this Agreement, and Willow Park may take any action as authorized by Section 8 hereof, including disconnection of Hudson Oaks from the New Wastewater Treatment Plant, and/or applicable state law. In addition, in the event a payment by Hudson Oaks is not paid to Willow Park as specified herein, a late fee of one thousand dollars (\$1,000.00) shall be imposed together with a finance charge of ten percent (10%) per annum from the date that payment was required to be made. If service to Hudson Oaks is disconnected, service to Hudson Oaks will not be reconnected and reinstated until all payments owed to Willow Park are current. The disconnection of Hudson Oaks from the New Wastewater Treatment Plant shall not alleviate Hudson Oaks' payment obligations for its portion of the Final Construction Costs of the Willow Park Wastewater Treatment Facilities as specified herein.

3.2.7 Division of assets and liability: For the purpose of tracking fixed assets and debt liabilities for the Parties Certified Annual Financial Reports, the Parties agree to take on a pro rata share of the fixed assets and debt liabilities associated with the Willow Park Wastewater Treatment Facilities per the following percentages:

Willow Park 75%
Hudson Oaks 25%

This provision is intended to allow both entities to depreciate their share of the fixed assets and properly account for each City's obligations under this Agreement.

4.1 Section 4.1 of the Original Agreement is deleted from the Original Agreement in its entirety.

4.2 Hudson Oaks understands and agrees that it shall comply with and adopt an ordinance comparable to Willow Park's ordinance, Article 13.04.040 of the Code of Ordinances of Willow Park, establishing a pretreatment program and grease trap/interceptor installation requirements. If Willow Park determines that the wastewater delivered by Hudson Oaks to Willow Park at the New Wastewater Treatment Plant violates any provisions of Article 13.04, Hudson Oaks shall pay the penalties to Willow Park as provided in Section 13.04.043.004 of the Code of Ordinances of Willow Park, no later than thirty (30) days after receiving the invoice from the City for the violation. If Hudson Oaks violates the terms of the pretreatment/grease trap ordinance more than three (3) times in a two-year period, Hudson Oaks shall be in breach of this Agreement and Willow Parks shall have all the rights and remedies provided in Section 8 of this Agreement.

4.3 In exchange for Hudson Oaks' commitments contained in this Agreement herein, Willow Park agrees to reserve twenty-five percent (25%) of the capacity at the New Wastewater Treatment Plant (250,000 gallons per day) for Hudson Oaks and agrees to treat and discharge Hudson Oaks' wastewater up to such capacity limitation at no charge. In the event that Willow Park increases the capacity of the New Wastewater Treatment Plant, Willow Park agrees to offer Hudson Oaks the opportunity to "opt in" for additional capacity for Hudson Oaks beyond the two hundred fifty thousand (250,000) gallons per day, by Hudson Oaks paying for an agreed upon portion of the expansion costs and additional operation and maintenance costs for such expanded capacity. In the event of an expansion in capacity, Hudson Oaks agrees that it will continue to pay for twenty-five percent (25%) of the original operation and maintenance costs of the Willow Park Wastewater Treatment Facilities, plus any additional operation and maintenance costs for such additional capacity as agreed upon between Willow Park and Hudson Oaks.

6.2.1 Hudson Oaks shall pay an annual fee to Willow Park towards the Operation and Maintenance Costs of the New Wastewater Treatment Plant and the Willow Park Effluent Line for routine maintenance, care, and operation. This fee shall be twenty-five percent (25%) of the actual Operation and Maintenance Costs for those facilities incurred by Willow Park during the previous fiscal year, based upon Willow Park's certified annual audit pursuant to Chapter 103, Texas Local Government Code. The first annual fee shall be due by Hudson Oaks on October 1st after the New Wastewater Treatment Plant becomes operational, pro-rated based upon the number of months of operation. Each subsequent annual payment shall be due on October 1st of each year. Willow Park shall invoice Hudson Oaks at least thirty (30) days prior to the due date for each such annual payment and provide Willow Park's certified annual fiscal audit relating those facilities with the invoice."

5.0 Except as expressly modified by this Amendment, the terms and conditions of the Original Agreement shall remain the same, in full force and effect and are hereby ratified and confirmed.

6.0 This Amendment shall bind and inure to the benefit of the Parties hereto and their respective legal representatives, successors and assigns.

7.0 This Amendment may be signed in counterparts, and by facsimile, each of which shall be an original document but all of which taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment through their duly authorized officers or representatives effective as of the Effective Date set out above.

CITY OF WILLOW PARK, TEXAS

CITY OF HUDSON OAKS, TEXAS

Mayor

Mayor

Date: _____

ATTEST:

City Secretary

Date: _____

ATTEST:

City Secretary

Exhibit A

Standard Operating Expenses of Shared Wastewater Treatment Facility				
*Numbers based on Willow Park's FY25 budget. Actual expenses to be verified with Willow Parks ACFR				
PERSONNEL				
Regular Salaries			\$	108,862
WW Superintendent	\$	53,102		
Crew Member	\$	45,760		
Overtime	\$	10,000		
Cell Phone Reimbursement			\$	1,080
Certification Pay			\$	2,160
Payroll Expense			\$	1,579
Unemployment Insurance			\$	180
Worker's Comp			\$	3,383
Insurance			\$	37,740
Health	\$	35,604		
Dental	\$	1,536		
Vision	\$	300		
Life	\$	300		
Retirement			\$	17,320
UTILITIES				
Electric			\$	80,476
CHEMICALS				
Chlorine			\$	7,122
Alum			\$	54,103
Polymer			\$	6,125
SLUDGE REMOVAL				
Sludge Removal			\$	59,659
TOTAL ANNUAL OPERATING COST				
			\$	379,789
75% WILLOW PARK RESPONSIBILITY				
	75%	\$		284,842
25% HUDSON OAKS RESPONSIBILITY				
	25%	\$		94,947