

**AGREEMENT REGARDING
THE CREATION AND INITIAL FUNDING OF
THE PARKER COUNTY PUBLIC UTILITY AGENCY**

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THIS AGREEMENT REGARDING THE CREATION AND INITIAL FUNDING OF THE PARKER COUNTY PUBLIC UTILITY AGENCY (the "Agreement") is entered into, effective September 1, 2026 (the "Effective Date"), by and among the City of Aledo, the Town of Annetta, the Town of Brock, the City of Cool, the City of Cresson, the City of Hudson Oaks, the City of Millsap, Parker County, the Town of Peaster, the City of Springtown, the Upper Trinity Groundwater Conservation District, the Walnut Creek Special Utility District, the City of Weatherford, and the City of Willow Park (each a "Party" and, collectively, the "Parties"). The Parker County Public Utility Agency may, contingent upon its creation, join this Agreement as a "Party" and one of the "Parties" as provided further in Section 1.02 hereof.

RECITALS

WHEREAS, Subchapter C of Chapter 572, Texas Local Government Code, as amended (the "PUA Act") authorizes two or more public entities that have the authority to engage in the conservation, storage, transportation, treatment, or distribution of water, to join together to create a public utility agency by adoption of concurrent ordinances or resolutions; and

WHEREAS, the Parker County Hydrology 2050 Committee was created to plan for the development of water supply solutions needed to meet the significant growth in water demands occurring in and around Parker County and, as part of its efforts, said Committee has recommended creation of a public utility agency under the PUA Act, to be designated the "Parker County Public Utility Agency"; and

WHEREAS, the Parties believe that the creation of the Parker County Public Utility Agency (the "Agency") will serve the best interests of their citizens, residents and customers, and promote regional coordination among water providers in Parker County, the development of additional drinking water supplies, and the provision of potable drinking water throughout Parker County, Texas;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and agreements of the Parties contained in this Agreement, the Parties agree as follows:

ARTICLE I.

***Creation of the Agency; Joinder in Agreement;
Initial Funding of the Agency***

Section 1.01. Creation by the Parties. (a) Each of the Parties supports the creation of the Agency and provisions of the proposed form of resolution creating the Agency, the form of which is attached hereto as **Exhibit A** (the "Resolution"). Each Party agrees to take all steps reasonably necessary to finally pass and adopt the Resolution on or before May 31, 2027.

Section 1.02. Joinder in Agreement. If the Agency is created on or before May 31, 2027, as proposed in the Resolution to be adopted concurrently by the Parties, then the Agency shall have the right to join this Agreement in order to ensure that the Agency has a source of funding to defray initial operating expenses. Joinder in this agreement must be evidenced by the Agency's adoption of an order approving and consenting to the terms and provisions of this Agreement and approving becoming a party hereto. Upon adoption of said order, the Agency shall be a "Party" and one of the "Parties" to this Agreement without further action by it or the other Parties. A certified copy of such order shall be provided to each Party. If the Agency is not created on or before May 31, 2027, then this Agreement shall terminate as provided in Section 2.10 hereof.

Section 1.03. Initial Funding of the Agency. (a) The Parties recognize that the Agency will not be able to generate revenue to cover the costs associated with its creation and the costs necessary for the Agency to negotiate and enter into water supply agreements, construct necessary infrastructure, and begin to operate and generate revenue from operation of its system, or otherwise obtain independent financing. Therefore, the Parties agree to share these initial costs in accordance with **Exhibit B** attached hereto and incorporated herein. As reflected on **Exhibit B**, Parker County and the Upper Trinity Groundwater Conservation District shall pay fixed annual amounts to defray the Agency's initial costs, and the remaining Parties shall pay an annual amount to defray the Agency's initial costs calculated based on each Party's population located (i) inside of Parker County, and (ii) outside of Parker County if and to the extent the Party's service area located outside of Parker County is served by a water supply system that also serves areas within Parker County during normal operation; provided further, however, that the population of Walnut Creek Special Utility District shall exclude persons residing or located within Wise County. Adjustment of **Exhibit B** and the amounts paid by the Parties shall require the amendment of this Agreement. A Party's population shall be determined by reference to the following sources, in the priority stated: (1) the most recent data submitted by the Party to the Texas Water Development Board ("TWDB") under the TWDB Annual Water Use Survey; (2) Intercensal population estimates available through the U.S. Census Bureau; or (3) other reliable population data provided by or applicable to the Party.

(b) Each Party's first annual payment shall be made and delivered to Parker County and shall be due no later than September 30, 2026. The Parties agree that Parker County shall hold such funds until the Agency has formed and is operational, at which point said funds shall be remitted by Parker County to the Agency. If the Agency is not created on or before May 31, 2027, the funds so paid to Parker County shall be returned to the Parties in full. Each Party's second and subsequent annual payment shall be made and delivered to the Agency and shall be due no later than September 30. The Agency shall be authorized to develop policies and procedures to invoice the Parties for second and subsequent annual payments and to re-calculate the populations of the Parties in order to invoice the Parties in accordance with **Exhibit B**.

Section 1.04. Payment Process and Reimbursement. The Parties agree that Agency shall have the right, but not the obligation, to adopt policies and procedure to reimburse the Parties, in whole or in part, for funds paid under this Agreement on terms and conditions the Agency determines to be acceptable without unreasonably interfering with the Agency's financial ability to carry out its operations and otherwise discharges its functions and obligations.

ARTICLE II.

General Provisions

Section 2.01. Authority to Enter Agreement. This Agreement is made and entered into under the authority conferred by, among other laws, Chapter 791, Texas Government Code, as amended, Chapters 552 and 562 Texas Local Government Code, as amended, and the PUA Act.

Section 2.02. Severability. The provisions of this Agreement are severable. If any provision of this Agreement is held to be invalid for any reason by a court or agency of competent jurisdiction, then the remainder of this Agreement will not be affected and this Agreement will be construed as if the invalid portion had never been contained herein.

Section 2.03. Cooperation. The Parties agree to cooperate at all times in good faith to effectuate the purposes and intent of this Agreement.

Section 2.04. Entire Agreement. Except as otherwise expressly provided herein, this Agreement contains the entire agreement of the Parties regarding the creation and initial funding of the Agency, and supersedes all prior or contemporaneous understandings or representations, whether oral or written, regarding the subject matter.

Section 2.05. Amendments. Any amendment of this Agreement must be in writing and will be effective only if approved by each of the governing bodies of the Parties and executed by the authorized representatives of each of the Parties.

Section 2.06. Applicable Law. This Agreement will be construed in accordance with Texas law.

Section 2.07. Notices. Any notices required or permitted to be given under this Agreement will be effective if (i) forwarded to the other Parties by hand-delivery; (ii) transmitted to the other Parties by confirmed telecopy; or (iii) deposited with the U.S. Postal Service, postage prepaid, certified, to the address of the Party indicated on the signature pages hereto.

Section 2.08. Force Majeure. Parties shall not be deemed in violation of this Agreement if prevented from performing any of their obligations hereunder by reasons for which they are not responsible or due to circumstances beyond their control. However, notice of such impediment or delay in performance must be timely given, and all reasonable efforts undertaken to mitigate its effects.

Section 2.09. Counterparts. This Agreement may be executed simultaneously in multiple counterparts, each of which will be deemed an original, but all of which will constitute the same instrument.

Section 2.10. Term. (a) This Agreement shall be in force and effect from the Effective Date hereof and shall continue in force and effect until termination or expiration as provided hereinafter.

(b) The Agreement shall terminate automatically on August 1, 2027, if the Agency is not created on or before May 31, 2027.

(c) If the Agency is created on or before May 31, 2027, then this Agreement shall remain in force and effect until September 30, 2032. Thereafter, this Agreement shall automatically renew for successive 1-year periods beginning on October 1, 2032, and on each October 1st thereafter until (i) the Agency's operating revenues exceed its operating expenses by a factor of 125% for two consecutive fiscal years, as demonstrated by the annual audit(s) of the Agency's financial statement, (ii) if, as, and when the Agency issues bonds, notes or other obligations, (iii) the Agency is dissolved in accordance with the PUA Act, or (iv) September 30, 2040, or whichever is first to occur.

(d) A Party may withdraw from this agreement only after, or concurrently with, its withdrawal from the Agency. Annual payments made prior to withdrawal shall not be reimbursed or returned, in whole or in part, unless the Agency adopts a resolution approving same. Withdrawal of a Party shall not terminate this Agreement with respect to the remaining Parties.

Section 2.11. Payments from Current Revenues. Any payments required to be made by a Party under this Agreement will be paid from current revenues or other funds lawfully available to the Party for such purpose.

IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this Agreement to be duly executed to be effective as of the Effective Date.

[Signature pages follow]

CITY OF WILLOW PARK

By: _____

Name: _____

Title: _____

ATTEST:

By: _____

Name: _____

Title: _____

[SEAL]

Name and address for receiving Notice(s):

Exhibit B

Population Category/Entity	Annual Cost Share
Population <1k	\$5,000
Population 1k - 3k	\$10,000
Population 3k - 5k	\$15,000
Population 5k - 10k	\$20,000
Population 10k - 15k	\$25,000
Population 15k - 20k	\$30,000
Population >20k	\$50,000
Parker County	\$100,000
Upper Trinity Groundwater Conservation District	\$25,000