

WHOLESALE WATER SUPPLY CONTRACT

This Wholesale Water Purchase Contract (the "Agreement") is made and entered effective on the 5th day of October, 2009 (the "Effective Date") by and between the City of Rockwall, hereinafter called "Rockwall") and RCH Water Supply Corporation (hereinafter called "RCH"). Collectively, Rockwall and RCH are referred to herein as the Parties.

WHEREAS, the existing water supply contract between Rockwall and RCH was executed to be effective January 2, 1962 and is to terminate 50 years after the date of initial deliveries, which date the Parties agree is January 1, 1963;

WHEREAS, RCH desires to obtain water from North Texas Municipal Water District ("NTMWD"), and Rockwall does not object provided RCH obtains all of its water from NTMWD and reimburses Rockwall for any amounts NTMWD charges Rockwall as a result of RCH obtaining water directly from NTMWD; and

WHEREAS, Rockwall is willing to continue to supply a stated maximum volume of water to RCH while RCH secures an alternate water supplier; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Rockwall agrees to sell, and RCH agrees to buy water upon the terms and conditions hereinafter set forth and Rockwall and RCH further agree that the existing water supply agreement shall be amended as set forth below so that if a conflict occurs between this Agreement and the existing water supply agreement, the terms of this Agreement shall prevail:

1. Alternate Water Suppliers. Prior to the termination of this Agreement, RCH agrees to use its best efforts to obtain a water supply from NTMWD. Rockwall agrees to fully cooperate with RCH relating to the transition of water suppliers and the modification of fittings and equipment at the three delivery points set forth in Section 4; provided such duty to cooperate shall not require Rockwall to spend funds.
2. Consent to NTMWD.
 - a. Rockwall hereby consents to RCH obtaining water from NTMWD or other appropriate water supplier; provided RCH obtains all of its water supply from such source.
 - b. Rockwall further expressly agrees that, in the event RCH contracts for water supply from NTMWD then, not later than the completion of construction to connect to NTMWD, RCH will request that NTMWD set the initial annual take-or-pay amount at the highest annual amount of water delivered by Rockwall to RCH during the term of this Agreement, and RCH and Rockwall agree to jointly request that NTMWD reduce the amount of Rockwall's take-or-pay amount to an amount equal to the lesser of either: (i) the take-or-pay amount RCH is required to request or (ii) the amount that Rockwall requests that the take-or-pay amount be lowered.

- c. If NTMWD does not agree to reduce Rockwall's "take-or-pay" amount as requested in Section 2(b) herein, RCH will reimburse Rockwall for the portion of the "take-or-pay" amount paid by Rockwall that is attributable to RCH's use of water during the term of this Agreement. The Parties acknowledge and agree that as the amount of water Rockwall takes from NTMWD increases, any reimbursements RCH is required to make under this Section shall correspondingly be reduced.
- d. RCH shall pay Rockwall any reimbursements due under this Section within thirty days after receipt of a written demand for payment from Rockwall that shows how Rockwall calculated the reimbursements. If RCH disputes the amount of the demand, RCH must pay the amount demanded when due under protest.
- e. RCH's obligation to make payments pursuant to this Section shall terminate when Rockwall is no longer required by NTMWD to pay for water that Rockwall does not take due to RCH obtaining water directly from NTMWD, but in no event later than three (3) years after the date RCH begins receiving water from NTMWD.

3. Termination. Rockwall's obligation to supply water to RCH shall terminate on December 31, 2014, unless prior to that date the Parties agree to extend the term of this Agreement and the 2014 termination stated in this Agreement shall supercede the termination date set forth in the existing water supply agreement described in the foregoing recital. RCH may cancel this Agreement earlier than the termination date prior to December 31, 2014, in the event the water supply and direct connection to an alternate source is completed and operational, by giving Rockwall at least six months notice in advance. RCH may request to extend contract on a year-to-year basis for a period of five years. However, the City reserves the right to deny extending the contract if the City determines that RCH is not actively taking steps to obtain an alternate water source. When this Agreement terminates or is cancelled by RCH, the parties shall have no further obligations to the other, except the following agreements will survive such termination or cancellation:

- a. RCH's obligation to pay Rockwall for water delivered pursuant to this Agreement prior to termination or cancellation;
- b. RCH's obligation to reimburse Rockwall for charges required by Section 2 of this Agreement, if any; and
- c. RCH's obligation to remove its personal property, if any, used to receive water from Rockwall from property owned by Rockwall within sixty days of termination or cancellation, and absent timely removal, such personal property becomes the property of Rockwall.

Sixty days after termination or cancellation of this Agreement, Rockwall may remove any and all connections, emergency or otherwise, between Rockwall's and RCH's water system and this right shall survive the termination or cancellation of this Agreement.

4. Quality and Quantity. Rockwall will supply RCH potable treated water meeting applicable minimum federal and state drinking water standards at the following locations and in the following volumes and rates of supply:

	Maximum daily demand (any consecutive 24-hours)	Maximum equivalent residential connections* (subject to storage being present as depicted below)
RCH Delivery Point	2.1 mgd	1,271

*The maximum number of equivalent residential connections shall equal to the lesser of either (i) the maximum daily rate of flow divided by 0.6 gpm or (ii) the storage available to RCH within the portion of the distribution served by the delivery point divided by 300 gallons for each connection or equivalent connection within the portion of the distribution system served by the delivery point.

The volumes and rates of supply specified in the table above shall be subject to pro-rata reductions as a result of any of the following: the reduction or cessation of water supply from NTMWD to Rockwall, the implementation by Rockwall of its drought contingency plan and/or water conservation plan, and the result of damage to or repairs of Rockwall’s water supply and water distribution system, and if any of these conditions occur, Rockwall may reduce the amount of water available to RCH in the same proportion as the water available to other wholesale and retail customers is reduced. RCH shall adopt a Water Conservation Plan and a Drought Contingency Plan; a draft of which shall be presented to and approved by Rockwall prior to adoption.

5. Rates. As consideration for the service to be provided by Rockwall to RCH under this Agreement, RCH agrees to pay Rockwall the standard charges as adopted by the Rockwall city council for wholesale water purchases which are based upon the cost of service and which rates are made applicable, without discrimination as to methodology, to all wholesale water purchasers, except that the wholesale rate may differ for the City of Heath to the extent that these wholesale water purchasers have contracts with Rockwall signed prior to the date of this Agreement that may prohibit Rockwall from charging the full amount of the wholesale rate.

The initial rates under this Agreement shall apply to service provided during the month of October 2009 and water delivered during the month of October 2009 and shall be as follows until changed by the Rockwall city council:

Minimum monthly “take or pay” service availability charge: \$0.00 (zero) (There will be no minimum monthly “take or pay” or service availability charge.)

Volumetric rate: \$2.84 per thousand gallons based upon a wholesale rate cost of service study prepared by Bob McLain dated October 13, 2008.

Rockwall, acting by and through its city council, may adjust these initial rates stated above from time to time in a non-discriminatory fashion and Rockwall will use its best efforts to adjust rates once per year prior to the beginning of its fiscal year, but Rockwall reserves the right to adjust its wholesale water rates from time to time and at any time Rockwall deems necessary in order to recover its cost of service. Any adjustment in rates will be consistent with AWWA Manual M-1 and applied uniformly to wholesale customers, except that the wholesale rate may differ for the wholesale water purchasers listed above in this Section to the extent that those wholesale water purchasers have contracts with Rockwall signed prior to the date of this Agreement that prohibit Rockwall from charging the full amount of the wholesale rate.

For any proposed increase in rates that is five (5) percent or greater than the previous rate which it replaces, Rockwall shall prepare a cost of service study which justifies the proposed rate and submit the results of such study to RCH a minimum of sixty (60) days prior to the effective date of the proposed rate increase.

In the event that any new sales or use taxes, or other new taxes, assessments, production fees or charges of any similar nature are imposed by an entity other than Rockwall on production, storing, delivering, gathering, impounding, taking, selling, using, or consuming the water received by RCH, the pro-rata amount of such new tax, assessment, or charge shall be borne by RCH, in addition to all other related charges, and whenever Rockwall shall be required to pay, collect, or remit any tax, assessment, or charge on water received by RCH, then RCH shall promptly pay or reimburse Rockwall for the pro-rata amount of such tax, assessment, or charge.

6. Volume Increases. Annually, prior to September 1 of each year, RCH shall supply Rockwall with a letter setting forth RCH's anticipated percent growth in water demand for the upcoming calendar year, and the basis for such growth estimate. RCH may increase the amount of the maximum daily amount and the maximum instantaneous rate of flow specified in Section 4 above each year by an amount not to exceed six percent of the amount specified in Section 4 a total of a thirty-six percent (36%) increase over the six year term of this Agreement, with a corresponding increase in the maximum equivalent connections in order to serve applicants for new service located within Rockwall's extraterritorial jurisdiction at the time the request for service is made; provided, however, RCH shall pay or reimburse Rockwall for costs and expenses, including capital improvements, associated with such increase in volume and equivalent connections and payment shall be made by RCH to Rockwall within thirty days after receipt of written notice from Rockwall showing the amount due, but in any event, payment shall be made by RCH to Rockwall prior to Rockwall having any obligation to increase the volume or connections available to RCH.

In the event RCH desires that Rockwall agree to increase the volume or rate of water delivered beyond such six percent annual increase in order to satisfy service requests within Rockwall's extraterritorial jurisdiction, or if an increase is needed to supply new customers within areas outside of Rockwall's extraterritorial jurisdiction, RCH shall submit a request for a contract amendment to Rockwall at least six months before RCH expects to need the additional water supply, such application to include supporting information regarding the subdivisions or customers to be served if the additional water is available; the projected demand; and the time table for the projected demand. Rockwall will either notify RCH that Rockwall has previously determined that Rockwall does not have excess capacity available to provide the additional

demand, or the amount of excess capacity that may be available, or advise RCH of the initial estimated cost for Rockwall to have the necessary engineering work performed to determine if Rockwall has excess capacity available to supply the increased demand. Upon receipt by Rockwall of the estimated cost of the engineering work, and the receipt of a report confirming that excess capacity exists, Rockwall will submit RCH's request to Rockwall's city council for consideration. Rockwall reserves the right to deny the request even if the engineering report suggests that excess capacity may be available. As used in this Agreement, the phrase "excess capacity" means the capacity in excess of Rockwall's needs to supply its existing and anticipated retail and wholesale customers at a pressure comparable to historic pressures or pressures comparable to other areas within the corporate limits. Rockwall may, but is not obligated, to require RCH to pay for the capital improvements required to provide some or all of the excess capacity to serve the additional demand; but Rockwall may allow RCH to amortize the expense of such improvements over the then-remaining term of this Agreement.

7. Storage. RCH acknowledges receipt of notice that Rockwall may install devices to physically restrict the rate of flow to the amount specified above and/or devices to measure and record the rate of flow and RCH concurs with the installation and use of such devices. RCH acknowledges that it is responsible for taking appropriate measures to assure that it has storage available to satisfy its projected and foreseeable water supply demands, including accounting for demands for fire suppression during times of significant demand, within the flow limits specified above. RCH represents that it currently has in service and will continue in service during the term of this Agreement, storage within the distribution system connected to each of the points of delivery described in Section 4, above, in an amount that equals or exceeds 300 gallons per connection to that portion of the distribution system, whether the connection is actually in service or could be placed in service. All water delivered by Rockwall to RCH shall be delivered through an "air gap" into RCH's ground storage tanks and RCH shall make no new direct connections, or allow any connections to be made, between the point of delivery and the air gap.

8. Service Requests. RCH shall not approve service requests for a new connection, or to activate an inactive connection, or extend service to a proposed subdivision that could, in conjunction with existing active and inactive connections and previously approved service commitments to subdivisions, result in RCH exceeding the above-stated volume, flow, or connection limitations, unless RCH obtains the additional water from a source other than Rockwall.

9. Payment. Rockwall will read the meters and prepare and submit a monthly bill in the same manner followed for Rockwall's retail customers. RCH shall pay the monthly charges within ten days after receipt of a bill from Rockwall. All amounts due and owing to Rockwall by RCH shall, if not paid when due, bear interest at the Texas post-judgment interest rate under Texas law from the date when due until paid, provided that such rate shall never be usurious or exceed the maximum rate as permitted by law as set forth in Chapter 1204, as amended, Texas Government Code. If any amount due and owing by RCH to Rockwall is placed with an attorney for collection, the prevailing party in such collection action shall pay to the other party, the prevailing party's expenses, including court costs and attorneys' fees as may be ordered by the court or tribunal. If RCH at any time disputes the amount to be paid by it to Rockwall, RCH shall nevertheless promptly make the disputed payment or payments, but if it is subsequently determined by agreement or court decision that the disputed amount paid by RCH should have

been less, Rockwall shall revise the monthly payment in a manner that RCH will promptly recover the amount due within a specific time period. As and when RCH develops sources of water supply from sources other than Rockwall, then to the extent such alternative water supply is available, Rockwall may suspend delivery of such amount of water to RCH if RCH remains delinquent in any payments due Rockwall under this Agreement for more than sixty days.

10. Remedies. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing, however, that failure in the performance of any party's obligations hereunder could not be adequately compensated in money damages alone, each party agrees in the event of any default on its part that each party shall have available to it the equitable remedy of mandamus and specific performance, in addition to any other legal or equitable remedies (other than termination) which also may be available to the party.

11. Meters. The unit of measurement for water delivered hereunder shall be 1,000 gallons of water, U.S. Standard Liquid Measure. All meters and other equipment installed by Rockwall shall remain the property of Rockwall. A representative of RCH shall have access to such metering equipment at all reasonable times, but the reading, calibration, and adjustment thereof shall be done only by the employees or agents of Rockwall. Rockwall at its expense may test its meters at the points of delivery, and shall test the meters if requested in writing by RCH to do so. If requested in writing by RCH, any test performed at the request of RCH shall be performed in the presence of a representative of RCH, and the parties shall jointly observe any adjustments that are made to the meters in case any adjustments shall be necessary. Rockwall will provide to RCH a copy of the meter calibration test for its sanitary inspection reports. If RCH shall in writing request Rockwall to calibrate its meters and Rockwall shall give RCH notice of the time when any such calibration is to be made and a representative of RCH is not present at the time set, Rockwall may proceed with calibration and adjustment in the absence of any representative of RCH. If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period 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 ($\frac{1}{2}$) of the time elapsed since the last date of calibration. If for any reason any meters are out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered during the period such meters are out of service or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if the same have been installed and are accurately registering. Otherwise the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) by estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

RCH may, at its option and expense, install and operate a check meter to check each meter installed by Rockwall, but the measurement of water for the purpose of this Agreement shall be solely by Rockwall's meters, except in the cases hereinabove specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable

times to inspection and examination by any employee or agent of Rockwall, but the reading, calibration and adjustment thereof shall be made only by RCH. During any period when a check meter may be used under the provisions hereof for measuring the amount of water delivered, in which case the reading, calibration and adjustment thereof shall be made by RCH with representation from Rockwall. If the check meters are installed by RCH, the same shall be calibrated by RCH in the presence of a representative of Rockwall and the parties shall jointly observe any adjustment in case any adjustment is necessary. If either party at any time observes a variation between the delivery meter or meters and the check meter or meters, if any such check meter or meters shall be installed, such party will promptly notify the other party, and the parties hereto shall then cooperate to procure an immediate calibration test and joint observation of any adjustment and the said meter or meters shall then be adjusted to accuracy. Each party shall give the other party forty-eight (48) hours notice of the time of all tests of meters so that the other parties may conveniently have a representative present.

If RCH requests Rockwall to test Rockwall's meter, either more frequently than once every year or because Rockwall's meter and RCH's check meter show different readings, RCH will pay the cost of the test if the test shows that the meter is accurate (within two percent registration), but if the test shows that the meter is not accurate (in excess of two percent registration), then Rockwall will pay the costs for conducting the test.

12. Construction Standards. For subdivisions platted within Rockwall's corporate limits or extraterritorial jurisdiction (as currently in effect or as may be extended from time to time), RCH agrees to require developers who seek water supply from RCH for such subdivisions to construct any water supply improvements in compliance with Rockwall's design requirements and standard specifications. RCH will require the developer to submit plans and specifications for all such water system improvements to Rockwall for comment and approval and to allow Rockwall inspectors to observe construction and make any test of materials or workmanship during construction as may be described by city ordinance.

Construction may not begin unless and until Rockwall has had the reasonable opportunity to review and approve the plans for such improvements, which review Rockwall shall undertake in a timely manner. RCH agrees not to approve the construction of a developer-constructed or developer-financed project located, in whole or in part, within Rockwall's extraterritorial jurisdiction, or place such facilities into service, unless Rockwall was invited to have a representative present during the final testing and inspection of the facilities; the invitation was submitted in writing to the city engineer at least seventy-two hours before the testing was to begin; the facilities passed the city's inspection; and Rockwall received payment of its reasonable inspection fee as set by city ordinance (which fee currently is set at 2% of the construction cost of the improvement).

For subdivisions subject to this Section and for which RCH designs or constructs water supply improvements, or contracts for such services, using the developer's payment of either contribution in aid of construction or impact fee (or other comparable fee by any other name), RCH shall comply with the same obligations of the developer as specified in this Section. This Section, nor any other Section of this Agreement is intended by Rockwall to be, or shall be construed as, an express or implied repeal or amendment of any city ordinance, waiver by

Rockwall of the requirements or penalties of any city ordinance, or the granting of a variance to any city ordinance.

13. CCN Acquisition. Rockwall intends to pursue the acquisition of the service rights to those areas currently certificated to RCH which are within the City's limits at the time of this agreement and which may be annexed into the City's limits during the period of this agreement. Those provisions in the 1962 agreement which address the acquisition process shall remain in force. Specifically,

A. Rockwall will offer to purchase from RCH, the portion of the system in the City's limits and for which Rockwall has the ability to deliver water. The purchase offer shall be the full initial construction costs of that part of the system improvements, plus a sum equal to the number of customers served by RCH which are located in the area to be served times \$150.00 per customer, except that said total sum shall be reduced for depreciation at the rate of two (2%) percent per year for each year said improvements have been in use. The system improvements shall not include those assets including elevated storage, pump stations and ground storage which will remain in RCH system.

B. City shall notify RCH 180 days prior to the City's intent to begin serving the certificated area. RCH shall promptly provide the full initial construction costs of the system to be acquired and the date the costs were incurred in order that depreciation may be calculated.

C. RCH shall provide detailed customer information on those customers within the service area to be acquired. Such information should include current customer name, mailing address and average consumption data. Said customer information shall be updated contemporaneously to the governing bodies approval of the acquisition agreement.

14. General Provisions.

A. Participation by the Parties. The parties to this Agreement each represent to the other that each is empowered by law to execute this Agreement and that execution, delivery and performance of this Agreement on behalf of the party has been duly authorized by action of the party's governing body, and the person executing this Agreement on behalf of such party has been fully authorized and empowered to bind the party to the terms and provisions of this Agreement.

B. Force Majeure. If by reason of Force Majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then if such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after the 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, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean 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, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, blue northers, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonably within the control of the party claiming such inability.

- C. Modification. No change, amendment, or modification of this Agreement shall be made or be effective that will affect adversely the prompt payment when due of all money required to be paid by RCH under the terms of this Agreement.
- D. Addresses and Notice. Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made, or accepted by any party to the other parties must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as shown on the signature page(s) of this Agreement. Each party shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other parties.
- E. State or Federal Laws, Rules, Orders, or Regulations. This Agreement is subject to all applicable federal and State laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction. The parties represent to each other that, to the best of their knowledge, no provisions of any applicable federal or State law, nor any permit, ordinance, rule, order, or regulation of either party will limit or restrict the ability of either party to carry out their respective obligations under or contemplated by this Agreement.
- F. Severability. The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Agreement or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions,

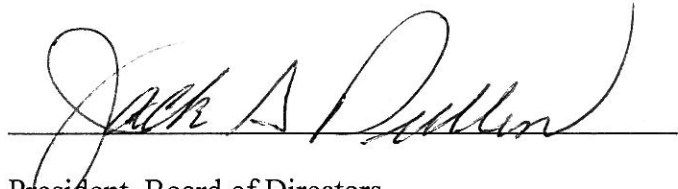
such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Agreement or the application of such actions, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Agreement shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause, or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

- G. Waiver. Notwithstanding anything to the contrary contained in this Agreement, any right or remedy or any default hereunder, except the right of Rockwall to receive the payments from RCH, which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of the performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstances.
- H. Assignment prohibited. Neither party may assign this Agreement, directly or indirectly, in whole or in part.
- I. Venue. All amounts due under this Agreement, including, but not limited to, payments due under this Agreement or damages for the breach of this Agreement, shall be paid and be due in Rockwall County, Texas. It is specifically agreed among the parties to this Agreement that Rockwall County, Texas, is the place of performance of this Agreement; and in the event that any legal proceeding is brought to enforce this Agreement or any provision hereof, the same shall be brought in Rockwall County, Texas.
- J. Entire Agreement. This Agreement supersedes and replaces the prior contracts of the Parties, as amended, and constitutes the entire agreement among the Parties with respect to the matters described herein.
- K. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations.
- L. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

- M. Officers and Agents. No officer or agent of Rockwall or RCH is authorized to waive or modify any provision of the Agreement. No modifications to or rescission of this Agreement may be made except by written documents signed by Rockwall's and RCH's authorized representatives.
- N. Recitals. Rockwall and RCH agree that the recitals in this Agreement are true and correct and are incorporated into the terms of this Agreement.

IN WITNESS WHEREOF, EXECUTED by RCH Water Supply Corporation and the City of Rockwall under the authority of their respective governing bodies in Duplicate Originals on the dates indicated below.

Date: Sept. 30, 2009




President, Board of Directors
RCH Water Supply Corporation
P. O. Box 2034, Rockwall Texas 75087

ATTEST:

By: Diana Louise
Secretary

Date: 10/06/09



JULIE COUCH
City Manager, City of Rockwall
385 S. Goliad, Rockwall, Texas 75087

ATTEST:

By: 
City Secretary

FIRST AMENDMENT TO WHOLESALE WATER PURCHASE AGREEMENT

This First Amendment to Wholesale Water Supply Agreement (this "Agreement") is made and entered into as of the 17th day of Dec, 2014 ("Effective Date"), by and between the City of Rockwall, Texas (hereinafter called "Rockwall") and RCHRCH Water Supply Corporation (hereinafter called "RCHRCH"). Collectively, Rockwall and RCH are referred to herein as the Parties.

Whereas, Rockwall and RCH entered into that certain Wholesale Water Purchase Agreement, dated October 5, 2009 (the "Original Agreement").

Whereas, the Parties desire to extend the Original Agreement for five years and grant RCH the option to extend for another five years.

Whereas, the Parties desire to amend the Agreement to project the number of additional connections to RCH's system during the next five years based upon the number of additional connections to RCH's system that occurred since the Original Agreement was signed.

Whereas, the Parties desire to amend the Agreement to reflect changes in regulatory requirements relating to fire flows within the extraterritorial jurisdiction of municipalities.

NOW, THEREFORE, in consideration of the mutual covenants, obligations, and benefits set forth in this Agreement, Rockwall and RCH agree to amend the Original Agreement as follows:

1. Amendments relating to extending the Original Agreement for five years and granting an option to extend for another five years:
 - A. Section 3 is amended by replacing the date "December 31, 2014" in two places with the date "December 31, 2019" and replacing the date "2014" in the third line with the date "2019."
 - B. Section 3, as amended, is further amended by adding the following text at the end of the existing text:

RCH may extend this Agreement for a five year term beginning December 31, 2019, by providing Rockwall notice of RCH's intent to extend the Agreement on or before June 30, 2019.
 - C. Section 6 is amended by amending the second sentence by deleting the phrase "a total of a thirty-six percent (36%) increase over the six year term of this Agreement."
2. Amendments relating to demand as of the date of this First Amendment and projected demand:

A. Section 4 is amended by replacing the existing table or chart with the following table or chart:

Name/location of existing delivery point	Maximum daily demand (any consecutive 24-hours)	Maximum equivalent residential connections*
RCH Delivery Point	2.1 mgd	1359

3. Amendments based upon changes to state law relating to fire flows within the extraterritorial jurisdiction of municipalities: A new Section 15 is added to the Agreement to read as follows:

15. In Accordance with Texas Health and Safety Code, sections 341.0358 and 341.0359, and TCEQ rule 290.45(y), relating to fire hydrant flow standards, the City may adopt standards that RCH, the City, and other utilities providing water service within Rockwall's extraterritorial jurisdiction, to maintain a minimum sufficient water flow and pressure to fire hydrants in a residential area located in Rockwall's corporate limits or extraterritorial jurisdiction. If the City adopts such standards it shall notify RCH of the new standards, then, in addition to the maximum daily demand, RCH must provide, for the purposes of emergency fire suppression, water supply capacity meeting those standards, but at the least: (i) a minimum sufficient flow of at least 250 gallons per minute for at least two hours; and (ii) a minimum sufficient water pressure of at least 20 psi. Provided, however, RCH shall not be required to build, retrofit, or improve its water system or infrastructure existing at the time City adopts such standards. In addition, should City adopt minimum fire flow standards, then RCH and City agree to the following terms and conditions, intended by the parties to satisfy the requirements of the above-cited laws and rules:

1. RCH will make available to City's fire department, or fire departments(s) designated by City, the use of fire hydrants located on water transmission and distribution facilities ("Water Facilities") constructed by or on behalf of RCH after December 31, 2014, and located within residential subdivisions in the City's corporate limits and extraterritorial jurisdiction, as those boundaries may change from time to time.
2. On Water Facilities constructed in residential subdivisions after December 31, 2014 RCH will install fire hydrants that are compatible with City's fire suppression vehicles and equipment, and City will review and approve the selection of fire hydrants prior to RCH's installation.
3. On Water Facilities constructed in residential subdivisions after December 31, 2014 RCH will maintain a minimum static residual pressure in accordance with the City's standards in effect when the Water Facilities were designed, but not less than 35 pounds per square inch ("psi") during normal flow and no less than 20 psi during fire flow conditions. On such facilities, RCH will

maintain the minimum water flow requirements of the City in effect when the Water Facilities were designed, but not less than 250 gallons per minute for at least two hours. RCH will test, maintain, and repair the fire hydrants in accordance with reasonable standards adopted by the City, or if none adopted, minimum standards of a prudent water utility operator.

4. RCH will notify City prior to any interruption in water flow through the transmission facilities (or as soon as RCH is aware of any interruption due to unforeseen circumstances).
5. Following the usage of a fire hydrant subject to this Agreement, within thirty days the City will supply, or will cause the designated fire department to supply, an estimate of the water usage from the hydrant(s) to the RCH for the sole purpose of figuring the RCH's water loss.
6. City will not be charged for use of RCH's water supply or facilities for fire suppression purposes.


4. Miscellaneous Provisions of this Agreement.

A. No Third Party Beneficiaries. The duties set forth above are duties of the parties to this Agreement to one another only, solely for their mutual benefit, and it is the express intention of the parties that these duties are not enforceable by any third party or alleged third party beneficiary.

B. Authority. The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of governing body of each of the Parties and the person executing this Agreement on behalf of a Party has been fully authorized and empowered to bind the Party to the terms and provisions of this Agreement.

[Signature Page Follows]

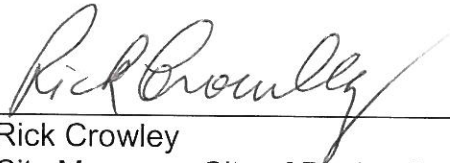
IN WITNESS WHEREOF, EXECUTED by RCH Water Supply Corporation and the City of Rockwall under the authority of their respective governing bodies in Duplicate Originals on the dates indicated below.



Mr. Jack Pullen
President, RCH Water Supply Corporation
P.O. Box 2034
Rockwall, Texas 75032
Date: 12/17/14

ATTEST:

By: 
Secretary



Rick Crowley
City Manager, City of Rockwall
108 E. Washington, Rockwall, Texas 75087
Date: 12/15/14

ATTEST:

By: _____
City Secretary

233884