




The Board of Trustees of the City of Eagle Pass Water Works System will meet in a **REGULAR SESSION** on Wednesday, April 19, 2023 at 12:00 noon at the office of the City of Eagle Pass Water Works System, 2107 N. Veterans Blvd., Eagle Pass, Maverick County, Texas.

AGENDA

1. Establishment of quorum.
2. Citizens Communication.
3. Approval of the minutes of the meeting held on March 22, 2023.
4. Presentation of 1st Quarter Investment Report.
5. Update on ongoing EPWWS projects.
6. Discussion and possible action to enter into a Memorandum of Understanding (MOU) and/or agreement between the City of Eagle Pass Water Works System and the City Laredo, Texas to explore the quantity, quality and capacity of groundwater in Kinney County and Val Verde County.
7. Executive Session pursuant to Section 551.071 of the Texas Government Code – Consultation with the City of Eagle Pass Water Works System’s attorneys regarding legal issues involving access to as well as quantity, quality and capacity of groundwater in Kinney County and Val Verde County.
8. Executive Session pursuant to Section 551.071 of the Texas Government Code-Consultation with the City of Eagle Pass Water Works System’s (EPWWS) attorneys regarding legal issues involving Cause No. 23-02-41885-MCVAJA; Stephanie Felan, Individually, As Representative Of the Estate Of Rodolfo Lara, Deceased, And As Next Friend Of M.L., Minor Child, Jesus Lara and Rosa Lara vs. The City of Eagle Pass, Texas, and former EPWWS employee, Rodolfo Lara.
9. Executive Session pursuant to Sections 551.071 and 551.072 of the Texas Government Code – Consultation with the City of Eagle Pass Water Works System’s (EPWWS) attorneys regarding legal issues involving the request from Maverick County Pct. 1 Commissioner to donate and transfer a tract of land on Old Pioneer Road/Wipff Rd. described as Abstract 1032, Bennett, Miles, Survey #74, Acres – 2.045 granted to the City of Eagle Pass, Texas acting by and through its Water Works Board; and deliberation regarding the value of a tract of land on Old Pioneer Road/Wipff Rd. described as Abstract 1032, Bennett, Miles, Survey #74, Acres – 2.045 and granted to the City of Eagle Pass, Texas acting by and through its Water Works Board.


10. General Manager's Update.
 - a. Update on PR position hire.
 - b. Update on Drought Contingency Plan changes.
11. Adjourn.



Marco Salinas, Chairman
City of Eagle Pass Water Works System

CERTIFICATION

This is to certify that the above Notice of Meeting was posted on the Bulletin Board at the City Hall, in Eagle Pass, Maverick County, Texas, on Friday, April 14, 2023 at 12:00 pm.



Jorge Barrera, General Manager
Eagle Pass Water Works System

The Water Works Board reserves the right to consider business out of the posted order and the right to adjourn into executive session to discuss items which are not listed as executive session items but which qualify to be discussed in closed session under Chapter 551 of the Texas Government Code.

The Board of Trustees of the City of Eagle Pass Water Works System met in REGULAR SESSION on Wednesday, March 22, 2023 at 12:00 noon at the office of the City of Eagle Pass Water Works System, 2107 N. Veterans Blvd., Eagle Pass, Maverick County, Texas.

MEMBERS PRESENT: Marco Salinas, Morris Libson, Diana Salinas and Johnny Ruiz

MEMBERS ABSENT: Mayor Rolando Salinas

OTHERS PRESENT: Jorge Barrera, Jorge Flores, Alicia Flores, Roberto Gonzalez, Mike Sanchez, Ruben Barrera-Langlely Banack and Milo Martinez- Rosario Martinez

- Citizens Communication - None.

-The minutes of the regular meeting held on February 16, 2023 were read and approved on a motion by Morris Libson, seconded by Diana Salinas.

The motion passed with the following vote:

AYE	Johnny Ruiz, Morris Libson, Diana Salinas and Marco Salinas
NAY	None
ABSTAIN	None

-In the matter of discussion and possible action on approval on a 30-year water and sewer service availability agreements for Santa Maria Estates Unit II, the agreements were presented to the Board along with the plans of the area and all questions were answered by administration.

Thereafter, Diana Salinas made a motion, seconded by Marco Salinas to approve the 30-year water service availability agreements for Santa Maria Estates Unit II.

The motion passed with the following vote:

AYE	Johnny Ruiz, Marco Salinas and Diana Salinas
NAY	None
ABSTAIN	Morris Libson

-In the matter of discussion and possible action to adopt the updated EPWWS Drought Contingency Plan and present to City Council to update City of Eagle Pass Ordinances, the DCP was discussed with administration and the changes were explained and showed to the Board.

Thereafter, Marco Salinas made a motion, seconded by Johnny Ruiz to adopt the updated EPWWS Drought Contingency Plan subject to changes discussed and present to City Council to update City of Eagle Pass Ordinances.

The motion passed with the following vote:

AYE	Johnny Ruiz, Morris Libson, Diana Salinas and Marco Salinas
NAY	None
ABSTAIN	None

-In the matter of discussion and possible action to adopt the updated EPWWS Water Conservation Plan and present to City Council to update City of Eagle Pass Ordinances, the WCP was discussed with administration and the updates were explained and showed to the Board.

Thereafter, Morris Libson made a motion, seconded by Johnny Ruiz to adopt the updated EPWWS Water Conservation Plan subject to changes discussed and present to City Council to update City of Eagle Pass Ordinances.

The motion passed with the following vote:

AYE	Johnny Ruiz, Morris Libson, Diana Salinas and Marco Salinas
NAY	None
ABSTAIN	None

-In the matter of discussion and possible action to enter into a Memorandum of Understanding (MOU) and/or agreement between the City of Eagle Pass Water Works System and the County of Maverick, Texas to construct a distribution line on Thompson Road.

Thereafter, Marco Salinas made a motion, seconded by Morris Libson to enter into a Memorandum of Understanding (MOU) and/or agreement between the City of Eagle Pass Water Works System and the County of Maverick, Texas to construct a distribution line on Thompson Road and authorize the General Manager to negotiate final wording and terms of the agreement and to execute the agreement.

The motion passed with the following vote:

AYE	Johnny Ruiz, Morris Libson, Diana Salinas and Marco Salinas
NAY	None
ABSTAIN	None

-In the matter of discussion on the scheduled October 26, 2023 EPWWS 75th Anniversary Ceremony, Administration explained some of the ideas for the special anniversary and asked for any ideas the Board may have for the celebration.

- In the matter of discussion and possible acceptance of the 2021-2022 Fiscal Year Audit ending September 30, 2022, the audit was presented by Milo Martinez from Martinez and Rosario with questions being asked by the Board and answered by Mr. Martinez and by Administration.

Thereafter, Morris Libson made a motion, seconded by Johnny Ruiz to accept the 2021-2022 Fiscal Year Audit ending September 30, 2022 pending mentioned modifications.

The motion passed with the following vote:

AYE	Johnny Ruiz, Morris Libson, Diana Salinas and Marco Salinas
NAY	None
ABSTAIN	None

-In the matter of Executive Session pursuant to Section 551.071 of the Texas Government Code – Consultation with the City of Eagle Pass Water Works System’s attorneys regarding legal issues involving access to as well as quantity, quality and capacity of groundwater in Kinney County and Val Verde County.

The Board went into Executive Session on 3-22-23 at 1:11 pm

The Board came out of Executive Session on 3-22-23 at 2:21 pm

No action was taken

-In the matter of Executive Session pursuant to Section 551.071 of the Texas Government Code-Consultation with the City of Eagle Pass Water Works System’s attorneys regarding legal issues involving a Memorandum of Understanding (MOU) and/or agreement between the City of Eagle Pass Water Works System and the County of Maverick, Texas to construct a distribution line on Thompson Road.

The Board went into Executive Session on 3-22-23 at 1:11 pm

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No action was taken

-In the matter of Executive Session pursuant to Sections 551.071 and 551.072 of the Texas Government Code-Consultation with the City of Eagle Pass Water Works System’s attorneys regarding legal issues involving the request from Maverick County Pct. 1 Commissioner to donate and transfer a tract of land on Old Pioneer Road/Wipff Rd. described as Abstract A 1032, Bennett, Miles, Survey #74, Acres – 2.045 and owned by the City of Eagle Pass, Texas for the use and benefit of its City of Eagle Pass Water Works System or the City of Eagle Pass Water Works System to the County of Maverick, Texas; and deliberation regarding the value of a tract of land on Old Pioneer Road/Wipff Rd. described as Abstract A 1032, Bennett, Miles, Survey

#74, Acres – 2.045 and owned by the City of Eagle Pass, Texas for the use and benefit of its City of Eagle Pass Water Works System or the City of Eagle Pass Water Works System.

The Board went into Executive Session on 3-22-23 at 1:11 pm

The Board came out of Executive Session on 3-22-23 at 2:21 pm

No action was taken

-Meeting was adjourned by a motion by Morris Libson, seconded by Diana Salinas at 2:23 pm.

Marco Salinas, Chairman
Eagle Pass Water Works System

Johnny Ruiz, Vice-Chairman
Eagle Pass Water Works System

**CITY OF EAGLE PASS WATER WORKS SYSTEM
INVESTMENT REPORT
1ST. QTR 2023**

#18050 - RESERVE BOND

					PREVIOUS QTR ENDING TTL			1,971,697.29		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY	
9/30/22	2680099268	1,932,697.29			1,932,697.29	0.55%	365	10,629.84	9/30/23	
10/14/22	2680099608	13,000.00			13,000.00	0.55%	351	68.76	9/30/23	
11/15/22	2680099914	13,000.00			13,000.00	0.55%	318	62.29	9/30/23	
12/13/22	2680099931	13,000.00			13,000.00	0.55%	291	57.00	9/30/23	
1/18/23	2680100152	13,000.00			13,000.00	0.50%	255	45.41	9/30/23	
2/13/23	2680100645	13,000.00			13,000.00	0.50%	229	40.78	9/30/23	
3/15/23	2680100934	13,000.00			13,000.00	0.50%	199	35.44	9/30/23	
INTEREST EARNED			0.00					INTEREST TBE		10,939.52
ENDING QTR TOTAL					2,010,697.29					

#10210 - EMERGENCY REPAIR REPLACEMENT FUND

					PREVIOUS QTR ENDING TTL			710,348.87		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY	
12/31/22	2680013510	710,348.87	525.66	-86,150.20	624,724.33	0.30%	90	463.97	3/31/23	
1/18/23	2680100118	10,000.00			10,000.00	0.30%	72	5.92	3/31/23	
2/13/23	2680100594	10,000.00			10,000.00	0.25%	46	3.15	3/31/23	
3/15/23	2680100883	10,000.00			10,000.00	0.25%	16	1.10	3/31/23	
INTEREST EARNED			525.66					INTEREST TBE		474.14
ENDING QTR TOTAL					654,724.33					

#18000 - TERMINATION PAY

					PREVIOUS QTR ENDING TTL			275,414.57		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY	
9/30/22	2680013610	275,414.57			275,414.57	0.55%	365	1,514.78	9/30/23	
INTEREST EARNED			0.00					INTEREST TBE		1,514.78
ENDING QTR TOTAL					275,414.57					

#18090 - WATER RIGHTS

					PREVIOUS QTR ENDING TTL			688,915.32		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY	
12/31/22	2680099200	688,915.32	506.01	-31,750.00	657,671.33	0.30%	90	486.26	3/31/23	
1/18/23	2680100067	13,000.00			13,000.00	0.30%	72	7.69	3/31/23	
2/13/23	2680100543	13,000.00			13,000.00	0.25%	46	4.10	3/31/23	
3/15/23	2680100832	13,000.00			13,000.00	0.25%	16	1.42	3/31/23	
INTEREST EARNED			506.01					INTEREST TBE		499.47
ENDING QTR TOTAL					696,671.33					

#10350 - DEPOSITS ACCOUNT

					PREVIOUS QTR ENDING TTL			1,253,684.47		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY	
9/30/22	2680013810	1,253,684.47			1,253,684.47	0.55%	365	6,895.26	9/30/23	
INTEREST EARNED			0.00					INTEREST TBE		6,895.26
ENDING QTR TOTAL					1,253,684.47					

#10365 - CONTINGENCY FUND (ORDINANCE)

					PREVIOUS QTR ENDING TTL			528,469.00		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY	
9/30/22	2680014110	528,469.00			528,469.00	0.55%	365	2,906.58	9/30/23	
INTEREST EARNED			0.00					INTEREST TBE		2,906.58
ENDING QTR TOTAL					528,469.00					

#10400 - OUTSTANDING BOND DEBT

					PREVIOUS QTR ENDING TTL			271,000.00		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY	
12/13/22	2680099897	271,000.00			271,000.00	0.40%	163	484.09	5/25/23	
1/18/23	2680100135	271,000.00			271,000.00	0.35%	127	330.03	5/25/23	
2/13/23	2680100628	271,000.00			271,000.00	0.30%	101	224.97	5/25/23	
3/15/23	2680100917	271,000.00			271,000.00	0.30%	71	158.15	5/25/23	
INTEREST EARNED			0.00					INTEREST TBE		1,197.24
ENDING QTR TOTAL					1,084,000.00					

**CITY OF EAGLE PASS WATER WORKS SYSTEM
INVESTMENT REPORT
1ST. QTR 2023**

#10925 - ARBITRAGE FUND

								PREVIOUS QTR ENDING TTL	174,909.56		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY		
9/30/22	2680034310	174,909.56			174,909.56	0.55%	365	962.00	9/30/23		
INTEREST EARNED			0.00			INTEREST TBE		962.00			
ENDING QTR TOTAL					174,909.56						

#18080 - MEMBRANE FILTER REPLACEMENT

								PREVIOUS QTR ENDING TTL	448,195.82		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY		
9/30/22	2680099285	409,195.82			409,195.82	0.55%	365	2,250.58	9/30/23		
10/14/22	2680099625	13,000.00			13,000.00	0.55%	351	68.76	9/30/23		
11/15/22	2680099948	13,000.00			13,000.00	0.55%	318	62.29	9/30/23		
12/13/22	2680099965	13,000.00			13,000.00	0.55%	291	57.00	9/30/23		
1/18/23	2680100169	13,000.00			13,000.00	0.50%	255	45.41	9/30/23		
2/13/23	2680100662	13,000.00			13,000.00	0.50%	229	40.78	9/30/23		
3/15/23	2680100951	13,000.00			13,000.00	0.50%	199	35.44	9/30/23		
INTEREST EARNED			0.00			INTEREST TBE		2,560.26			
ENDING QTR TOTAL					487,195.82						

#18085 - UNION PACIFIC RAILROAD

								PREVIOUS QTR ENDING TTL	195,007.26		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY		
9/30/22	2680089521	195,007.26			195,007.26	0.55%	365	1,072.54	9/30/23		
INTEREST EARNED			0.00			INTEREST TBE		1,072.54			
ENDING QTR TOTAL					195,007.26						

#10480 - TX DOT

								PREVIOUS QTR ENDING TTL	87,117.99		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY		
9/30/22	2680091737	87,117.99			87,117.99	0.55%	365	479.15	9/30/23		
INTEREST EARNED			0.00			INTEREST TBE		479.15			
ENDING QTR TOTAL					87,117.99						

#18095 - METER REPLACEMENT

								PREVIOUS QTR ENDING TTL	664,563.81		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY		
12/31/22	2680099217	664,563.81	487.60	-1,892.83	663,158.58	0.30%	90	489.34	3/31/23		
1/18/23	2680100101	13,000.00			13,000.00	0.30%	72	7.69	3/31/23		
2/13/23	2680100577	13,000.00			13,000.00	0.25%	46	4.10	3/31/23		
3/15/23	2680100866	13,000.00			13,000.00	0.25%	16	1.42	3/31/23		
INTEREST EARNED			487.60			INTEREST TBE		502.55			
ENDING QTR TOTAL					702,158.58						

#18200 - WATER IMPACT FEES - CD

								PREVIOUS QTR ENDING TTL	493,359.41		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY		
12/29/22	2680099999	3,312.00			3,312.00	0.30%	92	10.02	3/31/23		
12/29/22	2680100016	13,248.00			13,248.00	0.30%	92	3.76	3/31/23		
12/29/22	2680100033	4,968.00			4,968.00	0.30%	92	2.50	3/31/23		
12/31/22	2680099370	471,831.41	356.78		472,188.19	0.30%	90	349.29	3/31/23		
1/31/23	2680100475	36,018.00			36,018.00	0.25%	60	13.08	3/31/23		
2/28/23	2680100747	6,210.00			6,210.00	0.25%	31	1.32	3/31/23		
3/31/23	2680101036	4,140.00			4,140.00	0.50%	183	10.38	9/30/23		
INTEREST EARNED			356.78			INTEREST TBE		390.35			
ENDING QTR TOTAL					540,084.19						

#10490 - SEWER PLANT EXPANSION/REHAB

								PREVIOUS QTR ENDING TTL	986,706.58		
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY		
12/31/22	2680099234	986,706.58	731.19		987,437.77	0.30%	90	729.15	3/31/23		
1/18/23	2680100084	13,000.00			13,000.00	0.30%	72	7.69	3/31/23		
2/13/23	2680100560	13,000.00			13,000.00	0.25%	46	4.10	3/31/23		
3/15/23	2680100849	13,000.00			13,000.00	0.25%	16	1.42	3/31/23		
INTEREST EARNED			731.19			INTEREST TBE		742.36			
ENDING QTR TOTAL					1,026,437.77						

**CITY OF EAGLE PASS WATER WORKS SYSTEM
INVESTMENT REPORT
1ST. QTR 2023**

#18075 - ACQUISITION / EXPANSION S.O.S. & OFFICE					PREVIOUS QTR ENDING TTL			30,000.00	
DATE	CD NUMBER	INVESTMENT	ADDITION/INT.R	DEDUCTION	CD AMOUNT	RATE	TERM	INTEREST	MATURITY
12/31/22	2680099727	30,000.00	14.29		30,014.29	0.30%	90	11.23	3/31/23
1/18/23	2680100050	10,000.00			10,000.00	0.30%	72	4.93	3/31/23
2/13/23	2680100611	10,000.00			10,000.00	0.25%	46	3.15	3/31/23
3/15/23	2680100900	10,000.00			10,000.00	0.25%	16	1.10	3/31/23
INTEREST EARNED			14.29	INTEREST TBE			20.41		
ENDING QTR TOTAL					60,014.29				

TOTAL 1ST. QTR INVESTMENTS	9,776,586.45 ←
TOTAL INTEREST EARNED DURING 1ST. QTR INVESTMENTS	2,621.53 √
TOTAL INTEREST TO BE EARNED	31,156.61 √

In compliance with the Government Code, Title 10, Subtitle F., Chapter 2256 Public Funds Investment, Sec. 2256.023. and the City of Eagle Pass Water Works Investment Strategy/Policy.

Approved By:



 Jorge Barrera - General Manager

Prepared By:



 Rosario Gonzalez - Accounting Manager

Investment officers:



 Jorge L. Flores - Assistant General Manager



 Alicia Flores - Office Manager

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made by and between the City of Eagle Pass, Texas, a Texas municipal corporation and home rule city acting by and through its City of Eagle Pass Water Works System (“EPWWS”), a municipally-owned utility, and the City of Laredo, Texas, a Texas municipal corporation and home rule city (“Laredo”) (individually known as “Party” and collectively known as “Parties”) effective April __, 2023 (the “Effective Date”).

RECITALS

WHEREAS, City of Eagle Pass, Texas (“City”) is a municipal corporation, home rule city and local government; and

WHEREAS, the City created and established a separate water and wastewater (also referred to as sewer) system pursuant to Article X, Section 10-4(d) of the Eagle Pass City Charter known as the City of Eagle Pass Water Works System (“EPWWS”) for the use of the public to furnish water and wastewater service and to make and collect such charges and fees for such water and wastewater service as may be fixed by the City Council of the City (“City Council”); and

WHEREAS, EPWWS (a) is owned by the City; (b) is governed by a Board of Trustees; and (c) manages and operates (i) a water supply, treatment, storage, transmission and distribution system; and (ii) a wastewater collection, transmission, treatment and disposal system; and

WHEREAS, EPWWS further has the right to (a) construct additions, extensions, improvements, replacements and repairs to the (i) water supply, treatment, storage, transmission and distribution utility facilities; and (ii) wastewater collection, transmission, treatment and disposal utility facilities; and (b) obtain sufficient quantities of water from surface and/or groundwater sources to supply the future potable water needs of the present and future customers of EPWWS; and

WHEREAS, pursuant to Article X, Section 10-4(d) of the Eagle Pass City Charter, the City Council is authorized to impose and approve the adjustment of water and wastewater utility service rates for the benefit of EPWWS in order to allow EPWWS to generate revenue for funding or recouping the costs of (a) managing and operating (i) a water supply, treatment, storage, transmission and distribution system; and (ii) a wastewater collection, transmission, treatment and disposal system; (b) constructing additions, extensions, improvements, replacements and repairs to EPWWS’ (i) water supply, treatment, storage, transmission and distribution utility facilities; and (ii) wastewater collection, transmission, treatment and disposal utility facilities within EPWWS’ certificated water and wastewater service areas (that are within the City’s corporate boundaries and portions of the City’s extraterritorial jurisdiction (“ETJ”); and (c) obtaining sufficient quantities of water from surface and/or groundwater sources to supply the future potable water needs of the present and future customers of EPWWS; and

WHEREAS, EPWWS has been granted Certificate of Convenience and Necessity (“CCN”) No. 10215 by _____ to provide water utility service within the City’s corporate boundaries and portions of the City’s ETJ (“water CCN service area”); and

WHEREAS, the City/EPWWS currently has 14,000 acre-feet of municipal surface water rights from the Rio Grande River that were acquired in small portions over many years; and

WHEREAS, the EPWWS is having more difficulty finding and purchasing additional and scarce surface water rights from the Rio Grande River; and

WHEREAS, while EPWWS has a water supply that is sufficient for its current customers within its water CCN area, the population growth rate in the City of Eagle Pass and Maverick County continues to increase; and

WHEREAS, EPWWS is in need of additional supplies of water for municipal purposes for its present and future customers in its water CCN service area; and

WHEREAS, EPWWS has been approached by the owners of fifteen (15) ranches that are contiguously located in Val Verde County Texas about selling to EPWWS additional quantities of groundwater annually (measured in acre-feet) from the Edwards – Trinity Aquifer (“Sellers”); and

WHEREAS, it is estimated that 50,000 to 100,000 acre-feet of groundwater is available from the combined fifteen (15) ranches in Val Verde County, Texas and located over the Edwards – Trinity Aquifer; and

WHEREAS, the Sellers would grant EPWWS the right to withdraw and acquire additional quantities of groundwater annually from the Edwards – Trinity Aquifer and transport such groundwater to an EPWWS water treatment plant in the City of Eagle Pass, Texas through a utility system of wells, pumps, electrical facilities, transmission lines and all other related appurtenances thereto that are engineered, designed, constructed, installed, operated and managed by EPWWS and within, on, upon, over, under, across and through rights-of-way acquired by the City for the use and benefit of its EPWWS (Second Water Source Project”); and

WHEREAS, the price, levels and participation of the Parties for the purchase, withdrawal and acquisition of additional quantities of groundwater annually from the Edwards – Trinity Aquifer is still being discussed and negotiated; and

WHEREAS, the purchase, withdrawal and acquisition of additional quantities of groundwater annually from the Edwards – Trinity Aquifer will require transporting the groundwater a distance of approximately +/- ___ miles utilizing transmission lines and related appurtenances thereto from various points in Val Verde County, Texas to the EPWWS water treatment plant in the City of Eagle Pass, Texas; and

WHEREAS, the transporting of additional quantities of groundwater annually from the Edwards – Trinity Aquifer a distance of approximately +/- ___ miles from various points in Val Verde County, Texas to the EPWWS water treatment plant in the City of Eagle Pass, Texas will also require additional rights-of-way if the transmission lines and related appurtenances thereto are not able to be located within existing street/highway rights-of-way; and

WHEREAS, the additional quantities of groundwater annually from the Edwards – Trinity Aquifer will be added to the 14,000 acre-feet of surface water rights from the Rio Grande

River that EPWWS currently has and will become part of EPWWS waterworks and water supply; and

WHEREAS, the combination of the additional quantities of groundwater annually from the Edwards – Trinity Aquifer with the 14,000 acre-feet of surface water rights from the Rio Grande River will allow EPWWS to provide potable water utility service for municipal purposes to both its present and future retail customers in its water CCN area as well as potential wholesale customers outside its water CCN area for the next 50 years; and

WHEREAS, EPWWS, therefore, desires to purchase, withdraw and acquire additional quantities of groundwater annually from the Edwards – Trinity Aquifer; and

WHEREAS, Section 791.001, of the Texas Government Code known as the Interlocal Cooperation Act provides that the purpose of the Act is to increase the efficiency and effectiveness of local government by authorizing them to contract, to the greatest possible extent, with one another and with agencies of the state; and

WHEREAS, Section 791.011(a) of the Texas Government Code provides that a local government may contract or agree with another local government [or a federally recognized Indian tribe, as listed by the United States secretary of the interior under 25 U.S.C. Section 479a-1, whose reservation is located within the boundaries of this state] to perform governmental function and services in accordance with Chapter 791 of the Texas Government Code; and

WHEREAS, City and its EPWWS is a local government as defined in the Texas Government Code, Section 791.003(4), of the Texas Government Code; and

WHEREAS, the EPWWS' waterworks and water service are deemed to be governmental functions and services; and

WHEREAS, Laredo and EPWWS have discussed Laredo participating in EPWWS' Second Water Source Project; and

WHEREAS, Laredo is also a local government as defined in the Texas Government Code, Section 791.003(4), of the Texas Government Code; and

WHEREAS, Laredo's waterworks and water service provided through its water department are also deemed to be governmental functions and services; and

WHEREAS, Laredo has been granted Certificate of Convenience and Necessity No. _____ by _____ to provide water utility service within the City's corporate boundaries and portions of the City's extraterritorial jurisdiction (water CCN service area); and

WHEREAS, Laredo is also in need of additional supplies of water for municipal purposes for its present and future customers in its water CCN service area; and

WHEREAS, Laredo also desires to purchase and acquire a portion of the additional quantities of groundwater annually from the Edwards – Trinity Aquifer to be purchased, withdrawn and acquired by EPWWS; and

WHEREAS, Laredo is not currently able to engineer, design, construct, install, manage and operate a water utility system including wells, pumps, electrical facilities, transmission lines and all other related appurtenances thereto to drill, pump and transport ground water from the Trinity – Edwards Aquifer in Val Verde County, Texas to Laredo’s water treatment plant in the City of Laredo, Texas to provide potable water utility service for municipal purposes to its current and future water customers within its water CCN service area; and

WHEREAS, EPWWS and Laredo desire to enter into this Memorandum of Understanding to agree to cooperate and participate in the (1) purchase, withdrawal and acquisition of additional quantities of groundwater annually from the Edwards – Trinity Aquifer in Val Verde County, Texas; and (2) transportation of the additional quantities of groundwater annually from the Edwards – Trinity Aquifer in Val Verde County, Texas to EPWWS’s water treatment plant in the City of Eagle Pass, Texas and Laredo’s water treatment plant in the City of Laredo, Texas; and

WHEREAS, the engineering, design, construction, installation, management and operation of a water utility system including wells, pumps, electrical facilities, transmission lines and all other related appurtenances thereto to pump and transport additional quantities of groundwater annually from the Edwards - Trinity Aquifer in Val Verde County, Texas to EPWWS’s water treatment plant in the City of Eagle Pass, Texas and Laredo’s water treatment plant in Laredo, Texas to provide potable water utility service for municipal purposes within its water CCN for its current and future water customers and located within each Party’s respective water CCN service area as well as a determination of the levels and types of each Party’s participation, whether as a funding source, partner, non-partner and/or customer of the other party, is beyond the scope of this Memorandum of Understanding; and

WHEREAS, EPWWS and Laredo have the authority to enter into this Memorandum of Understanding, and have entered into this Memorandum of Understanding by the action of its respective governing bodies in the appropriate manner prescribed by law; and

NOW, THEREFORE, for \$10.00 and other good and valuable consideration, each to the other, the receipt and sufficiency of which are hereby acknowledged, EPWWS and Laredo agree as follows:

1. Incorporation of Recitals. The foregoing recitals are incorporated in and made a part of this Memorandum of Understanding.

2. Obligations of EPWWS.

A. EPWWS agrees to cooperate and participate with Laredo in the (1) purchase, withdrawal and acquisition of additional quantities of groundwater annually from the Edwards – Trinity Aquifer in Val Verde County, Texas; and (2) transportation of the additional quantities of groundwater annually from the Edwards – Trinity Aquifer in Val Verde County, Texas to EPWWS’s water treatment plant in the City of Eagle

Pass, Texas and Laredo's water treatment plant in the City of Laredo, Texas.

- B. EPWWS agrees to continue discussions with the Sellers about selling to EPWWS additional quantities of groundwater annually from the Edwards – Trinity Aquifer.

3. Obligations of Laredo.

- A. Laredo agrees to cooperate and participate with EPWWS in the (1) purchase, withdrawal and acquisition of additional quantities of groundwater annually from the Edwards – Trinity Aquifer in Val Verde County, Texas; and (2) transportation of the additional quantities of groundwater annually from the Edwards – Trinity Aquifer in Val Verde County, Texas to Laredo's water treatment plant in the City of Laredo, Texas and EPWWS's water treatment plant in the City of Eagle Pass, Texas.
- B. Laredo agrees to investigate its ability to transport the groundwater in the Edwards – Trinity Aquifer from a point in the City of Eagle Pass, Texas to Laredo's water treatment plan in the City of Laredo, Texas.
- C. Laredo also agrees to investigate costs, and the level and type of participation in the Second Water Source Project it is able to undertake.

4. Funding. EPWWS and Laredo understand, acknowledge and agree that the funding of any activities under this Memorandum of Understanding is contained in each Party's annual budget and is subject to the approval of each Party in each fiscal year. The Parties further agree that should the governing body of any of the Parties fail to approve a budget which includes sufficient funds for the continuance of this Memorandum of Understanding, or should the governing body of any of the Parties fail to certify funds for any reason, then and upon the occurrence of such event, this Memorandum of Understanding shall terminate as to that Party and the Party shall then have no further obligation to any other Party. When the funds budgeted or certified during any fiscal year by a Party to discharge its obligations under this Memorandum of Understanding are expended, any other Party's sole and exclusive remedy shall be to terminate this Memorandum of Understanding.

5. Limitation on Liability. Neither Party nor its employees, officers and/or agents shall be liable for any incidental, special, indirect or consequential damages directly or indirectly arising out of or relating to this Memorandum of Understanding or the supply of potable water service hereunder. Each Party understands and agrees that neither Party nor its employees, officers or agents shall have any liability, and hereby releases the other Party, its employees, officers and/or agents from any such liability whether arising in contract, tort, product liability, or otherwise, arising out of or in connection with this Memorandum of Understanding or any breach hereof.

6. Not A Joint Enterprise. EPWWS and Laredo agree that presently the Second Water Source Project and this Memorandum of Understanding are not intended to, and shall not be construed to, create any joint enterprise between or among the Parties.

7. Preservation of Governmental Immunity. EPWWS and Laredo agree that each Party shall preserve and have not waived either from suit or liability their respective governmental immunity.

8. Notices. Any notice given hereunder shall be sent by email, by certified mail, return receipt requested, by overnight delivery service (such as Federal Express or UPS), or by personal delivery to each Party at the address shown below:

To EPWWS: City of Eagle Pass Water Works System
 Attention: General Manager
 2107 North Veterans Boulevard
 Eagle Pass, TX 78852
 Email: jbarrera@epwaterworks.org

To Laredo: City of Laredo, Texas
 Attention: City Manager
 1110 Houston Street
 Laredo, TX 78040
 Email: jneeb@ci.laredo.tx.us

A Party may change its address for notice by providing written notice to the other Party. Such change in address notice shall be effective upon receipt of notice thereof by the other Party.

9. Applicable Law. This Memorandum of Understanding shall be construed under and governed by the law of the State of Texas including, but not limited to statutes, codes, charters and ordinances. Venue shall be in Maverick County Texas.

10. Alternative Dispute Resolution. In the event of a dispute between EPWWS and Laredo involving this Memorandum of Understanding, the Parties agree to engage in mediation before exercising their rights and remedies through litigation.

11. Rights and Remedies. EPWWS and Laredo agree each Party shall have all their respective rights and remedies, at law and/or in equity, to enforce and/or interpret the terms of this Memorandum of Understanding.

12. Attorney Fees. In the event of litigation to enforce and/or interpret the terms of this Memorandum of Understanding, the prevailing Party shall be entitled to recover reasonable attorney's fees and costs of litigation from the non-prevailing Party.

13. Binding Effect. This Memorandum of Understanding shall be binding on and inure to the benefit of the Parties and their respective successors or assigns. However, the Parties further agree that the general and basic terms of this Memorandum of Understanding shall be incorporated into a binding, enforceable and more specific agreement within one hundred eighty

(180) days from the date of this Memorandum of Understanding; otherwise, this Memorandum of Understanding shall expire and terminate without any further action by EPWWS and Laredo.

14. Governing Body Approval. EPWWS and Laredo agree that this Memorandum of Understanding shall require the approval of the EPWWS Board of Trustees and the City Council of the City.

15. Amendment. The terms of this Memorandum of Understanding may be amended, if authorized by the EPWWS Board of Trustees and the City Council of the City of Laredo.

16. Counterparts and Signatures. This Memorandum of Understanding may be executed in one or more counterparts which, when taken together, shall constitute one and the same document. This Memorandum of Understanding may be executed by facsimile signature, by a signature transmitted by facsimile, or by signature scanned by electronic mail, and such facsimile signature, such signature transmitted by facsimile, or such scanned signature shall be considered the same as an original signature for all purposes.

CITY OF EAGLE PASS ACTING BY AND
THROUGH ITS CITY OF EAGLE PASS
WATER WORKS SYSTEM, a Texas municipally-
owned utility

By: _____
Jorge Barrera, General Manager

CITY OF LAREDO, a Texas municipal
corporation and home rule city

By: _____
Joseph Neeb, City Manager