

THE STATE OF TEXAS)
) INTERLOCAL WASTEWATER CONTRACT
COUNTY OF TARRANT)

W I T N E S S E T H:

THIS contract made and entered into this the _____ day of _____, 2009, by and between the City of Arlington, Texas hereinafter called "ARLINGTON", and the City of Mansfield hereinafter called "CUSTOMER".

WHEREAS, CUSTOMER has requested that ARLINGTON provide wastewater collection and transportation services and treatment services through and by the Trinity River Authority's Central Regional Wastewater Treatment Plant to CUSTOMER; and

WHEREAS, ARLINGTON for and in consideration of the performance of the covenants and agreements hereinafter contained will accept sewage from the lines of CUSTOMER into its own sewer lines at points mutually agreed upon, and to transport said sewage in the same manner that sewage from within the CUSTOMER's city limits is transported; and

WHEREAS, the contract is for a thirty-year term and will expire on _____, 2039 unless terminated earlier in accordance with its terms; and

WHEREAS, ARLINGTON is required to comply with specific rules of the U.S. Environmental Protection Agency (EPA) and the Texas Commission on Environmental Quality (TCEQ) (formerly the Texas Natural Resource Conservation Commission) in regard to treatment of industrial wastes; and

WHEREAS, ARLINGTON is required to comply with specific rules of the U.S. Environmental Protection Agency (EPA) and the Texas Commission on Environmental Quality (formerly the Texas Natural Resource Conservation Commission) in regard to collection system management, operation and maintenance; and

WHEREAS, CUSTOMER is desirous of contracting with ARLINGTON for wastewater transportation service and ARLINGTON desires to provide wastewater transportation and treatment services through and by the Trinity River

Authority's Central Regional Wastewater
Treatment Plant to CUSTOMER;

WHEREAS, the parties, in paying for the performance of governmental functions or in performing such governmental functions, shall make payments therefore only from current revenues legally available to such party.

NOW, THEREFORE, ARLINGTON and CUSTOMER in consideration of the terms, covenants and conditions herein contained, hereby contract as follows:

1.0 DEFINITIONS

1.1 "ARLINGTON System" means ARLINGTON's wastewater collection system.

1.2 "A.S.T.M." means the American Society of Testing and Materials.

1.3 "Calibration" means utilization of check meters or velocity tests and/or verification of secondary instrumentation accuracy utilizing a standard signal at the transmitter or a calibrated primary sensor (manometer).

1.4 "CMOM" means the Capacity Management, Operation, and Maintenance program developed by the EPA.

1.5 "Cash basis" means the method by which ARLINGTON determines the revenues needed to sufficiently recover all cash needs, including operating and maintenance expenses, debt service payments, equipment purchases, cash-financed capital improvements, contributions to reserve funds, normal annual system replacements and improvements, payments-in-lieu of taxes and other transfers, such as General Fund transfers. The cash basis projects the Utility's revenue requirement on the premise of satisfying the Utility's cash needs, where cash needs represent the revenues needed to meet the Utility's expenditure requirements.

1.6 "CUSTOMER System" means the facilities of CUSTOMER for collection and transportation of wastewater to point of entry into ARLINGTON's system and any facilities used exclusively or primarily in the CUSTOMER's Wastewater System for the pretreatment of Industrial Wastes.

1.7 "Delivery Facilities" means all facilities, without limitation to transmission mains, valves, manholes, or other equipment or appurtenances, necessary for transmission of wastewater to the point of entry into the ARLINGTON System. The term includes facilities, which are on the CUSTOMER side of the metering facility which are constructed specifically to allow ARLINGTON to serve CUSTOMER. The term excludes metering facilities.

1.8 "EPA" means the United States Environmental Protection Agency.

1.9 "Infiltration Water" means water that has migrated from the ground into the wastewater system.

1.10 "Inflow" means water other than wastewater that enters a sewerage system (including sewer service connections) from sources such as, but not limited to, roof leaders, cellar drains, yard drains, area drains, foundation drains, drains from springs and swampy areas, manhole covers, cross connections between storm sewers and sanitary sewer catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage. Inflow does not include, and is distinguished from, infiltration.

1.11 "Interference" means inhibition or disruption of ARLINGTON's System, the Trinity River Authority's treatment processes, or operations, which contributes to a violation of any requirement of the Trinity River Authority's State or Federal effluent discharge permits.

1.12 "Metering Facility" means the meter, meter vault, all metering and telemetering equipment required to provide wastewater service to the CUSTOMER at the point of entry.

1.13 "Non-Metered Flow" means all wastewater flow that enters ARLINGTON's System without passing through a Metering Facility.

1.14 "Point of Entry" shall be defined as the point at which sewage enters Arlington's System or the point at which sewer enters the Customer's system. Some of these points are designated metering facilities.

1.15 Sanitary Sewer Evaluation Study (SSES) is defined as a cost effective method to evaluate the condition of the sanitary sewer mains and the access

structures using various intensive field procedures and data analysis.

1.16 "State Rules" means the state of Texas Design Criteria for Sewerage System rules that are adopted for any period during the term of this contract.

1.17 "TRA" means the Trinity River Authority that contractually supplies wastewater collection and treatment to the City of Arlington.

1.18 "Winter Months" means the billing months of December, January, February and March.

1.19 All other definitions, as related to this contract, shall be found in the City of Arlington Industrial Waste and Water Pollution Control Ordinance, as amended.

2.0 CONSTRUCTION AND DESIGN OF FACILITIES

2.1 Delivery Facilities

ARLINGTON agrees to accept wastewater from CUSTOMER at the points of entry as set out in Exhibit "A" which is incorporated for all purposes and at such additional points by duly executed and approved modification of this Contract. The costs and expenses of any kind of delivery facilities necessary to convey wastewater to designated points of entry to connect CUSTOMER's System to the ARLINGTON System shall be the sole cost of the CUSTOMER, except that ARLINGTON may elect to require oversizing of the delivery facilities for the benefit of ARLINGTON or other parties. If ARLINGTON elects to require CUSTOMER to oversize delivery facilities, ARLINGTON shall be responsible for the oversizing costs to the extent of the cost difference between CUSTOMER's required delivery facilities and the oversize specified by ARLINGTON. Unless otherwise mutually agreed in writing by ARLINGTON and CUSTOMER, CUSTOMER shall be responsible for the delivery facilities design, according to ARLINGTON's standard design and construction requirements and the contracting, construction and financing of delivery facilities and acquisition of any necessary rights-of-way or other real estate interests. Plans and specifications shall be submitted to ARLINGTON for written acceptance prior to commencing construction and all designs, materials and specifications shall conform to ARLINGTON requirements. CUSTOMER agrees that ARLINGTON has the right to make periodic inspections during the construction phase of the delivery facilities. Final acceptance of completed

delivery facilities is subject to the written approval of ARLINGTON.

After the execution of this contract, any sewer main or submain, excluding individual services, serving two or more units of any classification of CUSTOMER, and which is connected directly or ultimately to the sanitary sewers of ARLINGTON, shall be designed by and the construction supervised by Texas licensed professional engineer(s). One complete set of construction plans and specifications of such proposed facilities shall be submitted to ARLINGTON. The plans shall include dimensioned plan view and dimensioned profile view drawings, locations, grades, pipe sizes, details, etc., for all proposed facilities. The submittal to Arlington shall also include a digital file of the proposed facilities that complies with ARLINGTON's standard Geographic Information System protocol.

ARLINGTON may authorize future points of entry, subject to this contract.

2.2 Metering Facilities and Delivery Facilities for CUSTOMER's Wastewater

When required, metering facilities shall be constructed by CUSTOMER. Unless otherwise agreed by CUSTOMER and ARLINGTON, CUSTOMER shall construct and be responsible for the maintenance of meter vaults, meters and all associated facilities, equipment or appurtenances and obtain necessary electric and telephone service, if needed. Upon written notification by ARLINGTON, replacement of metering facilities occasioned by obsolescence due to age, excessive maintenance or any unserviceable condition shall be the responsibility of CUSTOMER. Replacement of facilities necessary due to growth or reasons other than obsolescence due to age, excessive maintenance or any unserviceable condition, as mutually determined by CUSTOMER and ARLINGTON, shall be the responsibility of CUSTOMER. In the event a mutual decision to replace a facility cannot be realized, ARLINGTON reserves the right to repair and/or replace the metering facility and charge CUSTOMER the repair/replacement cost and administrative costs.

CUSTOMER shall acquire all property, easements and rights-of-way necessary for construction of metering and delivery facilities. ARLINGTON is granted permission to access any metering facility constructed by CUSTOMER.

ARLINGTON will notify CUSTOMER of the intent to access any metering facility constructed by the CUSTOMER.

Metering stations shall be constructed at the point of entry to ARLINGTON when sanitary sewer lines terminated at the point of entry serve fifty (50) or more residences in CUSTOMER's City Limits. All new connections to ARLINGTON's system shall be metered unless otherwise approved by the Director of Arlington Water Utilities.

If a metering facility is not wholly located within the CUSTOMER's city limits, CUSTOMER shall acquire all property and rights-of-way necessary for construction of metering and delivery facilities. ARLINGTON shall provide assistance in obtaining all property and rights-of-way within the city limits of ARLINGTON, if requested. Cost associated with acquisition of property by ARLINGTON shall be the responsibility of the CUSTOMER. A facility not wholly located within the CUSTOMER's city limits shall not be located on an easement. Where the metering facility is wholly owned by CUSTOMER and wholly within CUSTOMER's city limits, CUSTOMER shall acquire these property rights in accordance with CUSTOMER's ordinances for right-of way or easement acquisition and it shall be the CUSTOMER's determination if the facility shall be located in right-of-way or easement.

3.0 METER MAINTENANCE AND TESTING

It shall be the duty of either party to this contract to notify the other party in the event that a meter is registering inaccurately or malfunctioning so that the meter can be promptly repaired. Either party shall have the right to test a meter. Notification of proposed test shall be provided at least 24 hours prior to conduction of the test, except in the case of emergencies. Either party shall have the right to witness meter tests.

CUSTOMER shall calibrate and routinely service the meters no less than once during each twelve-month period. Calibration or field verification of 4 to 20 millamp flow signal shall be accomplished according to manufacturer recommendations and as agreed upon by CUSTOMER and ARLINGTON. ARLINGTON shall be notified at least seven days prior to any proposed calibrations so that a representative from Arlington may observe. CUSTOMER shall submit a copy of the calibration results

to Arlington within 30 calendar days of completion of the calibration.

If, for any reason, any meter is out of service or inoperative, or if, upon any test, any meter is found to be inaccurate, registration thereof shall be corrected. Correction of inaccurate meter registration will normally be based on the most recent correct registration, if such is reasonably ascertainable. If the meter is out of service during a wet weather condition, there will be an adjustment for inflow and infiltration, based on historical peaking of flows. If the meter is out of service for more than one month, the previous twelve (12) months of flow data shall be used to establish an average flow per water account served by the meter.

ARLINGTON may, at its option and its own expense, install and operate a check meter to monitor each meter installed by CUSTOMER, but the measurement for the purpose of this agreement shall be solely by CUSTOMER's meters, except in the cases specifically provided to the contrary below. 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 CUSTOMER. The reading, calibration and adjustment of the check meter shall be made only by ARLINGTON, except during any period when a check meter may be used under specific written consent by CUSTOMER for measuring the amount of wastewater delivered into the System, in which case the reading, calibration and adjustment thereof shall be made by CUSTOMER with like effect as if such check meter or meters had been furnished or installed by CUSTOMER. ARLINGTON's installation of check meters shall not interfere with operation of the CUSTOMER wastewater collection system or CUSTOMER metering equipment.

4.0 Inflow Infiltration Reduction

Customer may request permission for a non-metered flow connection. This is subject to approval by ARLINGTON. ARLINGTON may allow the connection to ARLINGTON's system without metering stations, subject to Section 2.2 of this agreement.

ARLINGTON will only allow the connection to ARLINGTON's system, subject to Section 2.2 of this agreement. ARLINGTON hereby grants to the CUSTOMER only the right to connect the CUSTOMER's wastewater collection system to ARLINGTON's system provided that

prior to connection, the CUSTOMER shall adopt and enforce with regard to the plumbing facilities of each connection to the CUSTOMER's wastewater collection system regulatory ordinances containing standards equal to or better than those established by applicable ordinances governing similar connections within ARLINGTON.

CUSTOMER shall conduct or have conducted a Sanitary Sewer Evaluation Study (SSES) of its wastewater collection system within 36 months of the effective date of the contract.

TCEQ provides a Voluntary Initiative Program for assisting customers in outlining sanitary sewer maintenance and operations that reduce sanitary sewer overflows. CUSTOMER shall develop and maintain a formal infiltration and inflow program, in accordance with EPA's Capacity Management, Operation and Maintenance (CMOM) program or enter into the TCEQ Voluntary Initiative program. CUSTOMER shall provide appropriate ordinances and codes to reduce infiltration and inflow.

TCEQ adopted model standards to address sanitary-sewer overflows due to blockages caused by FOG (Fats, Oil, and Grease). CUSTOMER shall develop and maintain a formal FOG program, in accordance with TCEQ's model standards, and shall provide appropriate ordinances and codes to create a uniform policy on grease management.

5.0 ANNUAL RATES AND CHARGES

5.1 Total Cost to CUSTOMER

The total cost charged by ARLINGTON to CUSTOMER will consist of all operating and debt service cost incurred by ARLINGTON for CUSTOMER's use of ARLINGTON's sanitary sewer collection system plus the cost for transportation and treatment services provided by the Trinity River Authority's Central Regional Wastewater Treatment Plant (TRA's CRWTP). The cash basis methodology will be used in determining CUSTOMER'S cost of service. An example of the calculation will be made a part of this agreement as defined in Exhibit "C" attached hereto.

CUSTOMER understands and agrees that the wastewater entering the ARLINGTON System emanating from any source whatsoever must be given treatment and handling, whether or not its source is revenue producing for CUSTOMER. Therefore, CUSTOMER agrees to pay for infiltration and

inflow without abatement in the same manner and cost as other wastewater, when no direct metering is feasible.

5.2 Rates and Charges

Exhibit "D" attached hereto and incorporated by reference as if written word for word is a schedule of activities and performance dates in preparation of the rate setting activities. The transportation charge will be determined on an annual basis. The allocation factors used in the cost of service study will be updated no less than every five years. Additionally, the methodology and assumptions used in determining the cost of service will be reviewed by an outside consultant and may be modified to reflect changes in circumstances every five years.

The charge for collection at the point of entry and transportation through the ARLINGTON system shall be based on the amount of ARLINGTON system facilities used in carrying the wastewater to TRA and the TRA collection and treatment rate that is charged to ARLINGTON. The charges that will apply for all metered flow at the execution of this contract, until such time as adjustments are necessary are:

CUSTOMER'S Annual Transportation Charge: The initial annual transportation charge for transporting CUSTOMER'S wastewater to TRA'S CRWTP through ARLINGTON'S wastewater lines shall be \$27,611, or \$2,301 per month, as of the date of this Contract. This amount will be updated annually. ARLINGTON will meet with CUSTOMER annually to review the rate study and transportation charges, including anticipated revenue requirements.

Trinity River Authority Rate: The rate charged to Arlington for transportation and treatment of sewage by the Trinity River Authority shall be based on 1,000 gallons of wastewater treated, adjusted for inflow and infiltration, as of the date of this contract. The rate will be adjusted annually by the Trinity River Authority, with an effective date to coincide with TRA'S fiscal year which is December 1.

BOD Rate: The acceptable BOD concentration shall be the same rate as established by the current agreement between the City of ARLINGTON and the Trinity River Authority. The charge rate per pound of BOD in excess

of the concentration limit shall be as referenced in the current, or as amended, City of Arlington Industrial Waste and Water Pollution Control Ordinance or Water Utilities Office Policies.

TSS Rate: The acceptable TSS concentration shall be the same rate as established by the current agreement between the City of Arlington and the Trinity River Authority. The charge rate per pound of BOD in excess of the concentration limit shall be as referenced in the current, or as amended, City of Arlington Industrial Waste and Water Pollution Control Ordinance or Water Utilities Office Policies.

I&I Charge: ARLINGTON shall charge CUSTOMER for treatment costs associated with CUSTOMER'S inflow and infiltration. The charge will be calculated using the current estimated I&I percent included in the cost of service study. CUSTOMER is responsible for conducting a SSES of its wastewater system within 36 months of the date of this contract. The results of that study will then be incorporated into the cost of service model and will be used for future I&I cost determinations.

CUSTOMER agrees that ARLINGTON has the right to revise the transportation charge, from time-to-time as needed, without formal amendment of this contract, to cover all reasonable, actual and expected costs. ARLINGTON will adjust its charges based on its fiscal year which is October through September. CUSTOMER agrees that the Trinity River Authority has the right to revise, by board action, without formal amendment of this contract, the rates to recover the reasonable, actual and expected costs. Trinity River Authority adjusts its rates based on its fiscal year, which is December through November.

5.3 Monthly Billing

ARLINGTON will render a monthly bill to CUSTOMER, which represents a statement of charges for 1/12th of ARLINGTON's annual operating and maintenance expense including debt service (as calculated in the Wastewater Cost of Service study conducted in accordance with Exhibit "C" attached hereto and made a permanent part of this contract) plus the TRA treatment charge calculated using

the reported monthly flow adjusted for inflow and infiltration and the current TRA treatment rate. Said monthly bill will be rendered to CUSTOMER by the 10th day of each month when such amounts are due. Payment is due from CUSTOMER to ARLINGTON by the 25th day of such month.

5.4 Annual Settle-Up

The Trinity River Authority's treatment charge is a volumetric rate based on its prospective cost for treating wastewater and is a direct pass-through cost to CUSTOMER based on CUSTOMER'S monthly flow adjusted for inflow and infiltration. After the close of the TRA's fiscal year, a "trued-up" rate will be provided to ARLINGTON. ARLINGTON shall apply the difference between the "trued-up" rate and the budgeted rate to the corresponding billed volumes for CUSTOMER to ascertain whether CUSTOMER should receive a credit or an additional charge for treatment services. ARLINGTON shall prorate the credit or charge to CUSTOMER over the remaining billing months of the current fiscal year.

The Trinity River Authority treatment charge is a direct pass-through to CUSTOMER.

6.0 TRANSPORTATION CHARGE SETTING PRINCIPLES

The transportation charge shall be established according to the "WASTEWATER TRANSPORTATION CHARGE GUIDELINES", as it may be amended, contained in Exhibit "B" and incorporated herein for all purposes.

7.0 WASTEWATER QUALITY

CUSTOMER agrees to enact and enforce rules requiring those users connected to CUSTOMER'S System to comply with the provisions of all prevailing ARLINGTON Ordinances and applicable federal or state regulations including but not limited to (1) discharged substances, (2) prohibited discharges, (3) pretreatment requirements, (4) industrial discharge permit system, (5) industrial self-monitoring reports and (6) pretreatment plans. At the effective date of this contract, the applicable ARLINGTON Ordinance is the Industrial Waste and Water Pollution Control Ordinance, incorporated herein as if copied word-for-word and made a part of this contract. Any future ordinance changes relating to industrial discharges, prohibited or controlled wastes or pretreatment requirements, shall apply to this contract as if in effect at the effective date of this contract.

CUSTOMER agrees to use injunctive relief as an enforcement option for sources within the Customer's service area whose discharge interferes with the treatment system, poses an imminent danger to public health or when the specific industry is not making sufficient progress toward completing an approved pretreatment system.

In addition to other samples taken and tests made on an as-required basis, ARLINGTON shall have the right to take samples of wastewater discharges at points of entry. Costs of sampling and testing taken by ARLINGTON shall be borne by ARLINGTON. ARLINGTON will provide 24 hours notice to CUSTOMER of their intent to sample at points of entry so that CUSTOMER may arrange for split samples to be taken if deemed necessary.

At CUSTOMER's request, ARLINGTON will sample and perform testing of wastewater discharges at points of entry. The costs of sampling and testing will be invoiced to CUSTOMER.

8.0 RATES FOR EXCESS STRENGTH DISCHARGES

An additional charge shall be made for excess strength discharges at the point of entry into ARLINGTON's System. A surcharge for each mg/L of BOD and TSS in excess of the defined limit shall be assessed. Rates and definitions for excessive strength discharges shall be as established in the current City of Arlington Industrial Waste and Water Pollution Control Ordinance.

9.0 QUANTITY AT POINT OF ENTRY

It is understood and agreed that ARLINGTON and CUSTOMER have an obligation to prevent entrance of infiltration and inflow into local wastewater facilities and thence into ARLINGTON's System. CUSTOMER, therefore, agrees that all sewer connections that ultimately connect into ARLINGTON's System will be constructed with a permanent type material, carefully bedded to prevent over-stressing of the material and utilizing a joint that will provide a permanent watertight connection. CUSTOMER agrees that each such installation shall pass an air test performed in accordance with applicable A.S.T.M. Standards and shall be done under the supervision of CUSTOMER's authorized representative at the time of installation. All such tests shall be at CUSTOMER's expense. Each building

lateral that interconnects private property to the public sewer shall be excluded from the air test requirements. Such laterals shall be leak tested in conformance with State Rules and plumbing code.

CUSTOMER agrees that the physical connection of each service line to the local wastewater facility shall be the responsibility of CUSTOMER and shall not be left to the discretion of the plumber or contractor unless said plumber or contractor is under the direct supervision of, or whose work is inspected by, CUSTOMER's authorized representative. CUSTOMER further covenants that all future trunk sewer lines added to the local wastewater facility which will discharge in ARLINGTON's System shall be built in accordance with appropriate State of Texas Design Criteria including infiltration/exfiltration limitations and that representative sections of each new line shall be subject to an air test or infiltration or exfiltration test at the time of installation and at the option of ARLINGTON and at the sole expense of CUSTOMER, to assure the standards are met. CUSTOMER does hereby covenant that it will maintain strict supervision and maintenance of its local wastewater facilities and not allow a direct connection to the sanitary sewer which would allow storm water to enter (this would include roof drains or any other means by which surface drainage can enter local wastewater facilities and thence to the ARLINGTON System).

10.0 PROTECTION OF WASTEWATER SYSTEM

It is mutually understood and agreed that only employees, agents, or contractors of CUSTOMER shall be permitted to work on or make connections to the CUSTOMER's System which ultimately discharges into the ARLINGTON System; and that only qualified plumbers, licensed by the State of Texas, shall be permitted to work on building laterals entering into the CUSTOMER's System which discharges into the ARLINGTON System. It is further mutually understood and agreed, however, that this provision shall be waived as to ARLINGTON in the event that personnel of the Water Resource Services or Field Operations Division of Arlington Water Utilities Department find it necessary to enter CUSTOMER's jurisdiction for assistance or surveillance purposes and that free access shall be provided to said personnel in the pursuit of their duties. In the event that it is necessary to enter CUSTOMER's jurisdiction for surveillance or inspection purposes, in non-emergency situations, ARLINGTON will provide notification and opportunity to jointly conduct any

activity within the CUSTOMER's service area. ARLINGTON will be responsible for the actions of its employee(s) and any injuries resulting from the use of ARLINGTON'S equipment within CUSTOMER's service area.

It is mutually understood and agreed that CUSTOMER will maintain a careful inspection of its wastewater collection system and will exercise diligence and care in the maintenance of said system within CUSTOMER's jurisdiction and in the installation of connections and laterals that may be connected with the system in order that the ARLINGTON System shall not be burdened with excess discharge during rains and wet weather. Maintenance of the system includes the responsibility to cleanup any overflow that may occur within CUSTOMER'S jurisdiction and the payment of any costs related to the overflow and its' clean up.

Laterals to private dwellings and public, commercial, or industrial buildings constructed in the CUSTOMER's drainage area after the effective date of this Contract shall be of materials jointly approved by ARLINGTON and CUSTOMER. Each building lateral which interconnects private property to the public sewer shall pass a water test meeting minimum standards of the State Rules for sewage collection systems.

It is further understood and agreed that a failure on the part of CUSTOMER to provide and enforce such regulations governing connections with the CUSTOMER's System shall, at the option of ARLINGTON after notice to CUSTOMER in writing of the specific violation or violations, and after failure within thirty (30) days to correct said violation, or violations, be sufficient ground for ARLINGTON to restrict or limit flow to such extent ARLINGTON deems necessary in order to protect its wastewater system from damage of excessive flows.

11.0 LIABILITY FOR DAMAGES AND RESPONSIBILITY FOR TREATMENT AND DISPOSAL OF WASTEWATER

Liability for damages arising from the reception, transportation, delivery, treatment and disposal of all wastewater discharged hereunder shall remain with CUSTOMER to CUSTOMER's Point of Entry. Damages as a result of incompatible wastes, grease, and/or debris originating from CUSTOMER shall remain with the CUSTOMER and at all times be the responsibility of the CUSTOMER. As between the parties, each party hereto agrees to release the other party from all claims, demands and causes of action that may be asserted by anyone on account of the reception,

transportation, delivery, and disposal while wastewater is in the control of such party. ARLINGTON takes the responsibility as between the parties hereto for the proper reception and transportation of all such wastewater properly received by it at Points of Entry to TRA.

12.0 ACCESS

CUSTOMER must provide ingress and egress for ARLINGTON employees, contractors or agents at all times to all ARLINGTON property inside CUSTOMER's boundaries to install, operate, inspect, test and maintain facilities owned or maintained by ARLINGTON within CUSTOMER's city limits.

ARLINGTON will provide ingress and egress for CUSTOMER's employees, contractors and agents at all times to all CUSTOMER property inside ARLINGTON's boundaries to install, operate, inspect, test, and maintain facilities, and read meters owned or maintained by CUSTOMER within ARLINGTON.

13.0 CUSTOMER PROVISION OF DATA

13.1 CUSTOMER shall provide the following data monthly to Arlington Water Utilities' Customer Services.

- (1) Actual number and addresses of CUSTOMER accounts and associated flow feeding into ARLINGTON's wastewater system.

13.2 CUSTOMER shall supply information required to complete cost of service study as shown in Exhibit "C". Such information shall be provided to ARLINGTON within 14 days of CUSTOMER's City Council approval of its comprehensive annual financial audit. If an annual financial audit is not conducted, such information shall be provided to ARLINGTON by March 31 each year.

13.3 Water Consumption

Upon notification by ARLINGTON, CUSTOMER shall provide data and supporting documentation on total water consumption for accounts feeding into the ARLINGTON wastewater system during the four winter billing months (December, January, February, and March) to ARLINGTON within 30 days. Billing months need not be calendar months. Where available, this total consumption should be separated into consumption by type of account as listed in Exhibit "C" of this contract.

13.4 Additional Data Provided by CUSTOMER

CUSTOMER agrees to provide to ARLINGTON a comprehensive map of its wastewater collection system within 90-calendar days of initial execution of this agreement. Said comprehensive map shall consist of scaled engineering drawings that delineate the location of all manholes, clean-outs, and lines which feed into the ARLINGTON wastewater system. The drawings shall include the size of every pipe segment. The drawing shall indicate the diameter of every pipe segment in inches.

CUSTOMER shall provide to ARLINGTON an electronic file of its wastewater collection system, as described above, within 90-calendar days of initial execution of this agreement. This electronic file shall be compatible with ARLINGTON'S GIS (Geographic Information System).

CUSTOMER shall furnish annually, no later than January 31 each year, an update to the initial comprehensive map and electronic file submittal which delineates new and/or upgraded line segments. The updated attribute information shall be depicted in a different color from the initial base map attributes and it shall conform to the same scale pipe sizing annotations that were required in the initial base map submitted within 90-calendar days of the initial execution of this contract.

CUSTOMER may be required to provide additional data for cost of service studies.

14.0 VOLUNTARY SANITARY SEWER OVERFLOW (SSO) OUTREACH INITIATIVE

14.1 CUSTOMER has completed a Sanitary Sewer Master Plan including Capacity, Management, Operations and Maintenance (CMOM) guidelines in conjunction with the Sanitary Sewer Evaluation Study (SSES). CUSTOMER shall continue to update the Master Plan and SSES on a regularly scheduled basis.

14.2 WASTEWATER MASTER PLAN

CUSTOMER agrees to provide a comprehensive wastewater master plan to ARLINGTON within 36 months following the effective date of this agreement. Such plan shall include, but shall not be limited to:

- i. population data, present and projected;
- ii. geography and topography data;
- iii. existing and projected discharge flows into the ARLINGTON system;
- iv. existing and planned wastewater collection system maps; and
- v. how existing deficiencies within the CUSTOMER'S collection system will be addressed.

The initial plan shall be for a twenty-year period. CUSTOMER further agrees that changes to the plan shall be submitted to ARLINGTON and, if deemed necessary by CUSTOMER, revised at five-year intervals.

15.0 PAYMENTS TO CONSTITUTE OPERATING EXPENSES BY CUSTOMER

CUSTOMER represents and covenants that the services to be obtained pursuant to this Contract are essential and necessary to the operation of CUSTOMER and its local wastewater facilities, and that all payments to be made hereunder by it will constitute reasonable and necessary "operating expenses" of city's water and sanitary sewer systems, within the meaning of V.T.C.A., Government Code Chapter 1502, and the provisions of all ordinances authorizing the issuance of all revenue bond issues of CUSTOMER which are payable from revenues of CUSTOMER water and sewer systems.

16.0 FORCE MAJEURE

If, for any reason, not reasonably within the control of the party so claiming, either party hereto shall be rendered in whole or in part unable to carry out its obligations under this contract, then that party's obligation shall be suspended during the continuance of the inability then claimed, but for no longer period. Such party shall endeavor to remove or overcome such inability with all reasonable dispatch. Inability to pay in and of itself by CUSTOMER shall not constitute "Force Majeure".

17.0 REGULATORY BODIES

This contract shall be subject to all valid rules, regulations and laws applicable hereto passed or promulgated by the United States of America, the State of Texas or any governmental body or agency having

lawful jurisdiction or any authorized representative or agency of any of them.

ARLINGTON must comply with all Federal, State, and local government requirements to obtain grants and assistance for system construction, studies, etc. CUSTOMER is required to assist ARLINGTON in compliance by setting adequate rates and complying with governmental requirements.

18.0 PUBLICATIONS, REFERENCE WORKS, GOVERNMENTAL REGULATIONS

In each instance herein where reference is made to a publication, reference work or Federal or State regulation, it is the intention of the parties that, at any given time, the then current edition of any such publication or reference work or Federal or State regulation shall apply. If a publication or reference work is discontinued or ceases to be the generally accepted work in its field or if conditions change or new methods or processes are implemented by ARLINGTON, new standards shall be adopted which are in compliance with State and Federal laws and any valid rules and regulations and will become a part of this Contract.

19.0 TERMINATION

ARLINGTON shall have the right to terminate this agreement if CUSTOMER is more than three (3) months delinquent in any payments required to be made to ARLINGTON hereunder and CUSTOMER has not attempted to cure the delinquency. ARLINGTON shall notify CUSTOMER in writing that this agreement will be terminated unless the CUSTOMER remits payment for the full amount due within 10 calendar days of date of written notification. In addition, ARLINGTON shall have the right to terminate this agreement if CUSTOMER fails to comply with any other term or provision of this agreement, other than payments required under this agreement, and CUSTOMER fails to cure such default after written notification and a reasonable time to cure as specified in the written notification.

In the event of termination by ARLINGTON due to CUSTOMER's default, or should CUSTOMER desire to partially or totally discontinue using ARLINGTON's facilities, CUSTOMER shall, for ten years from any discontinuation, termination, or the balance of this contract term, whichever is less, remain liable for wastewater charges at ARLINGTON'S annual billing charge

in effect at such cessation as reasonable liquidated damages. These reasonable payments shall serve as liquidated damages and are intended to compensate ARLINGTON for the expenditures incurred on CUSTOMER's behalf for the cost to provide additional waste transmission, treatment, and disposal facilities. CUSTOMER understands and contracts that the failure to comply with any term or provision in this contract will result in damage to ARLINGTON and that it is and will be impracticable to determine the actual amount of such damage whether in the event of delay, nonperformance, failure to meet standards or any other deviation. Therefore, CUSTOMER and ARLINGTON contract that the liquidated damages specified in the contract are reasonable. It is expressly understood and agreed that the liquidated damages amounts are not to be considered a penalty, but shall be deemed, taken and treated as reasonable liquidated damages. It is also expressly understood and agreed that the remedies of ARLINGTON in the event of CUSTOMER's default or minor or major breach of any term or provision of this contract are not limited to termination and collection of liquidated damages.

20.0 VENUE

This Contract shall be construed pursuant to and in accordance with the laws of the United States of America and the State of Texas (except that conflict of law rules shall be ignored to the extent they apply the law of another state). If any action, whether real or asserted, at law or in equity, arises out of the terms of this Contract, venue for such action shall lie exclusively in state courts located in Tarrant County, Texas, or the United States District Court for the Northern District of Texas, Fort Worth Division.

21.0 TERM OF CONTRACT

The term of this contract shall commence as of the date of execution of same, being also the date of the resolution of the ARLINGTON City Council approving this contract, and shall remain in effect for a period of 30 years unless terminated in accordance with the Contract.

22.0 NOTICES:

Any notice required under this contract may be given to the respective parties at the following addresses by Certified Mail, postage prepaid:

CUSTOMER

City of Mansfield
Attn:City Manager
1200 E. Broad St.
Mansfield, TX 76063

ARLINGTON

City of Arlington
Attn:Director of Water Utilities
P. O. Box 90231, MS 01-0200
Arlington, TX 76004-0231

23.0 ENTIRE AGREEMENT

It is understood that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements, or understandings between the parties relating to the subject matter. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. This Agreement can not be changed or terminated orally. No verbal agreement or conversation with any officer, agent or employee of any party before or after the execution of this Agreement shall affect or modify any of the terms or obligations hereunder.

24.0 AUTHORIZATION

The undersigned officers and/or agents are properly authorized to execute this contract on behalf of the parties hereto and each party hereby certifies to the other that any necessary resolutions or actions extending such authority have been duly passed and are now in full force and effect.

Executed and effective as of the date first written above.

CITY OF ARLINGTON, TEXAS

CITY OF MANSFIELD, TEXAS

Julia J. Hunt, P.E.
Director of Water Utilities

By: _____
Clayton Chandler
City Manager

ATTEST:

ATTEST:

KAREN BARLAR
City Secretary

City Secretary

APPROVED AS TO FORM:
JAY B. DOEGEY
City Attorney

APPROVED AS TO FORM:
LEGAL COUNSEL

By: _____

By: _____

EXHIBIT A
POINTS OF ENTRY

EXHIBIT B

WASTEWATER TRANSPORTATION CHARGE GUIDELINES

BASIS FOR TRANSPORTATION CHARGE:

The transportation charge will be determined by cost-of-service using the cash basis methodology.

The cash basis methodology shall incorporate, but not be limited to, operation and maintenance expenses, debt service payments, normal annual system replacements and improvements, equipment purchases, cash-financed capital improvements, additions to reserves, payments-in-lieu of taxes (PILOT) and other transfers, such as to the General Fund.

TRANSPORTATION CHARGE PERIOD:

The most recently concluded fiscal year (12-month) operating period adjusted for known changes, selected to be representative of the period of time over which the new transportation charge is expected to be in effect.

DATA BASIS:

Transportation charge shall be based on operating results during the most recent fiscal year for which actual data is available.

FREQUENCY OF COST OF SERVICE STUDIES:

The transportation charge will be determined on an annual basis. The allocation factors used in the cost of service study will be updated no less than every five years. Additionally, the methodology and assumptions used in determining the cost of service will be reviewed by an outside consultant and may be modified to reflect changes in circumstances every five years. Cost of service information shall be made available to CUSTOMER for review and comment no later than June 30 preceding the beginning of the fiscal year for which there is a proposed change in the transportation charge.

EXHIBIT "C"

EXAMPLE OF ARLINGTON'S COST OF SERVICE CALCULATION

Rate model calculation spreadsheets are provided on following pages.

EXHIBIT "D"

SCHEDULE OF ANNUAL TRANSPORTATION CHARGE
and RATE SETTING ACTIVITIES

Date	Activity
Mid June	<p>Budget workshop with wholesale wastewater customers</p> <p>Preliminary transportation charge for following fiscal year completed and forwarded to wholesale wastewater customers</p> <p>Preliminary TRA treatment rate provided to wholesale wastewater customers</p>
By June 30	<p>Receipt of prior fiscal year settle-up treatment rate from TRA</p> <p>Final transportation charge for following fiscal year completed and forwarded to wholesale wastewater customers</p> <p>Wholesale customers provide the cost incurred for Arlington's use of CUSTOMER'S system for following fiscal year, if applicable</p>
Mid July	<p>TRA treatment "trued-up" rate applied to wholesale wastewater customers volumes to determine CUSTOMER settle-up</p>
First week September (or as soon as Arlington receives notification from TRA)	<p>Final TRA rate provided to wholesale wastewater customers</p>