

NON-STANDARD SERVICE

APPENDIX B: RULES AND REGULATIONS CONCERNING MAXWELL'S SERVICE TO SUBDIVISIONS

TABLE OF CONTENTS

I.	Purpose	2
II.	Definitions	2
III.	Process to Identify Water Availability to Subdivision — Feasibility Study	3
IV.	Reserving Capacity in Maxwell's System	5
A.	Reserving Existing Production, Treatment and Storage Capacity	5
B.	Reserving New Production, Treatment and Storage Capacity	6
C.	Nonstandard Water Service Agreements	6
D.	Construction of Developer Project Required to Establish Availability of Water Service to Individual Lots	7
E.	Developer Request for Maxwell to Indicate on a Plat that Water Capacity is Available to a Subdivision	7
F.	One Time Eligibility for Refund of Capacity Reservation Fees	8
G.	Transfer of Reserved Capacity Prohibited	8
H.	Recording of Information Concerning Water Availability	8
V.	Obtaining Water Service in Small Subdivisions Containing No More than Four Lots or Parcels	8
VI.	Construction Rules and Regulations	8
VII.	Acceptance	11
VIII.	USDA – Rural Development	11

Exhibit A to Appendix B — Restrictive Covenant

pp. 12 & 13

APPENDIX B

Rules and Regulations Concerning Maxwell's Service to Subdivisions

I. Purpose

The purpose of this policy is to establish the terms and conditions under which Maxwell will provide water for subdivisions, additions to subdivisions, or developments where service to one or more tracts is requested. The General Manager of Maxwell shall act on behalf of the Board to implement this policy.

II. Definitions

- A. "Maxwell" means the Maxwell Water Supply Corporation as represented by its Board of Directors.
- B. "Maxwell's Engineer" means a person or firm licensed by the State of Texas and engaged by Maxwell to provide engineering consulting services to Maxwell.
- C. "Maxwell's System" means Maxwell's production, treatment and storage facilities and Maxwell's general purpose transmission facilities.
- D. "Board of Directors" or "Board" means the duly elected members of the Board of Directors of Maxwell Water Supply Corporation.
- E. "Capacity Reservation Fee" – means those fees described in Section IV (A) and paid annually to reserve the required water capacity to serve a Subdivision (defined herein).
- F. "Cost of Construction" means all expenses associated with constructing, installing and placing a facility into operation including, but not limited to, planning, engineering, clearing, surveying, legal, land acquisition, acquisition of rights-of-way, the construction contract, and the like.
- G. "Developer" means an individual, partnership, corporation, or other legal entity that has subdivided land or desires to subdivide land or requests more than two water service connections on a single contiguous tract of land.
- H. "Developer Project" means the construction of facilities by a Developer to serve a subdivision owned or controlled by the developer, including water lines and related equipment necessary to transport water from General Purpose Transmission Facilities to provide water service to individual lots in a subdivision, which facilities will be deeded to Maxwell.
- I. "Feasibility Study" means the report prepared by Maxwell's Engineer to determine if sufficient water capacity is available to a particular tract of land, and if construction of certain improvements to Maxwell's System is required before capacity is available.
- J. "General Purpose Transmission Facilities" means those pumps, filters, lines, chlorination units, and the like which are designed to provide water service to more than one subdivision.
- K. "Production and Storage Facilities" means the equipment, structures, and appurtenances necessary to produce, treat and store water from groundwater or surface water sources for delivery to General Purpose Transmission Facilities.
- L. "Service Area" means that area to which Maxwell may lawfully provide water service, whether within or outside the area described by the Certificate of Convenience and Necessity held by Maxwell.
- M. "Subdivision" means the division of any lot, tract, or parcel of land, within the Service Area of Maxwell, into two or more lots or sites for the purpose of sale or development, whether immediate or future, including re-subdivision of land for which a plat has been filed and recorded. The following are exempted from this definition: Divisions of land resulting from a family or testamentary transfer of a parcel of land having an area of two (2) acres or more, which will not require Maxwell to construct new water lines and which may be accessed by existing water lines which meet Texas Commission on Environmental Quality requirements to service the additional meters. The term "family" includes only the grantor's spouse, parents, children, grandparents, grandchildren, or siblings. Provided, however, this exemption shall not apply to an *inter vivos* family transfer that constitutes a subdivision of land for sale to the public.

- N. N.. "LUE" — Living Unit Equivalent: The equivalent of one single family residence that can be adequately served by a 5/8" x3/4" water meter.
- O. O. "United States Department of Agriculture – Rural Development Rules" or "USDARD Rules" means those rules promulgated by USDARD with which Maxwell must comply. This includes existing and future rules to which Maxwell is subject.

III. Process to Identify Water Availability to Subdivision – Feasibility Study

- A. To begin the process of reserving water capacity and the subsequent provision of water service to a proposed Subdivision, Developer must file a request in writing for Maxwell to prepare a Feasibility Study at Developer's expense for the proposed Subdivision to determine whether there is sufficient capacity in Maxwell's System to serve the proposed Subdivision, or whether a need exists for an expansion to the capacity of the production, treatment and storage or General Purpose Transmission Facilities, or a combination of both to serve the proposed Subdivision. In addition to the payment of the fees set out in Paragraph B, a request for a Feasibility Study shall include the following:
 - 1. Four (4) copies of a map or plat showing the proposed Subdivision, indicating the location of said Subdivision within Maxwell's CCN, and the proposed improvements to be constructed by Developer necessary to connect to Maxwell's System. The map or plat must show the dimensions of the lots or tracts that result from the subdivision of the property. The map or plat, and any revisions, amendments, or supplements thereto, must be signed and sealed by a licensed surveyor or registered professional engineer.
 - 2. The intended land use of the Subdivision, including detailed information concerning the types of land uses proposed.
 - 3. The projected water demand of the Subdivision when fully built out and occupied, the anticipated water demands for each type of land use, and a projected schedule of build-out for the Subdivision and associated water demand schedule of events leading up to the approximate date upon which service from Maxwell will first be needed.
 - 4. A proposed calendar of events, including design, plat approval, construction phasing and initial occupancy, and the approximate date upon which service from Maxwell will first be needed.
 - 5. Any other information required by Maxwell to facilitate the evaluation of water service for the proposed Subdivision.
- B. All requests for a Feasibility Study shall be accompanied by a non-refundable fee according to the following schedule:

Proposed Number of LUEs	Fee
1-10	\$1,000.00
11-250	\$1,500.00
251 or more	\$2,500.00 plus any additional cost to Maxwell

- C. The request for a Feasibility Study will be submitted by the General Manager to Maxwell's Engineer for review and evaluation. Under normal circumstances and where sufficient information is submitted with the request, Maxwell's Engineer will complete the Feasibility Study within 30 days of Maxwell's receipt of the request and payment of the required fee. The Feasibility Study will include the cost of additional facilities, if any, needed by Maxwell to provide water service to the proposed Subdivision based on current material and labor prices and preliminary site and engineering information. A copy of the Feasibility Study will be provided to the Developer upon payment of all fees listed above.

- D. Upon the request of Developer and payment of all applicable fees, the Feasibility Study shall be submitted to the Board of Directors for its consideration at the next regular Board meeting, provided that the next Board meeting is at least 10 days following the date the request is received. If the request is received less than 10 days prior to the next Board meeting, the request will be on the agenda for the following month's meeting. If the Board of Directors determines that providing water service to the proposed subdivision is feasible, the Board shall adopt a resolution indicating Maxwell's ability to provide water service to the Subdivision subject to special terms and conditions to such service identified in the Feasibility Study and to be incorporated in a Nonstandard Water Service Agreement. Maxwell's General Manager shall provide the Developer with the final Feasibility Study identifying the estimated cost to the Developer for Maxwell to provide water service to the proposed Subdivision and Maxwell's fees to reserve capacity in Maxwell's System. The Developer's share of the actual cost to construct the facilities necessary to provide water service to the proposed Subdivision will be determined at the time Maxwell receives quotations from contractors based on final detail design of the facilities. In addition, Maxwell will provide the Developer with the amount of expenses, such as attorneys' fees, estimated to be incurred by Maxwell in negotiating and drafting the Nonstandard Water Service Agreement. The Developer must pay Maxwell a deposit in the amount of estimated expenses and provide Maxwell with a copy of the warranty deed conveying title to the Developer prior to the drafting of the Nonstandard Water Service Agreement. If there are any funds remaining after payment is made to cover all such expenses, then Maxwell will refund the amount of surplus funds to the Developer. If the deposit is insufficient to cover such expenses, then the Developer shall immediately pay Maxwell additional funds in the amount of the balance.
- E. A determination that providing water service to a proposed Subdivision is feasible does not reserve capacity for use with the proposed Subdivision. Uncommitted water supply capacity that exists in Maxwell's System is available on a first come, first served basis and may be reserved only in accordance with Section V of this Tariff. Developer shall not have any rights to water supply capacity until after the Nonstandard Water Service Agreement is fully executed and capacity reservation fees have been paid.
- F. Maxwell recognizes that a developer may desire to determine the feasibility of providing water supply to a proposed Subdivision prior to the purchase of the property. When a request for a Feasibility Study has been submitted by a Developer who does not own the subject property and service to the property has been determined to be feasible, the subject capacity may be held for the proposed Subdivision until the next regularly scheduled meeting of the Board of Directors. Existing water supply capacity may be held for a proposed Subdivision for a period of 120 days by payment of the greater of \$2500 or 10% of the total capacity reservation fee, which payment shall be nonrefundable. A request to hold capacity must be written and hand delivered or sent by certified mail to Maxwell's General Manager accompanied by the appropriate fee. The request to hold capacity must be received by Maxwell within 30 days after the date of the meeting of the Board of Directors at which service to the proposed Subdivision is determined to be feasible.
- G. In order to maintain the right to utilize the capacity held under Subsection IV.A, the Developer must execute the Non Standard Water Service Agreement required under Subsection III. E and pay in full the capacity reservation fees required under Section V, prior to the expiration of the holding period. The capacity reservation fees shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors or Maxwell's General Manager. If all requirements of this subsection are not satisfied, any capacity held for the proposed Subdivision shall revert to first come, first served availability.

H. Large Volume Service – Conservation Districts

1. Any Conservation District desiring to buy water on a bulk basis will be required to negotiate a special contract for such purpose. The contract shall, as a minimum, provide that Maxwell will provide a specified quantity of water at a metered point of delivery. Each Conservation District will be responsible for constructing, owning, operating, and maintaining all re-pressurization facilities, retail water distribution facilities, and the like to provide retail water service.
2. All Large Volume Service – Conservation District contracts will require that Maxwell be the sole source of water for whatever area is to be served by the Conservation District.

IV. Reserving Capacity in Maxwell's System

Except as allowed by Section V of these Rules and Regulations, Maxwell will not provide water service to a lot in a Subdivision unless the Developer has reserved capacity for the requested connection under this Section pursuant to [Section 3.01- confirm reference] of Maxwell's Tariff.

A. Reserving Existing Production, Treatment and Storage Capacity

1. In order to reserve available capacity for a Subdivision, based on the following types of service, the Developer shall pay the applicable fees on annual basis:
 - (a) Standard Service: Pay to Maxwell a capacity reservation fee in the amount of \$600.00 for each LUE. The capacity reservation fee together with the Front End Capital Contribution, which is collected at the time a meter is installed, compensate Maxwell for its investment in the water production, treatment, storage, and transmission facilities which the new customer will utilize when connected to Maxwell's System. In the case of multi-family residences with 2 or more units, each dwelling unit shall have its own meter and a capacity reservation fee shall be charged for each dwelling unit. This fee shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors at the time the Nonstandard Water Service Agreement is executed and on the anniversary of such date in each subsequent year until each of the meters in the Subdivision are connected to the system and receive service.
 - (b) Multi-Unit Residences: In the case of multi-dwelling unit residences served by Large Volume Service — Multiple Owner, the development may be served by one or more master meters. The number of dwelling units shall be adjusted by multiplying by a factor of 0.7 for dwelling units that share common walls, such as townhouses or condominiums. This fee shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors at the time the Nonstandard Water Service Agreement is executed and on the anniversary of such date in each subsequent year until each of the meters in the Subdivision are connected to the system and receive service.
 - (c) Commercial: Each commercial user shall have its own meter. The commercial capacity reservation fee shall be calculated by calculating the ratio of the water demand needed by the commercial customer to the water demand for a single family residential customer, and then multiplying the then current single family capacity reservation fee times the ratio derived above. Provided, however, the cost of a commercial capacity reservation fee shall never be less than the single family residential capacity reservation fee. This fee shall be payable in the form of a Cashier's Check or other form of payment approved by the Board of Directors at the time the Nonstandard Water Service Agreement is executed and in on the anniversary of such date in each subsequent year until the each of the meters in the Subdivision are connected to the system and receive service.

2. Pay to Maxwell the Costs of Construction necessary to provide service from the nearest point of adequate supply in Maxwell's existing General Purpose Transmission Facilities to the proposed Subdivision. Developer shall pay Maxwell the Costs of Construction at the time the Nonstandard Water Service Agreement is executed. These costs shall be payable in the form of a Cashiers Check or other form of payment approved by the Board of Directors or Maxwell's General Manager.
3. Agree to construct all facilities included in Developer Project and deed all facilities constructed under this Paragraph to Maxwell together with all easements in which the facilities are located, upon completion and acceptance by Maxwell's Engineer.

2. The Developer shall submit an annual payment for the capacity reservation fee for those meters that have not been connected in the Subdivision and for which water capacity in the system remains reserved. The Nonstandard Water Service Agreement will include terms on the assessment and collection of fees applicable to the Subdivision.

B. Reserving New Production, Treatment and Storage Capacity

If it is necessary for Maxwell to add capacity to Maxwell's System before Maxwell can adequately serve the Subdivision proposed by the Developer, the following requirements shall apply:

1. The Developer shall pay the Costs of Construction necessary to provide service from the nearest point of adequate supply in Maxwell's existing General Purpose Transmission Facilities to the proposed Subdivision.
2. The Developer shall pay the greater of:
 - (i) a capacity reservation fee in the amount of \$600.00 for each single family residential customer (or equivalent as described in Section V.A.1 above), or
 - (ii) all Costs of Construction necessary to upgrade that portion of Maxwell's Production and Storage Facilities to meet the needs of the Developer's requested service.
3. The design of all improvements to Maxwell's System shall be accomplished by Maxwell's Engineer and the construction of such improvements shall be done by Maxwell or Maxwell's agents. The Costs of Construction of all such improvements shall be borne by the Developer in accordance with Subsections IV.B.1 and IV.B.2 above. Developer shall pay to Maxwell the full amount of the Costs of Construction at the time the Reserved Capacity Agreement is executed. These costs shall be payable in the form of a Cashiers Check or other form of payment approved by the Board of Directors or Maxwell's General Manager.
4. The Developer shall agree to construct all facilities identified as Developer Project and convey all facilities constructed under this Paragraph to Maxwell together with all easements in which the facilities are located upon completion and acceptance by Maxwell.

C. Nonstandard Water Service Agreements

All Nonstandard Water Service Agreements shall be subject to the terms of the Maxwell Water Supply Corporation's Rules and Regulations, including the Tariff on file with the Texas Commission on Environmental Quality. All Nonstandard Water Service Agreements shall also be subject to all future amendments or modifications of the Rules and Regulations and the Tariff. In the event the terms of a Nonstandard Water Service Agreement conflict with the Rules and Regulations and the Tariff, the Rules and Regulations and the Tariff shall control. The Nonstandard Water Service Agreement shall have a term of ten years. A request for an agreement with a term of greater than ten years or any extensions to existing agreements shall be considered on a case-by-case basis. Upon the expiration of any Nonstandard Water Service Agreement and the construction of Developer Project is not underway, the capacity reserved pursuant to such Agreement shall be returned to Maxwell and available on a first-come, first-served basis.

D. Construction of Developer Project Required to Establish Availability of Water Service to Individual Lots

The approval and execution of the Nonstandard Water Service Agreement between Developer and Maxwell results in the availability of a specific amount of water capacity at the boundary of the Subdivision. The availability of water capacity at the boundary of the Subdivision does not mean that water service is available at a particular lot or that Maxwell will set a meter at a lot upon request by the owner of the lot. Developer must complete Developer Project and execute and record a deed to Maxwell subject to approval by Maxwell's counsel in order for capacity and water service to be available at a lot within the Subdivision.

E. Developer Request for Maxwell to Indicate on a Plat that Water Capacity is Available to a Subdivision

In order for Maxwell to indicate on a final plat of a Subdivision that water service is available, Developer must either (1) complete construction of Developer Project, or (2) if construction of Developer Project is not complete, (i) execute restrictive covenants in a form similar to Exhibit A attached hereto, or (ii) provide a letter of credit ("LOC") payable to Maxwell in an amount equal to the costs of construction of the on-site water facilities plus 15% contingencies.

In the event Developer chooses to request the filing of restrictive covenants, said restrictive covenants will be filed by Maxwell in the real property or plat records of the county where the Subdivision is located. Maxwell will file the appropriate instrument to release the restrictive covenants when Developer Project is complete; however, if Developer Project is larger than 10 lots and completed in stages, Maxwell will release specific lots from the restrictive covenants in groups of not less than 10 lots.

In the event Developer chooses to submit a LOC as set out herein, Developer must first submit construction plans and specifications for Developer's Project, including a detailed cost estimate to Maxwell for its review and approval. Maxwell shall have 30 days to review and approve the plans and cost estimate for Developer's Project.

The LOC shall be in an amount equal to the detailed cost estimate for Developer's Project plus 15% contingencies, shall be irrevocable, issued by a state or federally chartered banking institution, payable to Maxwell Water Supply Corporation and have a one year term. Maxwell will release the LOC to Developer at the time the Developer's Project has been completed and accepted by Maxwell.

If Developer's Project is not constructed within 30 days of the expiration date of the LOC, then Maxwell will cash the LOC and construct Developer's Project. Any amounts remaining from the LOC after payment of all costs resulting from the construction of Developer's Project shall be refunded to Developer.

If Developer desires to extend the LOC beyond the one-year term, a request for a substitute LOC must be submitted to Maxwell not later than 60 days prior to the expiration of the present LOC. Developer shall submit a revised cost estimate for Developer's Project for Maxwell's review and approval. The amount of the substitute LOC must include any cost increases for construction of Developer's project. The substitute LOC shall be submitted to Maxwell not later than 30 days prior to the expiration of the LOC. Upon Maxwell's receipt of a substitute LOC, Maxwell will release the previous LOC to Developer.

Once water supply capacity has been allocated to a particular tract of land and Maxwell has indicated on a final plat that water service is available to the land, the water supply capacity shall not be transferred to other land.

F. One Time Eligibility for Refund of Capacity Reservation Fees

A Developer who has paid capacity reservation fees but has not received approval of the subdivision plat from a local governmental entity having jurisdiction and authority to approve subdivision plats in the area in which the proposed Subdivision is located, may request a refund of capacity reservation fees, less any costs and expenses incurred by Maxwell in connection with the proposed Subdivision provided the following additional conditions are satisfied:

1. Not more than 90 days have elapsed since the date the capacity reservation fees were paid to Maxwell; and,
2. The Developer has not received a previous refund of capacity reservation fees in connection with the land on which the proposed Subdivision is located; and
3. No plat has been filed of record indicating that Maxwell will provide service to the proposed Subdivision.

The General Manager shall determine the Developer's eligibility for a refund and the amount of refund to be made, if any. Any unrecorded plat bearing an original signature showing Maxwell's commitment for service to a proposed Subdivision must be returned to Maxwell with the request for a refund. The 90 day deadline for requesting a refund may be extended for a period of 30 days for good cause by action of the Board of Directors. A request for the extension that states the grounds for good cause must be submitted to Maxwell no less than seven days prior to the last Board of Directors meeting that is held within the 90 day period.

G. Transfer of Reserved Capacity Prohibited

Any agreement entered into in accordance with this policy shall only be a commitment to provide water to the specific tract of land described in the Nonstandard Water Service Agreement.

H. Recording of Information Concerning Water Availability

When a tract of land is subdivided and water supply capacity is not reserved for the entire tract, Maxwell may file a notice concerning water availability in the real property records of the county in which the tract of land is located. The notice may reference the agreement between Maxwell and the Developer and the notice may specify the portions of the tract of land for which water service is available and the residual portions of the tract of land for which no water supply capacity has been reserved.

V. Obtaining Water Service in Small Subdivisions Containing No More than Four Lots or Parcels

This Section applies to an application for setting a meter and providing water service to a lot or parcel of land where the lot or parcel results from subdividing a tract of land into 4 or less lots or parcels, and where the Developer has not complied with the requirements of these Rules and Regulations Concerning Maxwell's Service to Subdivisions. Subject to availability of water supply capacity in Maxwell's System, an applicant other than the Developer may obtain service to a single lawfully platted lot or a single lawfully subdivided parcel by payment of the membership fee, the applicable meter installation and Front End Capital Contribution, and the capacity reservation fee required by Section V.A of these Rules and Regulations. Additionally, if an extension of Maxwell's water supply lines is necessary to provide water service to the lot or parcel, the applicant must pay all costs which the Developer would have been required to pay to receive service, including but without limitation, those costs to extend Maxwell's General Purpose Transmission Facilities and the cost of materials and installation of an adequately sized water line to deliver water to the lot or parcel, which in no case shall be smaller than a six (6) inch line.

VI. Construction Rules and Regulations

- A. A preliminary or final plat and water facilities plan must be submitted to Maxwell and approved by Maxwell's Engineer before construction of Developer Project commences. The plan shall include the plans and specifications (construction drawings) of the improvements to be located within the subdivision, a description of the rights-of-way in the subdivision in which the facilities will be constructed. The preliminary or final plat and plan must be approved, if needed, by:
1. The county or counties in which the land is located;
 2. The governing body of any city within whose corporate or extraterritorial jurisdiction the Subdivision lies;
 3. The United States Fish and Wildlife Service and/or the Texas Parks and Wildlife Department; and
 4. Any other person or political subdivision whose approval will be required before Maxwell can provide the service contemplated by the Developer's request.

A Developer may also meet the requirements of VI. (A.) (1.) with a statement in writing from a county or counties that approval of the plat is not required. In the event there is no response from the pertinent county or counties regarding plat approval or exemption, the Developer shall submit written documentation establishing that approval of the plat by the pertinent county or counties is not required.

B. Easements

1. Easements for Approach Main

Before construction of the Developer Project begins, the Developer shall dedicate to Maxwell, or pay the cost of acquiring, title to a 15 foot permanent easement and an adjacent 15 foot temporary workspace easement, which easements shall run from Maxwell's existing General Purpose Transmission Facilities to the Developer's subdivision. The 15 foot permanent easement shall include exclusive easement rights to a 5 foot wide strip of land, the center line of which shall be defined as the center line of the water line as installed. These costs shall be payable in the form of a Cashiers Check or other form of payment approved by the Board of Directors or Maxwell's General Manager.

2. Easements for Developer Project

The Developer shall dedicate to Maxwell all easements within the subdivision necessary for water line construction within the subdivision and shall dedicate such additional easements as are necessary where a deviation from dedicated utility easements is deemed necessary by Maxwell. In locations where the applicable county commissioner's court or municipal governing body has approved specific utility location assignments within public utility easements (PUE), internal water distribution lines shall be installed within the PUE at the location assigned for water utility service. Where specific utility location assignments are not applicable, every easement for water lines within the subdivision shall have a minimum width of 15 feet. All water line easements shall be shown on the final recorded plat of the subdivision.

3. Boundary Easements

The Developer shall dedicate to Maxwell title to a 15 foot permanent easement and an adjacent 15 foot temporary workspace easement along all roads and highways adjoining the subdivision for future water line construction. The 15 foot permanent easement shall include exclusive easement rights to a 5 foot wide strip of land, the center line of which shall be defined as the center line of the water line as installed.

4. Clearing of Easements

The Developer shall bear the cost of clearing and chipping the entire width of: (1) all easements which run from Maxwell's existing General Purpose Transmission Facilities to the Developer's subdivision; (2) all easements within the subdivision necessary for water line construction within the subdivision; (3) all additional easements necessary where a deviation from dedicated utility easements is deemed necessary by Maxwell; and (4) all public utility easements, if an applicable County Commissioner's Court or municipal governing body has approved specific utility location assignments within the public utility easement.

- C. The Developer shall pay all costs of obtaining right-of-way easements necessary to connect the Developer Project to Maxwell's General Purpose Transmission Facilities, whether or not the easements are in the Subdivision. These costs shall be payable in the form of a Cashiers Check or other form of payment approved by the Board of Directors or Maxwell's General Manager.
- D. All Subdivisions shall meet the conditions of all local, state, and federal agencies having regulatory authority over lot sizes, sewage control, drainage, and right-of-way. When possible, meters should not be placed in locations where they may be subjected to vehicular traffic, such as a meter placed under a driveway providing access to a dwelling. If a Developer desires that one or more meters be placed in a location where, in the opinion of Maxwell, the meter(s) may reasonably be subjected to vehicular traffic of any sort, then the report produced by Maxwell's Engineer will also include an estimate of the cost to Developer of providing one or more meter boxes designed and constructed to minimize the likelihood of damage to the meter resulting from said vehicular traffic.
- E. The Developer shall provide accurate on-the-ground markings of all Developer Projects in conformance to Maxwell's requirements.
- F. The Developer shall provide sufficient notification to Maxwell to allow Maxwell to observe critical elements of construction. These include, but are not limited to:
 - 1. Water line and facility installation;
 - 2. Connections to existing mains;
 - 3. Pressure testing procedures; and
 - 4. The testing of all water facilities.

If Developer fails to comply with the above, Maxwell may require Developer to have the constructed facilities uncovered and exposed for Maxwell's inspection. In any event, the integrity of the facilities is the responsibility of Developer.

- G. Maxwell may, if necessary, acquire any essential land or easements by eminent domain in order to provide service to a subdivision. The Developer shall pay all expenses associated with such condemnation proceedings, including legal, engineering, the award of the Commissioners or the Court, and the like. These costs shall be payable in the form of a Cashiers Check or other form of payment approved by the Board of Directors or Maxwell's General Manager.
- H. Over-sizing
 - 1. Over-sizing by Maxwell. It may be necessary from time to time for Maxwell to oversize improvements which are contemplated by the Developer, or Developers, to either its Production and Storage Facilities, its General Purpose Transmission Facilities, or the Developer Project. The decision on whether to oversize such facilities shall lie exclusively with Maxwell. Maxwell shall bear the cost of all oversizing requested by Maxwell. Should Maxwell, in Maxwell's sole discretion, determine that: (1) Maxwell does not have funds available for such over-sizing at the time a request for service is received so that the Developer would, in the Developer's opinion, be delayed from proceeding with its Subdivision, or (2) Maxwell's available funds should not be used for over-sizing on Developer Project at the time a request for service is received, Maxwell will agree to enter into a

contract where all such over-sizing is paid by the Developer and Maxwell will reimburse the Developer out of future capacity reservation fees. Maxwell will agree to, on an annual basis, make an accounting of the capacity reservation fees that have been received for the preceding year which utilized capacity in the System which was oversized at the expense of the Developer and pay the Developer an amount equal to 60% of such fees until Developer is fully compensated for the cost of funding Maxwell's over-sizing. Provided, however, Maxwell shall not pay interest on the funds which the Developer has expended for such over-sizing. Additionally, the term of such contract shall not exceed ten years. At the expiration of the term of the contract, Maxwell shall have no further obligation to reimburse the Developer for funds expended in such over-sizing.

2. Over-sizing by Developer. If Maxwell's Board of Directors has determined that Maxwell should construct an improvement to Maxwell's General Purpose Transmission Facilities to serve the needs of existing members and such facilities may reasonably be oversized to provide capacity for a Developer Project, the Developer will be allowed to enter into a contract with Maxwell to have the facilities oversized to provide capacity for Developer Project provided that Developer pays the incremental cost to oversize the facilities beyond the capacity that Maxwell would have constructed.

VII. Acceptance

- A. Maxwell shall approve all facilities constructed in its Service Area. The cost for these services shall be borne by the Developer under this policy.
- B. Maxwell will accept the dedicated facilities only if the facilities are constructed in strict conformance with the previously approved construction plans and specifications. .
- C. Maxwell will, at the expense of the Developer, inspect and test the facilities to ensure that Maxwell's standards are met.
- D. After receipt of as-built drawings, letters of acceptance and final Developer Project approval from Maxwell, Maxwell shall accept the Developer Project, provided the Developer has complied with other applicable portions of these rules and regulations including but not limited to Section VI. F. above.
- E. Maxwell shall not provide service to a Subdivision until (1) the Developer has paid all amounts owed to Maxwell under these rules and regulations, (2) the facilities have achieved compliance with applicable hydraulic standards, (3) the Developer has submitted documentation of a satisfactory bacteriological test for the facilities, and (4) Developer has presented Maxwell a certificate applicable to the Subdivision issued pursuant to Section 212.0115 of the Texas Local Government Code if the subdivision is within the jurisdiction of a municipality under Section 212.0115(a) of the Texas Local Government Code. Until the requirements of this subsection are satisfied, Maxwell will not provide water to the Subdivision for any purpose other than testing or flushing.
- F. Upon acceptance of Developer's Project, Maxwell will sign the plat or release the Restrictive Covenants.

VIII. USDA – Rural Development

The Developer recognizes that Maxwell must comply with USDA — Rural Development rules and regulations as promulgated from time to time as those rules and regulations apply to the service, rates and capacity addition of Maxwell.

6. This agreement may be modified, amended or terminated only by joint action of both (a) the General Manager of Maxwell or another duly authorized representative of Maxwell, and (b) the owners of the Property at the time of the modification, amendment or termination.

EXECUTED this ___ day of _____, 20__.

By: _____

Printed Name: _____

Title: _____

THE STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on the ___ day of _____, 20__, by _____, _____ of _____, a Texas _____, _____ of _____.

Notary Public in and for the State of Texas