

**INTERLOCAL AGREEMENT
FOR SOLID WASTE SERVICE**

This Interlocal Agreement For Solid Waste Service (this “Agreement”) is made by and between Pilot Knob Municipal Utility District No. 3 (the “District”), a political subdivision of the State of Texas operating under Chapters 49 and 54 of the Texas Water Code, and the City of Austin, Texas (the “City”), a home-rule municipality and political subdivision of the State of Texas acting by and through its duly authorized City Manager, or designee.

WITNESSETH:

WHEREAS, the District and the City are authorized to enter into this Agreement pursuant to the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code; and

WHEREAS, the City, the District, and Carma Easton LLC (the “Developer”), a Texas limited liability company, previously entered into a Consent Agreement dated effective as of April 13, 2012 (the “Consent Agreement”) relating to the creation of the District over the 644.135-acre tract of land that is more fully described in the Consent Agreement; and

WHEREAS, in the Consent Agreement, the City and the District agreed that (i) the City will be the sole provider of residential solid waste services, as defined in Chapter 15-6 of The Austin, Texas Code of Ordinances (the “Solid Waste Service”), within the District, and (ii) the District will contract with the City to provide Solid Waste Service to all of the District’s residences in accordance with terms and subject to the conditions set forth in the Consent Agreement;

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the District agree as follows:

I. PROVISION OF SOLID WASTE SERVICE

A. City Solid Waste Service. The City will provide Solid Waste Service to the District’s residences in accordance with Chapter 15-6 of The Austin, Texas Code of Ordinances, for the same rates, in the same manner, and on the same terms and conditions that the City provides Solid Waste Services to residences located within the City limits.

B. District Not Obligated to Serve. The District will not provide Solid Waste Service to its residences or bill its customers for Solid Waste Service. The District will have no obligation to pay for Solid Waste Service provided by the City under this Agreement.

C. Fees and Charges for Solid Waste Service. Customers within the District will be responsible for the payment of all appropriate City fees for Solid Waste Service, and the City will be solely responsible for billing and collection for such Solid Waste Service. The City’s charges for Solid Waste Service will be included on the City’s regular monthly water and wastewater bills to customers within the District and the District will have no liability for such charges.

D. Status of Independent Contractor. The City will have the status of independent contractor under this Agreement and will be solely responsible for the proper

direction of its employees and contractors, and its employees and contractors will not be considered employees, borrowed servants, or agents of the District for any reason.

E. Responsibility for Governmental Service. By this Agreement, the City will be responsible as a governmental entity for providing Solid Waste Service to the District's residences.

II. TERM

A. Term. This Agreement will be effective from and after the date of execution by all parties, and will expire upon the City's full-purpose annexation of the entire District, unless the Consent Agreement is sooner terminated under the provisions thereof.

III. MISCELLANEOUS

A. Severability. If any section, subsection, sentence, clause, or phrase of this Agreement is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of the Agreement will not be affected thereby. It is the intent of the parties signing this Agreement that no portion of it, or provision or regulation contained in it, will become inoperative or fail by reason of unconstitutionality or invalidity of any other section, subsection, sentence, clause, phrase, provision, or regulation of this Agreement.

B. Law and Venue. This Agreement will be governed by the laws of the State of Texas. The obligations under this Agreement are performable in Travis County, Texas. It is expressly understood that any lawsuit or litigation arising out of or relating to this Agreement will take place in Travis County, Texas.

C. Alteration, Amendment, or Modification. This Agreement may not be altered, amended, or modified except in writing, approved by the District and the City Manager or designee.

D. Entire Agreement. Except for the Consent Agreement, this Agreement constitutes the entire agreement between the City and the District relating to the subject matter of this Agreement. Except for the Consent Agreement, no other agreement, statement, or promise relating to the subject matter of this Agreement that is not contained in this Agreement is valid or binding.

E. Notice. Notices to either party must be in writing, and may be either hand delivered or sent by certified or registered mail, postage paid, return receipt requested. If sent to the parties at the addresses designated in this Agreement, notice will be deemed effective upon receipt in the case of hand deliver and three days after deposit in the U.S. Mail in case of mailing.

The address for the City for all purposes under this Agreement and for all notices under this Agreement will be:

CITY:
City of Austin
Austin Resource Recovery
P.O. Box 1088
Austin, Texas 78767

The address for the District for all purposes under this Agreement and for all notices under this Agreement will be:

DISTRICT:

Pilot Knob Municipal Utility District No. 3
c/o Armbrust & Brown, PLLC
100 Congress, Suite 1300
Austin, Texas 78701

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[SIGNATURE PAGES FOLLOW]

WHEREFORE, this Agreement is executed to be effective the date of the last party to sign.

CITY OF AUSTIN

By: _____

Assistant City Manager

Date: _____

APPROVED AS TO FORM:

By: _____

City of Austin
Law Department

**PILOT KNOB MUNICIPAL UTILITY
DISTRICT NO. 3**

By: _____
Thomas K. Rhodes
President, Board of Directors

Date: _____