# NOTICE OF OPEN MEETING

**SEPTEMBER BOARD OF TRUSTEES MEETING**
**NBU Board Room, 263 Main Plaza, New Braunfels, Texas 78130**
**September 22, 2026, at 3:00 PM**
**www.nbutexas.com**

# AGENDA

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE AND INVOCATION**

Board President Wayne Peters

**NBU EMPLOYEE RECOGNITIONS**

1. Recognizing NBU Employees Eddie Ybarra for 30 Years of Service, Lupita Sutton and J.D. Amaro for 25 Years of Service, and Alex Rosales, Adriana Sanchez, and Jason Theurer for 20 Years of Service

**PUBLIC COMMENT**

**ITEMS FROM THE CHAIR**

1. Any Items Permitted Under Section 551.0415 of the Texas Government Code

**ITEMS FROM STAFF**

1. CEO's Update

    a. NBU Community Engagement Team Volunteers at Local Community Events and Participates in Community Career Fairs, Summer Camps, Job Fairs, and Expositions at Local School District Campuses

    b. NBU's Plant Operator II, Draven Cruz, Awarded the Texas Water Utilities Association Operator of the Year

    c. NBU's Assistant Water Treatment & Compliance Manager, John Krause, Receives the Texas Water Utilities Association Daniel C. Allen Distinguished Service Award

    d. NBU's Chief of Staff, Rocio G. Hilliard, Chosen for Leadership New Braunfels Class of 2027

    e. NBU CEO Ryan Kelso Attends Meeting with State Representative Carrie Isaac

    f. NBU Staff Participates in New Braunfels Councilmember District 3 Neighborhood Forum

    g. Generation Cost Recovery Factor (GCRF) Rate Reduction for Distribution Customers Effective September 1, 2026

    h. Any Other Items Permitted Under Section 551.0415 of the Texas Government Code

2. Financial Update and Report, Including an Update on the Impact Fee Program Effective February 1, 2023 (referred to as Program E)

3. Quarterly Investment Report

4. Quarterly Update on the Headwaters at the Comal

5. Quarterly Drought Update Report

6. End of Year Update on the NBU Developer and Vendor Process Improvement Project

7. Monthly NBU Backup Operations Center and Headquarters Progress Update

**CONSENT ITEMS FOR ACTION**

1. Approve Minutes of the NBU Regular Board Meeting of August 27, 2026

2. Approve the Change Order Log from July 15, 2026, through August 15, 2026

3. Approve the Reports for Water and Electric Engineering Contracts from August 1, 2025, through August 15, 2026

4. Approve the Electric Line of Business Alternative Procurements from July 15, 2026, through August 15, 2026

5. Adopt Resolution #R-2026-223 Recommending and Requesting that the New Braunfels City Council Issue a Resolution Declaring Expectation to Reimburse Expenditures Related to the Acquisition, Construction, and Equipping of NBU Capital Improvement Projects Paid in Fiscal Year 2027 with Proceeds of Future Debt; and Resolving other Matters in Connection Therewith

6. Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Viking Painting LLC for the Construction of the Water Tank Rehabilitation Phase 2 – Newks Elevated Storage Tank Project in the Amount of $1,393,700.00 Plus a $140,000.00 Contingency for a Total Budgeted Amount Not to Exceed $1,533,700.00

7. Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Crom CFG Industries, LLC for the Construction of the Water Tank Rehabilitation Phase 2 – Kerlick Elevated Storage Tank Project in the Amount of $1,788,243.65 Plus a $180,000.00 Contingency for a Total Budgeted Amount Not to Exceed $1,968,243.65

8. Authorize the CEO or His Designee to Negotiate and Execute a Professional Services Agreement with Utilis Inc., dba Asterra, for Satellite Leak Detection Services for an Initial One-Year Term in the Amount of $145,000.00, with up to Four Additional One-Year Renewals for a Total Contract Amount Not to Exceed $725,000.00

9. Adopt Resolution #R-2026-224 Authorizing and Approving (I) the Conveyance of Three Easements to Lower Colorado River Authority Transmission Services Corporation ("LCRA TSC") Totaling Approximately 3.853 Acres Out of Property Owned by New Braunfels Utilities at 434 Maytown Drive, New Braunfels, Comal County, Texas, in Furtherance of the Kohlenberg Substation Project; (II) the Partial Assignment of a Separate Access and Utility Easement to

LCRA TSC Benefiting the Foregoing Property; (III) the CEO or His Designee to Execute Any and All Documents Necessary to Effectuate the Conveyance Thereof; and (IV) Other Matters in Connection Therewith

10. Approve Resolution Amending Authorized Representatives of NBU for Texas Local Government Investment Pool Transactions

**ACTION ITEMS**

1. Discuss and Consider Adoption of Resolution #R-2026-225 Approving Proposed Amendments to Chapter 130, Article IV, Division 4, Section 130-187 of the Code of Ordinances of the City of New Braunfels That Establish Conditions for (I) Use of a Single Water Meter Serving Multiple Non-Residential Buildings on a Single Lot, and (II) Use of Private Submeters for Multifamily Residential Buildings; Authorizing Presentation of Same to the City Council of the City of New Braunfels for its Consideration and Passage; and Resolving Matters in Connection Therewith

2. Discuss and Consider Approval of Changes to the Fiscal Year 2027 Strategic Plan

**PRESENTATION ITEMS**

1. Informational Update Regarding the NBU Financial Roadmap and Finance Department Internal Process Initiatives

**EXECUTIVE SESSION**

The Board of Trustees may recess into Executive Session for any purpose permitted by the Texas Open Meetings Act, including but not limited to:

1. Power Supply Resources – Competitive Matters
   (Section 551.086 – Texas Government Code)

   a. Power Supply Update

   b. Discuss and Consider Amendments to Edison Electric Institute (EEI) Master Agreement Related to Power Supply Transactions

   c. Discuss the 2026 Request for Proposals for ERCOT Energy from Physical Resources

2. Personnel Matters
   (Section 551.074 – Texas Government Code)

   a. CEO Evaluation – Deliberate the Appointment, Employment, Evaluation, and Duties of the CEO

The Board of Trustees, upon reconvening in Open Session, will discuss and consider any necessary action regarding closed session items.

**RECONVENE INTO OPEN SESSION AND TAKE ANY NECESSARY ACTION RELATING TO THE EXECUTIVE SESSION AS DESCRIBED ABOVE**

**ADJOURN**

If you require assistance in participating at a public meeting due to a disability as defined under the Americans with Disabilities Act, reasonable assistance, adaptations, or accommodations will be provided upon request. Please contact the Board Relations Coordinator at least three (3) days prior to the scheduled meeting date at (830) 629-8400 or the NBU Main Office at 263 Main Plaza, New Braunfels, Texas, for additional information.

## CERTIFICATE OF POSTING

I, Ryan Kelso, Secretary to the Board of Trustees, do hereby certify that this Notice of Meeting was posted on a bulletin board at a place convenient to the public at the City of New Braunfels City Hall, 550 Landa Street, New Braunfels, Texas; the New Braunfels Utilities Main Office, 263 Main Plaza, New Braunfels, Texas; and the New Braunfels Utilities Customer Solutions Center, 1488 South Seguin Avenue, New Braunfels, Texas, on the **16th day of September 2026**, and remained posted continuously for at least three business days before the scheduled date of the meeting.

_____
Ryan Kelso, Chief Executive Officer
Secretary to the Board of Trustees

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Items from Staff |
| **From:** | Kimberly DaCosta<br>Director of Financial Services | **Reviewed by:** | Jessica Williams<br>Chief Financial Officer |
| **Submitted by:** | Jessica Williams<br>Chief Financial Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Financial Update and Report, including an Update on the Impact Fee Program Effective February 1, 2023 (referred to as Program E)

## BACKGROUND

NBU's service territory experienced higher temperatures and higher rainfall during the month of July than historically. The average temperature was 85.0 degrees, which was 2.2 degrees higher than the historical average temperature of 82.8 degrees. Rainfall totaled 5.78 inches for the month of July, which was 2.8 inches higher than the historical average rainfall of 2.98 inches.

For the month of July 2026, NBU recorded a change in net position after contributions ("CNPAC") of $7,251,000 which represents an increase of $5,276,000 compared to the budgeted monthly CNPAC of $1,975,000. Operating service revenues of $33,848,000 were greater than budget, by $3,581,000, or 12%, for the month of July. A $3,324,000 increase in electric revenue, a $152,000 increase in water revenue, and a $105,000 increase in wastewater revenue contributed to the overall service revenues. Other operating revenues of $564,000 were less than budget by $21,000 for the month of July. Purchased power costs were $2,607,000 less than budget for July 2026 and $27,717,000 less for Year-to-Date ("YTD"). An increase in other operating expenses of $1,294,000 resulted in total operating expenses to be $1,313,000, or 5%, less than the budgeted amount of $28,216,000. The net revenue and operating expense variances contributed to a favorable net operating income variance of $4,873,000 from budget. Net non-operating items had a $150,000 favorable variance compared to budget. Impact fees were less than budget by $130,000, and services income was greater than budget by $507,000. July 2026 YTD CNPAC was $70,480,000, which was $54,613,000 greater than the budgeted amount of $15,867,000.

## FINANCIAL IMPACT

### Electric

The Electric Line of Business reported total operating revenues of $25,080,000, a $3,325,000 increase from the July budgeted amount of $21,755,000. The net rate realized per kWh was $0.1337, which was 21% greater than the budgeted rate of $0.1101 for the month of July. July kWh sales were 184.0 million kWh, a 9.2 million kWh decrease, or 5%, in comparison to the budgeted amount of 193.2 million kWh.

Purchased power costs totaled $14,015,000, which was $2,607,000 less than the budgeted amount of $16,622,000. Electric gross margin, which is total operating revenues minus purchased power, resulted in the amount of $11,065,000 for the month of July and $92,601,000 YTD. These amounts were $5,932,000 greater than and $27,846,000 greater than the budgeted amount of $5,133,000 Month-to-Date ("MTD") and $64,755,000 YTD, respectively. Other operating expenses were greater than budget by $373,000. These items resulted in the Electric Line of Business reporting net operating income of $7,238,000, which was $5,558,000 greater than the budgeted amount of $1,680,000. Net non-operating items provided a favorable variance from budget of $10,000. Services income was greater than budget by $512,000. The Electric Line of Business reported in July 2026 CNPAC of $6,844,000 and YTD CNPAC of $56,234,000. These amounts were $6,080,000 greater than and $42,593,000 greater than their respective July 2026 MTD and July 2026 YTD budget amounts.

### Water

The Water Line of Business reported total operating revenues of $5,213,000, a $134,000 increase, or 3%, from the July budgeted amount of $5,079,000. In July, water gallons sold of 389,187,000 were less than the budgeted amount of 433,865,000 (a 44,678,000-gallon variance from budget, or 10%). NBU's net realized price per 1,000 gallons sold in July was $13.24, which was greater than the budgeted amount of $11.53. Operating expenses for July were $5,279,000, which was $514,000 greater than the budgeted amount of $4,765,000. The net effect of greater revenues and greater operating expenses than budgeted resulted in Water's net operating income of ($66,000), which was less than budget. Net non-operating items provided a favorable variance of $87,000 from budget. Impact fees of $1,396,000 were less than budget by $63,000, and services income of $92,000 was less than budget by $5,000. The Water Line of Business reported in July 2026 CNPAC of $532,000 and YTD CNPAC of $8,216,000. These amounts were $485,000 less than and $5,381,000 greater than their respective July 2026 MTD and July 2026 YTD budget amounts.

### Wastewater

The Wastewater Line of Business reported total operating revenues of $4,118,000, a $101,000 increase from the July budgeted amount of $4,017,000. Total operating expenses of $3,782,000 were $407,000 greater than the budgeted amount of $3,375,000. As a result, the Wastewater Line of Business reported net operating income of $336,000, which was $306,000 less than the budgeted amount of $642,000. Net non-operating items provided a favorable variance of $54,000 from budget. Impact fees were less than budget by $67,000. The Wastewater Line of Business reported July 2026 CNPAC of ($125,000) and YTD CNPAC of $6,030,000. These amounts were $319,000 less than and $6,639,000 greater than their respective July 2026 MTD and July 2026 YTD budget amounts.

## LINK TO STRATEGIC PLAN

**Financial Excellence**

## EXHIBITS

1. Overview Comparison to Budget and Prior Fiscal Year
2. Financial Statements
3. Capital Expenditure Summary
4. Statistics - Electric (Provided separately due to competitive matters)
5. Statistics – Water
6. Statistics - Wastewater

**NEW BRAUNFELS UTLITIES**
**OVERVIEW COMPARISON TO BUDGET & PRIOR FISCAL YEAR**
**YTD Amounts for the Period Ending July 31, 2026**

| | | AMOUNT | VARIANCE* | % CHANGE | FAV/UNFAV | Variance Explanation +/-30% |
|---|---|---|---|---|---|---|
| **ELECTRIC** | | | | | | |
| Sales Volume (MWh) | Actual | 1,864.7 | | | | |
| | Budget | 1,905.7 | (41.1) | -2% | | |
| | Prior Year | 1,807.7 | 57.0 | 3% | | |
| Revenues ($M) | Actual | $ 217.8 | | | | |
| | Budget | $ 217.7 | $ 0.1 | 0% | | |
| | Prior Year | 191.6 | $ 26.2 | 14% | | |
| Gross Margin ($M) | Actual | $ 92.6 | | | | |
| *(Total Operating Revenues Minus Purchased Pwr)* | Budget | $ 64.8 | $ 27.8 | 43% | | Lower purchase power costs than budgeted. |
| | Prior Year | 79.0 | $ 13.6 | 17% | | |
| Operating Income ($M) | Actual | $ 59.5 | | | | |
| | Budget | $ 24.6 | $ 34.8 | * | | Lower purchase power costs than budgeted. |
| | Prior Year | 49.0 | $ 10.5 | 21% | | |
| **WATER** | | | | | | |
| Sales Volume (Million Gallons) | Actual | 4.5 | | | | |
| | Budget | 4.4 | 0.0 | 0% | | |
| | Prior Year | 4.3 | 0.1 | 3% | | |
| Revenues ($M) | Actual | $ 52.4 | | | | |
| | Budget | $ 51.1 | $ 1.2 | 2% | | |
| | Prior Year | 45.5 | $ 6.9 | 15% | | |
| Gross Margin ($M) | Actual | $ 37.0 | | | | |
| *(Total Operating Revenues Minus Purchased Water)* | Budget | $ 36.4 | $ 0.7 | 2% | | |
| | Prior Year | 30.5 | $ 6.5 | 21% | | |
| Operating Income ($M) | Actual | $ (3.4) | | | | |
| | Budget | $ (5.6) | $ 2.2 | -39% | | Variance to budget is primarily due to support services allocation. Higher water service revenue than budgeted is primarily Commercial Irrigation & Other Sales. |
| | Prior Year | (5.2) | $ 1.7 | -34% | | Variance to prior year is primarily due to higher water service revenue. |
| **WASTEWATER** | | | | | | |
| Revenues ($M) | Actual | $ 44.5 | | | | |
| | Budget | $ 45.0 | $ (0.6) | -1% | | |
| | Prior Year | 39.9 | $ 4.6 | 11% | | |
| Operating Income ($M) | Actual | $ 8.1 | | | | |
| | Budget | $ 4.8 | $ 3.3 | 70% | | Variance to budget is primarily due to lower depreciation, amortization & the support services allocation. |
| | Prior Year | 6.9 | $ 1.2 | 17% | | |
| **COMBINED** | | | | | | |
| Operating Expenses ($M)** | Actual | $ 67.2 | | | | |
| | Budget | $ 75.2 | $ (8.0) | -11% | | |
| | Prior Year | 61.6 | $ 5.6 | 9% | | |
| Operating Income ($M) | Actual | $ 64.1 | | | | |
| | Budget | $ 23.8 | $ 40.4 | * | | Higher than budget from the electric line of business. Primarily lower purchase power costs. |
| | Prior Year | 50.8 | $ 13.4 | 26% | | |
| Change in Net Position Before Contributions | Actual | $ 41.6 | | | | |
| | Budget | $ (11.5) | $ 53.1 | * | | Higher than budget from the electric line of business. Lower purchase power costs and interest expense. |
| | Prior Year | 36.0 | $ 5.6 | 16% | | |
| Impact Fees ($M) | Actual | $ 21.5 | | | | |
| | Budget | $ 23.9 | $ (2.4) | -10% | | |
| | Prior Year | 28.2 | $ (6.7) | -24% | | Variance to prior year is primarily due to receiving several apartment complex revenues early in FY25. |
| Change in Net Position After Contributions ($M) | | | | | | |
| | Actual | $ 70.5 | | | | |
| | Budget | $ 15.9 | $ 54.6 | * | | Higher than budget from the electric line of business. Lower purchase power costs and interest expense. |
| | Prior Year | 71.4 | $ (1.0) | -1% | | |

**Note: Variances are based on rounding of actual numbers and not summary numbers in previous column.*
***Note: Operating expenses less purchased power, purchased water, and depreciation & amortization.*

| LEGEND | | | |
|---|---|---|---|
| **Favorable** | | **Unfavorable** | |
| Within +10% | | Within -10% | |
| Exceeds +10% | | Exceeds -10% | |

**NEW BRAUNFELS UTILITIES**
**Balance Sheet**
**For the Period Ending July 31, 2026**
Amounts Shown in Thousands

| | July 31 2026 | June 30 2026 | Variance | % Change |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **UTILITY PLANT** | | | | |
| Utility Plant in Service | $ 1,529,798 | $ 1,524,628 | $ 5,170 | 0% |
| Less: Accumulated Depreciation | (449,126) | (448,397) | (728) | 0% |
| Construction in Progress | 378,371 | 343,535 | 34,836 | 10% |
| **TOTAL UTILITY PLANT** | **$ 1,459,044** | **$ 1,419,766** | **$ 39,278** | **3%** |
| **CURRENT & ACCRUED ASSETS** | | | | |
| Cash & Temporary Investments | $ 50,656 | $ 49,987 | $ 669 | 1% |
| Accounts Receivable - Customers (Net of Allowance for Bad Debt) | 22,957 | 20,193 | 2,764 | 14% |
| Accounts Receivable - Other | 8,860 | 9,062 | (203) | -2% |
| Accrued Unbilled Revenue | 21,583 | 15,883 | 5,700 | 36% |
| Inventory | 8,692 | 8,157 | 534 | 7% |
| Prepaid Expenses | 9,483 | 8,190 | 1,293 | 16% |
| Accrued Interest Receivable | 131 | 88 | 43 | 48% |
| Rents Receivable | 44 | 292 | (248) | -85% |
| **TOTAL CURRENT & ACCRUED ASSETS** | **$ 122,406** | **$ 111,854** | **$ 10,553** | **9%** |
| **RESTRICTED ASSETS & DEFERRED DEBITS** | | | | |
| Restricted Funds | $ 200,766 | $ 211,847 | $ (11,081) | -5% |
| Designated Funds | 119,249 | 120,257 | (1,008) | -1% |
| Pension Deferred Outflows | 13,528 | 12,587 | 941 | 7% |
| Mid-Basin Regulatory Asset | 2,948 | 3,040 | (92) | -3% |
| Other Deferred Debits | 2,325 | 3,008 | (683) | -23% |
| **TOTAL RESTRICTED ASSETS & DEFERRED DEBITS** | **$ 338,816** | **$ 350,740** | **$ (11,924)** | **-3%** |
| **TOTAL ASSETS** | **$ 1,920,265** | **$ 1,882,359** | **$ 37,906** | **2%** |
| **LIABILITIES & NET POSITION** | | | | |
| **BONDS PAYABLE** | | | | |
| Bonds Payable | $ 783,625 | $ 784,103 | $ (478) | 0% |
| Unamortized Bond Discount/Premium | 29,822 | 30,231 | (409) | -1% |
| **TOTAL BONDS PAYABLE** | **$ 813,447** | **$ 814,334** | **$ (887)** | **0%** |
| **CURRENT & ACCRUED LIABILITIES** | | | | |
| Accounts Payable | $ 38,369 | $ 26,942 | $ 11,427 | 42% |
| Accrued Purchased Power | 14,862 | 7,595 | 7,267 | 96% |
| Commercial Paper Payable | 20,000 | 20,000 | - | 0% |
| Customer Deposits | 16,919 | 16,736 | 183 | 1% |
| Accrued Payroll & Benefits (Including Compensated Absences) | 8,429 | 5,992 | 2,437 | 41% |
| Interest Accrued on Long Term Debt | 3,230 | 28 | 3,202 | 11324% |
| Current Portion of Long Term Debt | 10,500 | 9,530 | 970 | 10% |
| Other Payables | 1,920 | 4,209 | (2,290) | -54% |
| **TOTAL CURRENT & ACCRUED LIABILITIES** | **$ 114,228** | **$ 91,033** | **$ 23,195** | **25%** |
| **NONCURRENT LIABILITIES & DEFERRED CREDITS** | | | | |
| Accumulated Provision for Pension | $ 16,747 | $ 24,612 | $ (7,865) | -32% |
| Pension & OPEB Deferred Inflows | $ 9,269 | $ 1,876 | $ 7,393 | 394% |
| Power Cost Adjustments - Over-Recovered | 19,947 | 18,628 | 1,319 | 7% |
| Other Deferred Credits | 27,424 | 26,657 | 768 | 3% |
| **TOTAL NONCURRENT LIABILITIES & DEFERRED CREDITS** | **$ 73,388** | **$ 71,774** | **$ 1,614** | **2%** |
| **TOTAL LIABILITIES** | **$ 1,001,063** | **$ 977,141** | **$ 23,923** | **2%** |
| **NET POSITION** | | | | |
| Reserve for Restricted Assets | $ 192,374 | $ 208,361 | $ (15,986) | -8% |
| Reserve for Intergovernmental | 13,047 | 12,718 | 329 | 3% |
| Unrestricted Assets | 376,322 | 353,413 | 22,909 | 6% |
| Contributed Capital | 337,459 | 330,727 | 6,731 | 2% |
| **TOTAL NET POSITION** | **$ 919,202** | **$ 905,219** | **$ 13,983** | **2%** |
| **TOTAL LIABILITIES & NET POSITION** | **$ 1,920,265** | **$ 1,882,359** | **$ 37,906** | **2%** |

**NEW BRAUNFELS UTILITIES**
**Statement of Revenues & Expenses**
**For the Period Ending July 31, 2026**
Amounts Shown in Thousands

| | MTD Actual | MTD Budget | Variance | % Variance | YTD Actual | YTD Budget | Variance | % Variance |
|---|---|---|---|---|---|---|---|---|
| VOLUME/RATES | | | | | | | | |
| Electric Sales kWh | 184,022 | 193,191 | (9,169) | -5% | 1,864,671 | 1,905,742 | (41,072) | -2% |
| Electric Sales Rate Per kWh | $ 0.1337 | $ 0.1101 | $ 0.0236 | 21% | $ 0.1137 | $ 0.1112 | $ 0.0025 | 2% |
| Purchased kWh | 157,600 | 200,961 | (43,361) | -22% | 1,920,689 | 1,977,371 | (56,681) | -3% |
| Purchased Rate per kWh | $ 0.0889 | $ 0.0827 | $ 0.0062 | 8% | $ 0.0652 | $ 0.0773 | $ (0.0121) | -16% |
| Gallons Sold | 389,187 | 433,865 | (44,678) | -10% | 4,452,200 | 4,436,125 | 16,075 | 0% |
| Rate per 1,000 Gallons Sold | $ 13.24 | $ 11.53 | $ 1.71 | 15% | $ 11.56 | $ 11.32 | $ 0.25 | 2% |
| **OPERATING REVENUES** | | | | | | | | |
| **SERVICE REVENUE** | | | | | | | | |
| Electric Service | $ 24,602 | $ 21,278 | $ 3,324 | 16% | $ 211,979 | $ 211,934 | $ 45 | 0% |
| Water Service | 5,153 | 5,001 | 152 | 3% | 51,484 | 50,195 | 1,289 | 3% |
| Wastewater Service | 4,093 | 3,988 | 105 | 3% | 44,066 | 44,690 | (624) | -1% |
| **TOTAL SERVICE REVENUE** | **$ 33,848** | **$ 30,267** | **$ 3,581** | **12%** | **$ 307,529** | **$ 306,819** | **$ 710** | **0%** |
| **OTHER OPERATING REVENUE** | | | | | | | | |
| Electric Other | $ 116 | $ 128 | $ (12) | -9% | $ 1,395 | $ 1,538 | $ (143) | -9% |
| Water Other | 41 | 58 | (17) | -29% | 667 | 694 | (27) | -4% |
| Wastewater Other | 25 | 29 | (4) | -14% | 413 | 351 | 62 | 18% |
| Transmission System Revenue | 313 | 308 | 5 | 2% | 3,767 | 3,698 | 69 | 2% |
| Electric Pole Attachments | 49 | 41 | 8 | 20% | 656 | 498 | 158 | 32% |
| Water Tower Antenna Lease | 20 | 21 | (1) | -5% | 233 | 246 | (13) | -5% |
| **TOTAL OTHER OPERATING REVENUE** | **$ 564** | **$ 585** | **$ (21)** | **-4%** | **$ 7,131** | **$ 7,025** | **$ 106** | **2%** |
| **TOTAL OPERATING REVENUE** | **$ 34,412** | **$ 30,852** | **$ 3,560** | **12%** | **$ 314,660** | **$ 313,844** | **$ 816** | **0%** |
| **OPERATING EXPENSES** | | | | | | | | |
| **ELECTRIC** | | | | | | | | |
| Purchased Power | $ 14,015 | $ 16,622 | $ (2,607) | -16% | $ 125,196 | $ 152,913 | $ (27,717) | -18% |
| Electric O&M Expenses | 1,387 | 962 | 426 | 44% | 8,429 | 11,179 | (2,750) | -25% |
| Electric Depreciation & Amortization | 926 | 1,122 | (196) | -17% | 10,895 | 13,464 | (2,569) | -19% |
| Electric Support Services Allocated Operating Expenses | 1,514 | 1,370 | 144 | 11% | 13,808 | 15,490 | (1,682) | -11% |
| **TOTAL ELECTRIC OPERATING EXPENSE** | **$ 17,842** | **$ 20,076** | **$ (2,234)** | **-11%** | **$ 158,328** | **$ 193,046** | **$ (34,718)** | **-18%** |
| **WATER** | | | | | | | | |
| Purchased Water | $ 1,271 | $ 1,231 | $ 40 | 3% | $ 15,339 | $ 14,773 | $ 566 | 4% |
| Water O&M Expenses | 1,075 | 889 | 186 | 21% | 9,991 | 11,031 | (1,040) | -9% |
| Water Depreciation & Amortization | 1,394 | 1,292 | 101 | 8% | 16,529 | 15,508 | 1,021 | 7% |
| Water Support Services Allocated Operating Expenses | 1,539 | 1,353 | 186 | 14% | 13,932 | 15,419 | (1,487) | -10% |
| **TOTAL WATER OPERATING EXPENSE** | **$ 5,279** | **$ 4,765** | **$ 514** | **11%** | **$ 55,791** | **$ 56,731** | **$ (940)** | **-2%** |
| **WASTEWATER** | | | | | | | | |
| Wastewater O&M Expenses | $ 1,270 | $ 765 | $ 505 | 66% | $ 9,983 | $ 9,779 | $ 204 | 2% |
| Wastewater Depreciation & Amortization | 1,303 | 1,516 | (213) | -14% | 15,346 | 18,196 | (2,850) | -16% |
| Wastewater Support Services Allocated Operating Expenses | 1,209 | 1,094 | 115 | 11% | 11,075 | 12,307 | (1,232) | -10% |
| **TOTAL WASTERWATER OPERATING EXPENSE** | **$ 3,782** | **$ 3,375** | **$ 406** | **12%** | **$ 36,404** | **$ 40,282** | **$ (3,878)** | **-10%** |
| **TOTAL OPERATING EXPENSES** | **$ 26,903** | **$ 28,216** | **$ (1,313)** | **-5%** | **$ 250,523** | **$ 290,059** | **$ (39,536)** | **-14%** |
| **NET OPERATING INCOME** | | | | | | | | |
| ELECTRIC | $ 7,238 | $ 1,679 | $ 5,559 | * | $ 59,469 | $ 24,622 | $ 34,847 | * |
| WATER | (66) | 314 | (380) | * | (3,408) | (5,596) | 2,188 | -39% |
| WASTEWATER | 336 | 642 | (306) | -48% | 8,075 | 4,759 | 3,316 | 70% |
| **TOTAL NET OPERATING INCOME** | **$ 7,508** | **$ 2,635** | **$ 4,873** | ***** | **$ 64,136** | **$ 23,785** | **$ 40,351** | ***** |
| **NONOPERATING REVENUES (EXPENSES)** | | | | | | | | |
| Interest Income | $ 923 | $ 523 | $ 400 | 76% | $ 8,371 | $ 6,273 | $ 2,098 | 33% |
| Intergovernmental Expense | (1,363) | (1,046) | (317) | 30% | (12,264) | (12,551) | 287 | -2% |
| Interest and Amortization Expense | (2,853) | (2,821) | (32) | 1% | (24,675) | (33,851) | 9,176 | -27% |
| Other | 507 | 408 | 99 | 24% | 6,043 | 4,891 | 1,152 | 24% |
| **TOTAL NONOPERATING REVENUES (EXPENSES)** | **$ (2,786)** | **$ (2,936)** | **$ 150** | **-5%** | **$ (22,525)** | **$ (35,238)** | **$ 12,713** | **36%** |
| **CHANGE IN NET POSITION BEFORE CONTRIBUTIONS** | **$ 4,722** | **$ (301)** | **$ 5,023** | ***** | **$ 41,611** | **$ (11,453)** | **$ 53,064** | ***** |
| **CAPITAL CONTRIBUTIONS** | | | | | | | | |
| Impact Fees | $ 1,863 | $ 1,993 | $ (130) | -7% | $ 21,521 | $ 23,926 | $ (2,405) | -10% |
| Services | 666 | 159 | 507 | * | 6,194 | 1,907 | 4,287 | * |
| Grants | - | 124 | (124) | -100% | 1,154 | 1,487 | (333) | -22% |
| **TOTAL CAPITAL CONTRIBUTIONS** | **$ 2,529** | **$ 2,276** | **$ 253** | **11%** | **$ 28,869** | **$ 27,320** | **$ 1,549** | **6%** |
| **CHANGE IN NET POSITION AFTER CONTRIBUTIONS** | **$ 7,251** | **$ 1,975** | **$ 5,276** | ***** | **$ 70,480** | **$ 15,867** | **$ 54,613** | ***** |

*Denotes variance greater than 100%

**NEW BRAUNFELS UTILITIES**
**ELECTRIC LINE OF BUSINESS**
**Statement of Revenues & Expenses**
**For the Period Ending July 31, 2026**
Amounts Shown in Thousands

| | MTD Actual | MTD Budget | Variance | % Variance | YTD Actual | YTD Budget | Variance | % Variance |
|---|---|---|---|---|---|---|---|---|
| **ELECTRIC OPERATING REVENUES** | | | | | | | | |
| **ELECTRIC SERVICE REVENUE** | | | | | | | | |
| Electric Service | $ 24,602 | $ 21,278 | $ 3,324 | 16% | $ 211,978 | $ 211,934 | $ 44 | 0% |
| **TOTAL ELECTRIC SERVICE REVENUE** | **$ 24,602** | **$ 21,278** | **$ 3,324** | **16%** | **$ 211,978** | **$ 211,934** | **$ 44** | **0%** |
| **OTHER ELECTRIC OPERATING REVENUE** | | | | | | | | |
| Electric Other | $ 116 | $ 128 | $ (12) | -9% | $ 1,395 | $ 1,538 | $ (143) | -9% |
| Transmission System Revenue | 313 | 308 | 5 | 2% | 3,768 | 3,698 | 70 | 2% |
| Electric Pole Attachments | 49 | 41 | 8 | 20% | 656 | 498 | 158 | 32% |
| **TOTAL OTHER ELECTRIC OPERATING REVENUE** | **$ 478** | **$ 477** | **$ 1** | **0%** | **$ 5,819** | **$ 5,734** | **$ 85** | **1%** |
| **TOTAL ELECTRIC OPERATING REVENUE** | **$ 25,080** | **$ 21,755** | **$ 3,325** | **15%** | **$ 217,797** | **$ 217,668** | **$ 129** | **0%** |
| **ELECTRIC OPERATING EXPENSES** | | | | | | | | |
| Purchased Power & Other Power Supply | $ 14,015 | $ 16,622 | $ (2,607) | -16% | $ 125,196 | $ 152,913 | $ (27,717) | -18% |
| Transmission & Distribution | 1,223 | 895 | 328 | 37% | 7,704 | 10,310 | (2,606) | -25% |
| Customer Service | 120 | 44 | 76 | * | 428 | 530 | (102) | -19% |
| Administrative & General | 44 | 22 | 21 | 95% | 297 | 339 | (42) | -12% |
| Depreciation & Amortization | 926 | 1,122 | (196) | -17% | 10,895 | 13,464 | (2,569) | -19% |
| Support Services Allocated Operating Expenses | 1,514 | 1,370 | 144 | 11% | 13,808 | 15,490 | (1,682) | -11% |
| **TOTAL ELECTRIC OPERATING EXPENSE** | **$ 17,842** | **$ 20,075** | **$ (2,234)** | **-11%** | **$ 158,328** | **$ 193,046** | **$ (34,718)** | **-18%** |
| **ELECTRIC NET OPERATING INCOME** | **$ 7,238** | **$ 1,680** | **$ 5,558** | ***** | **$ 59,469** | **$ 24,622** | **$ 34,847** | ***** |
| **NONOPERATING REVENUES (EXPENSES)** | | | | | | | | |
| Interest Income | $ 441 | $ 248 | $ 193 | 78% | $ 4,175 | $ 2,977 | $ 1,198 | 40% |
| Intergovernmental Expense | (999) | (805) | (194) | 24% | (9,355) | (9,664) | 309 | -3% |
| Interest and Amortization Expense | (594) | (525) | (69) | 13% | (5,072) | (6,294) | 1,222 | -19% |
| Other | 184 | 104 | 80 | 77% | 2,126 | 1,251 | 875 | 70% |
| **TOTAL NONOPERATING REVENUES (EXPENSES)** | **$ (968)** | **$ (978)** | **$ 10** | **-1%** | **$ (8,126)** | **$ (11,730)** | **$ 3,604** | **31%** |
| **CHANGE IN NET POSITION BEFORE CONTRIBUTIONS** | **$ 6,270** | **$ 702** | **$ 5,568** | ***** | **$ 51,343** | **$ 12,892** | **$ 38,451** | ***** |
| **ELECTRIC CAPITAL CONTRIBUTIONS** | | | | | | | | |
| Services | $ 574 | $ 62 | $ 512 | * | $ 4,891 | $ 749 | $ 4,142 | * |
| **TOTAL ELECTRIC CAPITAL CONTRIBUTIONS** | **$ 574** | **$ 62** | **$ 512** | ***** | **$ 4,891** | **$ 749** | **$ 4,142** | ***** |
| **CHANGE IN NET POSITION AFTER CONTRIBUTIONS** | **$ 6,844** | **$ 764** | **$ 6,080** | ***** | **$ 56,234** | **$ 13,641** | **$ 42,593** | ***** |

*Denotes variance greater than 100%

**NEW BRAUNFELS UTILITIES**
**WATER LINE OF BUSINESS**
**Statement of Revenues & Expenses**
**For the Period Ending July 31, 2026**
Amounts Shown in Thousands

| | MTD Actual | MTD Budget | Variance | % Variance | YTD Actual | YTD Budget | Variance | % Variance |
|---|---|---|---|---|---|---|---|---|
| **WATER OPERATING REVENUES** | | | | | | | | |
| **WATER SERVICE REVENUE** | | | | | | | | |
| Water Service | $ 5,152 | $ 5,001 | $ 151 | 3% | $ 51,484 | $ 50,195 | $ 1,289 | 3% |
| **TOTAL WATER SERVICE REVENUE** | **$ 5,152** | **$ 5,001** | **$ 151** | **3%** | **$ 51,484** | **$ 50,195** | **$ 1,289** | **3%** |
| **OTHER WATER OPERATING REVENUE** | | | | | | | | |
| Water Other | $ 41 | $ 58 | $ (17) | -29% | $ 666 | $ 694 | $ (28) | -4% |
| Water Tower Antenna Lease | 20 | 20 | - | 0% | 233 | 246 | (13) | -5% |
| **TOTAL OTHER WATER OPERATING REVENUE** | **$ 61** | **$ 78** | **$ (17)** | **-22%** | **$ 899** | **$ 940** | **$ (41)** | **-4%** |
| **TOTAL WATER OPERATING REVENUE** | **$ 5,213** | **$ 5,079** | **$ 134** | **3%** | **$ 52,383** | **$ 51,135** | **$ 1,248** | **2%** |
| **WATER OPERATING EXPENSES** | | | | | | | | |
| Purchased Water | $ 1,271 | $ 1,231 | $ 40 | 3% | $ 15,339 | $ 14,773 | $ 566 | 4% |
| Supply Source | 9 | 4 | 5 | * | 88 | 52 | 36 | 69% |
| Transmission & Distribution | 379 | 325 | 54 | 17% | 3,552 | 4,091 | (539) | -13% |
| Pumping | 202 | 237 | (35) | -15% | 2,402 | 3,010 | (608) | -20% |
| Water Treatment | 382 | 263 | 119 | 45% | 3,263 | 3,098 | 165 | 5% |
| Customer Service | 28 | 8 | 20 | * | 114 | 100 | 14 | 14% |
| Administrative & General | 75 | 52 | 23 | 44% | 572 | 679 | (107) | -16% |
| Depreciation & Amortization | 1,394 | 1,292 | 102 | 8% | 16,529 | 15,509 | 1,020 | 7% |
| Support Services Allocated Operating Expenses | 1,539 | 1,353 | 186 | 14% | 13,932 | 15,419 | (1,487) | -10% |
| **TOTAL WATER OPERATING EXPENSE** | **$ 5,279** | **$ 4,765** | **$ 514** | **11%** | **$ 55,791** | **$ 56,731** | **$ (940)** | **-2%** |
| **WATER NET OPERATING INCOME** | **$ (66)** | **$ 314** | **$ (380)** | ***** | **$ (3,408)** | **$ (5,596)** | **$ 2,188** | **-39%** |
| **NONOPERATING REVENUES (EXPENSES)** | | | | | | | | |
| Interest Income | $ 226 | $ 128 | $ 98 | 77% | $ 1,965 | $ 1,543 | $ 422 | 27% |
| Intergovernmental Expense | (165) | (111) | (54) | 49% | (1,322) | (1,332) | 10 | -1% |
| Interest and Amortization Expense | (1,048) | (1,147) | 99 | -9% | (9,529) | (13,769) | 4,240 | -31% |
| Other | 97 | 153 | (56) | -37% | 1,939 | 1,832 | 107 | 6% |
| **TOTAL NONOPERATING REVENUES (EXPENSES)** | **$ (890)** | **$ (977)** | **$ 87** | **-9%** | **$ (6,947)** | **$ (11,726)** | **$ 4,779** | **-41%** |
| **CHANGE IN NET POSITION BEFORE CONTRIBUTIONS** | **$ (956)** | **$ (663)** | **$ (293)** | **44%** | **$ (10,355)** | **$ (17,322)** | **$ 6,967** | **-40%** |
| **WATER CAPITAL CONTRIBUTIONS** | | | | | | | | |
| Impact Fees | $ 1,396 | $ 1,459 | $ (63) | -4% | $ 16,114 | $ 17,512 | $ (1,398) | -8% |
| Services | 92 | 97 | (5) | -5% | 1,303 | $ 1,158 | 145 | 13% |
| Grants | - | 124.00 | (124) | -100% | 1,154.00 | $ 1,487 | (333.00) | -22% |
| **TOTAL WATER CAPITAL CONTRIBUTIONS** | **$ 1,488** | **$ 1,680** | **$ (192)** | **-11%** | **$ 18,571** | **$ 20,157** | **$ (1,586)** | **-8%** |
| **CHANGE IN NET POSITION AFTER CONTRIBUTIONS** | **$ 532** | **$ 1,017** | **$ (485)** | **-48%** | **$ 8,216** | **$ 2,835** | **$ 5,381** | ***** |

*Denotes variance greater than 100%

**NEW BRAUNFELS UTILITIES**
**WASTEWATER LINE OF BUSINESS**
**Statement of Revenues & Expenses**
**For the Period Ending July 31, 2026**
Amounts Shown in Thousands

| | MTD Actual | MTD Budget | Variance | % Variance | YTD Actual | YTD Budget | Variance | % Variance |
|---|---|---|---|---|---|---|---|---|
| **WASTEWATER OPERATING REVENUES** | | | | | | | | |
| **WASTEWATER SERVICE REVENUE** | | | | | | | | |
| Wastewater Service | $ 4,093 | $3,988 | $ 105 | 3% | $44,066 | $ 44,690 | $ (624) | -1% |
| **TOTAL WASTEWATER SERVICE REVENUE** | **$ 4,093** | **$3,988** | **$ 105** | **3%** | **$44,066** | **$ 44,690** | **$ (624)** | **-1%** |
| **OTHER WASTEWATER OPERATING REVENUE** | | | | | | | | |
| Wastewater Other | $ 25 | $ 29 | $ (4) | -14% | $ 413 | $ 350 | $ 63 | 18% |
| **TOTAL OTHER WASTEWATER OPERATING REVENUE** | **$ 25** | **$ 29** | **$ (4)** | **-14%** | **$ 413** | **$ 350** | **$ 63** | **18%** |
| **TOTAL WASTEWATER OPERATING REVENUE** | **$ 4,118** | **$4,017** | **$ 101** | **3%** | **$44,479** | **$ 45,040** | **$ (561)** | **-1%** |
| **WASTEWATER OPERATING EXPENSES** | | | | | | | | |
| Transmission & Distribution | $ - | $ - | $ - | 100% | $ 16 | $ - | $ 16 | 100% |
| Wastewater Operations & Maintenance | 1,252 | 743 | 509 | 69% | 9,596 | 9,356 | 240 | 3% |
| Wastewater Treatment | - | - | - | 0% | 5 | - | 5 | 0% |
| Customer Service | - | 11 | (11) | -100% | 108 | 134 | (26) | -19% |
| Administrative & General | 18 | 11 | 7 | 64% | 258 | 288 | (30) | -10% |
| Depreciation & Amortization | 1,303 | 1,516 | (213) | -14% | 15,346 | 18,196 | (2,850) | -16% |
| Support Services Allocated Operating Expenses | 1,209 | 1,094 | 115 | 11% | 11,075 | 12,307 | (1,232) | -10% |
| **TOTAL WASTERWATER OPERATING EXPENSE** | **$ 3,782** | **$3,375** | **$ 407** | **12%** | **$36,404** | **$ 40,281** | **$ (3,877)** | **-10%** |
| **WASTEWATER NET OPERATING INCOME** | **$ 336** | **$ 642** | **$ (306)** | **-48%** | **$ 8,075** | **$ 4,759** | **$ 3,316** | **70%** |
| **NONOPERATING REVENUES (EXPENSES)** | | | | | | | | |
| Interest Income | $ 256 | $ 146 | $ 110 | 75% | $ 2,231 | $ 1,752 | $ 479 | 27% |
| Intergovernmental Expense | (199) | (130) | (69) | 53% | (1,587) | (1,555) | (32) | 2% |
| Interest and Amortization Expense | (1,211) | (1,149) | (62) | 5% | (10,074) | (13,787) | 3,713 | -27% |
| Other | 226 | 151 | 75 | 50% | 1,978 | 1,808 | 170 | 9% |
| **TOTAL NONOPERATING REVENUES (EXPENSES)** | **$ (928)** | **$ (982)** | **$ 54** | **-5%** | **$ (7,452)** | **$(11,782)** | **$ 4,330** | **-37%** |
| **CHANGE IN NET POSITION BEFORE CONTRIBUTIONS** | **$ (592)** | **$ (340)** | **$ (252)** | **74%** | **$ 623** | **$ (7,023)** | **$ 7,646** | ***** |
| **WASTEWATER CAPITAL CONTRIBUTIONS** | | | | | | | | |
| Impact Fees | $ 467 | $ 534 | $ (67) | -13% | $ 5,407 | $ 6,414 | $ (1,007) | -16% |
| **TOTAL WASTEWATER CAPITAL CONTRIBUTIONS** | **$ 467** | **$ 534** | **$ (67)** | **-13%** | **$ 5,407** | **$ 6,414** | **$ (1,007)** | **-16%** |
| **CHANGE IN NET POSITION AFTER CONTRIBUTIONS** | **$ (125)** | **$ 194** | **$ (319)** | ***** | **$ 6,030** | **$ (609)** | **$ 6,639** | ***** |

*Denotes variance greater than 100%

**NEW BRAUNFELS UTILITIES**
**Statement of Cash Flows**
**For the Period Ending July 31, 2026**
Amounts Shown in Thousands

| | MTD | YTD |
|---|---|---|
| **NET POSITION BEFORE CONTRIBUTIONS** | $ 4,722 | $ 41,611 |
| ***Operating activities, cash flows provided by or used in:*** | | |
| Depreciation | $ 3,623 | $ 42,770 |
| Decrease (increase) in accounts receivable | (8,262) | (3,654) |
| Decrease (increase) in inventories | (534) | (465) |
| Decrease (increase) in other assets | 7,803 | 76,677 |
| Increase (decrease) in current liabilities | 25,981 | 53,341 |
| Increase (decrease) in other liabilities | 1,614 | 711 |
| **Net Cash Flow from Operating Activities** | **$ 34,947** | **$ 210,992** |
| ***Investing activities, cash flows provided by or used in:*** | | |
| Capital Expenditures | $ (42,901) | $ (294,297) |
| Investments | 12,090 | (151,209) |
| Rents/Interest Receivable | 206 | 372 |
| **Net Cash Flow from Investing Activities** | **$ (30,605)** | **$ (445,135)** |
| ***Financing activities, cash flows provided by or used in:*** | | |
| Transfers to City of New Braunfels | $ (2,786) | $ (22,525) |
| Increase (decrease) in long-term debt | (887) | 259,555 |
| **Net Cash Flow from Financing Activities** | **$ (3,673)** | **$ 237,030** |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | **$ 669** | **$ 2,887** |

**CAPITAL EQUIPMENT SUMMARY - FY 2026**
**YTD for the Period Ending July 31, 2026**

| Department | Capital Equipment Description | YTD Actual | FY 2026 Budget | Budget Remaining |
|---|---|---|---|---|
| **ELECTRIC** | | | | |
| 116 | Ford Ranger | - | 40,000 | 40,000 |
| 117 | Altec Small Service Bucket | 229,320 | 175,000 | (54,320) |
| 117 | Altec Small Service Bucket | 229,320 | 175,000 | (54,320) |
| 117 | International CV | - | 120,000 | 120,000 |
| 117 | Altec AM 60E | 266,859 | 315,000 | 48,141 |
| 117 | Altec Digger Derrick | 223,405 | 330,000 | 106,595 |
| 119 | Ford F-250 | - | 125,000 | 125,000 |
| 119 | Oil Filter Press | 7,340 | 15,000 | 7,660 |
| 119 | Doble M4100 Power Factor Insulation Analyzer Power Factor/Tan-Delta Instrumen | 62,193 | 66,000 | 3,807 |
| | **TOTAL ELECTRIC** | **$ 1,018,437** | **$ 1,361,000** | **$ 342,563** |
| **WATER** | | | | |
| 220 | Ford F-550 Water/ International CV | - | 130,000 | 130,000 |
| 220 | Ford F-550 Water/ International CV | - | 130,000 | 130,000 |
| | **TOTAL WATER** | **$ -** | **$ 260,000** | **$ 260,000** |
| **WASTEWATER** | | | | |
| 320 | Ford F-150 | - | 56,000 | 56,000 |
| 320 | Ford F-150 | - | 56,000 | 56,000 |
| 320 | Ford Escape | - | 25,000 | 25,000 |
| | **TOTAL WASTEWATER** | **$ -** | **$ 137,000** | **$ 137,000** |
| **SHARED WATER/WASTEWATER** | | | | |
| 217/317 | CCTV Truck | - | 400,000 | 400,000 |
| 217/317 | International MV 607 | - | 185,000 | 185,000 |
| 217/317 | Ford F-550 Water/ International CV | 167,697 | 130,000 | (37,697) |
| 217/317 | Ford F-550 Water/ International CV | 167,697 | 130,000 | (37,697) |
| 217/317 | International Dump Truck | - | 135,000 | 135,000 |
| 217/317 | International Dump Truck | - | 135,000 | 135,000 |
| 217/317 | CAT Wheel Loader | 186,750 | 160,000 | (26,750) |
| | **TOTAL SHARED WATER/WASTEWATER** | **$ 522,144** | **$ 1,275,000** | **$ 752,856** |
| **NTERPRISE COMMUNTICATIONS** | | | | |
| 523 | Ford Explorer | 38,362 | 40,000 | 1,638 |
| | **TOTAL ENTERPRISE COMMUNICATIONS** | **$ 38,362** | **$ 40,000** | **$ 1,638** |
| **SAFETY** | | | | |
| 524 | Ford Explorer | - | 40,000 | 40,000 |
| | **TOTAL SAFETY** | **$ -** | **$ 40,000** | **$ 40,000** |
| **PURCHASING** | | | | |
| 527 | CAT Forklift Large | - | 250,000 | 250,000 |
| 527 | Ford F-150 | - | 56,000 | 56,000 |
| | **TOTAL PURCHASING** | **$ -** | **$ 306,000** | **$ 306,000** |
| **FLEET/FACILITIES** | | | | |
| 528 | CAT Forklift Med | - | 75,000 | 75,000 |
| | **TOTAL FLEET/FACILITIES** | **$ -** | **$ 75,000** | **$ 75,000** |
| **TECHNOLOGY** | | | | |
| 531 | PC Replacements | 340,347 | 300,000 | (40,347) |
| 531 | Copiers and Printers | - | 7,000 | 7,000 |
| 531 | Network Equipment | 89,678 | 188,000 | 98,322 |
| 531 | Server Replacements | 2,098,631 | 2,350,000 | 251,369 |
| 531 | Telecommunications Equipment and Enhancements | - | 40,000 | 40,000 |
| 531 | Firewall and VPN Replacements | - | 200,000 | 200,000 |
| 531 | UPS Replacement | 12,190 | 41,000 | 28,810 |
| 531 | iPads | - | 30,000 | 30,000 |
| 531 | Radio Equipment | - | 100,000 | 100,000 |
| | **TOTAL TECHNOLOGY** | **$ 2,540,847** | **$ 3,256,000** | **$ 715,154** |
| **OPERATIONAL TECHNOLOGY** | | | | |
| 532 | Ford Escape | - | 25,000 | 25,000 |
| 532 | OT Equipment Lifecycle Management | 281,127 | 250,000 | (31,127) |
| | **TOTAL OPERATIONAL TECHNOLOGY** | **$ 281,127** | **$ 275,000** | **$ (6,127)** |
| **SECURITY** | | | | |
| 534 | Ford Explorer | - | 40,000 | 40,000 |
| 534 | Security Equipment Lifecycle Management | 44,865 | 50,000 | 5,135 |
| | **TOTAL SECURITY** | **$ 44,865** | **$ 90,000** | **$ 45,135** |
| | **TOTAL CAPITAL EQUIPMENT** | **$ 4,445,782** | **$ 7,115,000** | **$ 2,669,218** |

**BUDGETED PRIOR YEAR ITEMS:**

| | | | | |
|---|---|---|---|---|
| **ELECTRIC** | | | | |
| 117 | Ford F-550 Electric/International CV (FY24) | 145,967 | - | (145,967) |
| 117 | 2025 - International - CV515 (FY25) | 111,789 | - | (111,789) |
| 117 | 2026 Western Star 47X | 635,264 | | (635,264) |
| | **TOTAL ELECTRIC** | **$ 893,020** | **$ -** | **$ (893,020)** |
| **SHARED WATER/WASTEWATER** | | | | |
| 217/317 | Ford F-550 Water / International CV (FY25) | 701,876 | - | (701,876) |
| | | | - | - |
| | **TOTAL SHARED WATER/WASTEWATER** | **$ 701,876** | **$ -** | **$ (701,876)** |
| **PURCHASING** | | | | |
| 527 | Ford F-350 (FY24) | 98,784 | - | (98,784) |
| | | - | - | - |
| | **TOTAL PURCHASING** | **$ 98,784** | **$ -** | **$ (98,784)** |
| | **TOTAL BUDGETED PRIOR YEAR CAPITAL EQUIPMENT** | **$ 1,693,680** | **$ -** | **$(1,693,680)** |

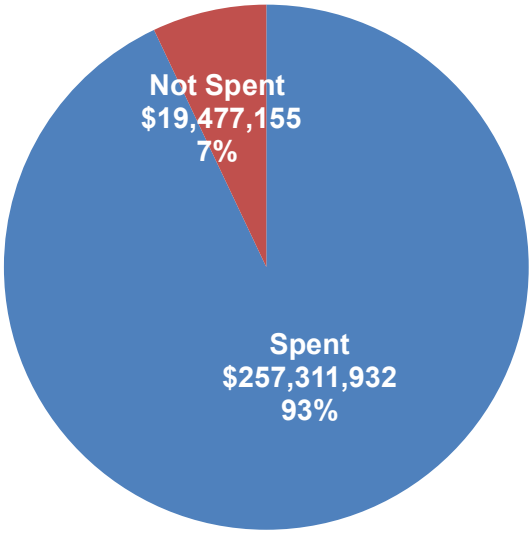
**UNBUDGETED ITEMS:**

| | | | | |
|---|---|---|---|---|
| **ELECTRIC** | | | | |
| 117 | Ford Ranger Replacement | 36,457 | - | (36,457) |
| | **TOTAL ELECTRIC** | **$ 36,457** | **$ -** | **$ (36,457)** |
| **WATER** | | | | |
| 220 | Ford Ranger Replacement | 36,457 | - | (36,457) |
| | **TOTAL WATER** | **$ 36,457** | **$ -** | **$ (36,457)** |
| **SHARED WATER/WASTEWATER** | | | | |
| 217/317 | International Combo Unit | 28,993 | - | (28,993) |
| | | | - | - |
| | **TOTAL SHARED WATER/WASTEWATER** | **$ 28,993** | **$ -** | **$ (28,993)** |
| **HEADWATERS** | | | | |
| 516 | 2026 Kubota RTV-X | 22,088 | - | (22,088) |
| | **TOTAL FLEET/FACILITIES** | **$ 22,088** | **$ -** | **$ (22,088)** |
| **FLEET/FACILITIES** | | | | |
| 528 | CSC AC #4 Replacement | 56,304 | - | (56,304) |
| | **TOTAL FLEET/FACILITIES** | **$ 56,304** | **$ -** | **$ (56,304)** |
| | **TOTAL UNBUDGETED CAPITAL EQUIPMENT** | **$ 180,299** | **$ -** | **$ (158,211)** |
| | **TOTAL** | **$ 6,319,760** | **$ 7,115,000** | **$ 817,328** |

# FY 2026 Capital Expenditure Summary
## As of July 31, 2026

100% of Year Completed

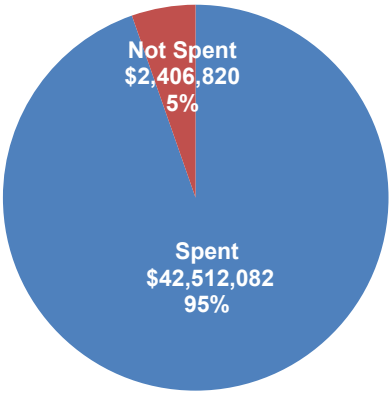
| | Spent | Not Spent | Total Budget | % of Total Budget Spent |
|---|---|---|---|---|
| Electric | $ 42,512,082 | $ 2,406,820 | $ 44,918,902 | 95% |
| Water | 40,639,783 | 8,707,149 | 49,346,932 | 82% |
| Wastewater | 67,401,304 | 21,974,798 | 89,376,102 | 75% |
| Support Services | 106,758,763 | (13,611,612) | 93,147,151 | 115% |
| **TOTAL** | **$ 257,311,932** | **$ 19,477,155** | **$ 276,789,087** | |
| | ***93%*** | ***7%*** | ***100%*** | |



100% of Year Completed

# Electric Line of Business
## FY 2026 Capital Expenditure Summary
## As of July 31, 2026

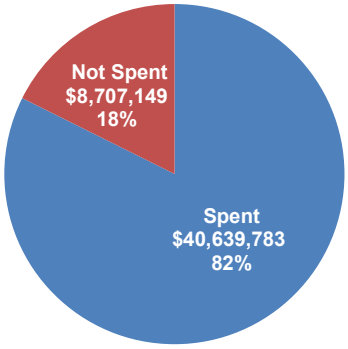
| Project | 1 Total Spent YTD | 2 FY26 Project Budget | FY26 Budget Remaining | Project Life Total Budget | (1)/(2) % Spent YTD | % Physical Completion |
|---|---|---|---|---|---|---|
| **Budgeted Projects:** | | | | | | |
| System Extensions | $ 8,037,391 | $ 7,111,791 | $ (925,600) | $ 7,111,791 | 113% | 92% |
| Distribution Transformers | 2,458,367 | 3,571,455 | 1,113,088 | 3,571,455 | 69% | 92% |
| Electric Meters | 1,966,175 | 1,514,292 | (451,883) | 1,514,292 | 130% | 92% |
| Electric Aging Infrastructure | 3,914,340 | 3,418,015 | (496,325) | 3,418,015 | 115% | 92% |
| Three-Phase Extensions | 1,021,897 | 494,567 | (527,330) | 7,257,875 | 207% | 90% |
| Fiber Optic Extensions | 144,082 | 275,134 | 131,052 | 1,051,035 | 52% | 50% |
| Hueco Springs Substation | 4,607,997 | 6,488,409 | 1,880,412 | 15,119,963 | 71% | 98% |
| Sheriff's Posse to Marion, T-340 Upgrade | - | 370,373 | 370,373 | 10,802,152 | 0% | 22% |
| Industrial Substation PWT Replacement (TXI T1) | 14,870 | 193,652 | 178,782 | 3,718,736 | 8% | 70% |
| Residential OH to UG Conversion | 59,921 | 158,731 | 98,810 | 8,436,046 | 38% | 15% |
| Kohlenberg Rd Substation | 8,197,799 | 5,588,675 | (2,609,124) | 13,044,707 | 147% | 80% |
| Electric Aging Infrastructure, Substation | 430,846 | 272,489 | (158,357) | 2,190,495 | 158% | 100% |
| Freiheit Breaker Addiitons & Control House | 616,773 | 1,851,866 | 1,235,093 | 2,266,050 | 33% | 85% |
| EC23 FM 482 Feeder | 314,440 | 1,164,030 | 849,590 | 1,798,176 | 27% | 50% |
| HE11 Conrads Rd Feeder | 995,430 | 1,688,728 | 693,298 | 2,335,816 | 59% | 50% |
| Transmission Access & Wildlife Protection | 56,569 | 272,489 | 215,920 | 2,046,106 | 21% | 0% |
| Comal T3 Replacement & Feeder CO33 | 2,704,115 | 2,370,388 | (333,727) | 4,690,709 | 114% | 90% |
| Distribution Feeder Breaker Addition & Replacements | 545,704 | 193,123 | (352,581) | 858,051 | 283% | 43% |
| Henne Substation Breaker & Half | 3,510,803 | 2,433,881 | (1,076,922) | 4,143,808 | 144% | 98% |
| CONB Road Widening Adjustments | 157,112 | 976,198 | 819,086 | 1,259,333 | 16% | 10% |
| HW14 to FM 3009 Extension Phase 2 | 792,108 | 2,380,970 | 1,588,862 | 2,825,080 | 33% | 40% |
| HW23 NB West Feeder | 1,575,066 | 1,785,728 | 210,662 | 1,992,362 | 88% | 90% |
| GPI Substation Improvements | 271,620 | 211,642 | (59,978) | 2,444,630 | 128% | 70% |
| FM3009 Substation | 77,666 | 79,366 | 1,700 | 11,112,415 | 98% | 12% |
| Freiheit T2 Replacement | - | 52,910 | 52,910 | 3,663,720 | 0% | 12% |
| **Total Budgeted Projects** | **$ 42,471,094** | **$ 44,918,902** | **$ 2,447,808** | **$ 118,672,819** | **95%** | |
| **Unbudgeted Projects:** | | | | | | |
| Freiheit Feeder 11, Alves Ln | $ 19,765 | $ - | $ (19,765) | $ 2,115,935 | 0% | 100% |
| CO14 Kentucky Rd Feeder | 18,050 | - | (18,050) | 2,969,684 | 0% | 100% |
| TxDOT Road Widening | 3,173 | - | (3,173) | 701,885 | 0% | 95% |
| **Total Unbudgeted Projects** | **$ 40,988** | **$ -** | **$ (40,988)** | **$ 5,787,503** | | |
| **TOTAL** | **$ 42,512,082** | **$ 44,918,902** | **$ 2,406,820** | **$ 124,460,322** | **95%** | |



100% of Year Completed

## Water Line of Business
## FY 2026 Capital Expenditure Summary
## As of July 31, 2026

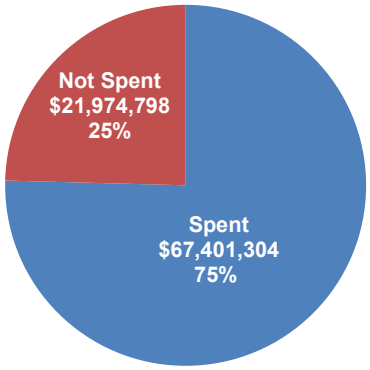
| Project | [1] Total Spent YTD | [2] FY26 Project Budget | FY26 Budget Remaining | Project Life Total Budget | [(1)/(2)] % Spent YTD | % Physical Completion |
|---|---|---|---|---|---|---|
| **Budgeted Projects:** | | | | | | |
| System Extensions | $ 786,808 | $ 326,336 | $ (460,472) | $ 326,336 | 241% | 90% |
| Water Meters | 5,407,316 | 4,032,392 | (1,374,924) | 4,032,392 | 134% | 98% |
| Aging System Replacements | 2,579,145 | 949,340 | (1,629,805) | 949,340 | 272% | 94% |
| Aquifer Strg & Recovery Project | 524,788 | 1,432,977 | 908,189 | 23,166,232 | 37% | 84% |
| AC Pipe Replacement - Solms | 457,342 | 692,453 | 235,111 | 3,054,496 | 66% | 15% |
| Wood Meadows Water Line River Crossing | 720,049 | 2,398,679 | 1,678,630 | 4,095,615 | 30% | 100% |
| Infrastructure Replacement Package 2-W | 30,910 | 1,177,533 | 1,146,623 | 1,566,623 | 3% | 10% |
| Infrastructure Replacement Package 3-W | 222,871 | 978,163 | 755,292 | 1,033,063 | 23% | 3% |
| Solms Pump Station and Ground Storage Tank | 1,864,270 | 7,392,445 | 5,528,175 | 24,221,274 | 25% | 14% |
| SWTP Expansion - Water Supply Facilities | 910,240 | 309,673 | (600,567) | 62,615,628 | 294% | 5% |
| Western Downtown to Morningside PZ Conversion | 800,181 | 518,388 | (281,793) | 6,964,928 | 154% | 17% |
| Trinity Expansion Treatment Plant - TWDB | 801,678 | 308,418 | (493,260) | 29,515,235 | 260% | 97% |
| FM 1044 EST | 10,789,109 | 14,234,454 | 3,445,345 | 18,192,506 | 76% | 83% |
| Goodwin/Conrads Water Adjustments (CNB)-W | 1,013,977 | 1,049,702 | 35,725 | 1,440,521 | 97% | 56% |
| Senate Bill 3 EPP Generators | 1,544,310 | 944,363 | (599,947) | 1,689,042 | 164% | 86% |
| FM 1101 Pump Station & GST | 744,989 | 301,299 | (443,690) | 22,625,689 | 247% | 17% |
| FM 1101 Discharge Line | 868,096 | 1,562,294 | 694,198 | 14,137,710 | 56% | 6% |
| Broken and Critical Valve Replacements | 363,011 | 581,913 | 218,902 | 655,848 | 62% | 13% |
| Barbarosa Waterline CNB | 452,848 | 381,409 | (71,439) | 9,346,909 | 119% | 4% |
| Central Downtown to Morningside PZ Conversion | 1,226,880 | 710,259 | (516,621) | 10,480,061 | 173% | 8% |
| City Street Projects CNB | - | 514,845 | 514,845 | 4,408,130 | 0% | 1% |
| Hwy 46 Water Line (Mission) Phase 2 | 319,178 | 714,790 | 395,612 | 4,362,027 | 45% | 6% |
| Downtown to Loop PZ Conversion | 137,815 | 797,483 | 659,668 | 3,232,439 | 17% | 3% |
| Loop GST Improvements | 323,494 | 185,031 | (138,463) | 3,013,484 | 175% | 13% |
| Rio to Keuhler River Crossing | 455,526 | 188,858 | (266,668) | 1,715,518 | 241% | 9% |
| Simon Street Improvements | (217,988) | 472,091 | 690,079 | 1,537,014 | -46% | 100% |
| San Antonio St Rehabilitation Phase 3 CNB | 1,399,648 | 1,990,205 | 590,557 | 2,173,812 | 70% | 32% |
| Senate Bill 3 EPP Generators Phase 2 | 241,777 | 406,217 | 164,440 | 3,461,027 | 60% | 11% |
| Hueco Springs SWTP 2 | 225,430 | 414,940 | 189,510 | 20,466,103 | 54% | 2% |
| Well 6 Site Improvements | 485,241 | 185,031 | (300,210) | 918,758 | 262% | 14% |
| Water Infrastructure Replacement | 96,127 | 922,089 | 825,962 | 1,545,941 | 10% | 13% |
| AC Pipe Replacement - Balcones Phase 2 | 109,057 | 498,427 | 389,370 | 2,353,780 | 22% | 4% |
| Altgelt EST | 2,980 | 308,536 | 305,556 | 10,896,522 | 1% | 0% |
| Bretzke to Hoffman Discharge Line | 359,536 | 118,668 | (240,868) | 6,667,073 | 303% | 0% |
| Coll Street Relocations CNB | 56,618 | 152,224 | 95,606 | 902,233 | 37% | 8% |
| Kowald Lane Rehabilitation CNB | 194,938 | 204,104 | 9,166 | 2,314,327 | 96% | 7% |
| River Chase EST | 3,361 | 367,869 | 364,508 | 6,196,203 | 1% | 0% |
| Senate Bill 3 EPP Generators Phase 3 | 109,268 | 124,607 | 15,339 | 3,763,498 | 88% | 1% |
| Water Tank Rehabilitations Phase 2 | 462,673 | 498,427 | 35,754 | 3,951,018 | 93% | 6% |
| **Total Budgeted Projects** | **$ 36,873,497** | **$ 49,346,932** | **$ 12,473,435** | **$ 323,988,355** | **75%** | |
| **Unbudgeted Projects:** | | | | | | |
| I-35 Water Line (Downtown) | 52,071 | - | (52,071) | 11,341,536 | 0% | 100% |
| FM 306 Pump Station & Discharge Pipeline | 953,002 | - | (953,002) | 12,320,227 | 0% | 99% |
| Conrads EST | 149,638 | - | (149,638) | 10,387,908 | 0% | 100% |
| Landa Pump Station Phase 2/Well 5 | 12,681 | - | (12,681) | 15,807,096 | 0% | 100% |
| Trinity Expansion Well Field - TWDB | 2,079,660 | - | (2,079,660) | 10,924,370 | 0% | 98% |
| Water Tank Rehabilitations | 519,235 | - | (519,235) | 3,858,429 | 0% | 100% |
| **Total Unbudgeted Projects** | **$ 3,766,286** | **$ -** | **$ (3,766,286)** | **$ 64,639,567** | | |
| **TOTAL** | **$ 40,639,783** | **$ 49,346,932** | **$ 8,707,149** | **$ 388,627,922** | **82%** | |



100% of Year Completed

## Wastewater Line of Business
### FY 2026 Capital Expenditure Summary
### As of July 31, 2026

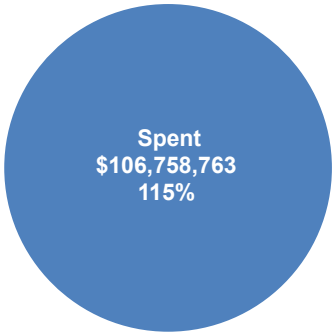
| Project | [1] Total Spent YTD | [2] FY26 Project Budget | FY26 Budget Remaining | Project Life Total Budget | (1)/(2) % Spent YTD | % Physical Completion |
|---|---|---|---|---|---|---|
| **Budgeted Projects:** | | | | | | |
| System Extensions | $ 1,202,147 | $ 169,840 | $ (1,032,307) | $ 169,840 | 708% | 98% |
| Aging System Replacements | 855,986 | 905,815 | 49,829 | 905,815 | 94% | 78% |
| Manhole Rehabilitation | 479,287 | 820,895 | 341,608 | 820,895 | 58% | 58% |
| South Kuehler Interceptor Phase 1 | 4,009,593 | 5,143,051 | 1,133,458 | 8,670,138 | 78% | 88% |
| Gruene Rd Sewer Main Rehabilitation/Relocation | 6,518,800 | 4,981,590 | (1,537,210) | 5,791,444 | 131% | 85% |
| Infrastructure Replacement Package 2-WW | 28,293 | 1,558,195 | 1,529,902 | 1,953,678 | 2% | 5% |
| Infrastructure Replacement Package 3-WW | 314,471 | 1,338,078 | 1,023,607 | 1,416,960 | 24% | 4% |
| McKenzie WRF Expansion | 26,716,390 | 24,245,224 | (2,471,166) | 76,613,929 | 110% | 90% |
| I-35 Interceptor Upgrade | 337,074 | 3,132,609 | 2,795,535 | 19,055,145 | 11% | 11% |
| McKenzie Interceptor Upgrade | 16,957,034 | 24,572,946 | 7,615,912 | 34,127,230 | 69% | 73% |
| Kuehler WRF Rehabilitation | 1,886,570 | 6,696,183 | 4,809,613 | 72,655,872 | 28% | 12% |
| Sewer Infrastructure Replacement Package 2 | 721,263 | 5,242,254 | 4,520,991 | 9,744,880 | 14% | 99% |
| Saengerhalle North Interceptor | 1,018,754 | 2,542,927 | 1,524,173 | 7,326,231 | 40% | 25% |
| Goodwin/Conrads Adjustments (CNB)-WW | 987,691 | 693,453 | (294,238) | 1,136,003 | 142% | 57% |
| North Kuehler Interceptor - Segment 3 | 449,080 | 345,142 | (103,938) | 9,746,413 | 0% | 4% |
| Kuehler WRF Clarifier Rehabilitation | 191,490 | 318,590 | 127,100 | 5,084,709 | 60% | 99% |
| Dove Crossing Force Main | 98,484 | 440,234 | 341,750 | 6,279,673 | 22% | 4% |
| City Street Projects CNB | - | 502,625 | 502,625 | 502,625 | 0% | 0% |
| Coll Street Relocations CNB | 10,156 | 142,193 | 132,037 | 142,193 | 7% | 4% |
| Gruene Lift Station Expansion | 292,331 | 367,298 | 74,967 | 367,298 | 80% | 9% |
| Simon Street Improvements | 543,069 | 334,652 | (208,417) | 334,652 | 162% | 100% |
| San Antonio St Rehabilitation Phase 3 CNB | 967,138 | 1,850,359 | 883,221 | 1,850,359 | 52% | 20% |
| Wastewater Infrastructure Replacement | 93,572 | 237,494 | 143,922 | 237,494 | 39% | 12% |
| Barbarosa Wastewater Line CNB | 159,376 | 91,998 | (67,378) | 91,998 | 173% | 4% |
| Gruene WRF Expansion | 1,169,874 | 1,158,509 | (11,365) | 1,158,509 | 101% | 1% |
| Kowald Lane Rehabilitation CNB | 61,612 | 63,131 | 1,519 | 63,131 | 98% | 7% |
| South Kuehler Interceptor Phase 2 | 142,957 | 113,227 | (29,730) | 113,227 | 126% | 0% |
| Solms LS and Force Main | 1,019,915 | 1,254,363 | 234,448 | 1,254,363 | 81% | 6% |
| Walnut Heights Wastewater Main | 129,446 | 113,227 | (16,219) | 113,227 | 114% | 0% |
| **Total Budgeted Projects** | **$ 67,361,853** | **$ 89,376,102** | **$ 22,014,249** | **$ 267,727,931** | **75%** | |
| **Unbudgeted Projects:** | | | | | | |
| Kuehler WRF Access Road-Courtyard Dr | 39,451 | - | (39,451) | 2,046,725 | 0% | 30% |
| **Total Unbudgeted Projects** | **$ 39,451** | **$ -** | **$ (39,451)** | **$ 2,046,725** | | |
| **TOTAL** | **$ 67,401,304** | **$ 89,376,102** | **$ 21,974,798** | **$ 269,774,656** | **75%** | |



100% of Year Completed

## Support Services Line of Business
### FY 2026 Capital Expenditure Summary
### As of July 31, 2026

| Project | 1 Total Spent YTD | 2 FY26 Project Budget | FY26 Budget Remaining | Project Life Total Budget | (1)/(2) % Spent YTD | % Physical Completion |
|---|---|---|---|---|---|---|
| **Budgeted Projects:** | | | | | | |
| Headwaters at the Comal | $ 10,350,909 | $ 9,753,429 | $ (597,480) | $ 32,845,196 | 106% | 80% |
| NBU Headquarters, Maint & Support Facility | 87,274,194 | 73,115,853 | (14,158,341) | 183,875,785 | 119% | 72% |
| Backup Operations Center | 6,154,215 | 4,933,869 | (1,220,346) | 5,711,899 | 125% | 82% |
| Fiber Network Distribution Expansion | 702,184 | 1,000,000 | 297,816 | 1,874,832 | 70% | 55% |
| Water SCADA Replacement & Integration | 593,240 | 1,600,000 | 1,006,760 | 3,195,761 | 37% | 50% |
| Future Facilities Rehab Projects | 224,904 | 85,000 | (139,904) | 503,663 | 265% | 47% |
| Cyber Security Systems | 19,688 | 230,000 | 210,313 | 857,342 | 9% | 0% |
| Emerging Technologies Data Strategy Initiatives | 46,410 | 600,000 | 553,590 | 2,600,000 | 8% | 0% |
| GP Replacement | - | 227,500 | 227,500 | 4,707,500 | 0% | 0% |
| OT Cybersecurity | 19,258 | 250,000 | 230,742 | 1,250,000 | 8% | 0% |
| Security Department Enhancements | 19,709 | 300,000 | 280,291 | 300,000 | 7% | 23% |
| Conference Room Touchpads | - | 20,000 | 20,000 | 40,000 | 0% | 0% |
| IOT Sensor Devices for manholes and fire hydrants | 271,665 | 124,000 | (147,665) | 124,000 | 219% | 0% |
| OT Infrastructure Password Management | 92,443 | 100,000 | 7,557 | 500,000 | 92% | 0% |
| Water Wastewater SCADA Capital Support | - | 200,000 | 200,000 | 200,000 | 0% | 0% |
| CIS Replacement | 860,113 | 607,500 | (252,613) | 5,107,500 | 142% | 10% |
| **Total Budgeted Projects** | **$ 106,628,931** | **$ 93,147,151** | **$ (13,481,780)** | **$ 243,693,478** | **114%** | |
| **Unbudgeted Projects:** | | | | | | |
| Equipment Lifecycle Management | $ (79,368) | $ - | $ 79,368 | $ 50,660 | 0% | 100% |
| Settlement Software | $ 192,400 | $ - | $ (192,400) | $ 68,403 | 0% | 100% |
| Ipads for Cityworks Mobile & mcare | $ 16,800 | $ - | $ (16,800) | $ 20,500 | 0% | 100% |
| **Total** | **$ 129,831** | **$ -** | **$ (129,831)** | **139,563** | | |
| **Total** | **$ 106,758,763** | **$ 93,147,151** | **$ (13,611,612)** | **$ 243,833,041** | **115%** | |

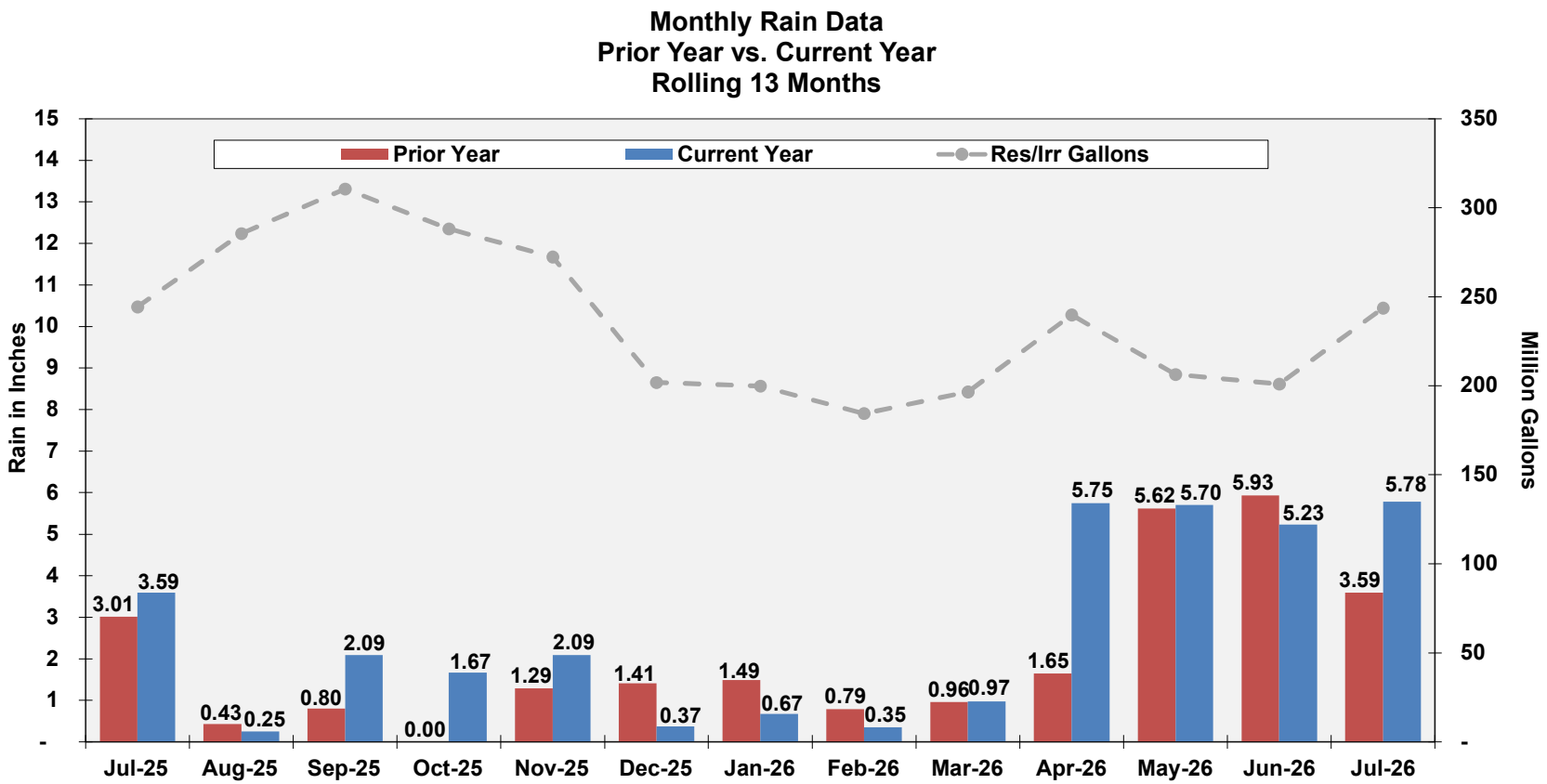


Electric Statistics are provided separately due to competitive matters.

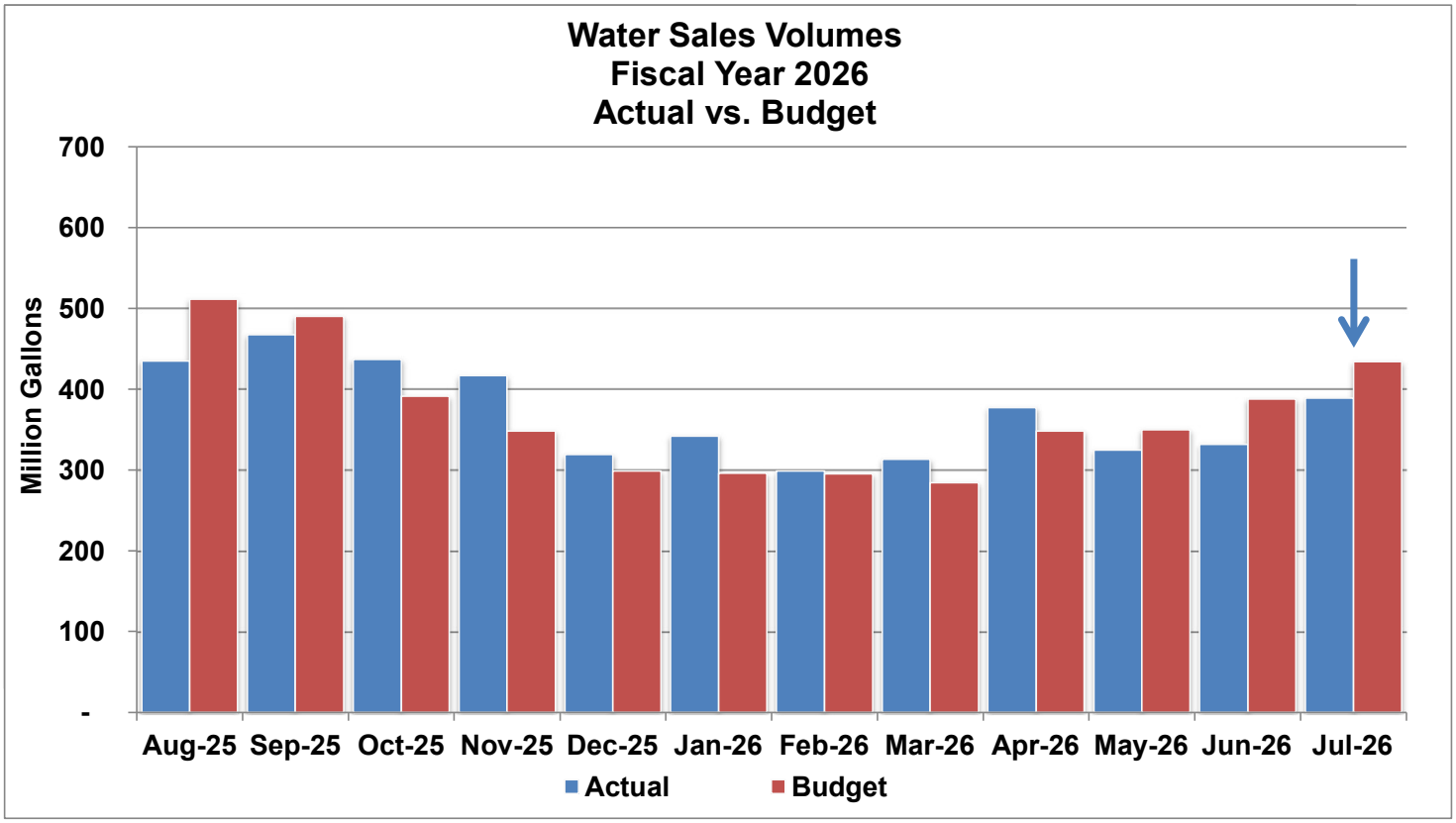
# WATER STATISTICS

# NEW BRAUNFELS UTILITIES
# WATER STATISTICS
# HIGHLIGHTS OVERVIEW

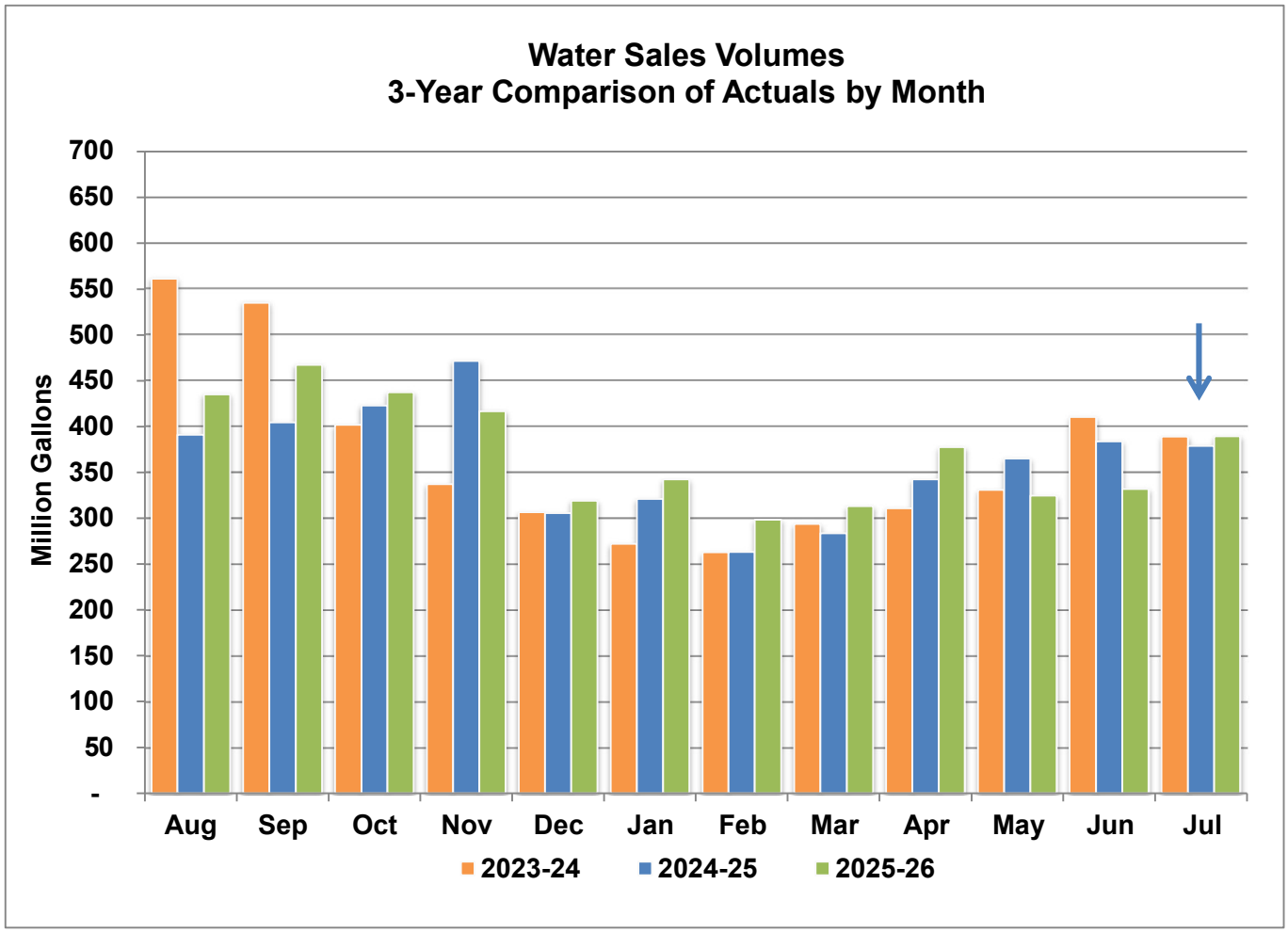
- July MTD rainfall was higher than the prior year rainfall, totaling 5.78 inches for the month. The July rainfall total of 5.78 inches was 2.80 inches higher than the historical average rainfall of 2.98 inches. For July 2026, there were eight rain days during the month compared to six rain days in 2025.
- July YTD rainfall totaled 30.92 inches compared to the prior year total of 23.96 inches, which is an increase of 6.96 inches compared to prior year YTD. For YTD, there have been 45 rain days compared to 37 rain days for prior year YTD.
- Average MTD consumption by residential water customer in July 2026 was 4,792 gallons compared to 4,916 gallons in July 2025, reflecting a 2.5% decrease.
- Actual YTD consumption by residential water customer through July 2026 was 57,137 gallons compared to 58,955 for YTD through July 2025, reflecting a decrease of 3.1%.
- Overall trend for fiscal year-to-date in total water sales volume is more than the sales volume over the same period for the previous year with the change being 119.3 million gallons, or 2.8% (4,452.2 million gallons for FY 2026 YTD vs. 4,332.9 million gallons for FY 2025 YTD).
- Actual total water sales volume for year-to-date FY 2026 is 4,452.2 million gallons, which is 16.1 million more than the budgeted amount of 4,436.1 million gallons for the same time period.
    - The following are major contributors, by rate classification, towards the 16.1 million gallons change from budget:
        - Residential – decrease of 196.1 million gallons (down 8.0% from budget)
        - Multi-Unit 2-4 - decrease of 4.1 million gallons (down 18.3% from budget)
        - Multi-Unit 5+ - increase of 94.4 million gallons (up 30.8% from budget)
        - Residential Irrigation – decrease of 5.2 million gallons (down 0.9% from budget)
        - Commercial Irrigation – increase of 48.6 million gallons (up 21.8% from budget)
        - Small General Services – decrease of 2.5 million gallons (down 0.8% from budget)
        - Other Sales – increase of 63.7 million gallons (up 181.0% from budget)
        - ReUse Water – increase of 2.8 million gallons (up 185.8% from budget)




| Rain **Days**: | 6 | 1 | 1 | 2 | 2 | 2 | 2 | 1 | 3 | 9 | 6 | 8 | 8 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

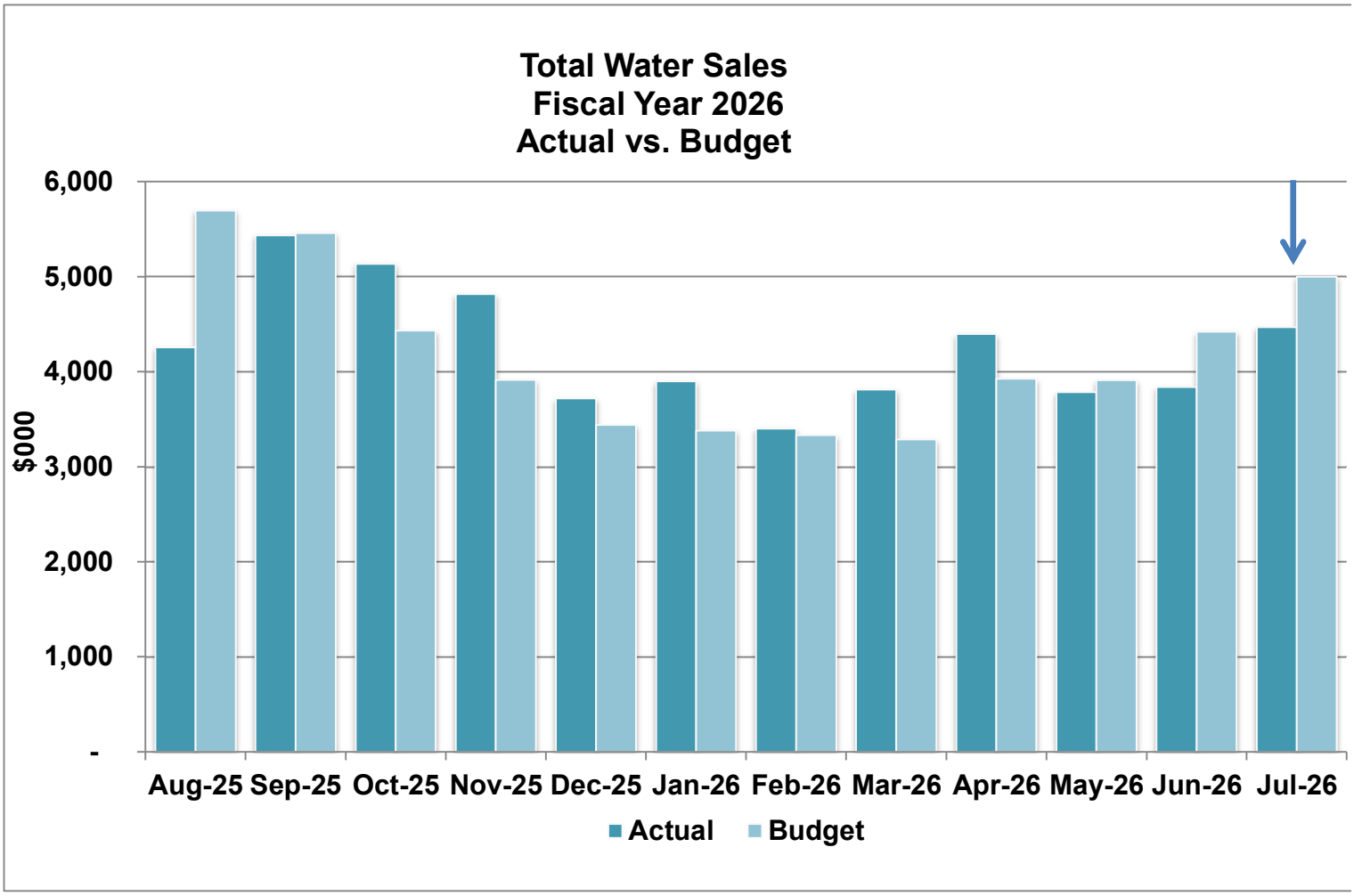



| Month | Actual | Budget |
|---|---|---|
| Aug-25 | 435 | 511 |
| Sep-25 | 467 | 490 |
| Oct-25 | 437 | 392 |
| Nov-25 | 417 | 348 |
| Dec-25 | 319 | 299 |
| Jan-26 | 342 | 296 |
| Feb-26 | 299 | 295 |
| Mar-26 | 313 | 285 |
| Apr-26 | 377 | 348 |
| May-26 | 325 | 350 |
| Jun-26 | 332 | 388 |
| Jul-26 | 389 | 434 |
| TOTAL | 4,452 | 4,436 |




| | Water Sales Volumes (Million Gallons) | | |
|---|---|---|---|
| **Month** | **2023-24** | **2024-25** | **2025-26** |
| **Aug** | 561 | 391 | 435 |
| **Sep** | 535 | 404 | 467 |
| **Oct** | 402 | 423 | 437 |
| **Nov** | 337 | 471 | 417 |
| **Dec** | 306 | 306 | 319 |
| **Jan** | 272 | 321 | 342 |
| **Feb** | 263 | 263 | 299 |
| **Mar** | 294 | 284 | 313 |
| **Apr** | 311 | 342 | 377 |
| **May** | 331 | 365 | 325 |
| **Jun** | 410 | 384 | 332 |
| **Jul** | 389 | 379 | 389 |
| **TOTAL** | **4,411** | **4,333** | **4,452** |

| **Meter Count** | **FY 2024** | **% Change 2023-2024** | **FY 2025** | **% Change 2024-2025** | **FY 2026** |
|---|---|---|---|---|---|
| Residential | 37,276 | 4.03% | 38,780 | 2.71% | 39,830 |
| Irrigation | 15,528 | 7.97% | 16,766 | 6.32% | 17,826 |
| Other | 3,137 | 4.14% | 3,267 | 1.25% | 3,308 |
| **TOTAL** | **55,941** | **5.13%** | **58,813** | **3.66%** | **60,964** |




| Month | Total Water Sales ($000) | |
|---|---|---|
| | Actual | Budget |
| Aug-25 | $ 4,256 | $ 5,695 |
| Sep-25 | $ 5,434 | $ 5,458 |
| Oct-25 | $ 5,135 | $ 4,432 |
| Nov-25 | $ 4,816 | $ 3,914 |
| Dec-25 | $ 3,720 | $ 3,440 |
| Jan-26 | $ 3,899 | $ 3,381 |
| Feb-26 | $ 3,403 | $ 3,330 |
| Mar-26 | $ 3,811 | $ 3,287 |
| Apr-26 | $ 4,395 | $ 3,925 |
| May-26 | $ 3,784 | $ 3,910 |
| Jun-26 | $ 3,839 | $ 4,421 |
| Jul-26 | $ 4,469 | $ 5,001 |
| **TOTAL** | **$ 50,960** | **$ 50,195** |

# WATER SUPPLEMENTAL INFORMATION

**NEW BRAUNFELS UTILITIES**
**Water Volume (Gallons)**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD ACT | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | | |
| Actuals | 214,513,253 | 230,415,569 | 211,358,113 | 204,950,451 | 162,725,556 | 183,744,760 | 161,771,651 | 161,206,393 | 188,092,026 | 168,047,512 | 164,714,699 | 190,871,967 | **2,242,411,950** | **186,867,663** |
| Budget | 282,525,367 | 276,237,055 | 217,349,880 | 187,760,132 | 162,176,984 | 164,634,714 | 164,805,454 | 156,446,825 | 189,294,861 | 192,738,581 | 210,733,470 | 233,822,227 | **2,438,525,551** | **203,210,463** |
| Prior Year | 192,108,425 | 205,543,129 | 207,065,331 | 236,857,787 | 155,328,504 | 170,663,346 | 156,689,481 | 153,808,797 | 176,237,212 | 186,108,456 | 196,816,310 | 190,650,433 | **2,227,877,211** | **185,656,434** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | | |
| Actuals | 1,749,745 | 2,032,111 | 1,716,309 | 1,944,869 | 1,453,896 | 1,470,235 | 1,611,359 | 1,324,577 | 1,409,590 | 1,265,399 | 1,181,661 | 1,357,869 | **18,517,620** | **1,543,135** |
| Budget | 2,337,100 | 2,284,883 | 1,924,720 | 1,858,431 | 1,787,029 | 1,754,232 | 1,630,903 | 1,479,695 | 1,749,711 | 1,790,788 | 1,956,014 | 2,112,549 | **22,666,055** | **1,888,838** |
| Prior Year | 1,670,719 | 1,676,809 | 1,899,216 | 1,787,075 | 1,430,197 | 1,549,783 | 1,591,957 | 1,414,798 | 1,426,791 | 1,506,116 | 1,534,807 | 1,579,566 | **19,067,834** | **1,588,986** |
| **Multi-Unit 5+** | | | | | | | | | | | | | | |
| Actuals | 34,417,988 | 35,180,807 | 33,805,374 | 37,049,736 | 32,909,731 | 36,320,138 | 37,818,735 | 29,528,734 | 31,768,988 | 30,376,048 | 29,663,077 | 32,027,342 | **400,866,698** | **33,405,558** |
| Budget | 26,675,197 | 26,118,164 | 24,687,196 | 25,359,734 | 24,399,117 | 25,301,719 | 25,578,972 | 23,368,503 | 26,227,746 | 25,669,224 | 26,808,342 | 26,262,003 | **306,455,917** | **25,537,993** |
| Prior Year | 28,154,639 | 27,570,909 | 34,347,858 | 36,129,779 | 28,727,435 | 32,938,258 | 33,529,161 | 29,651,043 | 28,958,722 | 30,385,537 | 30,397,166 | 33,103,040 | **373,893,547** | **31,157,796** |
| **Residential Irrigation** | | | | | | | | | | | | | | |
| Actuals | 70,980,533 | 80,180,841 | 76,831,938 | 67,473,106 | 39,193,487 | 37,126,484 | 21,699,873 | 33,847,480 | 51,720,363 | 38,298,968 | 36,352,534 | 52,866,955 | **606,572,562** | **50,547,714** |
| Budget | 85,738,478 | 77,599,333 | 58,915,618 | 48,687,332 | 33,175,968 | 26,935,664 | 24,736,715 | 30,480,658 | 47,050,448 | 49,268,482 | 56,979,606 | 72,253,439 | **611,821,740** | **50,985,145** |
| Prior Year | 55,966,659 | 65,719,450 | 70,875,949 | 72,556,934 | 41,797,874 | 31,001,699 | 16,142,069 | 27,212,615 | 46,578,815 | 51,706,712 | 55,347,805 | 53,662,234 | **588,568,815** | **49,047,401** |
| **Commercial Irrigation** | | | | | | | | | | | | | | |
| Actuals | 26,910,126 | 32,242,847 | 31,781,888 | 31,964,259 | 18,652,314 | 17,495,760 | 10,220,967 | 17,336,251 | 23,346,429 | 19,736,481 | 19,037,258 | 22,757,998 | **271,482,578** | **22,623,548** |
| Budget | 27,526,624 | 28,358,852 | 23,034,973 | 20,310,964 | 16,201,902 | 13,484,558 | 12,343,376 | 11,436,497 | 15,008,340 | 16,233,542 | 17,796,227 | 21,157,838 | **222,893,692** | **18,574,474** |
| Prior Year | 26,389,798 | 28,723,908 | 29,793,867 | 34,126,459 | 19,688,317 | 11,140,769 | 5,641,972 | 8,282,137 | 18,380,533 | 21,692,498 | 21,640,816 | 16,816,652 | **242,317,726** | **20,193,144** |
| **SGS** | | | | | | | | | | | | | | |
| Actuals | 29,851,963 | 29,792,097 | 27,753,274 | 29,382,585 | 24,608,531 | 25,341,126 | 23,573,586 | 24,057,586 | 26,145,823 | 24,698,619 | 24,676,594 | 27,370,721 | **317,252,505** | **26,437,709** |
| Budget | 31,275,319 | 29,935,331 | 26,343,540 | 26,099,064 | 24,878,785 | 25,578,395 | 26,112,153 | 23,183,321 | 25,746,494 | 25,109,800 | 27,153,574 | 28,300,963 | **319,716,739** | **26,643,062** |
| Prior Year | 30,873,784 | 30,151,514 | 29,262,346 | 35,330,919 | 25,821,863 | 31,035,770 | 25,261,644 | 24,698,858 | 26,930,699 | 27,546,462 | 28,322,300 | 28,840,080 | **344,076,239** | **28,673,020** |
| **LGS** | | | | | | | | | | | | | | |
| Actuals | 47,400,354 | 45,527,760 | 39,574,010 | 38,965,107 | 30,420,528 | 35,661,695 | 31,750,296 | 33,207,532 | 39,649,512 | 42,604,720 | 50,947,122 | 56,232,649 | **491,941,285** | **40,995,107** |
| Budget | 47,884,436 | 43,384,242 | 37,308,188 | 37,140,389 | 35,931,352 | 36,990,242 | 37,764,609 | 35,238,467 | 40,003,514 | 38,719,828 | 42,390,677 | 44,605,435 | **477,361,379** | **39,780,115** |
| Prior Year | 47,717,660 | 39,542,643 | 34,050,545 | 38,976,233 | 28,878,512 | 32,175,850 | 30,224,384 | 31,681,103 | 36,123,429 | 40,183,288 | 44,428,544 | 48,615,948 | **452,598,139** | **37,716,512** |
| **Other Sales** | | | | | | | | | | | | | | |
| Actuals | 9,267,999 | 11,922,857 | 14,343,562 | 4,992,025 | 6,823,757 | 4,979,645 | 8,274,231 | 12,498,629 | 15,309,167 | (403,073) | 5,174,523 | 5,701,543 | **98,884,865** | **8,240,405** |
| Budget | 6,748,335 | 6,043,017 | 1,854,627 | 1,116,494 | 259,613 | 1,202,385 | 2,280,169 | 2,688,529 | 3,303,671 | 299,841 | 4,208,739 | 5,184,355 | **35,189,775** | **2,932,481** |
| Prior Year | 8,156,536 | 5,168,502 | 11,806,035 | 13,354,327 | 3,877,819 | 2,358,791 | 2,266,233 | 6,872,497 | 7,559,341 | 5,833,535 | 5,112,483 | 5,675,362 | **78,041,461** | **6,503,455** |
| **ReUse Water** | | | | | | | | | | | | | | |
| Actuals | - | - | - | 8,896 | 2,413,538 | - | 1,847,187 | 6,039 | 1 | - | (6,040) | 1 | **4,269,622** | **355,802** |
| Budget | 613,050 | 143,255 | 117,738 | 23,498 | 65,150 | 55,875 | 38,250 | 201,062 | 70,149 | - | 25 | 166,075 | **1,494,126** | **124,511** |
| Prior Year | 31 | 305,818 | 3,889,988 | 2,255,046 | - | 8,146,470 | (8,116,189) | - | - | - | - | 3,364 | **6,484,528** | **540,377** |
| **Total Sales** | | | | | | | | | | | | | | |
| **Actuals** | **435,091,961** | **467,294,889** | **437,164,468** | **416,731,034** | **319,201,338** | **342,139,843** | **298,567,885** | **313,013,221** | **377,441,899** | **324,624,674** | **331,741,428** | **389,187,045** | **4,452,199,685** | **371,016,640** |
| **Budget** | **511,323,906** | **490,104,133** | **391,536,481** | **348,356,038** | **298,875,900** | **295,937,783** | **295,290,600** | **284,523,557** | **348,454,935** | **349,830,085** | **388,026,673** | **433,864,884** | **4,436,124,974** | **369,677,081** |
| **Prior Year** | **391,038,251** | **404,402,682** | **422,991,135** | **471,374,559** | **305,550,521** | **321,010,736** | **263,230,712** | **283,621,848** | **342,195,542** | **364,962,604** | **383,600,231** | **378,946,679** | **4,332,925,500** | **361,077,125** |

**NEW BRAUNFELS UTILITIES**
**Water Volume (Gallons) Variance**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD ACT | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | | |
| Actuals | 214,513,253 | 230,415,569 | 211,358,113 | 204,950,451 | 162,725,556 | 183,744,760 | 161,771,651 | 161,206,393 | 188,092,026 | 168,047,512 | 164,714,699 | 190,871,967 | **2,242,411,950** | **186,867,663** |
| Actual vs Budget | (68,012,114) | (45,821,486) | (5,991,767) | 17,190,319 | 548,572 | 19,110,046 | (3,033,803) | 4,759,568 | (1,202,835) | (24,691,069) | (46,018,771) | (42,950,260) | **(196,113,601)** | **(16,342,800)** |
| Actual vs Prior Year | 22,404,828 | 24,872,440 | 4,292,782 | (31,907,336) | 7,397,052 | 13,081,414 | 5,082,170 | 7,397,596 | 11,854,814 | (18,060,944) | (32,101,611) | 221,534 | **14,534,739** | **1,211,228** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | | |
| Actuals | 1,749,745 | 2,032,111 | 1,716,309 | 1,944,869 | 1,453,896 | 1,470,235 | 1,611,359 | 1,324,577 | 1,409,590 | 1,265,399 | 1,181,661 | 1,357,869 | **18,517,620** | **1,543,135** |
| Actual vs Budget | (587,355) | (252,772) | (208,411) | 86,438 | (333,133) | (283,997) | (19,544) | (155,118) | (340,121) | (525,389) | (774,353) | (754,680) | **(4,148,435)** | **(345,703)** |
| Actual vs Prior Year | 79,026 | 355,302 | (182,907) | 157,794 | 23,699 | (79,548) | 19,402 | (90,221) | (17,201) | (240,717) | (353,146) | (221,697) | **(550,214)** | **(45,851)** |
| **Multi-Unit 5+** | | | | | | | | | | | | | | |
| Actuals | 34,417,988 | 35,180,807 | 33,805,374 | 37,049,736 | 32,909,731 | 36,320,138 | 37,818,735 | 29,528,734 | 31,768,988 | 30,376,048 | 29,663,077 | 32,027,342 | **400,866,698** | **33,405,558** |
| Actual vs Budget | 7,742,791 | 9,062,643 | 9,118,178 | 11,690,002 | 8,510,614 | 11,018,419 | 12,239,763 | 6,160,231 | 5,541,242 | 4,706,824 | 2,854,735 | 5,765,339 | **94,410,781** | **7,867,565** |
| Actual vs Prior Year | 6,263,349 | 7,609,898 | (542,484) | 919,957 | 4,182,296 | 3,381,880 | 4,289,574 | (122,309) | 2,810,266 | (9,489) | (734,089) | (1,075,698) | **26,973,151** | **2,247,763** |
| **Residential Irrigation** | | | | | | | | | | | | | | |
| Actuals | 70,980,533 | 80,180,841 | 76,831,938 | 67,473,106 | 39,193,487 | 37,126,484 | 21,699,873 | 33,847,480 | 51,720,363 | 38,298,968 | 36,352,534 | 52,866,955 | **606,572,562** | **50,547,714** |
| Actual vs Budget | (14,757,945) | 2,581,508 | 17,916,320 | 18,785,774 | 6,017,519 | 10,190,820 | (3,036,842) | 3,366,822 | 4,669,915 | (10,969,514) | (20,627,072) | (19,386,484) | **(5,249,178)** | **(437,432)** |
| Actual vs Prior Year | 15,013,874 | 14,461,391 | 5,955,989 | (5,083,828) | (2,604,387) | 6,124,785 | 5,557,804 | 6,634,865 | 5,141,548 | (13,407,744) | (18,995,271) | (795,279) | **18,003,747** | **1,500,312** |
| **Commercial Irrigation** | | | | | | | | | | | | | | |
| Actuals | 26,910,126 | 32,242,847 | 31,781,888 | 31,964,259 | 18,652,314 | 17,495,760 | 10,220,967 | 17,336,251 | 23,346,429 | 19,736,481 | 19,037,258 | 22,757,998 | **271,482,578** | **22,623,548** |
| Actual vs Budget | (616,498) | 3,883,995 | 8,746,915 | 11,653,295 | 2,450,412 | 4,011,202 | (2,122,409) | 5,899,754 | 8,338,089 | 3,502,939 | 1,241,031 | 1,600,160 | **48,588,886** | **4,049,074** |
| Actual vs Prior Year | 520,328 | 3,518,939 | 1,988,021 | (2,162,200) | (1,036,003) | 6,354,991 | 4,578,995 | 9,054,114 | 4,965,896 | (1,956,017) | (2,603,558) | 5,941,346 | **29,164,852** | **2,430,404** |
| **SGS** | | | | | | | | | | | | | | |
| Actuals | 29,851,963 | 29,792,097 | 27,753,274 | 29,382,585 | 24,608,531 | 25,341,126 | 23,573,586 | 24,057,586 | 26,145,823 | 24,698,619 | 24,676,594 | 27,370,721 | **317,252,505** | **26,437,709** |
| Actual vs Budget | (1,423,356) | (143,234) | 1,409,734 | 3,283,521 | (270,254) | (237,269) | (2,538,567) | 874,265 | 399,329 | (411,181) | (2,476,980) | (930,242) | **(2,464,234)** | **(205,353)** |
| Actual vs Prior Year | (1,021,821) | (359,417) | (1,509,072) | (5,948,334) | (1,213,332) | (5,694,644) | (1,688,058) | (641,272) | (784,876) | (2,847,843) | (3,645,706) | (1,469,359) | **(26,823,734)** | **(2,235,311)** |
| **LGS** | | | | | | | | | | | | | | |
| Actuals | 47,400,354 | 45,527,760 | 39,574,010 | 38,965,107 | 30,420,528 | 35,661,695 | 31,750,296 | 33,207,532 | 39,649,512 | 42,604,720 | 50,947,122 | 56,232,649 | **491,941,285** | **40,995,107** |
| Actual vs Budget | (484,082) | 2,143,518 | 2,265,822 | 1,824,718 | (5,510,824) | (1,328,547) | (6,014,313) | (2,030,935) | (354,002) | 3,884,892 | 8,556,445 | 11,627,214 | **14,579,906** | **1,214,992** |
| Actual vs Prior Year | (317,306) | 5,985,117 | 5,523,465 | (11,126) | 1,542,016 | 3,485,845 | 1,525,912 | 1,526,429 | 3,526,083 | 2,421,432 | 6,518,578 | 7,616,701 | **39,343,146** | **3,278,596** |
| **Other Sales** | | | | | | | | | | | | | | |
| Actuals | 9,267,999 | 11,922,857 | 14,343,562 | 4,992,025 | 6,823,757 | 4,979,645 | 8,274,231 | 12,498,629 | 15,309,167 | (403,073) | 5,174,523 | 5,701,543 | **98,884,865** | **8,240,405** |
| Actual vs Budget | 2,519,664 | 5,879,840 | 12,488,935 | 3,875,531 | 6,564,144 | 3,777,260 | 5,994,062 | 9,810,100 | 12,005,496 | (702,914) | 965,784 | 517,188 | **63,695,090** | **5,307,924** |
| Actual vs Prior Year | 1,111,463 | 6,754,355 | 2,537,527 | (8,362,302) | 2,945,938 | 2,620,854 | 6,007,998 | 5,626,132 | 7,749,826 | (6,236,608) | 62,040 | 26,181 | **20,843,404** | **1,736,950** |
| **ReUse Water** | | | | | | | | | | | | | | |
| Actuals | - | - | - | 8,896 | 2,413,538 | - | 1,847,187 | 6,039 | 1 | - | (6,040) | 1 | **4,269,622** | **355,802** |
| Actual vs Budget | (613,050) | (143,255) | (117,738) | (14,602) | 2,348,388 | (55,875) | 1,808,937 | (195,023) | (70,148) | - | (6,065) | (166,074) | **2,775,496** | **231,291** |
| Actual vs Prior Year | (31) | (305,818) | (3,889,988) | (2,246,150) | 2,413,538 | (8,146,470) | 9,963,376 | 6,039 | 1 | - | (6,040) | (3,363) | **(2,214,906)** | **(184,576)** |
| **Total Sales** | | | | | | | | | | | | | | |
| **Actuals** | **435,091,961** | **467,294,889** | **437,164,468** | **416,731,034** | **319,201,338** | **342,139,843** | **298,567,885** | **313,013,221** | **377,441,899** | **324,624,674** | **331,741,428** | **389,187,045** | **4,452,199,685** | **371,016,640** |
| **Actual vs Budget** | **(76,231,945)** | **(22,809,244)** | **45,627,987** | **68,374,996** | **20,325,438** | **46,202,060** | **3,277,285** | **28,489,664** | **28,986,964** | **(25,205,411)** | **(56,285,245)** | **(44,677,839)** | **16,074,711** | **1,339,559** |
| **Actual vs Prior Year** | **44,053,710** | **62,892,207** | **14,173,333** | **(54,643,525)** | **13,650,817** | **21,129,107** | **35,337,173** | **29,391,373** | **35,246,357** | **(40,337,930)** | **(51,858,803)** | **10,240,366** | **119,274,185** | **9,939,515** |

**NEW BRAUNFELS UTILITIES**
**Water Revenue**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD ACT | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | | |
| Actuals | $ 1,625,466 | $ 2,280,916 | $ 2,084,498 | $ 1,963,017 | $ 1,530,935 | $ 1,698,564 | $ 1,494,588 | $ 1,506,060 | $ 1,756,114 | $ 1,553,229 | $ 1,523,802 | $ 1,798,246 | **$ 20,815,434** | **$ 1,734,620** |
| Budget | $ 2,700,121 | $ 2,595,288 | $ 2,053,688 | $ 1,720,342 | $ 1,523,856 | $ 1,524,608 | $ 1,490,174 | $ 1,458,986 | $ 1,747,178 | $ 1,759,415 | $ 2,002,500 | $ 2,296,019 | **$ 22,872,173** | **$ 1,906,014** |
| Prior Year | $ 1,356,816 | $ 1,802,196 | $ 1,856,391 | $ 2,132,464 | $ 1,269,246 | $ 1,412,702 | $ 1,296,676 | $ 1,300,145 | $ 1,499,340 | $ 1,581,223 | $ 1,678,150 | $ 1,627,689 | **$ 18,813,038** | **$ 1,567,753** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | | |
| Actuals | $ 20,176 | $ 23,925 | $ 21,656 | $ 23,283 | $ 19,669 | $ 19,795 | $ 20,744 | $ 18,658 | $ 19,335 | $ 18,158 | $ 17,649 | $ 18,764 | **$ 241,812** | **$ 20,151** |
| Budget | $ 24,643 | $ 24,291 | $ 21,821 | $ 21,369 | $ 20,885 | $ 20,666 | $ 19,835 | $ 18,802 | $ 20,666 | $ 20,956 | $ 22,100 | $ 23,183 | **$ 259,218** | **$ 21,601** |
| Prior Year | $ 17,710 | $ 18,734 | $ 20,131 | $ 19,380 | $ 17,298 | $ 18,010 | $ 18,246 | $ 17,194 | $ 17,151 | $ 17,765 | $ 17,909 | $ 18,196 | **$ 217,726** | **$ 18,144** |
| **Multi-Unit 5+** | | | | | | | | | | | | | | |
| Actuals | $ 377,687 | $ 416,848 | $ 403,125 | $ 431,655 | $ 407,442 | $ 429,853 | $ 434,030 | $ 507,828 | $ 436,056 | $ 425,776 | $ 420,528 | $ 437,953 | **$ 5,128,780** | **$ 427,398** |
| Budget | $ 355,741 | $ 351,933 | $ 342,115 | $ 346,765 | $ 340,182 | $ 346,405 | $ 348,334 | $ 333,155 | $ 352,845 | $ 349,013 | $ 356,872 | $ 353,139 | **$ 4,176,499** | **$ 348,042** |
| Prior Year | $ 285,155 | $ 304,890 | $ 333,706 | $ 355,431 | $ 333,728 | $ 345,759 | $ 344,311 | $ 325,862 | $ 322,373 | $ 332,253 | $ 332,053 | $ 352,218 | **$ 3,967,738** | **$ 330,645** |
| **Residential Irrigation** | | | | | | | | | | | | | | |
| Actuals | $ 1,018,214 | $ 1,247,048 | $ 1,205,936 | $ 1,084,754 | $ 741,540 | $ 723,630 | $ 535,088 | $ 680,698 | $ 897,827 | $ 737,982 | $ 718,419 | $ 921,097 | **$ 10,512,234** | **$ 876,019** |
| Budget | $ 1,292,576 | $ 1,190,678 | $ 965,956 | $ 841,260 | $ 665,626 | $ 594,599 | $ 570,282 | $ 638,584 | $ 834,987 | $ 861,550 | $ 961,846 | $ 1,152,325 | **$ 10,570,270** | **$ 880,856** |
| Prior Year | $ 755,605 | $ 932,040 | $ 993,138 | $ 1,010,043 | $ 673,871 | $ 570,335 | $ 410,185 | $ 526,403 | $ 727,925 | $ 782,212 | $ 823,702 | $ 812,807 | **$ 9,018,267** | **$ 751,522** |
| **Commercial Irrigation** | | | | | | | | | | | | | | |
| Actuals | $ 399,570 | $ 533,787 | $ 525,720 | $ 516,509 | $ 306,239 | $ 292,754 | $ 176,513 | $ 293,541 | $ 388,326 | $ 329,298 | $ 317,559 | $ 378,858 | **$ 4,458,675** | **$ 371,556** |
| Budget | $ 452,699 | $ 464,650 | $ 377,560 | $ 332,305 | $ 268,867 | $ 226,392 | $ 206,892 | $ 195,502 | $ 252,442 | $ 272,802 | $ 298,928 | $ 353,546 | **$ 3,702,583** | **$ 308,549** |
| Prior Year | $ 337,179 | $ 423,268 | $ 438,365 | $ 501,150 | $ 287,842 | $ 166,366 | $ 91,097 | $ 127,480 | $ 272,206 | $ 319,191 | $ 316,556 | $ 246,127 | **$ 3,526,826** | **$ 293,902** |
| **SGS** | | | | | | | | | | | | | | |
| Actuals | $ 313,597 | $ 363,684 | $ 337,308 | $ 350,839 | $ 305,001 | $ 311,473 | $ 291,243 | $ 298,782 | $ 318,810 | $ 305,599 | $ 306,860 | $ 336,347 | **$ 3,839,542** | **$ 319,962** |
| Budget | $ 378,402 | $ 359,942 | $ 324,248 | $ 317,510 | $ 305,042 | $ 315,824 | $ 318,166 | $ 290,188 | $ 315,819 | $ 312,069 | $ 337,644 | $ 353,940 | **$ 3,928,793** | **$ 327,399** |
| Prior Year | $ 293,265 | $ 324,047 | $ 312,548 | $ 380,893 | $ 280,408 | $ 328,063 | $ 267,218 | $ 265,936 | $ 292,600 | $ 293,922 | $ 301,916 | $ 312,746 | **$ 3,653,562** | **$ 304,464** |
| **LGS** | | | | | | | | | | | | | | |
| Actuals | $ 355,741 | $ 383,625 | $ 341,641 | $ 339,458 | $ 283,302 | $ 317,989 | $ 291,550 | $ 310,366 | $ 349,663 | $ 372,490 | $ 424,744 | $ 462,441 | **$ 4,233,011** | **$ 352,751** |
| Budget | $ 387,842 | $ 358,448 | $ 318,735 | $ 317,710 | $ 309,866 | $ 316,873 | $ 322,017 | $ 305,549 | $ 336,824 | $ 328,491 | $ 352,602 | $ 367,177 | **$ 4,022,134** | **$ 335,178** |
| Prior Year | $ 317,115 | $ 292,964 | $ 262,253 | $ 289,013 | $ 230,689 | $ 247,946 | $ 235,814 | $ 244,963 | $ 272,502 | $ 294,529 | $ 321,420 | $ 345,038 | **$ 3,354,246** | **$ 279,521** |
| **Other Sales** | | | | | | | | | | | | | | |
| Actuals | $ 145,924 | $ 184,339 | $ 215,430 | $ 106,542 | $ 125,820 | $ 104,666 | $ 140,802 | $ 194,498 | $ 228,937 | $ 41,068 | $ 108,985 | $ 114,778 | **$ 1,711,789** | **$ 142,649** |
| Budget | $ 103,390 | $ 111,885 | $ 26,828 | $ 16,015 | $ 5,468 | $ 34,820 | $ 54,800 | $ 46,735 | $ 63,862 | $ 6,068 | $ 88,239 | $ 101,866 | **$ 659,974** | **$ 54,998** |
| Prior Year | $ 113,708 | $ 87,073 | $ 155,394 | $ 174,297 | $ 74,315 | $ 62,155 | $ 57,581 | $ 106,953 | $ 116,092 | $ 98,865 | $ 93,440 | $ 100,030 | **$ 1,239,904** | **$ 103,325** |
| **ReUse Water** | | | | | | | | | | | | | | |
| Actuals | $ 60 | $ 66 | $ 66 | $ 100 | $ 66 | $ 66 | $ 18,020 | $ 86 | $ 66 | $ 66 | $ 46 | $ 66 | **$ 18,773** | **$ 1,564** |
| Budget | $ - | $ 1,296 | $ 1,157 | $ 230 | $ - | $ 551 | $ - | $ - | $ - | $ - | $ - | $ - | **$ 3,233** | **$ 269** |
| Prior Year | $ 57 | $ 2,517 | $ 34,775 | $ 20,060 | $ 56 | $ 73,083 | $ (72,847) | $ 56 | $ 56 | $ 56 | $ 56 | $ 66 | **$ 57,993** | **$ 4,833** |
| **Total Sales** | | | | | | | | | | | | | | |
| **Actuals** | **$ 4,256,434** | **$ 5,434,238** | **$ 5,135,380** | **$ 4,816,157** | **$ 3,720,014** | **$ 3,898,791** | **$ 3,402,577** | **$ 3,810,518** | **$ 4,395,134** | **$ 3,783,667** | **$ 3,838,593** | **$ 4,468,550** | **$ 50,960,050** | **$ 4,246,671** |
| **Budget** | **$ 5,695,414** | **$ 5,458,411** | **$ 4,432,109** | **$ 3,913,504** | **$ 3,439,792** | **$ 3,380,738** | **$ 3,330,499** | **$ 3,287,500** | **$ 3,924,621** | **$ 3,910,365** | **$ 4,420,731** | **$ 5,001,194** | **$ 50,194,878** | **$ 4,182,907** |
| **Prior Year** | **$ 3,476,609** | **$ 4,187,731** | **$ 4,406,700** | **$ 4,882,732** | **$ 3,167,454** | **$ 3,224,420** | **$ 2,648,281** | **$ 2,914,992** | **$ 3,520,247** | **$ 3,720,016** | **$ 3,885,202** | **$ 3,814,918** | **$ 43,849,301** | **$ 3,654,108** |

**NEW BRAUNFELS UTILITIES**
**Water Revenue Variance**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD ACT | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | | |
| Actuals | $ 1,625,466 | $ 2,280,916 | $ 2,084,498 | $ 1,963,017 | $ 1,530,935 | $ 1,698,564 | $ 1,494,588 | $ 1,506,060 | $ 1,756,114 | $ 1,553,229 | $ 1,523,802 | $ 1,798,246 | **$ 20,815,434** | **$ 1,734,620** |
| Actual vs Budget | $ (1,074,655) | $ (314,372) | $ 30,810 | $ 242,675 | $ 7,079 | $ 173,956 | $ 4,414 | $ 47,074 | $ 8,937 | $ (206,186) | $ (478,698) | $ (497,772) | **$ (2,056,739)** | **$ (171,395)** |
| Actual vs Prior Year | $ 268,650 | $ 478,720 | $ 228,107 | $ (169,448) | $ 261,689 | $ 285,863 | $ 197,912 | $ 205,915 | $ 256,774 | $ (27,994) | $ (154,348) | $ 170,557 | **$ 2,002,397** | **$ 166,866** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | | |
| Actuals | $ 20,176 | $ 23,925 | $ 21,656 | $ 23,283 | $ 19,669 | $ 19,795 | $ 20,744 | $ 18,658 | $ 19,335 | $ 18,158 | $ 17,649 | $ 18,764 | **$ 241,812** | **$ 20,151** |
| Actual vs Budget | $ (4,468) | $ (367) | $ (165) | $ 1,914 | $ (1,216) | $ (871) | $ 910 | $ (144) | $ (1,331) | $ (2,798) | $ (4,450) | $ (4,420) | **$ (17,406)** | **$ (1,450)** |
| Actual vs Prior Year | $ 2,466 | $ 5,190 | $ 1,526 | $ 3,903 | $ 2,371 | $ 1,785 | $ 2,498 | $ 1,464 | $ 2,183 | $ 393 | $ (260) | $ 567 | **$ 24,086** | **$ 2,007** |
| **Multi-Unit 5+** | | | | | | | | | | | | | | |
| Actuals | $ 377,687 | $ 416,848 | $ 403,125 | $ 431,655 | $ 407,442 | $ 429,853 | $ 434,030 | $ 507,828 | $ 436,056 | $ 425,776 | $ 420,528 | $ 437,953 | **$ 5,128,780** | **$ 427,398** |
| Actual vs Budget | $ 21,945 | $ 64,915 | $ 61,010 | $ 84,890 | $ 67,260 | $ 83,449 | $ 85,696 | $ 174,673 | $ 83,211 | $ 76,762 | $ 63,656 | $ 84,814 | **$ 952,281** | **$ 79,357** |
| Actual vs Prior Year | $ 92,532 | $ 111,957 | $ 69,419 | $ 76,223 | $ 73,714 | $ 84,094 | $ 89,719 | $ 181,966 | $ 113,683 | $ 93,522 | $ 88,475 | $ 85,735 | **$ 1,161,042** | **$ 96,753** |
| **Residential Irrigation** | | | | | | | | | | | | | | |
| Actuals | $ 1,018,214 | $ 1,247,048 | $ 1,205,936 | $ 1,084,754 | $ 741,540 | $ 723,630 | $ 535,088 | $ 680,698 | $ 897,827 | $ 737,982 | $ 718,419 | $ 921,097 | **$ 10,512,234** | **$ 876,019** |
| Actual vs Budget | $ (274,362) | $ 56,370 | $ 239,980 | $ 243,495 | $ 75,914 | $ 129,031 | $ (35,194) | $ 42,114 | $ 62,840 | $ (123,568) | $ (243,427) | $ (231,228) | **$ (58,037)** | **$ (4,836)** |
| Actual vs Prior Year | $ 262,609 | $ 315,007 | $ 212,798 | $ 74,711 | $ 67,669 | $ 153,295 | $ 124,904 | $ 154,295 | $ 169,902 | $ (44,230) | $ (105,283) | $ 108,290 | **$ 1,493,966** | **$ 124,497** |
| **Commercial Irrigation** | | | | | | | | | | | | | | |
| Actuals | $ 399,570 | $ 533,787 | $ 525,720 | $ 516,509 | $ 306,239 | $ 292,754 | $ 176,513 | $ 293,541 | $ 388,326 | $ 329,298 | $ 317,559 | $ 378,858 | **$ 4,458,675** | **$ 371,556** |
| Actual vs Budget | $ (53,129) | $ 69,138 | $ 148,160 | $ 184,205 | $ 37,372 | $ 66,361 | $ (30,379) | $ 98,039 | $ 135,885 | $ 56,496 | $ 18,631 | $ 25,312 | **$ 756,091** | **$ 63,008** |
| Actual vs Prior Year | $ 62,391 | $ 110,519 | $ 87,355 | $ 15,359 | $ 18,397 | $ 126,388 | $ 85,416 | $ 166,061 | $ 116,120 | $ 10,108 | $ 1,003 | $ 132,731 | **$ 931,848** | **$ 77,654** |
| **SGS** | | | | | | | | | | | | | | |
| Actuals | $ 313,597 | $ 363,684 | $ 337,308 | $ 350,839 | $ 305,001 | $ 311,473 | $ 291,243 | $ 298,782 | $ 318,810 | $ 305,599 | $ 306,860 | $ 336,347 | **$ 3,839,542** | **$ 319,962** |
| Actual vs Budget | $ (64,804) | $ 3,742 | $ 13,059 | $ 33,329 | $ (41) | $ (4,352) | $ (26,923) | $ 8,594 | $ 2,991 | $ (6,470) | $ (30,784) | $ (17,592) | **$ (89,252)** | **$ (7,438)** |
| Actual vs Prior Year | $ 20,332 | $ 39,637 | $ 24,760 | $ (30,054) | $ 24,592 | $ (16,590) | $ 24,025 | $ 32,846 | $ 26,210 | $ 11,677 | $ 4,945 | $ 23,601 | **$ 185,980** | **$ 15,498** |
| **LGS** | | | | | | | | | | | | | | |
| Actuals | $ 355,741 | $ 383,625 | $ 341,641 | $ 339,458 | $ 283,302 | $ 317,989 | $ 291,550 | $ 310,366 | $ 349,663 | $ 372,490 | $ 424,744 | $ 462,441 | **$ 4,233,011** | **$ 352,751** |
| Actual vs Budget | $ (32,102) | $ 25,177 | $ 22,906 | $ 21,748 | $ (26,564) | $ 1,116 | $ (30,467) | $ 4,817 | $ 12,839 | $ 43,999 | $ 72,142 | $ 95,263 | **$ 210,877** | **$ 17,573** |
| Actual vs Prior Year | $ 38,626 | $ 90,661 | $ 79,389 | $ 50,445 | $ 52,613 | $ 70,043 | $ 55,735 | $ 65,403 | $ 77,161 | $ 77,962 | $ 103,324 | $ 117,403 | **$ 878,765** | **$ 73,230** |
| **Other Sales** | | | | | | | | | | | | | | |
| Actuals | $ 145,924 | $ 184,339 | $ 215,430 | $ 106,542 | $ 125,820 | $ 104,666 | $ 140,802 | $ 194,498 | $ 228,937 | $ 41,068 | $ 108,985 | $ 114,778 | **$ 1,711,789** | **$ 142,649** |
| Actual vs Budget | $ 42,534 | $ 72,454 | $ 188,603 | $ 90,528 | $ 120,352 | $ 69,846 | $ 86,002 | $ 147,763 | $ 165,075 | $ 35,000 | $ 20,746 | $ 12,912 | **$ 1,051,815** | **$ 87,651** |
| Actual vs Prior Year | $ 32,216 | $ 97,266 | $ 60,036 | $ (67,755) | $ 51,505 | $ 42,511 | $ 83,221 | $ 87,544 | $ 112,845 | $ (57,798) | $ 15,546 | $ 14,748 | **$ 471,885** | **$ 39,324** |
| **ReUse Water** | | | | | | | | | | | | | | |
| Actuals | $ 60 | $ 66 | $ 66 | $ 100 | $ 66 | $ 66 | $ 18,020 | $ 86 | $ 66 | $ 66 | $ 46 | $ 66 | **$ 18,773** | **$ 1,564** |
| Actual vs Budget | $ 60 | $ (1,230) | $ (1,091) | $ (130) | $ 66 | $ (485) | $ 18,020 | $ 86 | $ 66 | $ 66 | $ 46 | $ 66 | **$ 15,540** | **$ 1,295** |
| Actual vs Prior Year | $ 4 | $ (2,451) | $ (34,709) | $ (19,960) | $ 9 | $ (73,017) | $ 90,867 | $ 30 | $ 9 | $ 9 | $ (11) | $ 0 | **$ (39,220)** | **$ (3,268)** |
| **Total Sales** | | | | | | | | | | | | | | |
| **Actuals** | **$ 4,256,434** | **$ 5,434,238** | **$ 5,135,380** | **$ 4,816,157** | **$ 3,720,014** | **$ 3,898,791** | **$ 3,402,577** | **$ 3,810,518** | **$ 4,395,134** | **$ 3,783,667** | **$ 3,838,593** | **$ 4,468,550** | **$ 50,960,050** | **$ 4,246,671** |
| **Actual vs Budget** | **$ (1,438,980)** | **$ (24,173)** | **$ 703,271** | **$ 902,653** | **$ 280,221** | **$ 518,053** | **$ 72,079** | **$ 523,018** | **$ 470,512** | **$ (126,698)** | **$ (582,139)** | **$ (532,644)** | **$ 765,171** | **$ 63,764** |
| **Actual vs Prior Year** | **$ 779,825** | **$ 1,246,507** | **$ 728,680** | **$ (66,576)** | **$ 552,560** | **$ 674,371** | **$ 754,297** | **$ 895,525** | **$ 874,887** | **$ 63,650** | **$ (46,609)** | **$ 653,632** | **$ 7,110,748** | **$ 592,562** |

**NEW BRAUNFELS UTILITIES**
**Water Meters**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | |
| Actuals | 38,787 | 38,917 | 38,982 | 39,046 | 39,173 | 39,196 | 39,097 | 39,400 | 39,514 | 39,646 | 39,667 | 39,830 | **39,271** |
| Budget | 38,823 | 38,938 | 39,054 | 39,169 | 39,285 | 39,400 | 39,516 | 39,631 | 39,746 | 39,862 | 39,977 | 40,093 | **39,458** |
| Prior Year | 37,250 | 37,416 | 37,569 | 37,230 | 37,365 | 37,602 | 37,773 | 38,109 | 38,114 | 38,264 | 38,244 | 38,780 | **37,810** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | |
| Actuals | 221 | 220 | 220 | 220 | 220 | 219 | 218 | 217 | 219 | 216 | 219 | 215 | **219** |
| Budget | 224 | 224 | 225 | 225 | 225 | 226 | 226 | 226 | 227 | 227 | 227 | 228 | **226** |
| Prior Year | 220 | 220 | 219 | 217 | 220 | 221 | 219 | 221 | 219 | 221 | 221 | 221 | **220** |
| **Multi-Unit 5+** | | | | | | | | | | | | | |
| Actuals | 319 | 320 | 324 | 332 | 332 | 332 | 332 | 333 | 333 | 333 | 333 | 334 | **330** |
| Budget | 300 | 301 | 301 | 302 | 302 | 303 | 304 | 304 | 305 | 305 | 306 | 306 | **303** |
| Prior Year | 286 | 297 | 312 | 312 | 316 | 316 | 316 | 315 | 316 | 317 | 317 | 318 | **312** |
| **Residential Irrigation** | | | | | | | | | | | | | |
| Actuals | 15,938 | 16,024 | 16,074 | 16,119 | 16,183 | 16,239 | 16,231 | 16,416 | 16,521 | 16,647 | 17,267 | 16,882 | **16,378** |
| Budget | 15,804 | 15,929 | 16,054 | 16,180 | 16,305 | 16,430 | 16,555 | 16,680 | 16,805 | 16,931 | 17,056 | 17,181 | **16,492** |
| Prior Year | 14,693 | 14,817 | 14,918 | 14,787 | 14,856 | 15,080 | 15,164 | 15,410 | 15,464 | 15,568 | 15,567 | 15,862 | **15,182** |
| **Commercial Irrigation** | | | | | | | | | | | | | |
| Actuals | 905 | 906 | 916 | 925 | 928 | 927 | 928 | 934 | 942 | 938 | 949 | 944 | **929** |
| Budget | 963 | 966 | 968 | 971 | 973 | 976 | 978 | 981 | 983 | 986 | 988 | 991 | **977** |
| Prior Year | 873 | 882 | 883 | 883 | 888 | 886 | 888 | 889 | 890 | 897 | 902 | 904 | **889** |
| **SGS** | | | | | | | | | | | | | |
| Actuals | 2,352 | 2,351 | 2,357 | 2,349 | 2,355 | 2,343 | 2,351 | 2,358 | 2,370 | 2,365 | 2,369 | 2,371 | **2,358** |
| Budget | 2,312 | 2,314 | 2,316 | 2,318 | 2,320 | 2,322 | 2,325 | 2,327 | 2,329 | 2,331 | 2,333 | 2,335 | **2,323** |
| Prior Year | 2,287 | 2,298 | 2,303 | 2,293 | 2,297 | 2,302 | 2,304 | 2,306 | 2,304 | 2,313 | 2,349 | 2,356 | **2,309** |
| **LGS** | | | | | | | | | | | | | |
| Actuals | 252 | 258 | 258 | 261 | 261 | 261 | 261 | 262 | 262 | 262 | 262 | 261 | **260** |
| Budget | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | **234** |
| Prior Year | 234 | 235 | 234 | 234 | 234 | 234 | 232 | 238 | 240 | 242 | 251 | 251 | **238** |
| **Other Sales** | | | | | | | | | | | | | |
| Actuals | 114 | 117 | 123 | 126 | 120 | 119 | 118 | 125 | 129 | 121 | 129 | 126 | **122** |
| Budget | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | **128** |
| Prior Year | 95 | 99 | 101 | 106 | 99 | 111 | 107 | 106 | 112 | 114 | 117 | 120 | **107** |
| **ReUse Water** | | | | | | | | | | | | | |
| Actuals | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |
| Budget | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |
| Prior Year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |
| **Total Meters** | | | | | | | | | | | | | |
| **Actuals** | **58,889** | **59,114** | **59,255** | **59,379** | **59,573** | **59,637** | **59,537** | **60,046** | **60,291** | **60,529** | **61,196** | **60,964** | **59,868** |
| **Budget** | **58,789** | **59,035** | **59,281** | **59,527** | **59,773** | **60,019** | **60,266** | **60,512** | **60,758** | **61,004** | **61,250** | **61,496** | **60,142** |
| **Prior Year** | **55,939** | **56,265** | **56,540** | **56,063** | **56,276** | **56,753** | **57,004** | **57,595** | **57,660** | **57,937** | **57,969** | **58,813** | **57,068** |
| New Meters | **76** | **225** | **141** | **124** | **194** | **64** | **(100)** | **509** | **245** | **238** | **667** | **(232)** | **179** |
| New Meter Growth | **0.1%** | **0.4%** | **0.2%** | **0.2%** | **0.3%** | **0.1%** | **-0.2%** | **0.9%** | **0.4%** | **0.4%** | **1.1%** | **-0.4%** | **0.3%** |

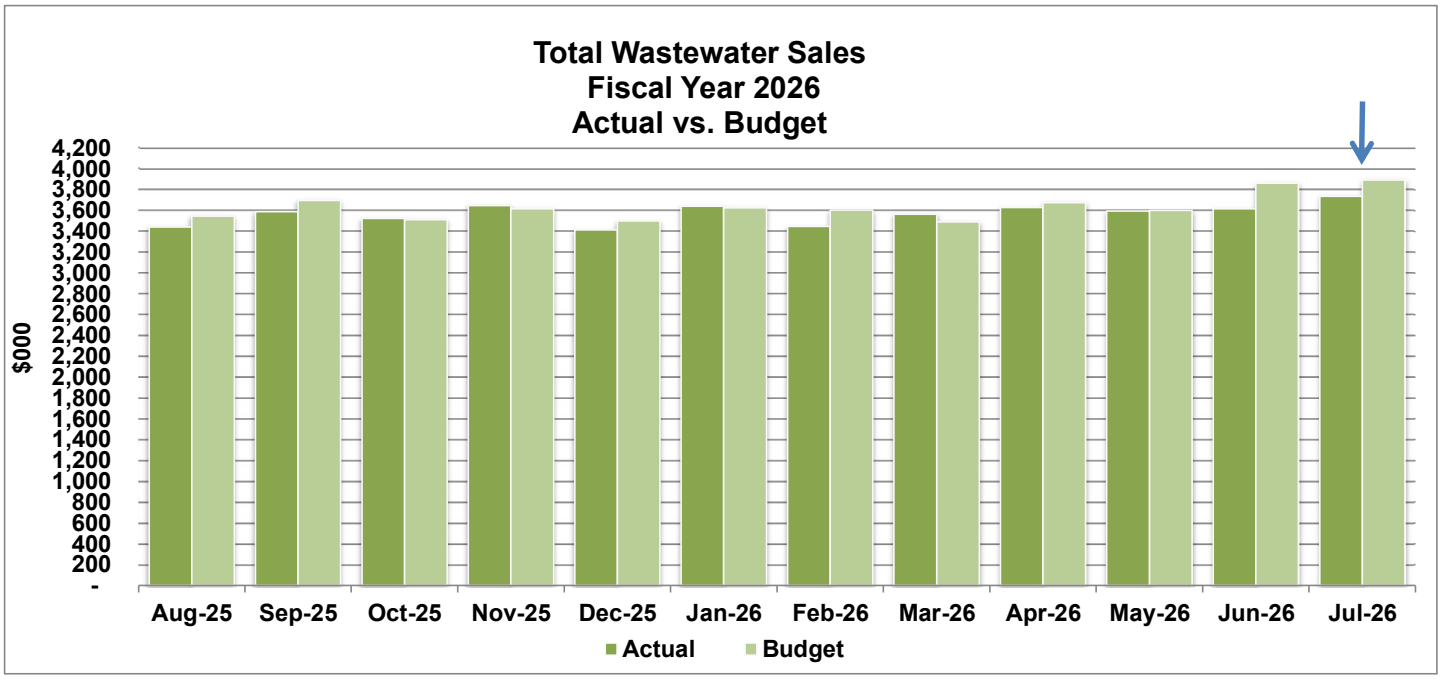
**NEW BRAUNFELS UTILITIES**
**Water Volume per Meter (Gallons)**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD ACT | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | | |
| Actuals | 5,531 | 5,921 | 5,422 | 5,249 | 4,154 | 4,688 | 4,138 | 4,092 | 4,760 | 4,239 | 4,152 | 4,792 | **57,137** | **4,761** |
| Budget | 7,277 | 7,094 | 5,565 | 4,794 | 4,128 | 4,179 | 4,171 | 3,948 | 4,763 | 4,835 | 5,271 | 5,832 | **61,857** | **5,155** |
| Prior Year | 5,157 | 5,493 | 5,512 | 6,362 | 4,157 | 4,539 | 4,148 | 4,036 | 4,624 | 4,864 | 5,146 | 4,916 | **58,955** | **4,913** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | | |
| Actuals | 7,917 | 9,237 | 7,801 | 8,840 | 6,609 | 6,713 | 7,392 | 6,104 | 6,436 | 5,858 | 5,396 | 6,316 | **84,620** | **7,052** |
| Budget | 10,433 | 10,185 | 8,567 | 8,260 | 7,931 | 7,774 | 7,216 | 6,538 | 7,719 | 7,889 | 8,604 | 9,279 | **100,395** | **8,366** |
| Prior Year | 7,594 | 7,622 | 8,672 | 8,235 | 6,501 | 7,013 | 7,269 | 6,402 | 6,515 | 6,815 | 6,945 | 7,147 | **86,730** | **7,228** |
| **Multi-Unit 5+** | | | | | | | | | | | | | | |
| Actuals | 107,893 | 109,940 | 104,338 | 111,596 | 99,126 | 109,398 | 113,912 | 88,675 | 95,402 | 91,219 | 89,078 | 95,890 | **1,216,467** | **101,372** |
| Budget | 88,917 | 86,892 | 81,972 | 84,042 | 80,703 | 83,527 | 84,280 | 76,849 | 86,087 | 84,092 | 87,657 | 85,707 | **1,010,724** | **84,227** |
| Prior Year | 98,443 | 92,831 | 110,089 | 115,801 | 90,910 | 104,235 | 106,105 | 94,130 | 91,642 | 95,853 | 95,890 | 104,098 | **1,200,027** | **100,002** |
| **Residential Irrigation** | | | | | | | | | | | | | | |
| Actuals | 4,454 | 5,004 | 4,780 | 4,186 | 2,422 | 2,286 | 1,337 | 2,062 | 3,131 | 2,301 | 2,105 | 3,132 | **37,198** | **3,100** |
| Budget | 5,425 | 4,872 | 3,670 | 3,009 | 2,035 | 1,639 | 1,494 | 1,827 | 2,800 | 2,910 | 3,341 | 4,205 | **37,227** | **3,102** |
| Prior Year | 3,809 | 4,435 | 4,751 | 4,907 | 2,814 | 2,056 | 1,064 | 1,766 | 3,012 | 3,321 | 3,555 | 3,383 | **38,874** | **3,240** |
| **Commercial Irrigation** | | | | | | | | | | | | | | |
| Actuals | 29,735 | 35,588 | 34,696 | 34,556 | 20,099 | 18,874 | 11,014 | 18,561 | 24,784 | 21,041 | 20,060 | 24,108 | **293,117** | **24,426** |
| Budget | 28,584 | 29,372 | 23,796 | 20,928 | 16,651 | 13,823 | 12,621 | 11,664 | 15,268 | 16,472 | 18,012 | 21,361 | **228,554** | **19,046** |
| Prior Year | 30,229 | 32,567 | 33,742 | 38,648 | 22,172 | 12,574 | 6,354 | 9,316 | 20,652 | 24,183 | 23,992 | 18,602 | **273,031** | **22,753** |
| **SGS** | | | | | | | | | | | | | | |
| Actuals | 12,692 | 12,672 | 11,775 | 12,509 | 10,449 | 10,816 | 10,027 | 10,203 | 11,032 | 10,443 | 10,416 | 11,544 | **134,578** | **11,215** |
| Budget | 13,527 | 12,936 | 11,374 | 11,258 | 10,722 | 11,014 | 11,233 | 9,965 | 11,056 | 10,773 | 11,640 | 12,121 | **137,619** | **11,468** |
| Prior Year | 13,500 | 13,121 | 12,706 | 15,408 | 11,242 | 13,482 | 10,964 | 10,711 | 11,689 | 11,909 | 12,057 | 12,241 | **149,030** | **12,419** |
| **LGS** | | | | | | | | | | | | | | |
| Actuals | 188,097 | 176,464 | 153,388 | 149,292 | 116,554 | 136,635 | 121,649 | 126,746 | 151,334 | 162,613 | 194,455 | 215,451 | **1,892,676** | **157,723** |
| Budget | 204,634 | 185,403 | 159,437 | 158,720 | 153,553 | 158,078 | 161,387 | 150,592 | 170,955 | 165,469 | 181,157 | 190,622 | **2,040,006** | **170,000** |
| Prior Year | 203,922 | 168,267 | 145,515 | 166,565 | 123,412 | 137,504 | 130,278 | 133,114 | 150,514 | 166,047 | 177,006 | 193,689 | **1,895,832** | **157,986** |
| **Other Sales** | | | | | | | | | | | | | | |
| Actuals | 81,298 | 101,905 | 116,614 | 39,619 | 56,865 | 41,846 | 70,121 | 99,989 | 118,676 | (3,331) | 40,113 | 45,250 | **808,964** | **67,414** |
| Budget | 52,714 | 47,203 | 14,487 | 8,721 | 2,028 | 9,391 | 17,809 | 20,998 | 25,802 | 2,342 | 32,869 | 40,487 | **274,848** | **22,904** |
| Prior Year | 85,858 | 52,207 | 116,891 | 125,984 | 39,170 | 21,250 | 21,180 | 64,835 | 67,494 | 51,171 | 43,696 | 47,295 | **737,032** | **61,419** |
| **ReUse Water** | | | | | | | | | | | | | | |
| Actuals | - | - | - | 8,896 | 2,413,538 | - | 1,847,187 | 6,039 | 1 | - | (6,040) | 1 | **4,269,622** | **355,802** |
| Budget | 613,050 | 143,255 | 117,738 | 23,498 | 65,150 | 55,875 | 38,250 | 201,062 | 70,149 | - | 25 | 166,075 | **1,494,126** | **124,511** |
| Prior Year | 31 | 305,818 | 3,889,988 | 2,255,046 | - | 8,146,470 | (8,116,189) | - | - | - | - | 3,364 | **6,484,528** | **540,377** |

**NEW BRAUNFELS UTILITIES**
**Water Rates (per Gallon)**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | |
| Actuals | $ 0.0076 | $ 0.0099 | $ 0.0099 | $ 0.0096 | $ 0.0094 | $ 0.0092 | $ 0.0092 | $ 0.0093 | $ 0.0093 | $ 0.0092 | $ 0.0093 | $ 0.0094 | **$ 0.0093** |
| Budget | $ 0.0096 | $ 0.0094 | $ 0.0094 | $ 0.0092 | $ 0.0094 | $ 0.0093 | $ 0.0090 | $ 0.0093 | $ 0.0092 | $ 0.0091 | $ 0.0095 | $ 0.0098 | **$ 0.0094** |
| Prior Year | $ 0.0071 | $ 0.0088 | $ 0.0090 | $ 0.0090 | $ 0.0082 | $ 0.0083 | $ 0.0083 | $ 0.0085 | $ 0.0085 | $ 0.0085 | $ 0.0085 | $ 0.0085 | **$ 0.0084** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | |
| Actuals | $ 0.0115 | $ 0.0118 | $ 0.0126 | $ 0.0120 | $ 0.0135 | $ 0.0135 | $ 0.0129 | $ 0.0141 | $ 0.0137 | $ 0.0143 | $ 0.0149 | $ 0.0138 | **$ 0.0132** |
| Budget | $ 0.0105 | $ 0.0106 | $ 0.0113 | $ 0.0115 | $ 0.0117 | $ 0.0118 | $ 0.0122 | $ 0.0127 | $ 0.0118 | $ 0.0117 | $ 0.0113 | $ 0.0110 | **$ 0.0115** |
| Prior Year | $ 0.0106 | $ 0.0112 | $ 0.0106 | $ 0.0108 | $ 0.0121 | $ 0.0116 | $ 0.0115 | $ 0.0122 | $ 0.0120 | $ 0.0118 | $ 0.0117 | $ 0.0115 | **$ 0.0115** |
| **Multi-Unit 5+** | | | | | | | | | | | | | |
| Actuals | $ 0.0110 | $ 0.0118 | $ 0.0119 | $ 0.0117 | $ 0.0124 | $ 0.0118 | $ 0.0115 | $ 0.0172 | $ 0.0137 | $ 0.0140 | $ 0.0142 | $ 0.0137 | **$ 0.0129** |
| Budget | $ 0.0133 | $ 0.0135 | $ 0.0139 | $ 0.0137 | $ 0.0139 | $ 0.0137 | $ 0.0136 | $ 0.0143 | $ 0.0135 | $ 0.0136 | $ 0.0133 | $ 0.0134 | **$ 0.0136** |
| Prior Year | $ 0.0101 | $ 0.0111 | $ 0.0097 | $ 0.0098 | $ 0.0116 | $ 0.0105 | $ 0.0103 | $ 0.0110 | $ 0.0111 | $ 0.0109 | $ 0.0109 | $ 0.0106 | **$ 0.0106** |
| **Residential Irrigation** | | | | | | | | | | | | | |
| Actuals | $ 0.0143 | $ 0.0156 | $ 0.0157 | $ 0.0161 | $ 0.0189 | $ 0.0195 | $ 0.0247 | $ 0.0201 | $ 0.0174 | $ 0.0193 | $ 0.0198 | $ 0.0174 | **$ 0.0182** |
| Budget | $ 0.0151 | $ 0.0153 | $ 0.0164 | $ 0.0173 | $ 0.0201 | $ 0.0221 | $ 0.0231 | $ 0.0210 | $ 0.0177 | $ 0.0175 | $ 0.0169 | $ 0.0159 | **$ 0.0182** |
| Prior Year | $ 0.0135 | $ 0.0142 | $ 0.0140 | $ 0.0139 | $ 0.0161 | $ 0.0184 | $ 0.0254 | $ 0.0193 | $ 0.0156 | $ 0.0151 | $ 0.0149 | $ 0.0151 | **$ 0.0163** |
| **Commercial Irrigation** | | | | | | | | | | | | | |
| Actuals | $ 0.0148 | $ 0.0166 | $ 0.0165 | $ 0.0162 | $ 0.0164 | $ 0.0167 | $ 0.0173 | $ 0.0169 | $ 0.0166 | $ 0.0167 | $ 0.0167 | $ 0.0166 | **$ 0.0165** |
| Budget | $ 0.0164 | $ 0.0164 | $ 0.0164 | $ 0.0164 | $ 0.0166 | $ 0.0168 | $ 0.0168 | $ 0.0171 | $ 0.0168 | $ 0.0168 | $ 0.0168 | $ 0.0167 | **$ 0.0167** |
| Prior Year | $ 0.0128 | $ 0.0147 | $ 0.0147 | $ 0.0147 | $ 0.0146 | $ 0.0149 | $ 0.0161 | $ 0.0154 | $ 0.0148 | $ 0.0147 | $ 0.0146 | $ 0.0146 | **$ 0.0147** |
| **SGS** | | | | | | | | | | | | | |
| Actuals | $ 0.0105 | $ 0.0122 | $ 0.0122 | $ 0.0119 | $ 0.0124 | $ 0.0123 | $ 0.0124 | $ 0.0124 | $ 0.0122 | $ 0.0124 | $ 0.0124 | $ 0.0123 | **$ 0.0121** |
| Budget | $ 0.0121 | $ 0.0120 | $ 0.0123 | $ 0.0122 | $ 0.0123 | $ 0.0123 | $ 0.0122 | $ 0.0125 | $ 0.0123 | $ 0.0124 | $ 0.0124 | $ 0.0125 | **$ 0.0123** |
| Prior Year | $ 0.0095 | $ 0.0107 | $ 0.0107 | $ 0.0108 | $ 0.0109 | $ 0.0106 | $ 0.0106 | $ 0.0108 | $ 0.0109 | $ 0.0107 | $ 0.0107 | $ 0.0108 | **$ 0.0106** |
| **LGS** | | | | | | | | | | | | | |
| Actuals | $ 0.0075 | $ 0.0084 | $ 0.0086 | $ 0.0087 | $ 0.0093 | $ 0.0089 | $ 0.0092 | $ 0.0093 | $ 0.0088 | $ 0.0087 | $ 0.0083 | $ 0.0082 | **$ 0.0087** |
| Budget | $ 0.0081 | $ 0.0083 | $ 0.0085 | $ 0.0086 | $ 0.0086 | $ 0.0086 | $ 0.0085 | $ 0.0087 | $ 0.0084 | $ 0.0085 | $ 0.0083 | $ 0.0082 | **$ 0.0084** |
| Prior Year | $ 0.0066 | $ 0.0074 | $ 0.0077 | $ 0.0074 | $ 0.0080 | $ 0.0077 | $ 0.0078 | $ 0.0077 | $ 0.0075 | $ 0.0073 | $ - | $ - | **$ 0.0063** |
| **Other Sales** | | | | | | | | | | | | | |
| Actuals | $ 0.0157 | $ 0.0155 | $ 0.0150 | $ 0.0213 | $ 0.0184 | $ 0.0210 | $ 0.0170 | $ 0.0156 | $ 0.0150 | $ (0.1019) | $ 0.0211 | $ 0.0201 | **$ 0.0078** |
| Budget | $ 0.0153 | $ 0.0185 | $ 0.0145 | $ 0.0143 | $ 0.0211 | $ 0.0290 | $ 0.0240 | $ 0.0174 | $ 0.0193 | $ 0.0202 | $ 0.0210 | $ 0.0196 | **$ 0.0195** |
| Prior Year | $ 0.0139 | $ 0.0168 | $ 0.0132 | $ 0.0131 | $ 0.0192 | $ 0.0264 | $ 0.0254 | $ 0.0156 | $ 0.0154 | $ 0.0169 | $ 0.0183 | $ 0.0176 | **$ 0.0176** |
| **ReUse Water** | | | | | | | | | | | | | |
| Actuals | $ - | $ - | $ - | $ 0.0112 | $ - | $ - | $ 0.0098 | $ 0.0143 | $ 65.9400 | $ - | $ (0.0075) | $ 65.9400 | **$ 10.9923** |
| Budget | $ - | $ 0.0090 | $ 0.0098 | $ 0.0098 | $ - | $ 0.0099 | $ - | $ - | $ - | $ - | $ - | $ - | **$ 0.0032** |
| Prior Year | $ 1.8242 | $ 0.0082 | $ 0.0089 | $ 0.0089 | $ - | $ 0.0090 | $ 0.0090 | $ - | $ - | $ - | $ - | $ 0.0196 | **$ 0.1573** |

# WASTEWATER STATISTICS




| Month | Total Wastewater Sales ($000) Actual | Budget |
|---|---|---|
| Aug-25 | $ 3,444 | $ 3,548 |
| Sep-25 | $ 3,589 | $ 3,699 |
| Oct-25 | $ 3,525 | $ 3,515 |
| Nov-25 | $ 3,651 | $ 3,620 |
| Dec-25 | $ 3,416 | $ 3,501 |
| Jan-26 | $ 3,642 | $ 3,627 |
| Feb-26 | $ 3,449 | $ 3,605 |
| Mar-26 | $ 3,567 | $ 3,493 |
| Apr-26 | $ 3,629 | $ 3,677 |
| May-26 | $ 3,598 | $ 3,601 |
| Jun-26 | $ 3,617 | $ 3,865 |
| Jul-26 | $ 3,738 | $ 3,894 |
| **TOTAL** | **$ 42,865** | **$ 43,643** |

| Customer Count | FY 2024 | % Change 2023-2024 | FY 2025 | % Change 2024-2025 | FY 2026 |
|---|---|---|---|---|---|
| Residential | 33,786 | 4.35% | 35,257 | 2.93% | 36,290 |
| Other | 2,675 | 1.98% | 2,728 | 0.88% | 2,752 |
| **TOTAL** | **36,461** | **4.18%** | **37,985** | **2.78%** | **39,042** |

# WASTEWATER SUPPLEMENTAL INFORMATION

**NEW BRAUNFELS UTILITIES**
**Wastewater Revenue**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD ACT | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | | |
| Actuals | $ 2,135,811 | $ 2,250,585 | $ 2,208,898 | $ 2,294,866 | $ 2,191,679 | $ 2,326,446 | $ 2,201,415 | $ 2,202,570 | $ 2,300,071 | $ 2,265,787 | $ 2,248,139 | $ 2,280,900 | **$ 26,907,167** | **$ 2,242,264** |
| Budget | $ 2,044,298 | $ 2,221,591 | $ 2,132,740 | $ 2,222,022 | $ 2,179,327 | $ 2,239,952 | $ 2,191,150 | $ 2,142,041 | $ 2,222,848 | $ 2,186,615 | $ 2,269,611 | $ 2,254,156 | **$ 26,306,350** | **$ 2,192,196** |
| Prior Year | $ 1,856,484 | $ 1,956,314 | $ 1,922,362 | $ 2,074,540 | $ 1,933,703 | $ 2,042,821 | $ 2,008,529 | $ 1,939,514 | $ 1,979,872 | $ 2,040,837 | $ 2,064,876 | $ 2,103,550 | **$ 23,923,405** | **$ 1,993,617** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | | |
| Actuals | $ 17,555 | $ 18,249 | $ 18,112 | $ 18,640 | $ 17,600 | $ 18,517 | $ 17,612 | $ 17,218 | $ 18,124 | $ 17,523 | $ 17,807 | $ 17,770 | **$ 214,726** | **$ 17,894** |
| Budget | $ 17,808 | $ 18,920 | $ 18,379 | $ 18,979 | $ 18,616 | $ 19,119 | $ 19,035 | $ 18,682 | $ 19,219 | $ 18,970 | $ 19,776 | $ 19,428 | **$ 226,930** | **$ 18,911** |
| Prior Year | $ 16,214 | $ 16,604 | $ 16,267 | $ 17,490 | $ 16,547 | $ 17,224 | $ 16,814 | $ 16,424 | $ 16,473 | $ 16,957 | $ 17,023 | $ 17,092 | **$ 201,129** | **$ 16,761** |
| **Multi-Unit 5+** | | | | | | | | | | | | | | |
| Actuals | $ 442,131 | $ 463,914 | $ 521,473 | $ 544,717 | $ 516,319 | $ 542,417 | $ 546,633 | $ 655,663 | $ 550,093 | $ 538,889 | $ 531,469 | $ 552,663 | **$ 6,406,381** | **$ 533,865** |
| Budget | $ 496,647 | $ 507,101 | $ 484,140 | $ 495,900 | $ 487,043 | $ 512,539 | $ 527,833 | $ 492,546 | $ 503,259 | $ 495,086 | $ 515,944 | $ 522,704 | **$ 6,040,740** | **$ 503,395** |
| Prior Year | $ 359,519 | $ 366,806 | $ 406,821 | $ 429,010 | $ 407,269 | $ 417,170 | $ 409,989 | $ 390,903 | $ 388,122 | $ 401,958 | $ 400,789 | $ 425,836 | **$ 4,804,192** | **$ 400,349** |
| **SGS** | | | | | | | | | | | | | | |
| Actuals | $ 846,491 | $ 854,433 | $ 774,796 | $ 790,614 | $ 688,514 | $ 752,832 | $ 681,323 | $ 689,822 | $ 759,191 | $ 773,594 | $ 817,796 | $ 884,677 | **$ 9,314,084** | **$ 776,174** |
| Budget | $ 987,595 | $ 949,471 | $ 877,788 | $ 881,244 | $ 814,315 | $ 853,576 | $ 864,923 | $ 838,182 | $ 929,601 | $ 898,672 | $ 1,057,592 | $ 1,095,865 | **$ 11,048,826** | **$ 920,735** |
| Prior Year | $ 833,399 | $ 747,585 | $ 714,808 | $ 806,024 | $ 638,095 | $ 708,006 | $ 647,707 | $ 649,582 | $ 703,335 | $ 749,343 | $ 806,712 | $ 835,258 | **$ 8,839,853** | **$ 736,654** |
| **Schertz Sewer** | | | | | | | | | | | | | | |
| Actuals | $ 1,802 | $ 1,789 | $ 1,769 | $ 1,801 | $ 1,652 | $ 1,770 | $ 1,947 | $ 1,628 | $ 1,934 | $ 2,091 | $ 2,156 | $ 2,075 | **$ 22,415** | **$ 1,868** |
| Budget | $ 1,699 | $ 1,622 | $ 1,613 | $ 1,634 | $ 1,498 | $ 1,606 | $ 1,725 | $ 1,443 | $ 1,645 | $ 1,715 | $ 1,771 | $ 1,705 | **$ 19,676** | **$ 1,640** |
| Prior Year | $ 1,586 | $ 1,575 | $ 1,547 | $ 1,588 | $ 1,450 | $ 1,554 | $ 1,717 | $ 1,432 | $ 1,669 | $ 1,752 | $ 1,803 | $ 1,734 | **$ 19,408** | **$ 1,617** |
| **Total Sales** | | | | | | | | | | | | | | |
| **Actuals** | **$ 3,443,790** | **$ 3,588,969** | **$ 3,525,048** | **$ 3,650,637** | **$ 3,415,764** | **$ 3,641,982** | **$ 3,448,931** | **$ 3,566,900** | **$ 3,629,414** | **$ 3,597,883** | **$ 3,617,367** | **$ 3,738,085** | **$ 42,864,772** | **$ 3,572,064** |
| **Budget** | **$ 3,548,047** | **$ 3,698,706** | **$ 3,514,660** | **$ 3,619,779** | **$ 3,500,798** | **$ 3,626,792** | **$ 3,604,666** | **$ 3,492,894** | **$ 3,676,570** | **$ 3,601,057** | **$ 3,864,694** | **$ 3,893,858** | **$ 43,642,522** | **$ 3,636,877** |
| **Prior Year** | **$ 3,067,203** | **$ 3,088,884** | **$ 3,061,806** | **$ 3,328,653** | **$ 2,997,064** | **$ 3,186,775** | **$ 3,084,757** | **$ 2,997,855** | **$ 3,089,471** | **$ 3,210,847** | **$ 3,291,202** | **$ 3,383,470** | **$ 37,787,987** | **$ 3,148,999** |

**NEW BRAUNFELS UTILITIES**
**Wastewater Revenue Variance**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD ACT | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | | |
| Actuals | $ 2,135,811 | $ 2,250,585 | $ 2,208,898 | $ 2,294,866 | $ 2,191,679 | $ 2,326,446 | $ 2,201,415 | $ 2,202,570 | $ 2,300,071 | $ 2,265,787 | $ 2,248,139 | $ 2,280,900 | **$ 26,907,167** | **$ 2,242,264** |
| Actual vs Budget | $ 91,514 | $ 28,994 | $ 76,158 | $ 72,844 | $ 12,353 | $ 86,494 | $ 10,265 | $ 60,529 | $ 77,223 | $ 79,172 | $ (21,472) | $ 26,744 | **$ 600,817** | **$ 50,068** |
| Actual vs Prior Year | $ 279,327 | $ 294,271 | $ 286,536 | $ 220,326 | $ 257,976 | $ 283,625 | $ 192,886 | $ 263,055 | $ 320,198 | $ 224,949 | $ 183,263 | $ 177,350 | **$ 2,983,762** | **$ 248,647** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | | |
| Actuals | $ 17,555 | $ 18,249 | $ 18,112 | $ 18,640 | $ 17,600 | $ 18,517 | $ 17,612 | $ 17,218 | $ 18,124 | $ 17,523 | $ 17,807 | $ 17,770 | **$ 214,726** | **$ 17,894** |
| Actual vs Budget | $ (253) | $ (671) | $ (267) | $ (339) | $ (1,016) | $ (603) | $ (1,423) | $ (1,464) | $ (1,095) | $ (1,446) | $ (1,969) | $ (1,658) | **$ (12,204)** | **$ (1,017)** |
| Actual vs Prior Year | $ 1,340 | $ 1,645 | $ 1,845 | $ 1,150 | $ 1,053 | $ 1,293 | $ 798 | $ 794 | $ 1,651 | $ 566 | $ 785 | $ 678 | **$ 13,596** | **$ 1,133** |
| **Multi-Unit 5+** | | | | | | | | | | | | | | |
| Actuals | $ 442,131 | $ 463,914 | $ 521,473 | $ 544,717 | $ 516,319 | $ 542,417 | $ 546,633 | $ 655,663 | $ 550,093 | $ 538,889 | $ 531,469 | $ 552,663 | **$ 6,406,381** | **$ 533,865** |
| Actual vs Budget | $ (54,516) | $ (43,187) | $ 37,334 | $ 48,817 | $ 29,276 | $ 29,878 | $ 18,800 | $ 163,117 | $ 46,835 | $ 43,803 | $ 15,525 | $ 29,958 | **$ 365,640** | **$ 30,470** |
| Actual vs Prior Year | $ 82,611 | $ 97,108 | $ 114,652 | $ 115,707 | $ 109,050 | $ 125,247 | $ 136,645 | $ 264,760 | $ 161,971 | $ 136,931 | $ 130,680 | $ 126,827 | **$ 1,602,189** | **$ 133,516** |
| **SGS** | | | | | | | | | | | | | | |
| Actuals | $ 846,491 | $ 854,433 | $ 774,796 | $ 790,614 | $ 688,514 | $ 752,832 | $ 681,323 | $ 689,822 | $ 759,191 | $ 773,594 | $ 817,796 | $ 884,677 | **$ 9,314,084** | **$ 776,174** |
| Actual vs Budget | $ (141,104) | $ (95,038) | $ (102,992) | $ (90,631) | $ (125,801) | $ (100,744) | $ (183,600) | $ (148,361) | $ (170,409) | $ (125,078) | $ (239,796) | $ (211,188) | **$ (1,734,742)** | **$ (144,562)** |
| Actual vs Prior Year | $ 13,092 | $ 106,848 | $ 59,987 | $ (15,410) | $ 50,420 | $ 44,826 | $ 33,616 | $ 40,240 | $ 55,857 | $ 24,251 | $ 11,084 | $ 49,419 | **$ 474,230** | **$ 39,519** |
| **Schertz Sewer** | | | | | | | | | | | | | | |
| Actuals | $ 1,802 | $ 1,789 | $ 1,769 | $ 1,801 | $ 1,652 | $ 1,770 | $ 1,947 | $ 1,628 | $ 1,934 | $ 2,091 | $ 2,156 | $ 2,075 | **$ 22,415** | **$ 1,868** |
| Actual vs Budget | $ 103 | $ 166 | $ 155 | $ 168 | $ 154 | $ 165 | $ 223 | $ 185 | $ 290 | $ 376 | $ 385 | $ 370 | **$ 2,738** | **$ 228** |
| Actual vs Prior Year | $ 216 | $ 213 | $ 222 | $ 213 | $ 202 | $ 217 | $ 230 | $ 196 | $ 266 | $ 339 | $ 353 | $ 341 | **$ 3,007** | **$ 251** |
| **Total Sales** | | | | | | | | | | | | | | |
| **Actuals** | **$ 3,443,790** | **$ 3,588,969** | **$ 3,525,048** | **$ 3,650,637** | **$ 3,415,764** | **$ 3,641,982** | **$ 3,448,931** | **$ 3,566,900** | **$ 3,629,414** | **$ 3,597,883** | **$ 3,617,367** | **$ 3,738,085** | **$ 42,864,772** | **$ 3,572,064** |
| **Actual vs Budget** | **$ (104,257)** | **$ (109,736)** | **$ 10,388** | **$ 30,858** | **$ (85,034)** | **$ 15,190** | **$ (155,735)** | **$ 74,006** | **$ (47,156)** | **$ (3,174)** | **$ (247,326)** | **$ (155,773)** | **$ (777,751)** | **$ (64,813)** |
| **Actual vs Prior Year** | **$ 376,587** | **$ 500,085** | **$ 463,242** | **$ 321,985** | **$ 418,700** | **$ 455,207** | **$ 364,174** | **$ 569,045** | **$ 539,943** | **$ 387,036** | **$ 326,165** | **$ 354,615** | **$ 5,076,785** | **$ 423,065** |

**NEW BRAUNFELS UTILITIES**
**Wastewater Usage (Gallons)**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD ACT | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | | |
| Actuals | 114,352,136 | 113,805,347 | 108,738,100 | 118,783,157 | 105,724,563 | 121,370,525 | 107,433,205 | 105,691,924 | 117,213,991 | 112,690,068 | 110,373,736 | 113,320,007 | **1,349,496,761** | **112,458,063** |
| Prior Year | 107,725,389 | 103,067,687 | 98,354,470 | 119,003,315 | 100,070,939 | 112,511,960 | 107,604,279 | 98,014,262 | 103,440,725 | 110,162,155 | 112,968,647 | 114,850,343 | **1,287,774,176** | **107,314,515** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | | |
| Actuals | 829,423 | 812,644 | 787,536 | 860,993 | 739,123 | 846,188 | 753,407 | 698,529 | 797,204 | 747,732 | 759,530 | 778,354 | **9,410,663** | **784,222** |
| Prior Year | 812,350 | 772,528 | 729,738 | 886,441 | 748,793 | 839,512 | 796,889 | 730,232 | 753,459 | 805,911 | 816,118 | 825,104 | **9,517,075** | **793,090** |
| **Multi-Unit 5+** | | | | | | | | | | | | | | |
| Actuals | 28,209,736 | 28,083,813 | 29,929,027 | 32,066,040 | 28,568,811 | 31,525,312 | 32,046,064 | 29,567,307 | 31,791,991 | 30,552,967 | 29,627,533 | 32,099,118 | **364,067,719** | **30,338,977** |
| Prior Year | 24,068,802 | 23,716,877 | 26,822,264 | 29,601,406 | 23,581,649 | 27,178,201 | 26,331,707 | 23,926,702 | 23,563,609 | 25,369,375 | 25,330,332 | 27,552,194 | **307,043,118** | **25,586,927** |
| **SGS** | | | | | | | | | | | | | | |
| Actuals | 135,426,797 | 128,283,527 | 114,449,766 | 119,203,683 | 98,790,786 | 112,400,100 | 98,774,317 | 98,742,058 | 112,928,170 | 115,373,057 | 120,709,557 | 132,331,957 | **1,387,413,780** | **115,617,815** |
| Prior Year | 135,445,189 | 120,298,662 | 112,932,883 | 131,607,704 | 98,662,908 | 110,284,524 | 103,701,565 | 103,907,396 | 114,840,325 | 122,646,943 | 132,088,259 | 136,474,755 | **1,422,891,110** | **118,574,259** |
| **Schertz Sewer** | | | | | | | | | | | | | | |
| Actuals | 434,600 | 431,300 | 426,500 | 434,400 | 398,300 | 419,100 | 469,600 | 392,600 | 422,700 | 422,200 | 435,400 | 419,100 | **5,105,800** | **425,483** |
| Prior Year | 144,733 | 143,767 | 141,167 | 144,967 | 132,333 | 141,800 | 156,733 | 130,700 | 141,433 | 140,833 | 144,933 | 139,400 | **1,702,800** | **141,900** |
| **Total Sales** | | | | | | | | | | | | | | |
| **Actuals** | **279,252,693** | **271,416,632** | **254,330,930** | **271,348,274** | **234,221,584** | **266,561,226** | **239,476,594** | **235,092,419** | **263,154,057** | **259,786,025** | **261,905,756** | **278,948,536** | **3,115,494,723** | **259,624,560** |
| **Prior Year** | **268,196,464** | **247,999,521** | **238,980,522** | **281,243,833** | **223,196,623** | **250,955,997** | **238,591,174** | **226,709,292** | **242,739,551** | **259,125,217** | **271,348,289** | **279,841,796** | **3,028,928,279** | **252,410,690** |

**NEW BRAUNFELS UTILITIES**
**Wastewater Customers**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | |
| Actuals | 35,264 | 35,393 | 35,462 | 35,515 | 35,642 | 35,668 | 35,578 | 35,872 | 35,984 | 36,113 | 36,131 | 36,290 | **35,743** |
| Budget | 34,831 | 34,942 | 35,054 | 35,166 | 35,278 | 35,391 | 35,504 | 35,617 | 35,731 | 35,845 | 35,959 | 36,074 | **35,449** |
| Prior Year | 33,760 | 33,920 | 34,073 | 33,744 | 33,877 | 34,100 | 34,272 | 34,598 | 34,610 | 34,755 | 34,738 | 35,257 | **34,309** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | |
| Actuals | 187 | 186 | 186 | 186 | 186 | 185 | 184 | 184 | 186 | 183 | 186 | 183 | **185** |
| Budget | 187 | 188 | 188 | 189 | 189 | 189 | 190 | 190 | 190 | 191 | 191 | 192 | **190** |
| Prior Year | 186 | 186 | 185 | 184 | 186 | 187 | 185 | 187 | 186 | 187 | 187 | 187 | **186** |
| **Multi-Unit 5+** | | | | | | | | | | | | | |
| Actuals | 312 | 312 | 323 | 332 | 332 | 332 | 332 | 333 | 333 | 333 | 333 | 333 | **328** |
| Budget | 323 | 323 | 324 | 324 | 325 | 325 | 326 | 326 | 327 | 328 | 328 | 329 | **326** |
| Prior Year | 280 | 291 | 306 | 306 | 310 | 310 | 310 | 309 | 310 | 311 | 311 | 312 | **306** |
| **SGS** | | | | | | | | | | | | | |
| Actuals | 2,224 | 2,226 | 2,229 | 2,223 | 2,227 | 2,222 | 2,217 | 2,223 | 2,238 | 2,232 | 2,234 | 2,235 | **2,228** |
| Budget | 2,230 | 2,232 | 2,235 | 2,237 | 2,239 | 2,241 | 2,244 | 2,246 | 2,248 | 2,250 | 2,252 | 2,255 | **2,242** |
| Prior Year | 2,196 | 2,207 | 2,209 | 2,199 | 2,203 | 2,210 | 2,208 | 2,212 | 2,212 | 2,222 | 2,224 | 2,228 | **2,211** |
| **Schertz Sewer** | | | | | | | | | | | | | |
| Actuals | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |
| Budget | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |
| Prior Year | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | **1** |
| **Total Accounts** | | | | | | | | | | | | | |
| **Actuals** | **37,988** | **38,118** | **38,201** | **38,257** | **38,388** | **38,408** | **38,312** | **38,613** | **38,742** | **38,862** | **38,885** | **39,042** | **38,485** |
| **Budget** | **37,572** | **37,686** | **37,801** | **37,916** | **38,032** | **38,148** | **38,264** | **38,380** | **38,497** | **38,615** | **38,732** | **38,850** | **38,208** |
| **Prior Year** | **36,423** | **36,605** | **36,774** | **36,434** | **36,577** | **36,808** | **36,976** | **37,307** | **37,319** | **37,476** | **37,461** | **37,985** | **37,012** |
| **New Customers** | **3** | **130** | **83** | **56** | **131** | **20** | **(96)** | **301** | **129** | **120** | **23** | **157** | **88** |
| New Customer Growth % | 0.0% | 0.3% | 0.2% | 0.1% | 0.3% | 0.1% | -0.3% | 0.8% | 0.3% | 0.3% | 0.1% | 0.4% | **0.2%** |

**NEW BRAUNFELS UTILITIES**
**Wastewater Rates (per Customer)**
**For Month Ending July 31, 2026**

| DESCRIPTION | 2025 AUG | 2025 SEP | 2025 OCT | 2025 NOV | 2025 DEC | 2026 JAN | 2026 FEB | 2026 MAR | 2026 APR | 2026 MAY | 2026 JUN | 2026 JUL | FY 2026 YTD AVG |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | | | | |
| Actuals | $ 60.57 | $ 63.59 | $ 62.29 | $ 64.62 | $ 61.49 | $ 65.23 | $ 61.88 | $ 61.40 | $ 63.92 | $ 62.74 | $ 62.22 | $ 62.85 | **$ 62.73** |
| Budget | $ 58.69 | $ 63.58 | $ 60.84 | $ 63.19 | $ 61.78 | $ 63.29 | $ 61.72 | $ 60.14 | $ 62.21 | $ 61.00 | $ 63.12 | $ 62.49 | **$ 61.84** |
| Prior Year | $ 54.99 | $ 57.67 | $ 56.42 | $ 61.48 | $ 57.08 | $ 59.91 | $ 58.61 | $ 56.06 | $ 57.21 | $ 58.72 | $ 59.44 | $ 59.66 | **$ 58.10** |
| **Multi-Unit 2-4** | | | | | | | | | | | | | |
| Actuals | $ 93.88 | $ 98.11 | $ 97.38 | $ 100.21 | $ 94.62 | $ 100.09 | $ 95.72 | $ 93.58 | $ 97.44 | $ 95.76 | $ 95.74 | $ 97.10 | **$ 96.63** |
| Budget | $ 95.03 | $ 100.76 | $ 97.68 | $ 100.66 | $ 98.53 | $ 100.99 | $ 100.34 | $ 98.27 | $ 100.89 | $ 99.38 | $ 103.39 | $ 101.36 | **$ 99.77** |
| Prior Year | $ 87.17 | $ 89.27 | $ 87.93 | $ 95.05 | $ 88.96 | $ 92.11 | $ 90.89 | $ 87.83 | $ 88.57 | $ 90.68 | $ 91.03 | $ 91.40 | **$ 90.07** |
| **Multi-Unit 5+** | | | | | | | | | | | | | |
| Actuals | $ 1,417.09 | $ 1,486.90 | $ 1,614.47 | $ 1,640.71 | $ 1,555.18 | $ 1,633.79 | $ 1,646.49 | $ 1,968.96 | $ 1,651.93 | $ 1,618.28 | $ 1,596.00 | $ 1,659.65 | **$ 1,624.12** |
| Budget | $ 1,539.71 | $ 1,569.40 | $ 1,495.75 | $ 1,529.43 | $ 1,499.51 | $ 1,575.28 | $ 1,619.48 | $ 1,508.60 | $ 1,538.74 | $ 1,511.13 | $ 1,572.07 | $ 1,589.92 | **$ 1,545.75** |
| Prior Year | $ 1,284.00 | $ 1,260.50 | $ 1,329.48 | $ 1,401.99 | $ 1,313.77 | $ 1,345.71 | $ 1,322.54 | $ 1,265.06 | $ 1,252.01 | $ 1,292.47 | $ 1,288.71 | $ 1,364.86 | **$ 1,310.09** |
| **SGS** | | | | | | | | | | | | | |
| Actuals | $ 380.62 | $ 383.84 | $ 347.60 | $ 355.65 | $ 309.17 | $ 338.81 | $ 307.32 | $ 310.31 | $ 339.23 | $ 346.59 | $ 366.07 | $ 395.83 | **$ 348.42** |
| Budget | $ 442.83 | $ 425.31 | $ 392.81 | $ 393.96 | $ 363.68 | $ 380.83 | $ 385.51 | $ 373.22 | $ 413.52 | $ 399.36 | $ 469.52 | $ 486.03 | **$ 410.55** |
| Prior Year | $ 379.51 | $ 338.73 | $ 323.59 | $ 366.54 | $ 289.65 | $ 320.36 | $ 293.35 | $ 293.66 | $ 317.96 | $ 337.24 | $ 362.73 | $ 374.89 | **$ 333.18** |
| **Schertz Sewer** | | | | | | | | | | | | | |
| Actuals | $ 1,802.24 | $ 1,788.56 | $ 1,768.65 | $ 1,801.41 | $ 1,651.71 | $ 1,770.31 | $ 1,947.38 | $ 1,628.07 | $ 1,934.38 | $ 2,090.69 | $ 2,156.06 | $ 2,075.34 | **$ 1,867.90** |
| Budget | $ 1,699.30 | $ 1,622.32 | $ 1,613.29 | $ 1,633.88 | $ 1,498.08 | $ 1,605.52 | $ 1,724.78 | $ 1,443.49 | $ 1,644.72 | $ 1,715.18 | $ 1,770.77 | $ 1,704.96 | **$ 1,639.69** |
| Prior Year | $ 1,585.92 | $ 1,575.32 | $ 1,546.83 | $ 1,588.47 | $ 1,450.04 | $ 1,553.77 | $ 1,717.41 | $ 1,432.15 | $ 1,668.63 | $ 1,752.07 | $ 1,803.07 | $ 1,734.23 | **$ 1,617.33** |

# Financial Update

- July 2026 Financials

- Kimberly DaCosta, Director of Financial Services

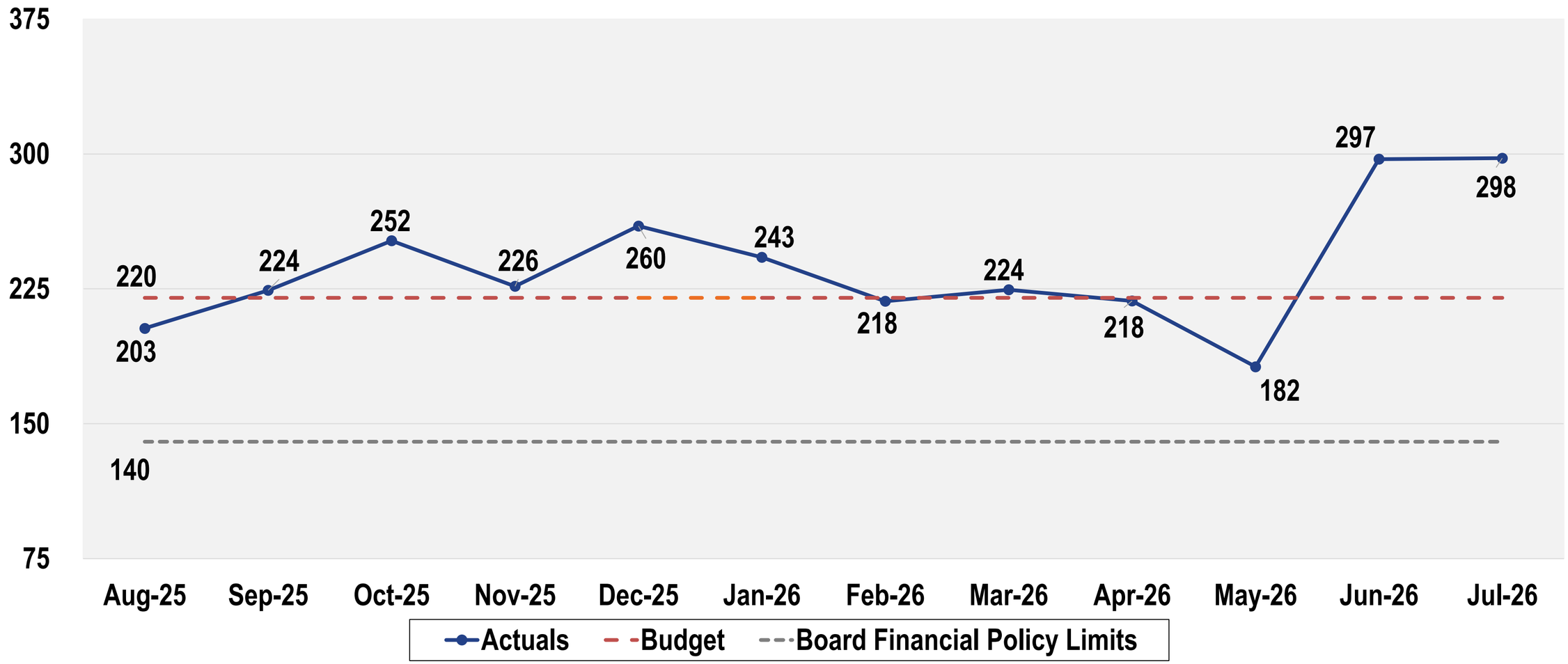
NEW BRAUNFELS UTILITIES

# Board Financial Policy Compliance - July 2026 YTD

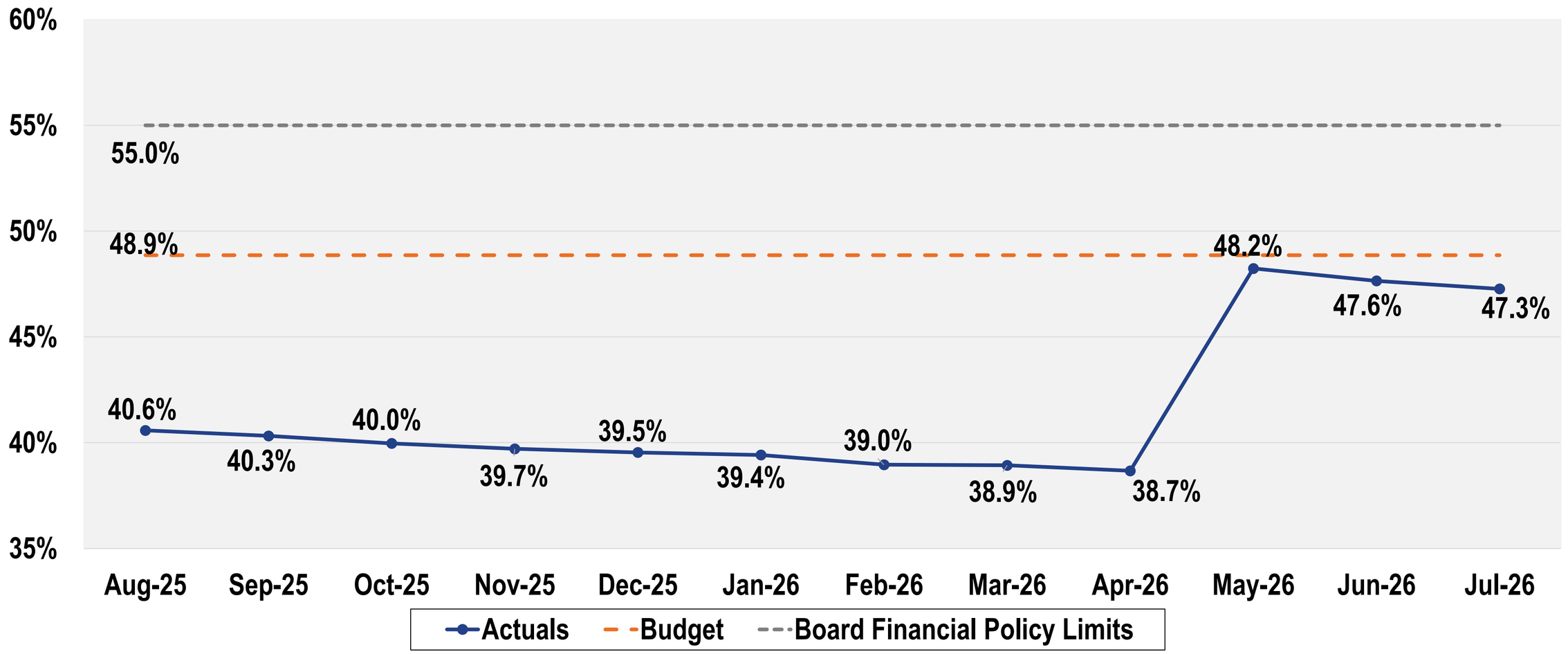
| | FY 2026 Budget | Financial Policy | FY 2026 Actual* |
|---|---|---|---|
| Debt to Capitalization (lower is better) | 48.9% | ≤55.0% | 47.3% |
| Debt Service Coverage (higher is better) | 2.75 | ≥2.40 | 4.52 |
| Days Cash on Hand (higher is better) | 220 | ≥140 | 298 |
| Days Liquidity on Hand (higher is better) | N/A | N/A | 614 |

* Amounts are calculated by annualizing the YTD results

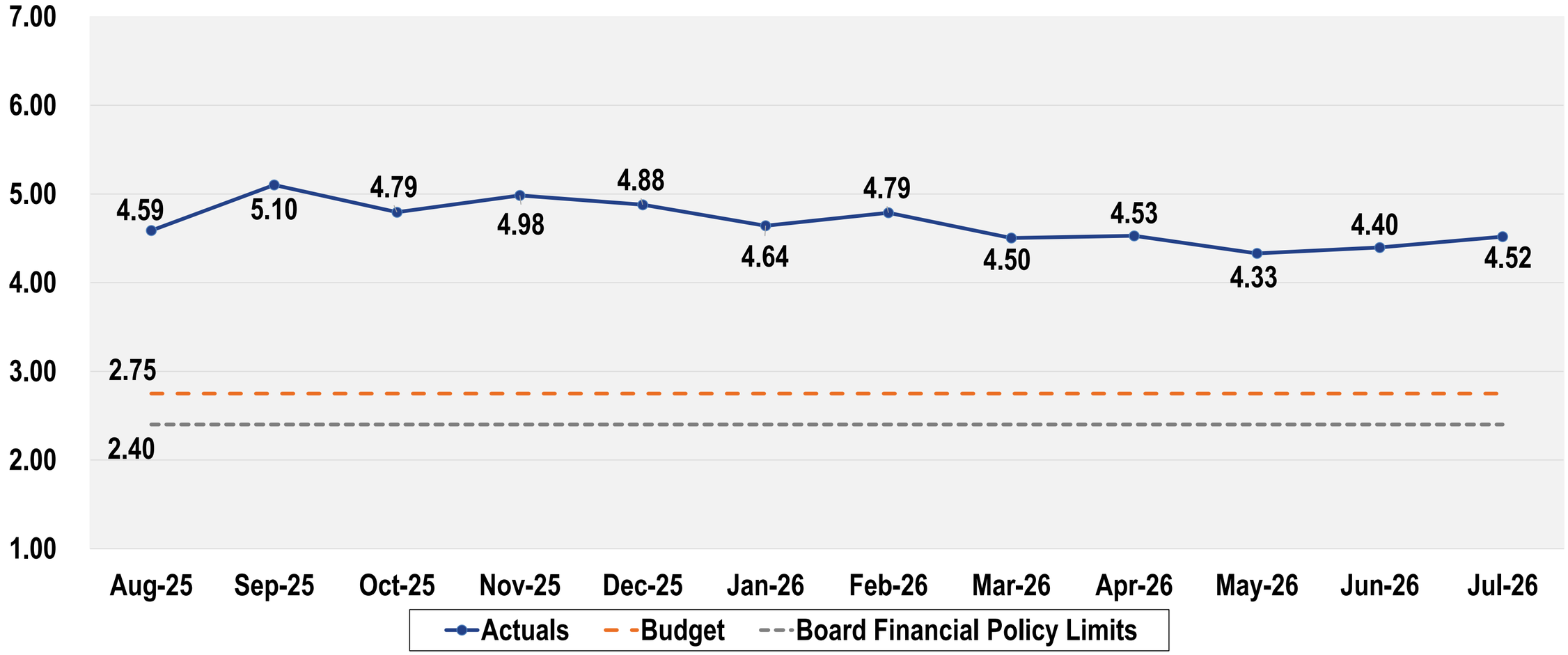
# Days Cash on Hand - July 2026 YTD



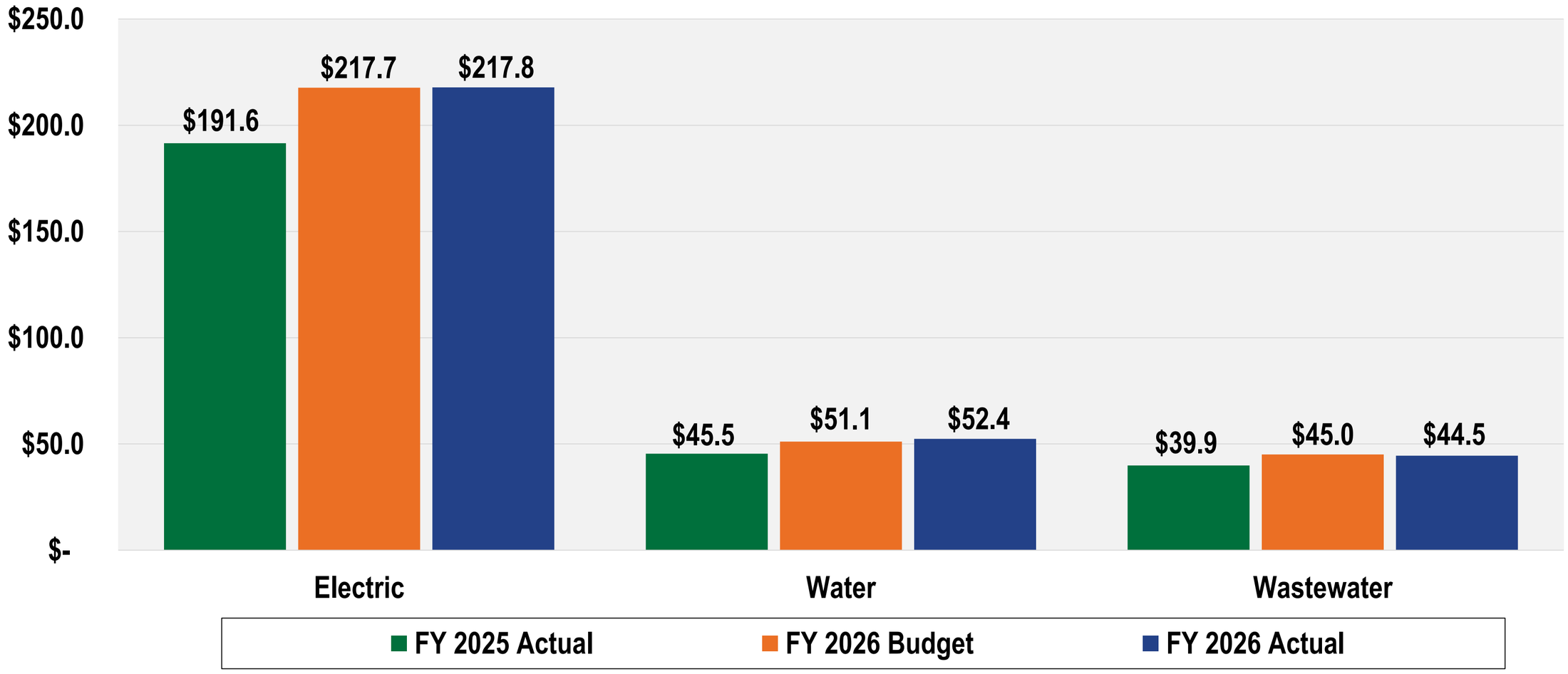
# Debt to Capitalization - July 2026 YTD



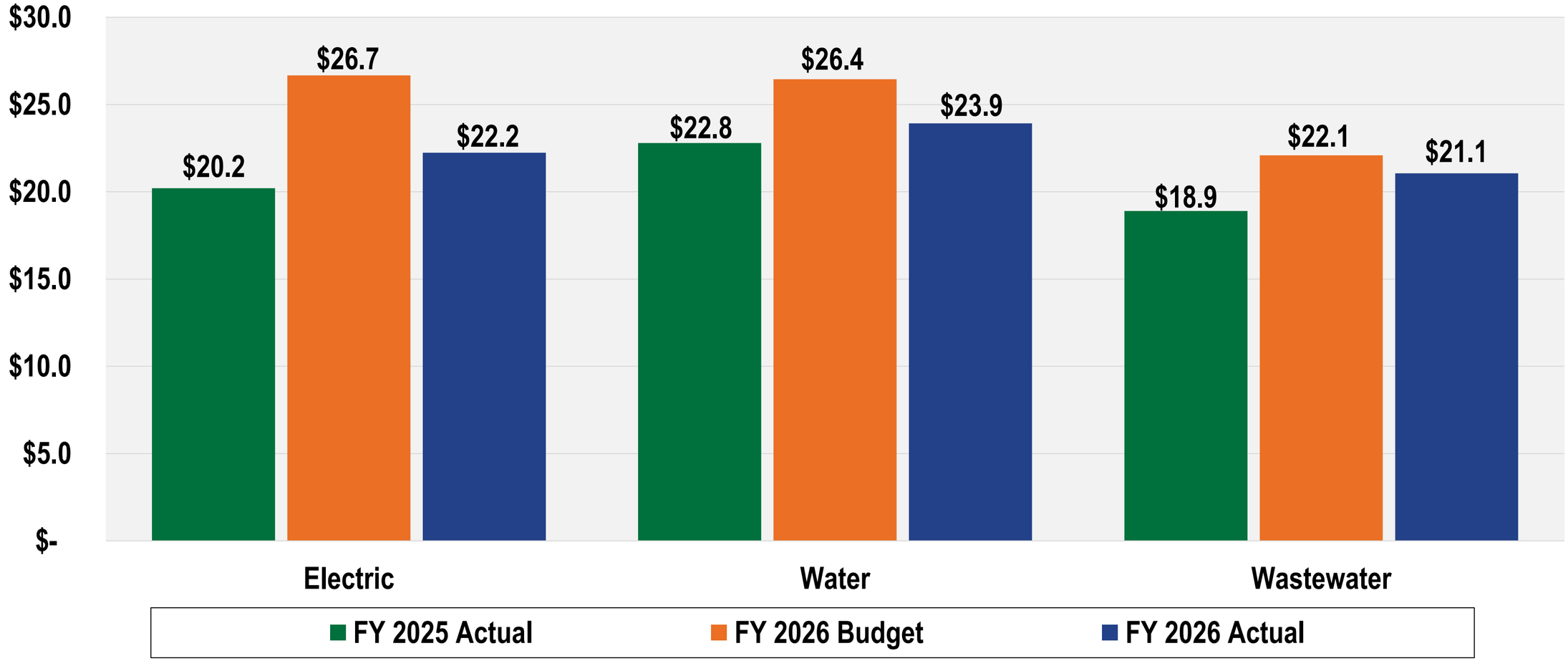
# Debt Service Coverage - July 2026 YTD



# Operating Revenue by LOB
# July 2026 YTD – Amounts in Millions

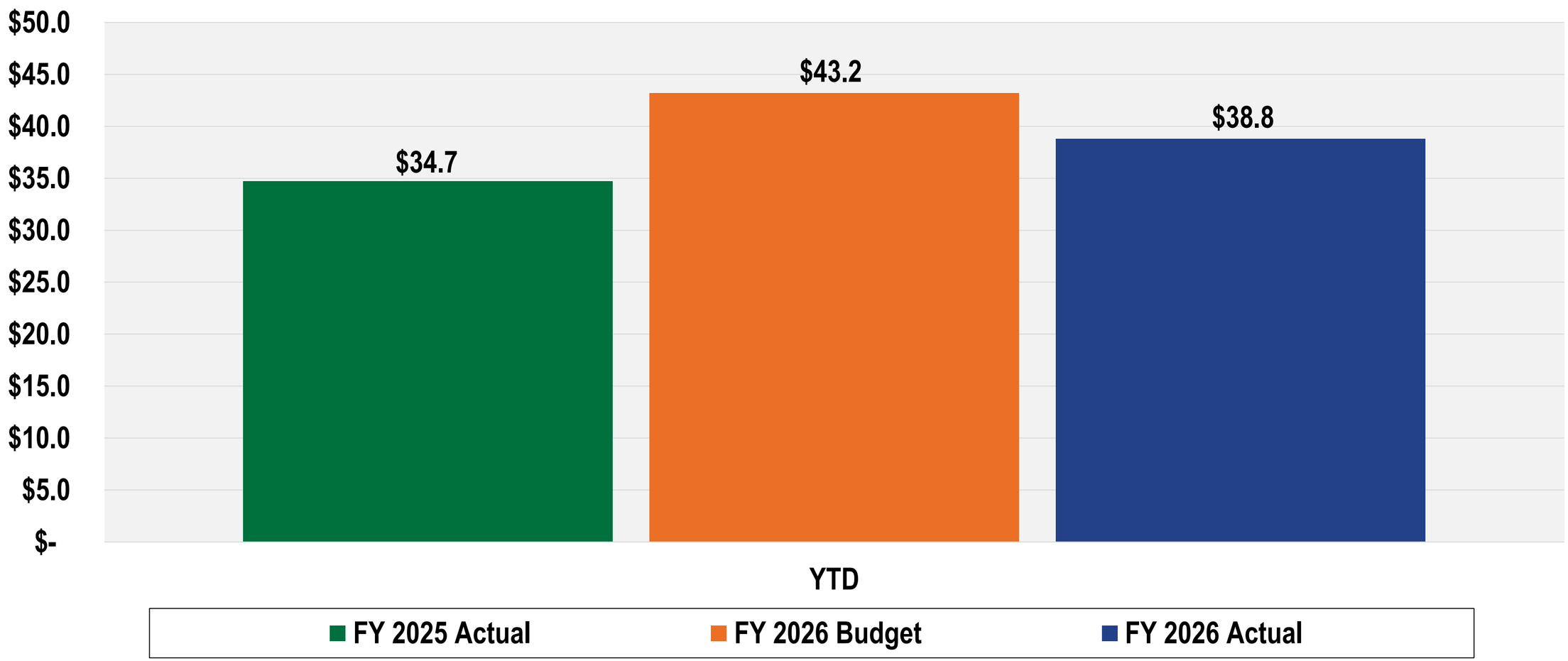


# Operating Expenses* by LOB
# July 2026 YTD – Amounts in Millions



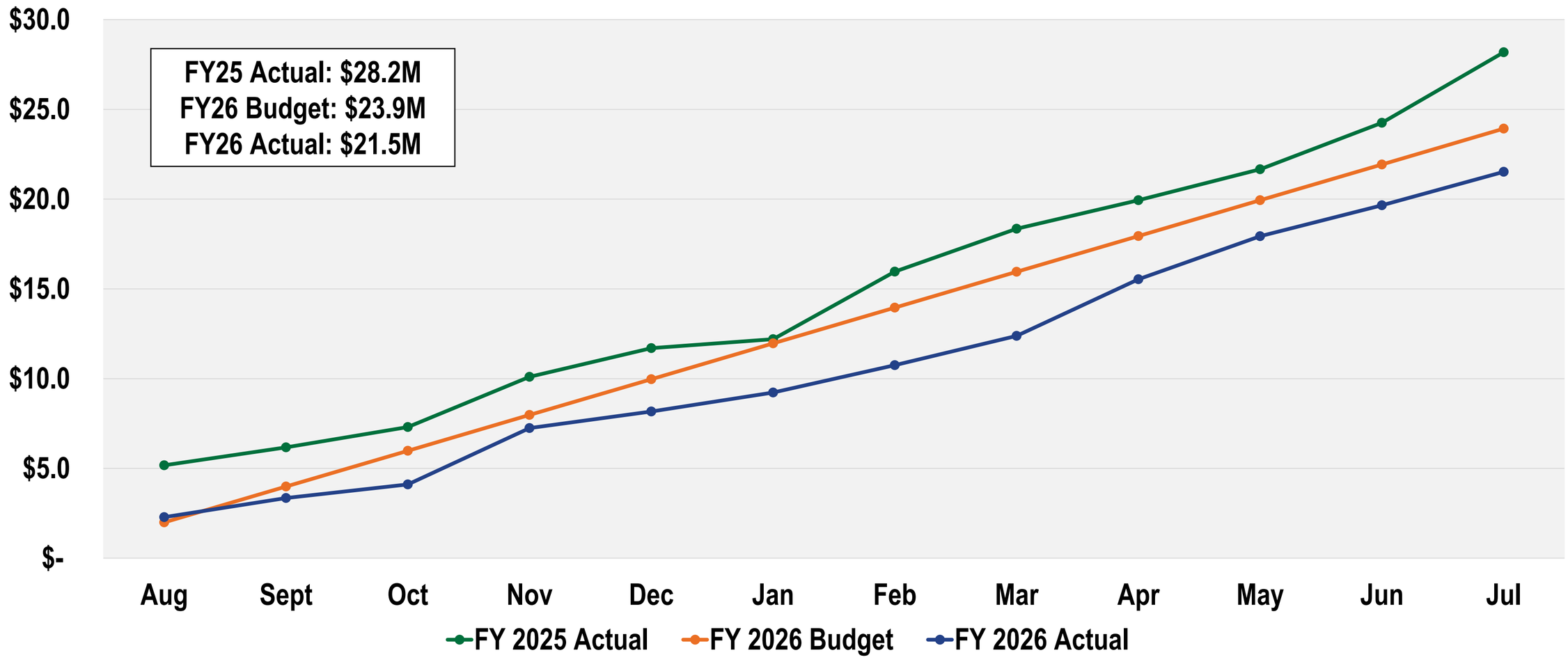

*Excludes purchased power, purchased water, and depreciation expense. Includes Support Services Allocation.

# Operating Expenses for Support Services
# July 2026 – Amounts in Millions



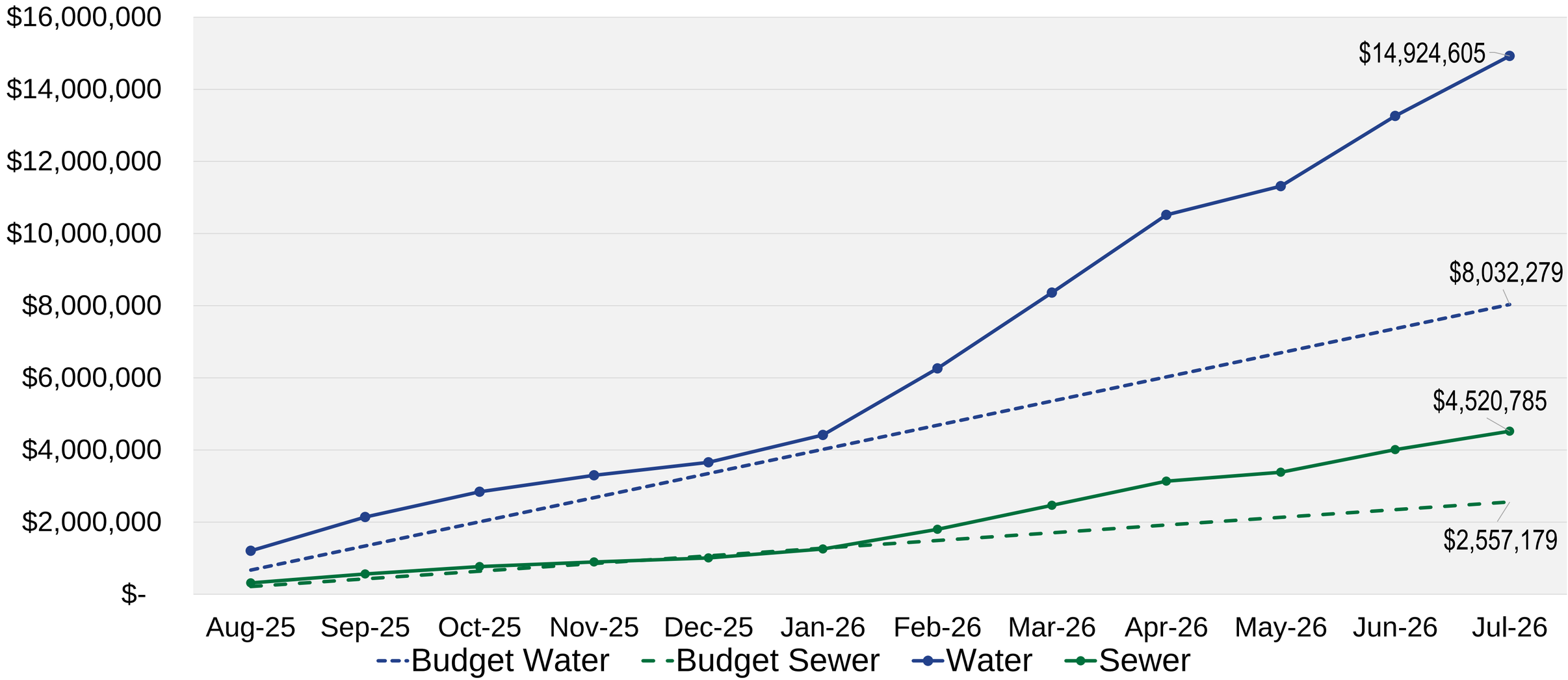

* Prior to allocation to each line of business.

# Impact Fee Revenue
# July 2026 YTD – Amounts in Millions*

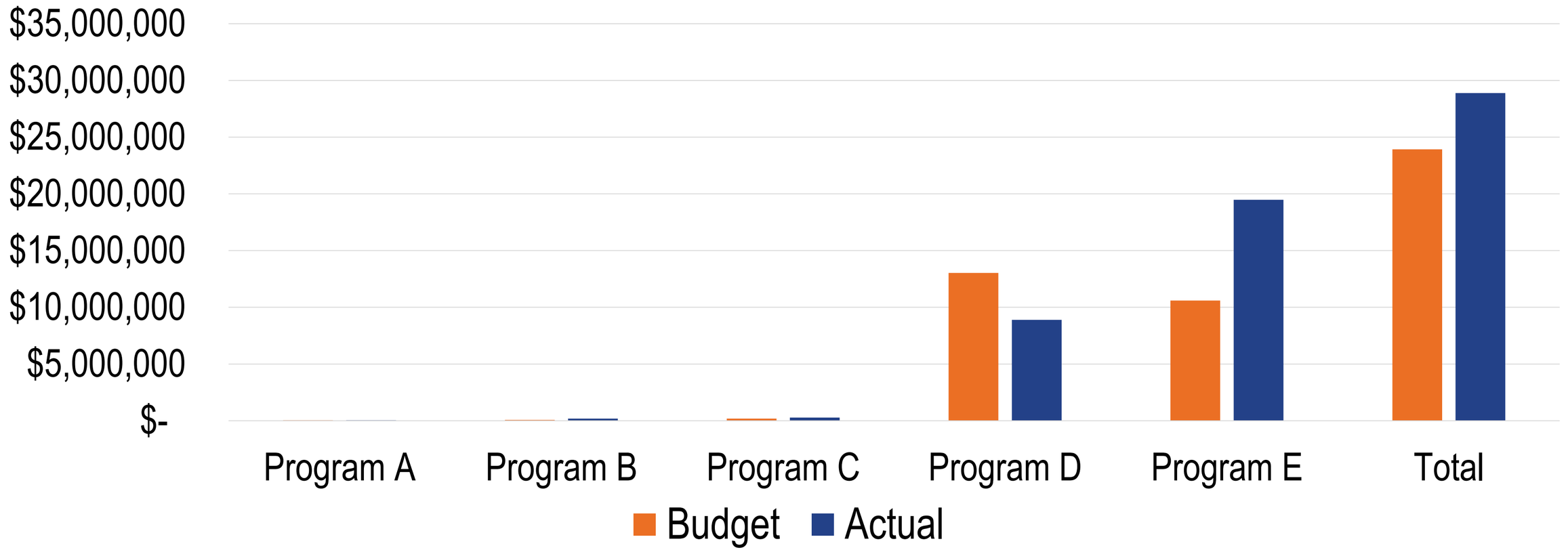



* Amounts shown are YTD for each month

# Impact Fees Collections-Program E Update – July 2026



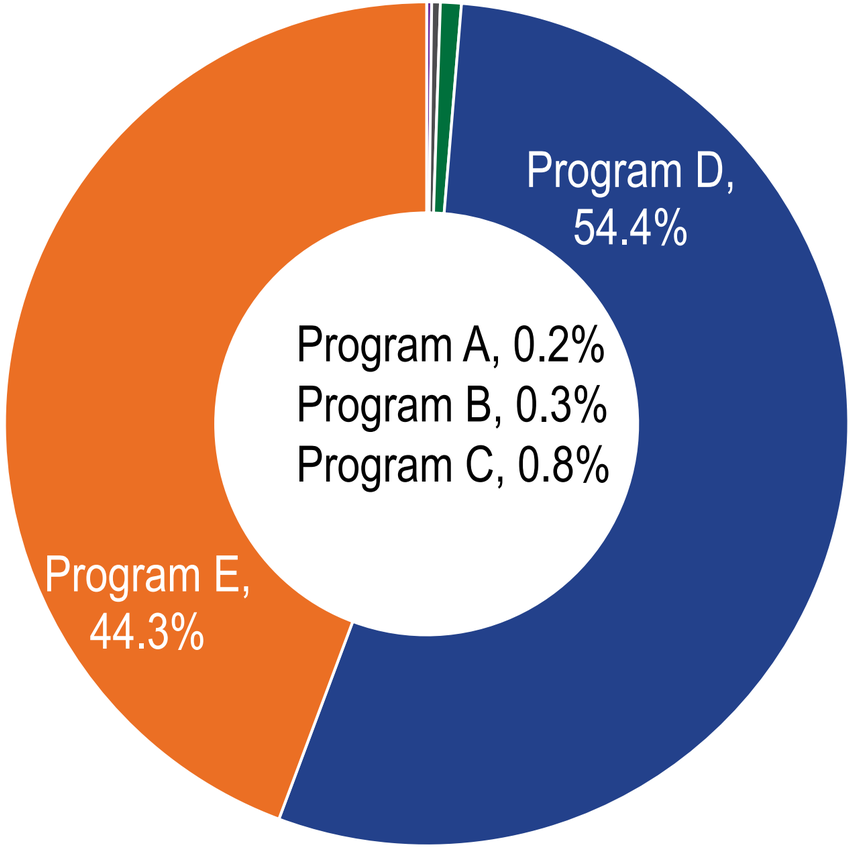
# Impact Fee Collections
# FY26 through July 2026




| Collections | Program A | Program B | Program C | Program D | Program E | Total |
|---|---|---|---|---|---|---|
| Budget | $ 45,176 | $ 77,403 | $ 186,274 | $ 13,027,299 | $ 10,589,458 | **$ 23,925,611** |
| Actual | 52,092 | 184,803 | 278,621 | 8,894,055 | 19,471,082 | **28,880,652** |
| Over/(Under) Budget | $ 6,916 | $ 107,399 | $ 92,346 | $ (4,133,244) | $ 8,881,624 | **$ 4,955,042** |

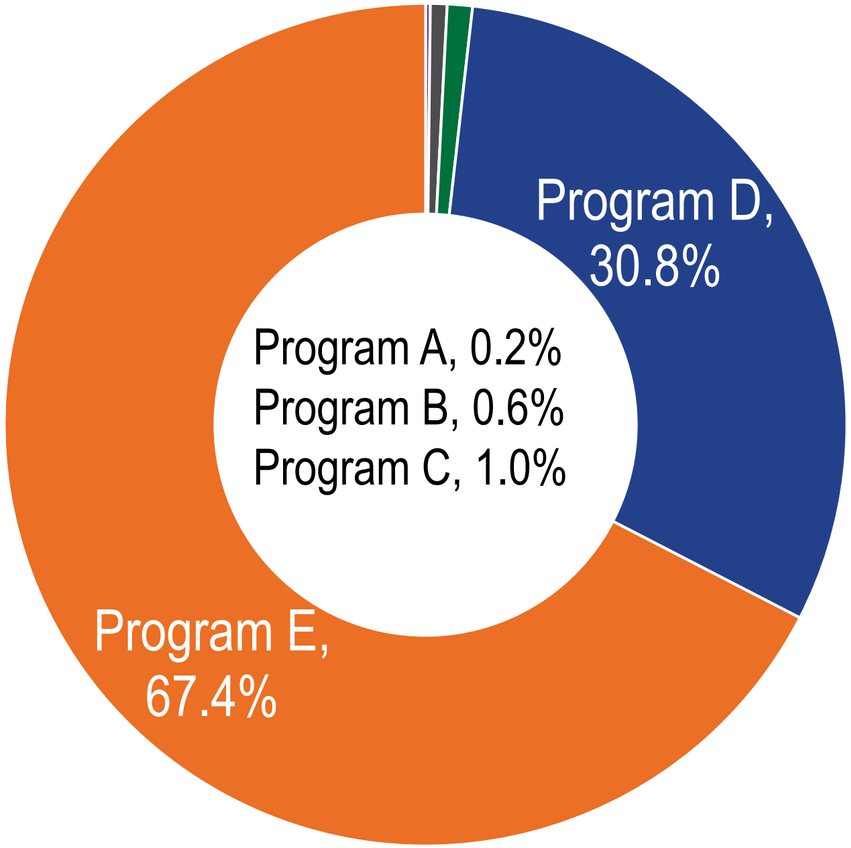
# Percentage of Total Collections FY26 through July 2026

## Budget




- Program A
- Program B
- Program C
- Program D
- Program E

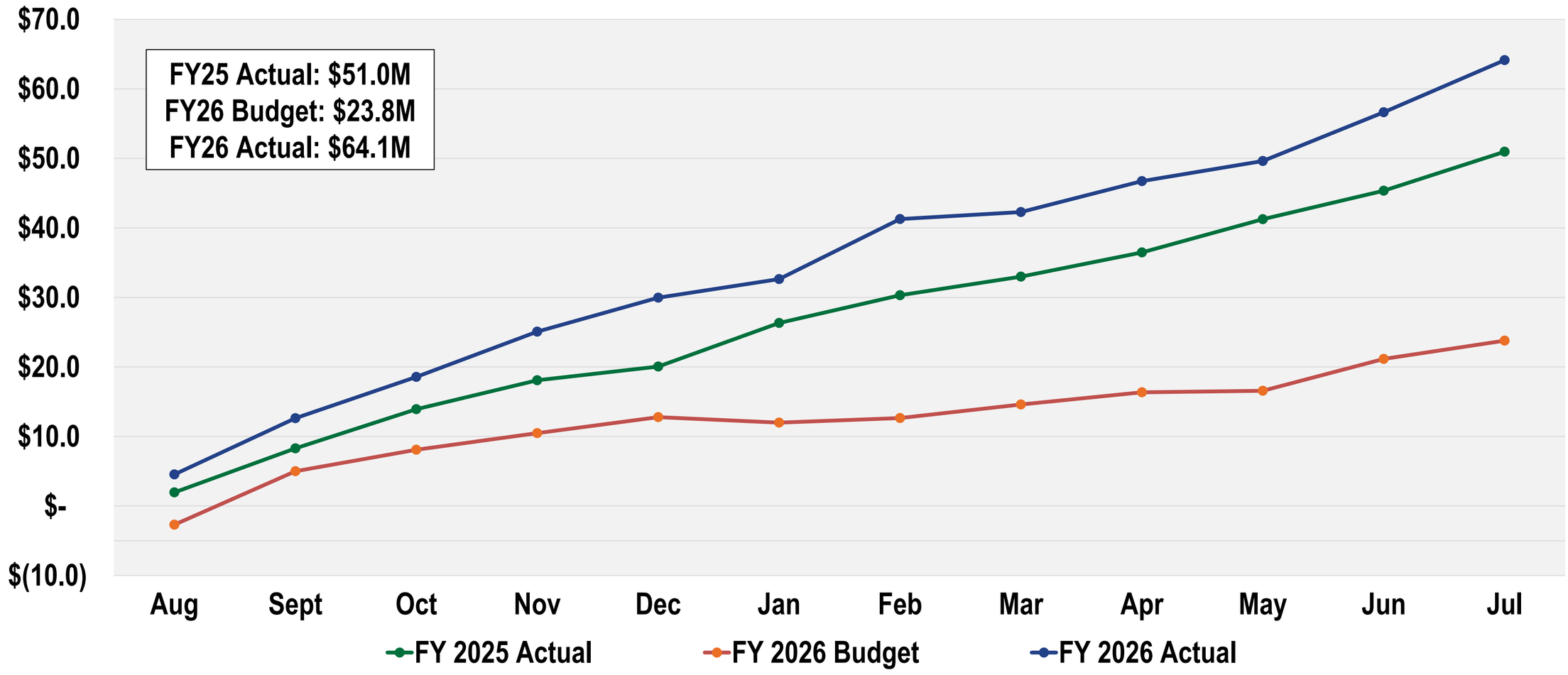
## Actual



# Power Stabilization Fund

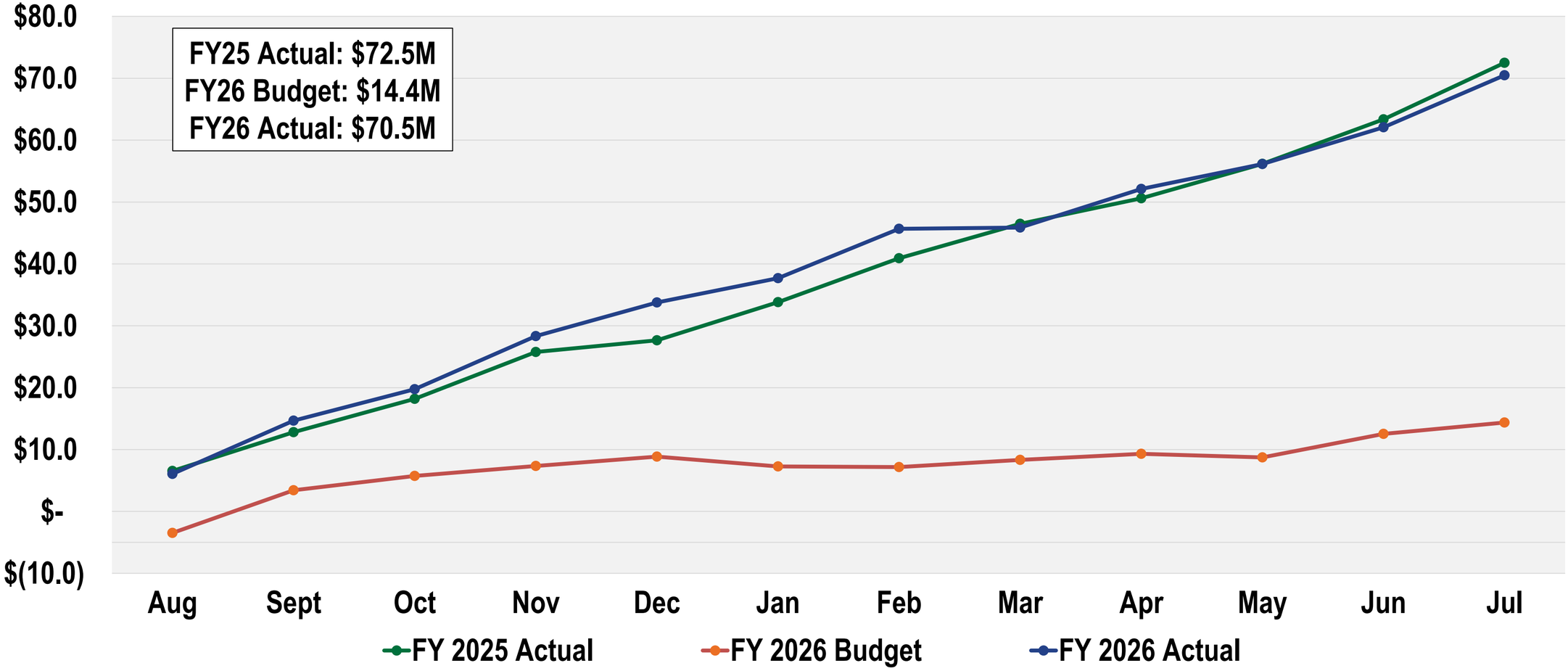
| As of FY26 Budget | Power Stabilization Fund FY26 | Power Stabilization Fund Full, FY28 |
|---|---|---|
| Target | $65M | $95M |
| As of July 31, 2026 | $66M | $66M |

# Net Operating Income
# July 2026– Amounts in Millions*



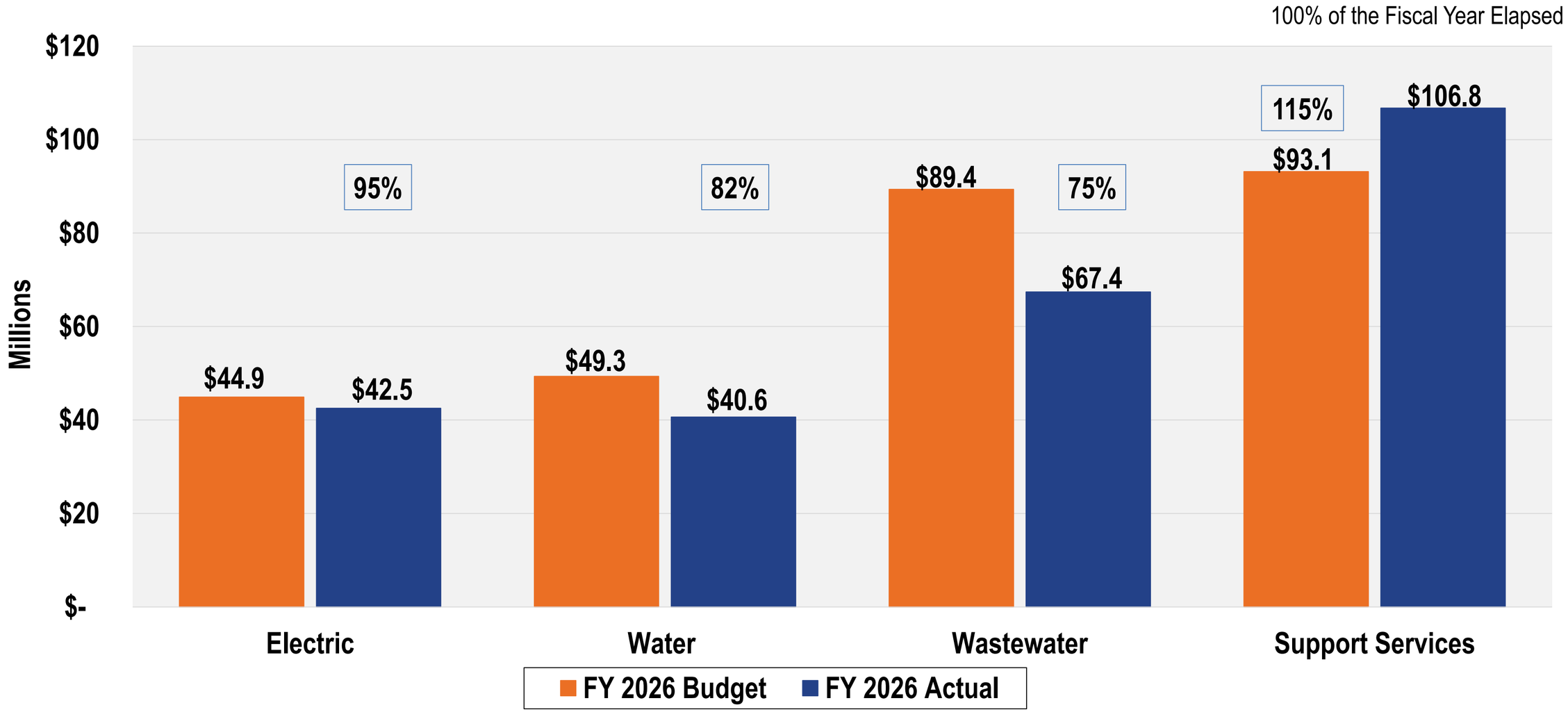

* Amounts shown are YTD for each month

# Change in Net Position After Contributions
# July 2026– Amounts in Millions*




* Amounts shown are YTD for each month

# Capital Project Expenditures
# July 2026 YTD – Amounts in Millions*



Questions?

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Items from Staff |
| **From:** | Jessica Coleman<br>Financial Planning and Analysis Manager | **Reviewed by:** | John Warren<br>Director of Financial Planning and Analysis |
| **Submitted by:** | Jessica Williams<br>Chief Financial Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Quarterly Investment Report

## BACKGROUND

As required by the Public Funds Investment Act and the New Braunfels Utilities Investment Policy, the Investment Officers of NBU submit the quarterly report of investment activity for the quarter ended July 31, 2026. Attached is the NBU Investment Portfolio beginning April 30, 2026, and ending July 31, 2026.

This is a report showing the changes to the portfolio during the quarter. This report has been modified to conform to the preferred reporting format illustrated in Statement No. 31 of the Governmental Accounting Standards Board, which mandates fair value accounting on investments held by public entities.

## FINANCIAL IMPACT

NBU budgeted $6,273,000.00 in interest income for Fiscal Year 2026.

## LINK TO STRATEGIC PLAN

**Financial Excellence**

## EXHIBITS

1. Quarterly Investment Report

# New Braunfels Utilities
# Quarterly Investment Report
# 04/30/2026 – 07/31/2026

**Investment Balances and Activity**

As required by the Public Funds Investment Act and the New Braunfels Utilities Investment Policy, the Investment Officers of NBU hereby submit this quarterly report of investment activity for the quarter ended July 31, 2026. Statement No. 31 of the Governmental Accounting Standards Board, effective for reporting periods beginning after June 15, 1997, mandates fair value accounting on investments held by public entities. Attached is the NBU Investment Portfolio beginning April 30, 2026, and ending July 31, 2026. This is a report showing the changes to the portfolio during the quarter. This report has been modified to conform to the preferred reporting format illustrated in Statement No. 31.

The fair values of the Federally Insured Cash Account, Pooled, and Money Market Fund Groups (including $50,253,187.60 in demand deposits and $22,552,781.21 in escrow funds on July 31, 2026) for the beginning and end of the reporting period are as follows:

| | Fair Value |
|---|---|
| 04/30/2026 | $173,304,868.95 |
| 07/31/2026 | $353,295,367.30 |

NBU had additions to the Pooled Fund Groups of $338,468,328.69 and withdrawals totaling $158,477,830.34.

The fair values of the Separately Invested Assets for the beginning and end of the reporting period are as follows:

| | Fair Value |
|---|---|
| 04/30/2026 | $31,201,593.84 |
| 07/31/2026 | $18,117,592.21 |

NBU had no additions to the Separately Invested Assets and withdrawals of $13,000,000.00 due to maturities. The change in fair value due to amortization of premium and discount and mark to market changes from April 30, 2026, to July 31, 2026 was a decrease of $84,001.63.

The fair values of the entire portfolio for the beginning and end of the reporting period for the quarter ended July 31, 2026 are as follows:

| | Fair Value |
|---|---|
| 04/30/2026 | $204,506,462.79 |
| 07/31/2026 | $371,412,959.51 |

# New Braunfels Utilities
# Quarterly Investment Report
# 04/30/2026 – 07/31/2026

## Compliance with GAAP

The investment portfolio complied with generally accepted accounting principles (GAAP) throughout the quarter. Although the Public Funds Investment Act requires book value accounting for investments, it also contains a clause that requires conformance to GAAP. Statement No. 31 supersedes the Public Funds Investments Act in the GAAP hierarchy and mandates fair value accounting. The fair market value of investments was determined by utilizing a third-party service provider, ICE Data Pricing and Reference Data, LLC, formerly called Interactive Data Pricing.

## Compliance with NBU Investment Policy

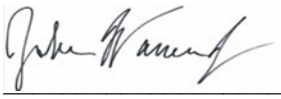
The investment portfolio funds are invested in compliance with the strategies outlined in the NBU Investment Policy, which the Board re-affirmed on June 25, 2026. Investments in each security type are within the allowable range established by the Investment Policy. The investment portfolio's weighted-average maturity of 20 days and weighted-average maturity to first call date of 20 days are within the 450 days and 300 days limit, respectively, stated in the NBU Investment Policy. Please note that the WAM and WAMC do not include the investment in the Community Assistance Fund, which was specifically authorized in the Investment Policy to permit investments up to ten years.

NBU is also required to maintain daily liquid funds of at least 30 days of budgeted operating expenses. On July 31, 2026, NBU had daily liquid funds of 500 days. Pooled investments are in no load money market mutual funds and eligible specified investment pools that are continuously rated AAA or higher by at least one nationally recognized rating agency and that have a dollar-weighted average stated maturity of 90 days or less. These same investments maintain a stable net asset value of $1 for each share.

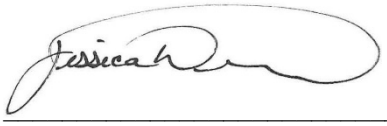
NBU has obtained collateral reports at quarter-end from third party custodians that confirm the collateral securities in NBU's name are at least equal to or greater than the required amount of uninsured balances as of July 31, 2026.

## NBU Investment Officers:

Financial Planning and Analysis Manager



Director of Financial Planning and Analysis



Chief Financial Officer

NEW BRAUNFELS UTILITIES

**NBU Investments**
**GASB 31 Compliance Detail**
**Sorted by Fund - Fund**
**May 1, 2026 - July 31, 2026**

| CUSIP | Investment # | Fund | Maturity Date | Beginning Invested Value | Purchase of Principal | Addition to Principal | Redemption of Principal | Change in Market Value/Amortization | Ending Invested Value |
|---|---|---|---|---|---|---|---|---|---|
| **Fund: Special Funds- Community Assistance** | | | | | | | | | |
| 912828YS3 | 10853 | 117F | 11/15/2029 | 4,642,773.45 | - | - | - | (40,820.30) | 4,601,953.15 |
| | | | **Subtotal** | **4,642,773.45** | **-** | **-** | **-** | **(40,820.30)** | **4,601,953.15** |
| **Fund: Consumer Deposit** | | | | | | | | | |
| 9128282A7 | 10943 | 119F | 08/15/2026 | 4,967,617.20 | - | - | - | 27,695.30 | 4,995,312.50 |
| 91282CKS9 | 10947 | 119F | 05/31/2026 | 10,007,291.70 | - | - | 10,000,000.00 | (7,291.70) | - |
| | | | **Subtotal** | **14,974,908.90** | **-** | **-** | **10,000,000.00** | **20,403.60** | **4,995,312.50** |
| **Fund: Bond Reserve Fund** | | | | | | | | | |
| 912828R36 | 10940 | 170F | 05/15/2026 | 2,997,573.96 | - | - | 3,000,000.00 | 2,426.04 | - |
| 91282CGB1 | 10936 | 170F | 12/31/2029 | 2,552,400.00 | - | - | - | (34,300.01) | 2,518,099.99 |
| 91282CJN2 | 10945 | 170F | 11/30/2028 | 3,033,984.39 | - | - | - | (31,523.46) | 3,002,460.93 |
| 91282CLH2 | 10944 | 170F | 08/31/2026 | 2,999,953.14 | - | - | - | (187.50) | 2,999,765.64 |
| | | | **Subtotal** | **11,583,911.49** | **-** | **-** | **3,000,000.00** | **(63,584.93)** | **8,520,326.56** |
| | | | **Total** | **31,201,593.84** | **-** | **-** | **13,000,000.00** | **(84,001.63)** | **18,117,592.21** |

| | |
|---|---|
| **Change due to amortization of premium/discount** | **21,263.70** |
| **Change due to mark to market** | **(105,265.33)** |
| **Total** | **(84,001.63)** |

NBU NEW BRAUNFELS

**NBU Investments**
**GASB 31 Compliance Detail**
**Sorted by Fund - Fund**
**May 1, 2026 - July 31, 2026**

| | | Investment # | Fund | Beginning Invested Value | Purchase of Principal | Addition to Principal | Redemption of Principal | Change in Market Value | Ending Invested Value |
|---|---|---|---|---|---|---|---|---|---|
| **FEDERALLY INSURED CASH ACCOUNT, POOLED, AND MONEY MARKET FUND GROUPS** | | | | | | | | | |
| TexPool - Commercial Paper Series A | RRP | 10845 | 191 | 1,539,327.41 | - | 9,211.19 | 1,548,538.60 | - | - |
| TexPool - Commercial Paper Series B | RRP | 10846 | 192 | 426.87 | - | 2.40 | 429.27 | - | - |
| TexPool - Impact Fees W | SYS10090 | 10090 | 184F | 2,853,851.37 | - | 5,911,697.40 | 3,597,766.13 | - | 5,167,782.64 |
| TexPool - Temp-Cash | SYS10149 | 10149 | 110T | 245,663.00 | - | 2,361.38 | - | - | 248,024.38 |
| TexPool - Impact Fees S | SYS10221 | 10221 | 185F | 65,613.58 | - | 2,212,938.47 | 2,207,887.32 | - | 70,664.73 |
| TexPool - Central Facilities-W | SYS10224 | 10224 | 182F | 21.37 | - | - | - | - | 21.37 |
| TexPool - Central Facilities-S | SYS10225 | 10225 | 183F | 0.01 | - | - | - | - | 0.01 |
| Texas Daily - Temp-Cash | SYS10244 | 10244 | 110D | 633,642.69 | - | 5,817.69 | - | - | 639,460.38 |
| Texas Daily - I&P 2004 | SYS10543 | 10544 | 163 | 467,559.16 | - | 129,402.17 | 550,000.00 | - | 46,961.33 |
| TexPool - Contingency Systems | SYS10572 | 10573 | 114F | 10,478,700.22 | - | 19,553,144.47 | 9,553,003.88 | - | 20,478,840.81 |
| TexPool - Consumer Deposit | SYS10572 | 10572 | 119T | 1,662,218.05 | - | 10,417,519.23 | - | - | 12,079,737.28 |
| TexPool - Bond Reserve | SYS10701 | 10701 | 170 | 20,407,261.11 | - | 15,379,911.78 | - | - | 35,787,172.89 |
| Texas Daily - I&P 2015 | SYS10763 | 10763 | 167 | 105,550.45 | - | 75,146.44 | 154,609.38 | - | 26,087.51 |
| StoneCastle - Community Assistance | SYS10779 | 10779 | 117SC | 49,118.73 | - | 445.43 | - | - | 49,564.16 |
| Texas Daily - I&P 2016 | SYS10788 | 10788 | 168 | 1,382,512.45 | - | 623,524.00 | 1,784,775.01 | - | 221,261.44 |
| Frost Bank - General Fund | SYS10809 | 10809 | 110FGF | 30,380,151.45 | - | 48,221,408.35 | 30,482,761.29 | - | 48,118,798.51 |
| Frost Bank - Payroll Fund | SYS10810 | 10810 | 110FPR | 621,023.14 | - | 6,224,291.38 | 4,710,925.43 | - | 2,134,389.09 |
| Texas Daily - I&P 2018 | SYS10831 | 10831 | 169 | 1,542,923.18 | - | 286,505.90 | 1,826,840.28 | - | 2,588.80 |
| TexPool - Power Stabilization Fund | SYS10849 | 10849 | 195 | 51,930,647.56 | - | 13,731,725.16 | 1,000,000.00 | - | 64,662,372.72 |
| Texas Daily - I&P 2020 | SYS10855 | 10855 | 196 | 2,871,174.67 | - | 1,252,300.49 | 3,681,275.00 | - | 442,200.16 |
| TexPool - Taxable Note Payment Fund | SYS10863 | 10863 | 197 | 0.01 | - | - | - | - | 0.01 |
| Texas Daily - I&P 2021 | SYS10866 | 10866 | 198 | 1,910,894.16 | - | 901,284.50 | 2,491,950.00 | - | 320,228.66 |
| StoneCastle - Contingency Systems | SYS10880 | 10880 | 114SC | 11,792,548.78 | - | 106,939.18 | - | - | 11,899,487.96 |
| Texas Daily - I&P 22 | SYS10889 | 10889 | 199 | 2,143,739.00 | - | 1,112,936.28 | 2,869,250.00 | - | 387,425.28 |
| Texas Daily - I&P 22A | SYS10894 | 10894 | 200 | 858,529.99 | - | 379,510.80 | 1,098,816.25 | - | 139,224.54 |
| Bond Fund 22A | SYS10896 | 10896 | 201 | 21,562,122.32 | - | 266.89 | - | - | 21,562,389.21 |
| Texas CLASS - Temp-Cash | SYS10904 | 10904 | 110TC | 255,266.87 | - | 2,286.25 | - | - | 257,553.12 |
| TexPool - One Water Fund | SYS10908 | 10908 | 202 | 328,252.50 | - | 3,006.39 | 24,058.95 | - | 307,199.94 |
| Texas Daily - I&P 2024 | SYS10916 | 10916 | 203 | 2,862,397.40 | - | 1,550,956.54 | 3,871,093.75 | - | 542,260.19 |
| TexPool - Mayfair Impact Fees Water | SYS10922 | 10922 | 205 | 2,676,851.59 | - | 829,927.66 | - | - | 3,506,779.25 |
| Texas Daily - I&P 2025 | SYS10941 | 10941 | 207 | 1,676,879.86 | - | 1,063,954.37 | 2,371,881.25 | - | 368,952.98 |
| Texas Daily - I&P26 | SYS10948 | 10948 | 208 | - | 10,703,907.31 | 1,144,760.28 | 1,871,990.76 | - | 9,976,676.83 |
| TexPool - Series 2026 Bond Fund | SYS10949 | 10949 | 209 | - | 175,000,000.00 | 937,564.38 | 63,258,383.19 | - | 112,679,181.19 |
| TexPool - Commercial Paper Series 2026 | SYS10950 | 10950 | 210 | - | 19,675,490.00 | 20,285.01 | 19,521,594.60 | - | 174,180.41 |
| Amegy - Series 2026A Bond Fund | SYS10951 | 10951 | 211 | - | 480,392.00 | - | - | - | 480,392.00 |
| Amegy - Series 2026A Prin. Forgiveness | SYS10952 | 10952 | 212 | - | 510,000.00 | - | - | - | 510,000.00 |
| Texas Daily - I&P26A | SYS10953 | 10953 | 213 | - | 7,500.00 | 7.52 | - | - | 7,507.52 |
| | | | **Total** | **173,304,868.95** | **206,377,289.31** | **132,091,039.38** | **158,477,830.34** | **-** | **353,295,367.30** |
| | | | **Portfolio Total** | **204,506,462.79** | **206,377,289.31** | **132,091,039.38** | **171,477,830.34** | **(84,001.63)** | **371,412,959.51** |

**New Braunfels Utilities**
**Investment Summary**
**Quarter Ended July 31, 2026**
**(000's)**

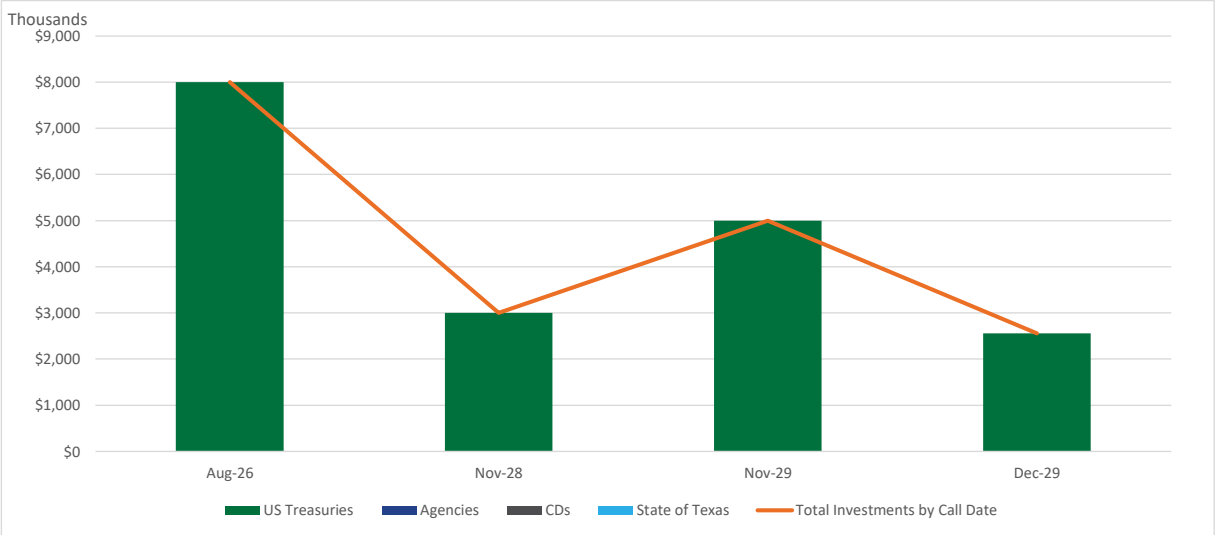
| | Ending Invested Value | Percentage of Portfolio | Weighted Average Maturity (in days) | Weighted Average Days to Call |
|---|---|---|---|---|
| **Daily Liquidity Funds** | | | | |
| Federally Insured Cash Account | $ 11,949,052 | 3.2% | 1 | 1 |
| Pooled Funds | 268,540,346 | 72.3% | 1 | 1 |
| Money Markets | - | 0.0% | 0 | 0 |
| Demand Deposits | 50,253,188 | 13.5% | 1 | 1 |
| **Daily Liquidity Funds Total** | **$ 330,742,586** | **89.0%** | **1** | **1** |
| U.S. Agencies | $ - | 0.0% | 0 | 0 |
| U.S. Treasuries * | $ 18,117,592 | 4.9% | 16 | 16 |
| Certificates of Deposit | - | 0.0% | 0 | 0 |
| Obligations of The State of Texas, Agencies & Instrumentalities | - | 0.0% | 0 | 0 |
| Escrow Funds | 22,552,781 | 6.1% | 1 | 1 |
| **Total Invested Funds** | **$ 371,412,960** | **100.0%** | **20** | **20** |
| | | | Max = 450 | Max = 300 |

* WAM and WAM to Call exclude a $5 Million investment in the Community Assistance Fund having a remaining maturity of 3.3 years.

**Liquidity Requirement**

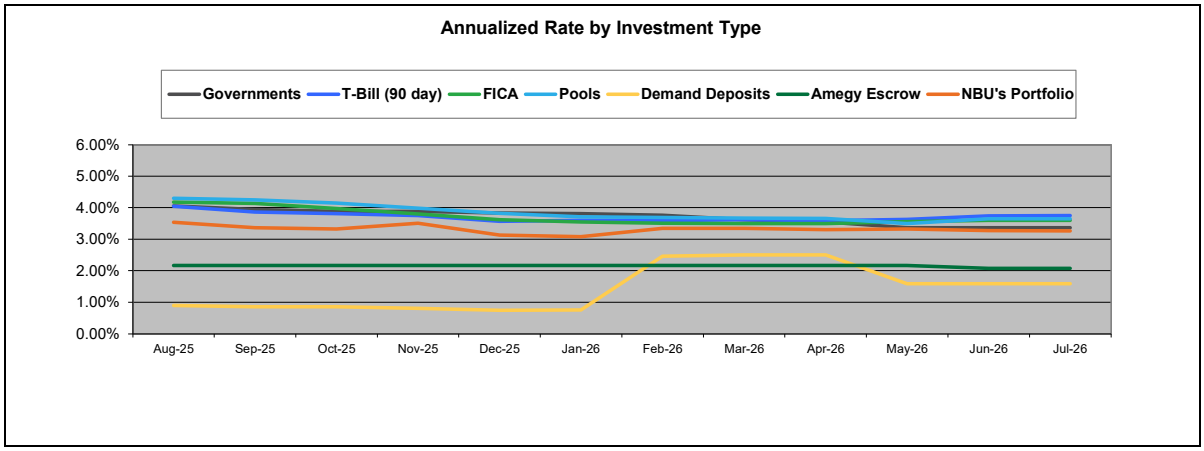
| | | |
|---|---|---|
| Total Daily Liquid Funds | $ | 330,742,586 |
| Average Monthly Operating Expense (FY 2026 Budgeted Operating Expenses ÷ 12) | $ | 19,863,147 |
| Operating Expense Liquidity Coverage Ratio | $ | 16.65 |
| Number of Days Coverage of Operating Expenses | | **500** |
| | | Min = 30 |

**Maturities Schedule**
**and Maturities Schedule based on First Call Date**

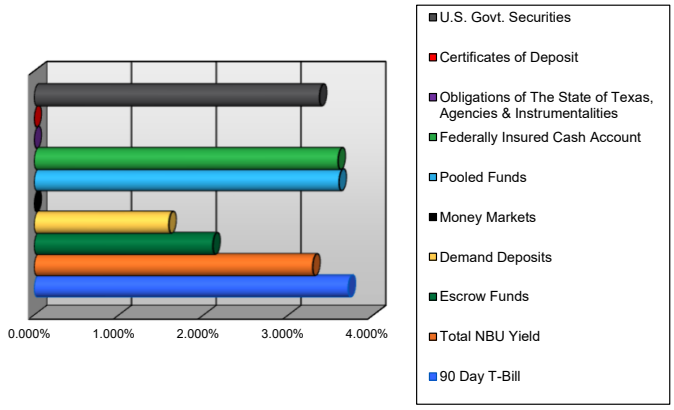



* U.S Treasury Securities include a $5 Million 10 year Community Assistance investment with a remaining maturity of 3.3 years as an approved exception to the investment policy.

**New Braunfels Utilities**
**Investment Comparison**
**Quarter Ended July 31, 2026**




| Quarterly Average Annualized Yield By Investment Type | |
|---|---|
| U.S. Govt. Securities | 3.367% |
| Certificates of Deposit | 0.000% |
| Obligations of The State of Texas, Agencies & Instrumentalities | 0.000% |
| Federally Insured Cash Account | 3.587% |
| Pooled Funds | 3.598% |
| Money Markets | 0.000% |
| Demand Deposits | 1.590% |
| Escrow Funds | 2.109% |
| Total NBU Yield | 3.287% |
| 90 Day T-Bill | 3.707% |



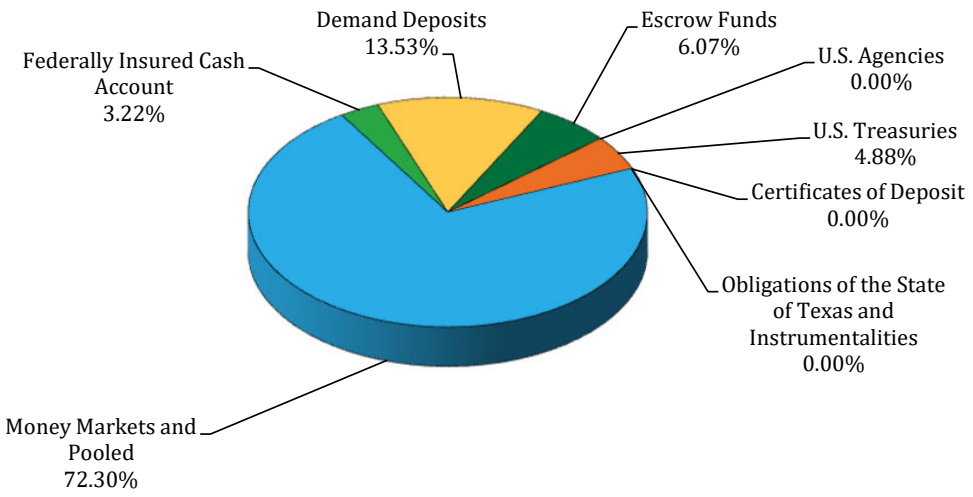

**Rolling Four Quarter Annualized Yield**
**By Investment Type**
**For The Fiscal Quarter Ended**

| Investment Type | 10/31/2025 | 1/31/2026 | 4/30/2026 | 7/31/2026 | Rolling Four Quarter Average |
|---|---|---|---|---|---|
| U.S. Govt. Securities* | 3.959% | 3.840% | 3.642% | 3.367% | 3.702% |
| Federally Insured Cash Account | 4.097% | 3.657% | 3.503% | 3.587% | 3.711% |
| Pooled Funds | 4.230% | 3.839% | 3.673% | 3.598% | 3.835% |
| Money Markets | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Certificates of Deposit | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Obligations of The State of Texas, Agencies & Instrumentalities | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Demand Deposits** | 0.867% | 0.767% | 2.487% | 1.590% | 1.428% |
| Escrow Funds | 2.173% | 2.173% | 2.173% | 2.109% | 2.157% |
| Total NBU Yield | 3.410% | 3.240% | 3.329% | 3.287% | 3.317% |
| 90 Day T-Bill | 3.907% | 3.638% | 3.600% | 3.707% | 3.713% |

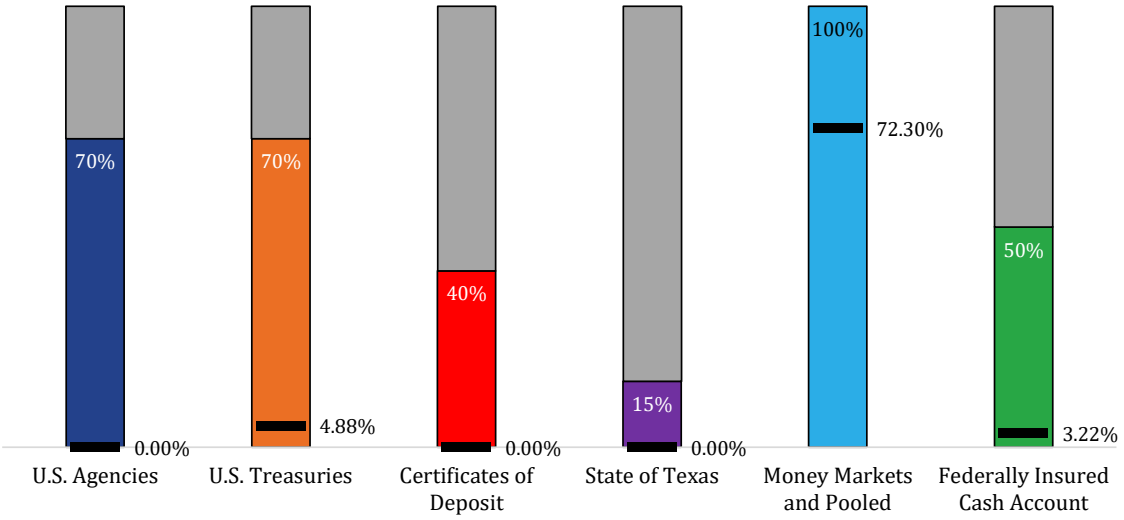
* U.S. Govt. Securities includes a $5 million 10 year Community Assistance maturity at 1.79%
** The Demand Deposits interest rate reflects NBU's earnings credit rate with Frost Bank.
Earnings are solely used to offset Frost Bank fees for the month.

**New Braunfels Utilities**
**Investment Portfolio Mix vs. Allowable Allocations**
**Quarter Ended July 31, 2026**
**(000's)**

## Investments by Type




## Investment Allocations by Type vs. Allowable Allocation Range




Note: Colored area in bar represents allowable allocation range

# Quarterly Investment Report

## As of July 31, 2026

Jessica Coleman, Financial Planning & Analysis Manager

NBU NEW BRAUNFELS UTILITIES

# Investment Portfolio Summary

Item 3.

| | Ending Invested Value | Percentage of Portfolio | Weighted Average Maturity (in days) | Weighted Average Days to Call |
|---|---|---|---|---|
| **Daily Liquidity Funds** | | | | |
| Federally Insured Cash Account | $ 11,949,052 | 3.2% | 1 | 1 |
| Pooled Funds | 268,540,346 | 72.3% | 1 | 1 |
| Money Markets | - | 0.0% | 0 | 0 |
| Demand Deposits | 50,253,188 | 13.5% | 1 | 1 |
| **Daily Liquidity Funds Total** | **$ 330,742,586** | **89.0%** | **1** | **1** |
| U.S. Agencies | $ - | 0.0% | 0 | 0 |
| U.S. Treasuries * | $ 18,117,592 | 4.9% | 16 | 16 |
| Certificates of Deposit | - | 0.0% | 0 | 0 |
| Obligations of The State of Texas, Agencies & Instrumentalities | - | 0.0% | 0 | 0 |
| Escrow Funds | 22,552,781 | 6.1% | 1 | 1 |
| **Total Invested Funds** | **$ 371,412,960** | **100.0%** | **20** | **20** |
| | | | Max = 450 | Max = 300 |

* WAM and WAM to Call exclude a $5 Million investment in the Community Assistance Fund having a remaining maturity of 3.3 years.

**Liquidity Requirement**

| | |
|---|---|
| Total Daily Liquid Funds | $ 330,742,586 |
| Average Monthly Operating Expense (FY 2026 Budgeted Operating Expenses ÷ 12) | $ 19,863,147 |
| Operating Expense Liquidity Coverage Ratio | $ 16.65 |
| Number of Days Coverage of Operating Expenses | **500** |
| | Min = 30 |

# Rolling Four Quarter Annualized Yield By Investment Typ

Item 3.

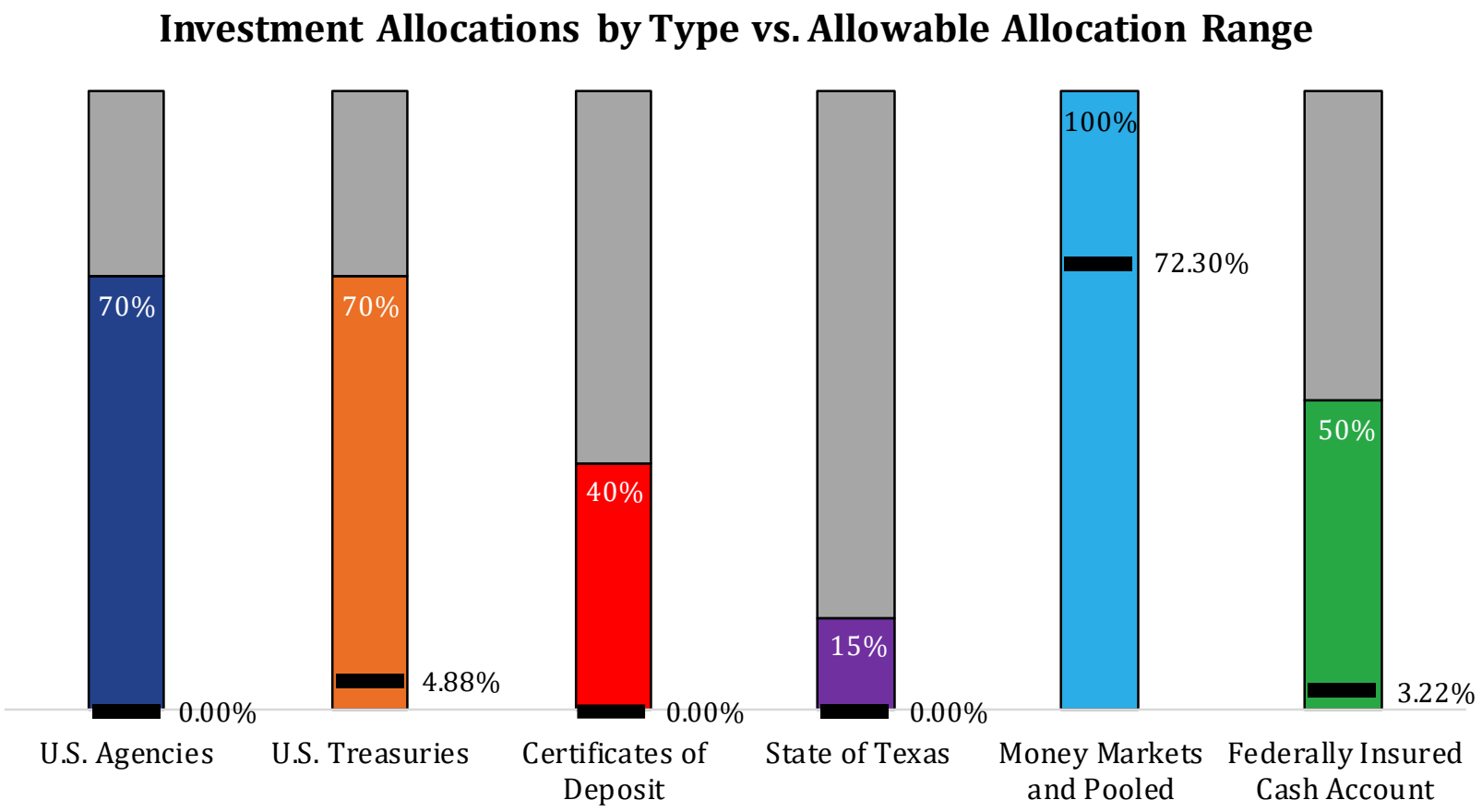
| Rolling Four Quarter Annualized Yield By Investment Type For The Fiscal Quarter Ended | | | | | |
|---|---|---|---|---|---|
| Investment Type | 10/31/2025 | 1/31/2026 | 4/30/2026 | 7/31/2026 | Rolling Four Quarter Average |
| U.S. Govt. Securities* | 3.959% | 3.840% | 3.642% | 3.367% | 3.702% |
| Federally Insured Cash Account | 4.097% | 3.657% | 3.503% | 3.587% | 3.711% |
| Pooled Funds | 4.230% | 3.839% | 3.673% | 3.598% | 3.835% |
| Money Markets | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Certificates of Deposit | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Obligations of The State of Texas, Agencies & Instrumentalities | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Demand Deposits** | 0.867% | 0.767% | 2.487% | 1.590% | 1.428% |
| Escrow Funds | 2.173% | 2.173% | 2.173% | 2.109% | 2.157% |
| Total NBU Yield | 3.410% | 3.240% | 3.329% | 3.287% | 3.317% |
| 90 Day T-Bill | 3.907% | 3.638% | 3.600% | 3.707% | 3.713% |

* U.S. Govt. Securities includes a $5 million 10 year Community Assistance maturity at 1.79%

** The Demand Deposits interest rate reflects NBU's earnings credit rate with Frost Bank. Earnings are solely used to offset Frost Bank fees for the month.

# Investment Allocations vs. Investment Allowable Ranges

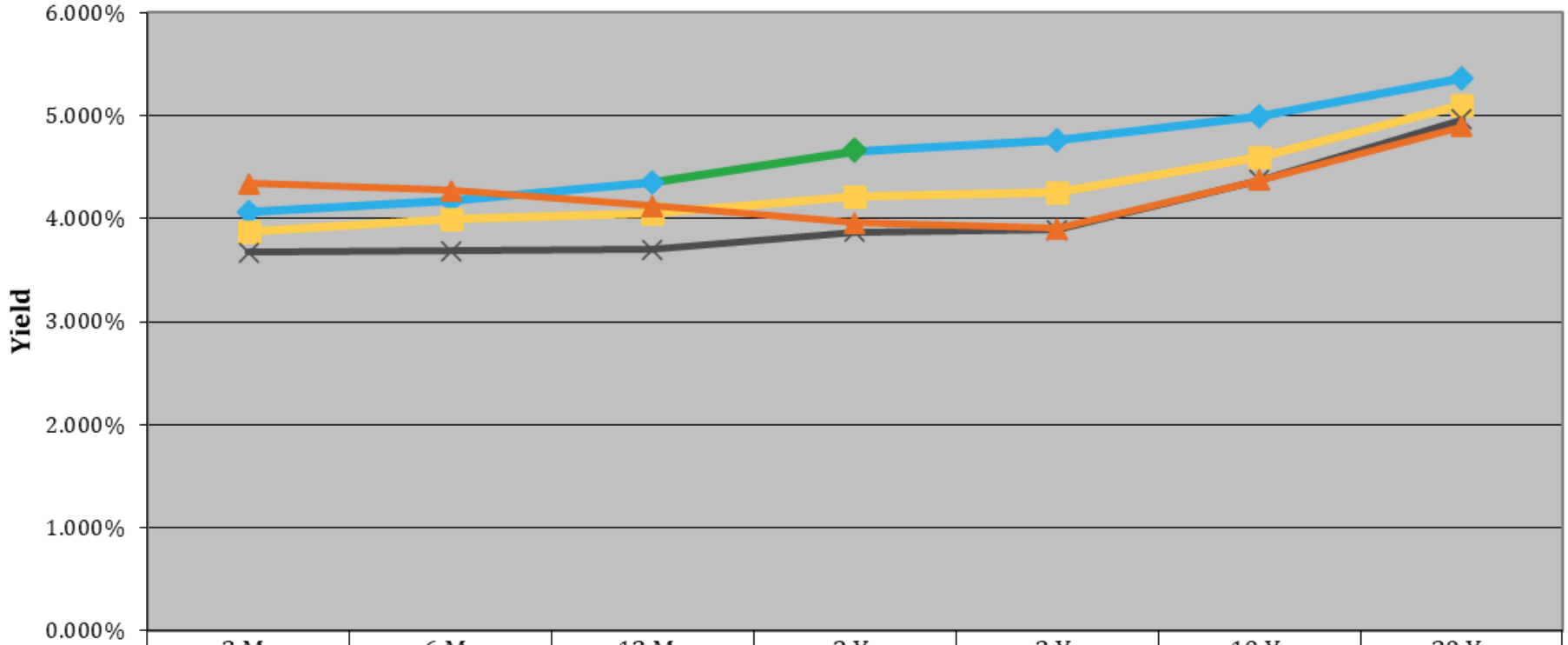
Item 3.




Note: Colored area in bar represents allowable allocation range

# U.S. Treasury Yield Curve






| | 3 Mo | 6 Mo | 12 Mo | 2 Yr | 3 Yr | 10 Yr | 30 Yr |
|---|---|---|---|---|---|---|---|
| Current (09/15/2026) | 4.060% | 4.180% | 4.350% | 4.654% | 4.760% | 5.000% | 5.370% |
| Quarter End (07/31/2026) | 3.870% | 4.000% | 4.050% | 4.220% | 4.260% | 4.600% | 5.100% |
| Last Quarter (04/30/2026) | 3.673% | 3.691% | 3.704% | 3.873% | 3.896% | 4.375% | 4.968% |
| Four Quarters Ago (07/31/2025) | 4.340% | 4.276% | 4.124% | 3.963% | 3.906% | 4.375% | 4.899% |

# Commercial Paper Update



**City of New Braunfels, Texas**
**Utility System Commercial Paper Notes, Series 2019A**
**Summary of Commercial Paper Notes by CUSIP**

| CUSIP | Par Amount | Nominal Rate | Issue Date | Maturity Date | Total Days | Total Interest |
|---|---|---|---|---|---|---|
| 64257PCT5 | 50,000,000.00 | 2.45% | 3/10/2026 | 6/2/2026 | 84 | 281,917.81 |
| 64257PCU2 | 25,000,000.00 | 2.55% | 4/7/2026 | 6/2/2026 | 56 | 97,808.22 |
| 64257UAA7 | 20,000,000.00 | 2.58% | 6/11/2026 | 8/4/2026 | 54 | 76,339.73 |

Note: The table above shows the commercial paper notes with an issue date and/or maturity date that occurred during the reporting period.

Questions?

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Items from Staff |
| **From:** | Nancy Pappas<br>Managing Director,<br>Headwaters at the Comal | **Reviewed by:** | Julia Haynes<br>Director of External Relations |
| **Submitted by:** | Ragan Dickens<br>Chief Communications Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Quarterly Update on the Headwaters at the Comal

HEADWATERS
AT THE COMAL™

# NBU Board of Trustees
# Headwaters Quarterly Update
# September 22, 2026

# OVERVIEW

- Mission - Vision
- Programs
- Conservation
- Construction Update
- Questions

# Headwaters at the Comal

Item 4.

501 c3 Non-profit organization

Est. 2017

*Joint Use Agreement with NBU & CoNB*

## Mission

Connect community with nature and showcase the significance of the Comal Springs.

## Vision

A premier education center inspiring hearts and minds on the importance of conservation.

HEADWATERS
AT THE COMAL™

HEADWATERS
AT THE COMAL™

# Upcoming Programs

# Expanding Capacity and Enhancing Experiences

## Larger Group Models

***Hosted 200 PreK students*** *from Lonestar Elem over 4 field trip days.*

## Assessing Outcomes

*Do you expect to use or think about what you learned here?*

"I will think about ways to conserve water."

*Participants receive a* ***feedback evaluation*** *after each program.*

## Station Improvements

***Updating stations*** *to include small group work, new tools, and additional parameters.*

## Summer Camp

"My kids cannot stop telling everyone all the fun facts about animals and habitats."

## Native Plant Workshops

"It's important that we learn how to best care for our resources. An hour of learning beats the heck out of wading through the internet on my own!"

## PreK Adventure

"We live on the Comal so it's neat for my daughter to remember what she learned about what's under the water and above, and use it in real life."

## LID Workshop

(Low Impact Develo

"I learned about ribbon driveways and will create one at my home."

# Volunteer Program

HEADWATERS
AT THE COMAL™

# Conservation Program

HEADWATERS
AT THE COMAL™

ARCHEOLOGY EXHIBITS

RIBBON CUTTING

JOIN US!

WED SEPT 30, 2026
9:00-11:00 AM

HEADWATERS
AT THE COMAL™ | WHERE IT BEGINS

333 E. KLINGEMANN ST. • NEW BRAUNFELS, TX 78130

# Activating the Spaces



## NBU Use:

- Community Advisory Panel (CAP) Meetings
- Team Building
- One Water Meetings

## Private Use

- HMT Engineers Team Building
- Hill Country Alliance Developer's Workshop
- NB Chamber & Visitor's Bureau

## Public Use

- Native Plant Society of Texas (NPSOT) Monthly Meetings
- City of NB First Responders Training
- NBEDC Monthly Meeting

HEADWATERS
AT THE COMAL™

# Construction Update

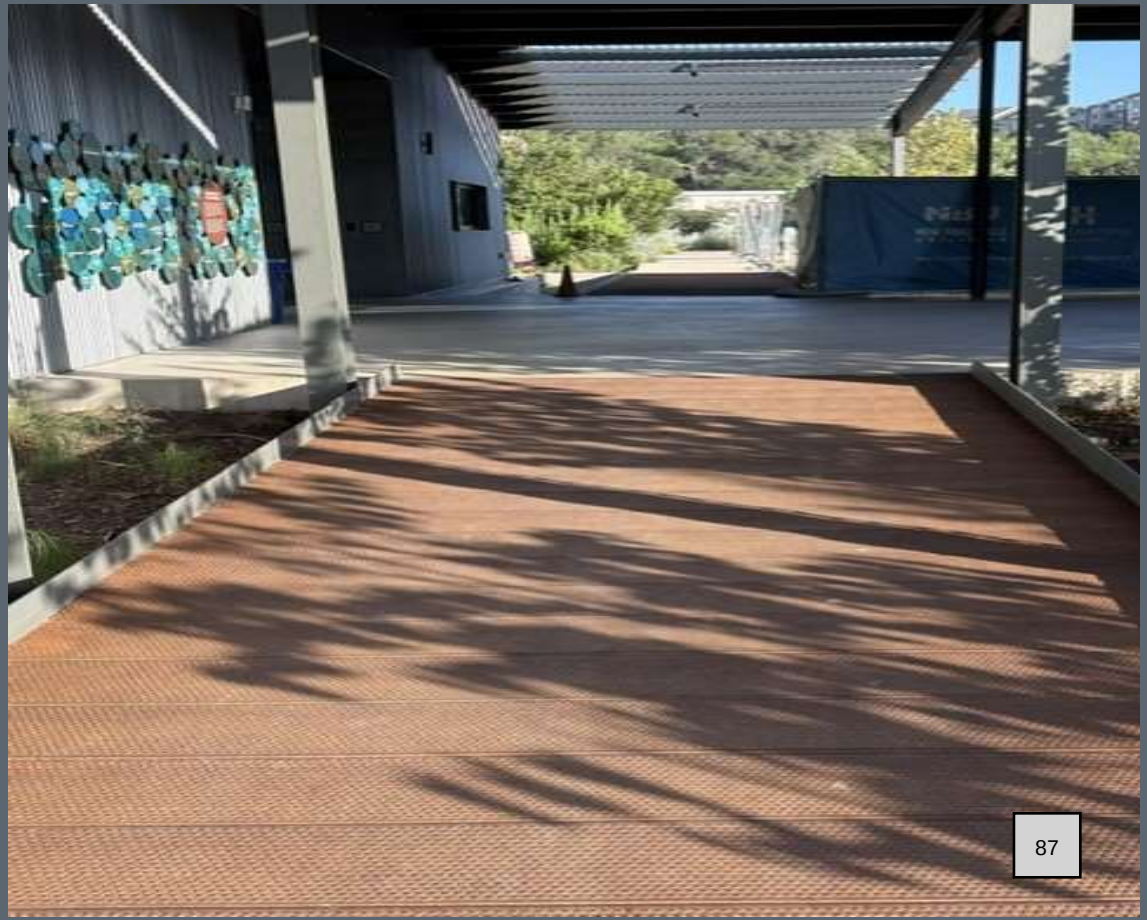
Item 4.

## Current Work

- Courtyard
- Comal Springs Conservation Center
- Balcones Amphitheater
- Volunteer Center

## Next Steps

- Wastewater Reuse System
- Finish hardscape
- Final planting Oct.-Nov. 2026
- Substantial Completion February 2027



HEADWATERS
AT THE COMAL™

BLIEDERS CREEK
COMAL RIVER
BLIEDERS CREEK
Easement
5/10/2011
New Braunfels Utilities
GIS Technician John David Arrar

# Volunteer Center & Conservation Bldg.

# Phase 2 Close-out

Item 4.

| | |
|---|---|
| • GMP #2: Site Work and Building Infrastructure | $ 5,358,290 |
| • PCCO #1: Archaeology Delays | $ 154,644 |
| • GMP #3: Additional Site Work & Fencing | $ 1,585,025 |
| • GMP #4: Building Finish-out | $ 4,229,753 |
| • GMP #5: Parking Lot | $ 1,063,108 |
| • Total construction cost for phase 2 | $ 12,390,920 |
| • Headwaters Reimbursement Phase 2 | ($6,573,851) |

HEADWATERS
AT THE COMAL™

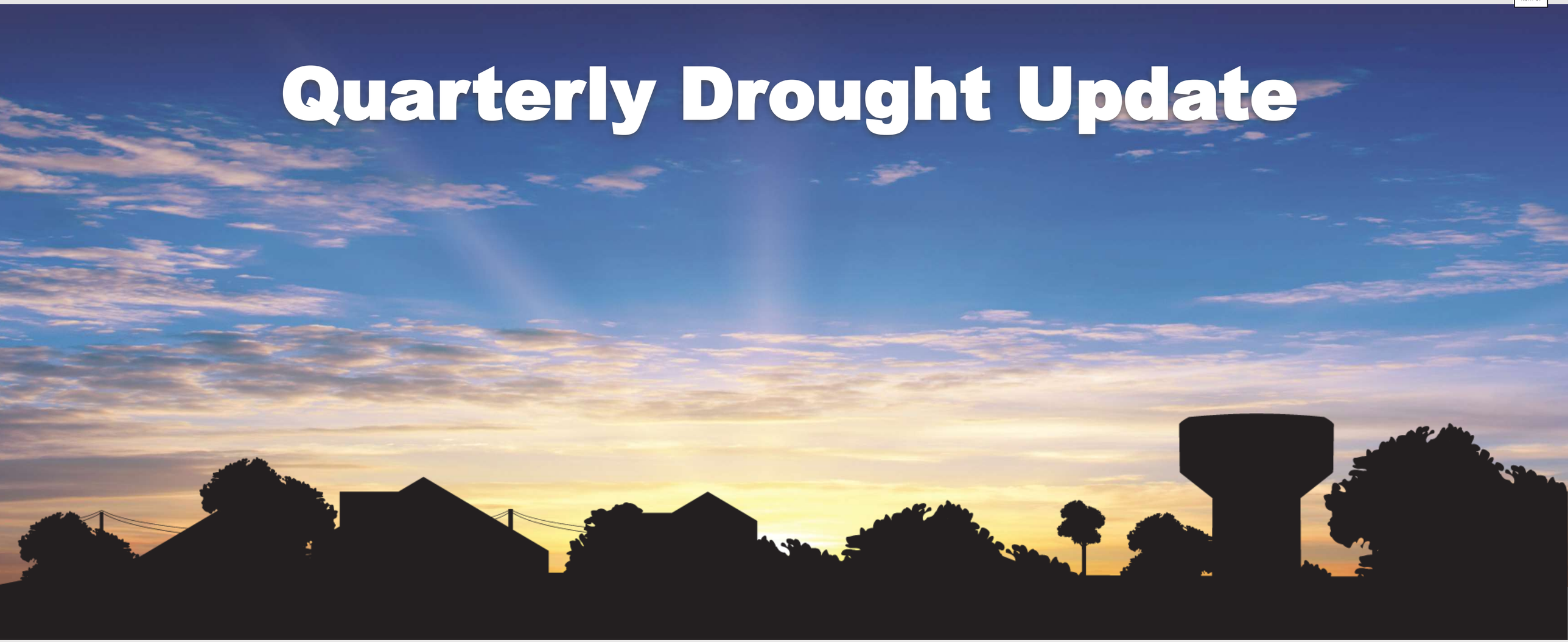
# COMMENTS AND QUESTIONS

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | May 26, 2026 | **Agenda Type:** | Items from Staff |
| **From:** | Jesse Luna<br>Conservation and Customer Solutions Manager | **Reviewed by:** | Andrew Cummings<br>Director of Customer Solutions |
| **Submitted by:** | Amanda Collins<br>Chief Customer Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Quarterly Drought Update Report

# Quarterly Drought Update

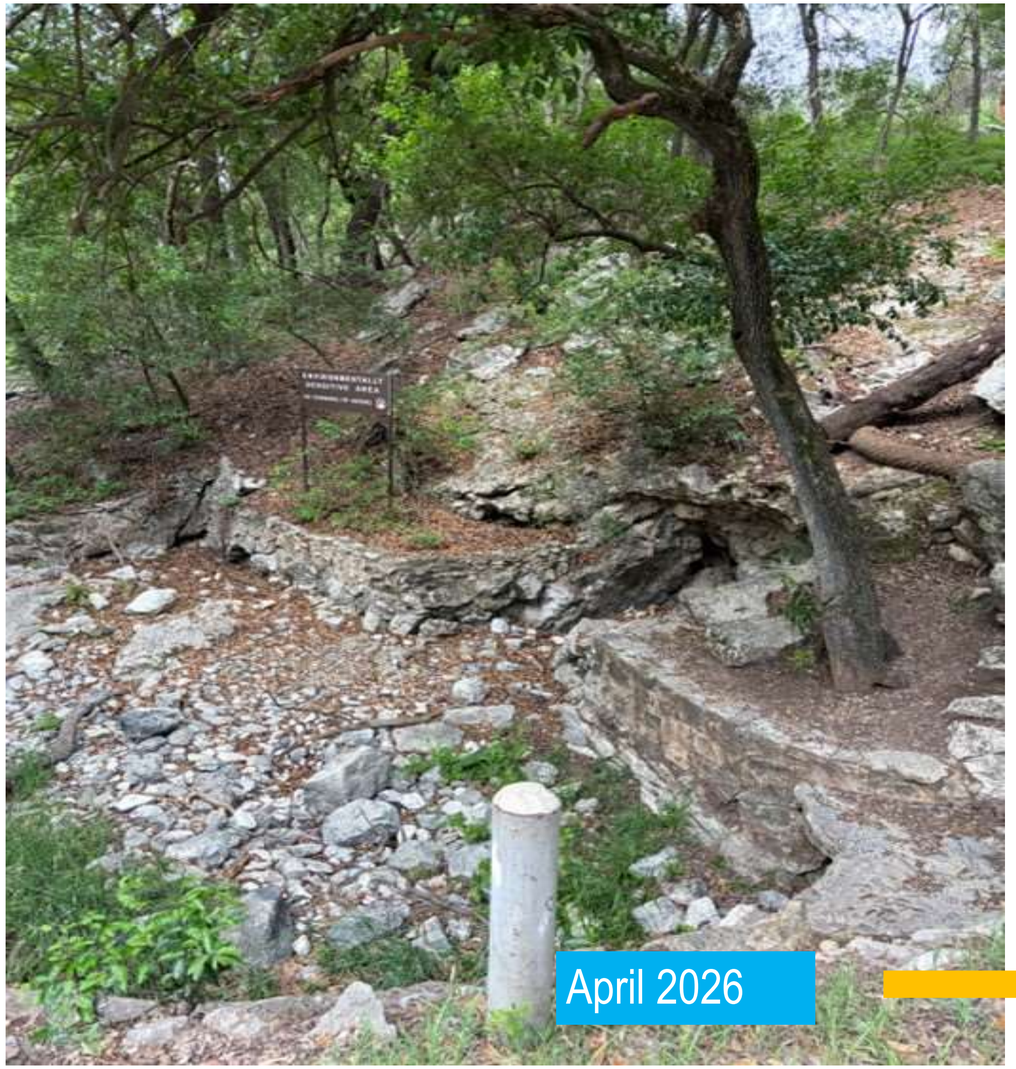


Jesse Luna, Conservation and Customer Solutions Manager

- September 22, 2026

NEW BRAUNFELS UTILITIES

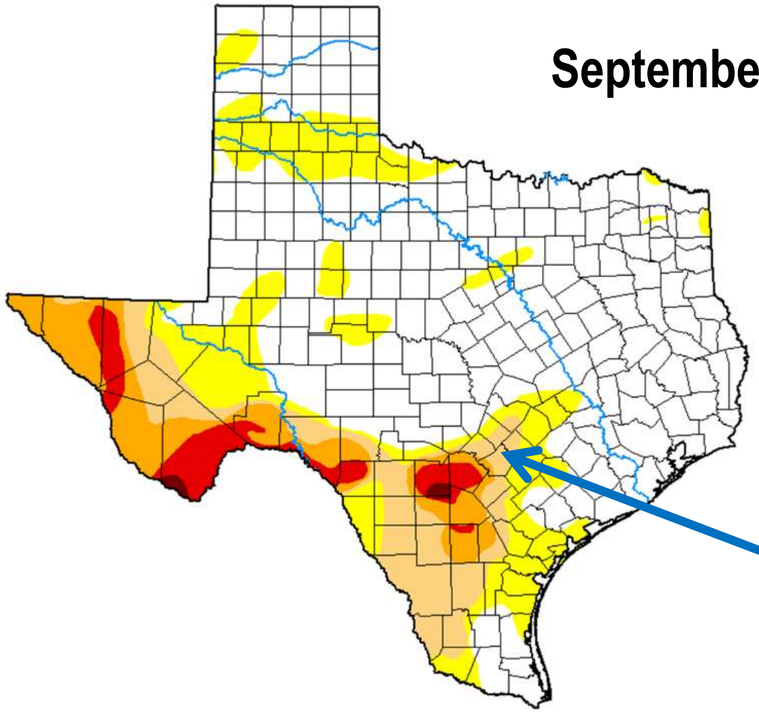
# Shifting Weather Pattern: El Niño



# Drought Status and Updates

| Current NBU Stage | Date Entered Conservation Stage | Total Duration |
|---|---|---|
| **2** | August 10, 2026 | 30 days *as of 9/8/26* |

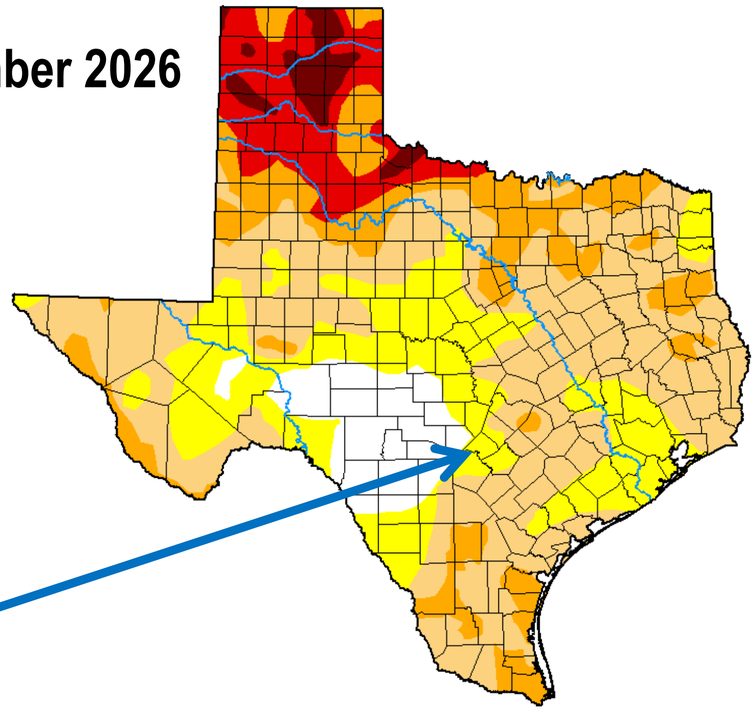
**September 2025**



**Intensity**

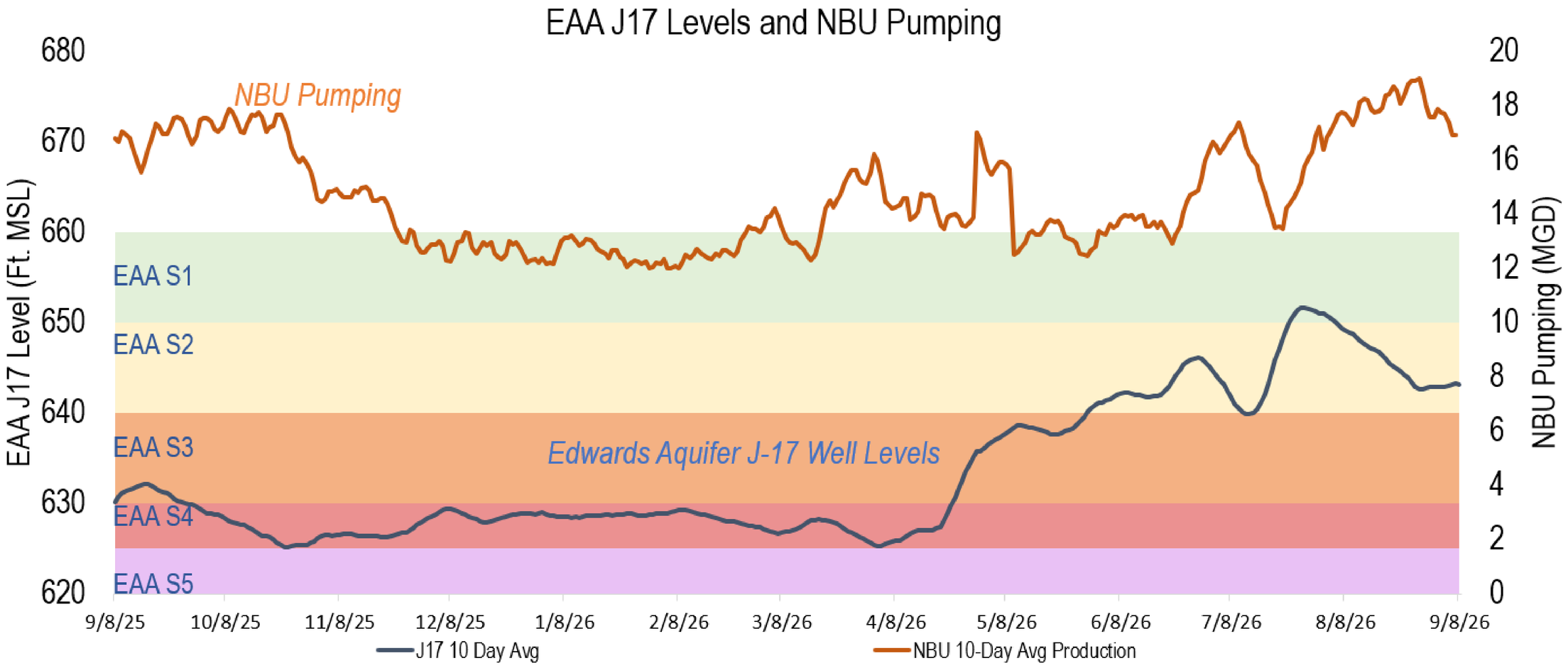
- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

**September 2026**

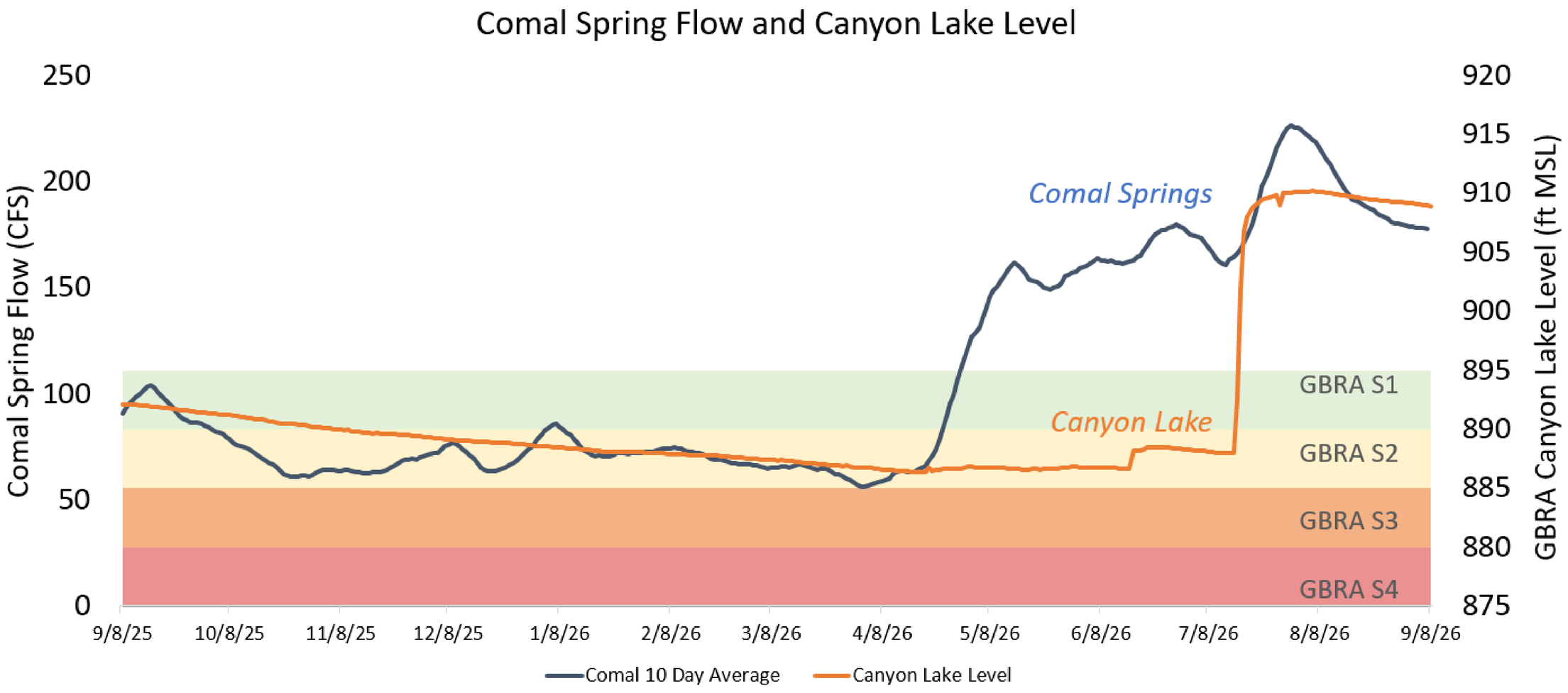


***Comal County***

# Edwards Aquifer Authority (EAA) J17 Well Levels and NBU Pumping



# Comal Spring Flow and Canyon Lake Level



# Drought Restrictions in the Area (as of 9/8/26)

| NEW BRAUNFELS UTILITIES | Stage 2 |
|---|---|

| Regulatory Agencies | |
|---|---|
| edwards aquifer AUTHORITY | Stage 2 |
| GBRA Wholesale | Stage 0 |

| Large Utilities | |
|---|---|
| San Antonio Water System | Stage 2 |
| Austin WATER | Stage 0 |

| Comparable Utilities | |
|---|---|
| SMTX UTILITIES | Stage 3 |
| City of Kyle | Stage 2 |
| Texas Water Company | Stage 3 |
| Springs Hill Water Supply Corporation | Stage 2 |
| BudaTx breathe easy here | Stage 3 |
| EST. 1848 Georgetown Texas | Stage 1 |

# Drought Synopsis: Benchmarks

## CLIMATE

**Rainfall** (Year to Date)

**26.18"**

Long-Term Benchmark **~31"**

0" 15.5" 31"

84% of long-term benchmark

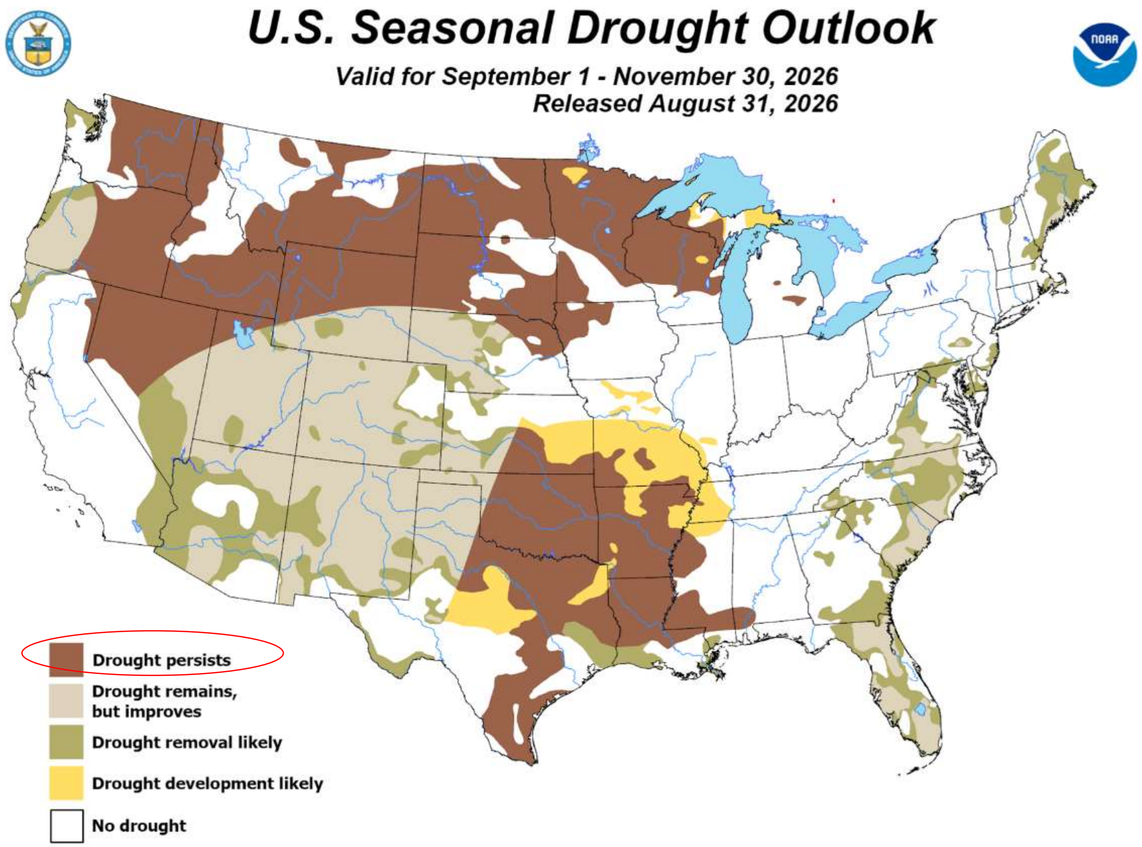
*Annual total rainfall compared to long-term benchmark.*

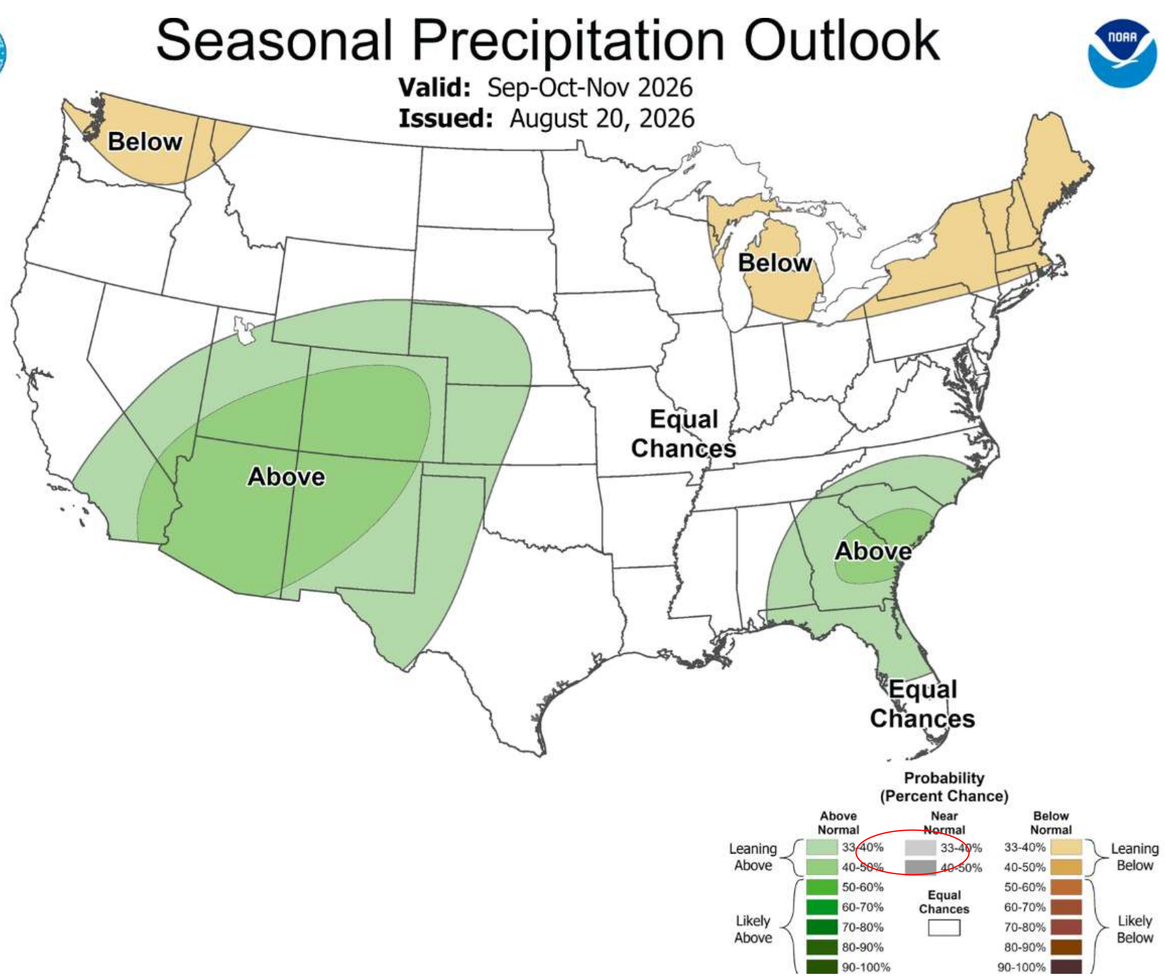
## WATER LEVELS

| Indicator | September 2026 (10-Day Avg.) | Change from September 2025 | Long-Term Benchmark | Difference from Benchmark | Status |
|---|---|---|---|---|---|
| J-17 Aquifer Level (ft) | 643.1' | ↑ +12.9' | 659.3' | -16.2' below | Below Benchmark |
| Comal Springs (cfs) | 177.9 | ↑ +90.5 cfs | 255 | -77.1 cfs below | Below Benchmark |
| Canyon Lake (ft) | 908.9' | ↑ +16.8' | 909' | -0.1' below | Below Benchmark |

**KEY TAKEAWAY:** Year-to-date rainfall is now about 84% of the long-term annual benchmark, while J-17 and Comal Springs remain below their historical averages and Canyon Lake is essentially at its benchmark.

# Outlook: Drought Remains, but Improves



# How We're Managing Drought

- **Daily Water Monitoring**
  - Edwards Aquifer J17 Well Levels
  - Canyon Lake Reservoir Levels
  - Comal River Spring Flows
  - NBU Pumping Infrastructure
  - Climatological Tracking and Forecasts
- **Customer Education**
  - Offing In-Depth Customer Usage Data
  - Public Communications
  - Promotion of Rebate Programs
- **Revised Drought Plan**

Questions?

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Items from Staff |
| **From:** | Darrin Jensen<br>Director of Enterprise Project Management Office | **Reviewed by:** | David Hubbard<br>Chief Administrative Officer |
| **Submitted by:** | David Hubbard<br>Chief Administrative Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** End of Year Update on the NBU Developer and Vendor Process Improvement Project

# End of Year Update on the NBU Developer and Vendor Process Improvement Project

## Process Improvement

ePMO

- September 22, 2026

NBU NEW BRAUNFELS UTILITIES

# NBU Plan to Enhance Developer and Vendor Processes

- Welcome and Purpose
- Data Discovery (Revisit Top 10 List)
- Implemented Improvements
- Survey Update - (National Institute of Government Procurement (NIGP))
- Staff Training Update
- Update on Developer and Vendor Engagement
- Next Steps and Timeline

# Welcome and Purpose

# Welcome and Purpose

Developer and Vendor Process Improvement Project

Procurement & Legal

NIGP

# Data Discovery (Revisit Top 10 List)

# Top 10 List

10. Notification of Award ☑
9. Evaluation Duration ☑
8. Solicitation Rework ☑
7. Solicitation View - Only Activity ☑
6. Vendor Satisfaction ☑

What have we done

OR

What do we plan to do?

NIGP Survey

# Top 10 List (continued)

What have we done | OR | What do we plan to do?

5. Vendor Variety Data ☑
4. Pre-Bid Meeting Attendance ☑
3. Amendment Frequency - **monitoring**
2. Contract Amendment Cycle - **monitoring**
1. Contract Lifecycle - **monitoring**

# Implemented Improvements

# Implemented Improvements

1. OpenGov - Go Live by November 30, 2025 ☑
2. Docusign - Go Live by November 30, 2025 ☑
3. Implementation of new legislative threshold of $100,000 ☑
   (effective 09/01/2025)
4. Vendor Notifications - Notifying vendors of ranking ☑

# Implemented Improvements

5. Updated Requisition Process ☑

6. Purchasing to approve certain contracts without template deviations ☑

7. Scheduling Event conducted on November 10, 2025 ☑

   FY2026 & FY2027 Budget + Capacity Planning for Procurement

# Implemented Improvements

8. Procurement Types and Timelines (quick reference) ☑

9. Implemented weekly purchasing scheduling meetings with end users ☑

# Implemented Improvements

10. Automated Scheduling of New Requests – monitoring

11. Updating Purchasing Policy – ☑

12. Automating Legal Templates – ☑

# Implemented Improvements

13. Moved the Real Estate Services Department from the Director of Legal to the Director of Engineering - ☑

14. Amendments sent directly to Legal Department – ☑

15. Director level of leadership added for oversight - ☑

# Implemented Improvements

16. Amendment Training ☑

17. Procurement Evaluation Training ☑

18. NIGP Vendor Survey ☑

# Implemented Improvements

19. Purchasing Policy Changes approved by the Board of Trustees ☑

20. Training of the Purchasing team on automated legal templates ☑

# NIGP

# Survey Update

**Surveyed:** 501

**Response Period:** March 18 – April 15, 2026

**Survey Questions:** 15 Multiple Choice and four (4) open-ended

**Responses:** 59

# Survey Update

## Themes

1. Timeliness

Docusign - Go Live by November 30, 2025 ☑

Amendments sent directly to Legal Department – ☑

2. Communication

Vendor Notifications - Notifying vendors of ranking ☑

3. Re-evaluate scoring criteria

# Staff Training Update
# (External + Internal Offering)

# Staff Training Update

## New Horizons Project Management Fundamentals Training

- March 2, 2026 and March 3, 2026 ☑
- March 4, 2026 and March 5, 2026 ☑

## Internal Amendment Training

- March 31, 2026 – Water Engineering, Electric Engineering, Electric Operations, and Water Operations. ☑

## Procurement Evaluation Training

- April 1, 2026 ☑

## Internal Scope Focused Training

- Being developed by Learning & Engagement & PMO – FY2027 timeframe

# Developer and Vendor Engagement

# Developer and Vendor Engagement

## Meeting Agenda

NEW BRAUNFELS UTILITIES

1. Welcome and objective
   a) Goals of the meeting
      i. Share feedback on working relationship and joint processes
      ii. Strengthen working relationship
2. Successes
   a) What should we keep doing?
3. Continuous improvement
   a) Address any recurring pain points
4. Open discussion *(if needed)*
5. Action items and next steps

# Developer and Vendor Engagement

NEW!

## FY2026

Developer and Vendor Process Improvement Project

- Procurement & Legal
- PMO
- NIGP

Monitoring Progress

## FY2027

Developer and Vendor Engagement Project

- Continue Developer Engagement Meetings
- Address improvement opportunities from Developer Engagement Meetings
- Other

# Next Steps and Timeline

# Next Steps and Timeline

- **Monitor Improvements for Developer and Vendor Process Improvement Project** — August 2026
- **Continue Developer Engagement Meetings** — FY2027
- **Address improvement opportunities from Developer Engagement Meetings** — FY2027
- **Report Improvements** — FY2027 – Semi-Annual

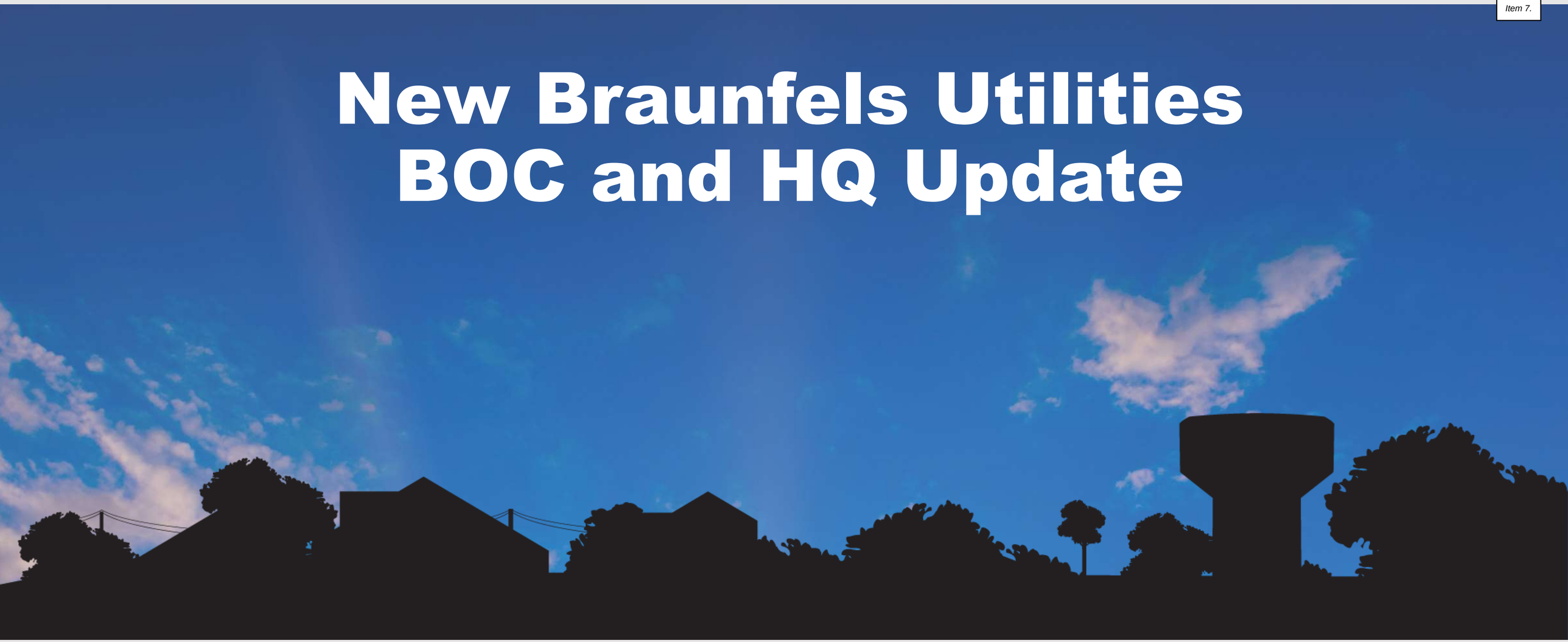
Questions?

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Items from Staff |
| **From:** | Jacob Tschoepe<br>Program Portfolio Manager | **Reviewed by:** | Darrin Jensen<br>Director of Enterprise Project Management Office |
| **Submitted by:** | David Hubbard<br>Chief Administrative Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Monthly NBU Backup Operations Center and Headquarters Progress Update

# New Braunfels Utilities BOC and HQ Update



September 22, 2026

NBU NEW BRAUNFELS UTILITIES

# BOC Recent Milestones

## August | Completed Milestones

- Building HVAC systems operational.
- Data cabinets installed in the data room.
- Restroom wall tile and accessories installed.
- Doors installed throughout the building.
- Building sidewalks completed.
- Asphalt parking lot completed.
- Security cameras installed.

## September | Upcoming Milestones

- Access control and security system trim-out.
- Control room flooring installation.
- Control room console installation.
- Concrete perimeter fencing installation.
- Parking lot striping.
- Security gate installation.

# HQ Recent Milestones

## August | Completed Milestones

- Customer Parking
- Operations Yard
- AC in Building
- Ceiling Grid and Lighting Started

## September | Upcoming Milestones

- Security Fencing at FM 482
- Masonry Fence at the Neighborhood
- Ceiling Grid and Lighting
- Records Storage Equipment Installed
- Flooring in IDF Rooms

**Mission**
Supporting our community by providing reliable, essential services.

+

**Vision**
To build lasting customer confidence through dedicated service.

+

**Values**
Safety, Team, Integrity, Responsibility, Service

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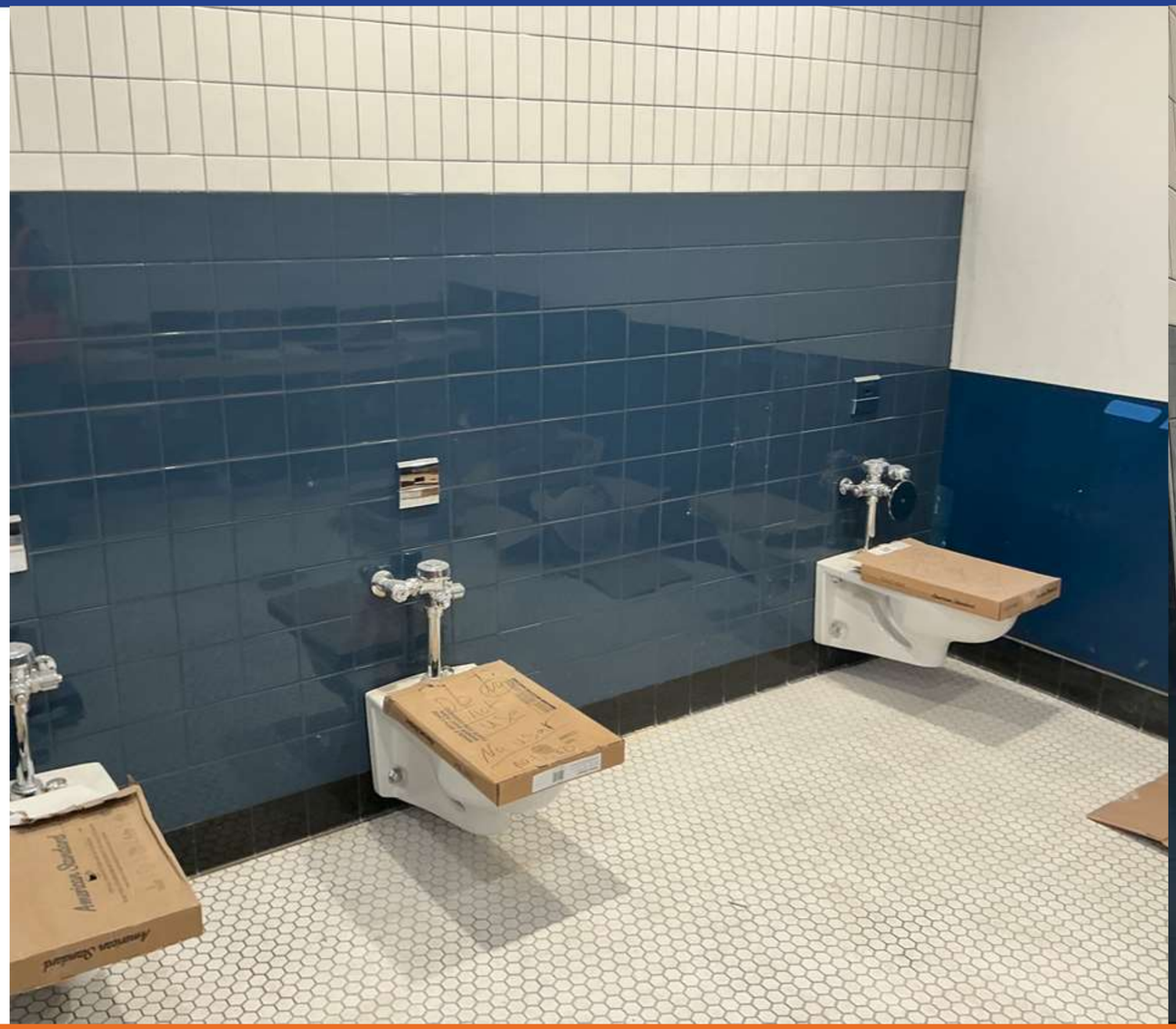
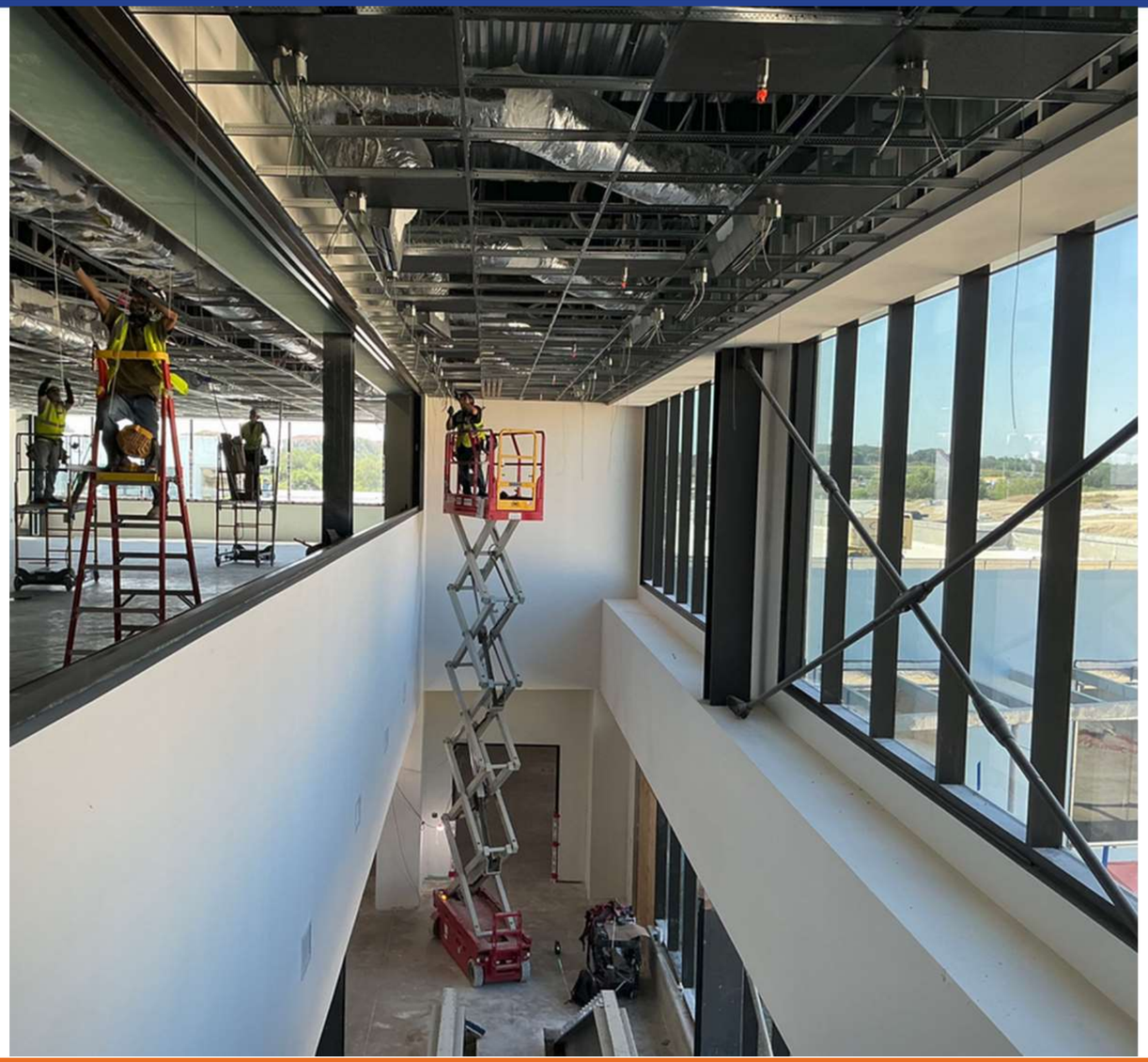
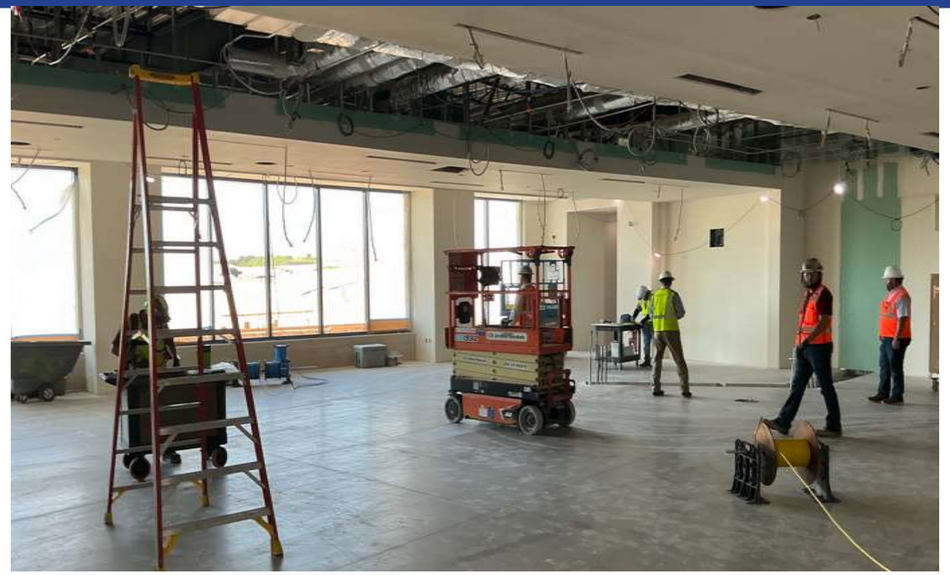
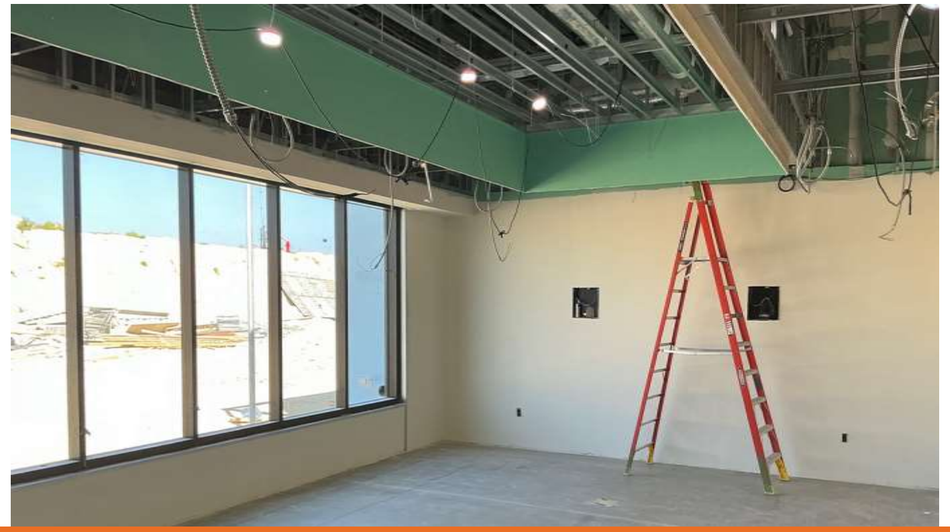
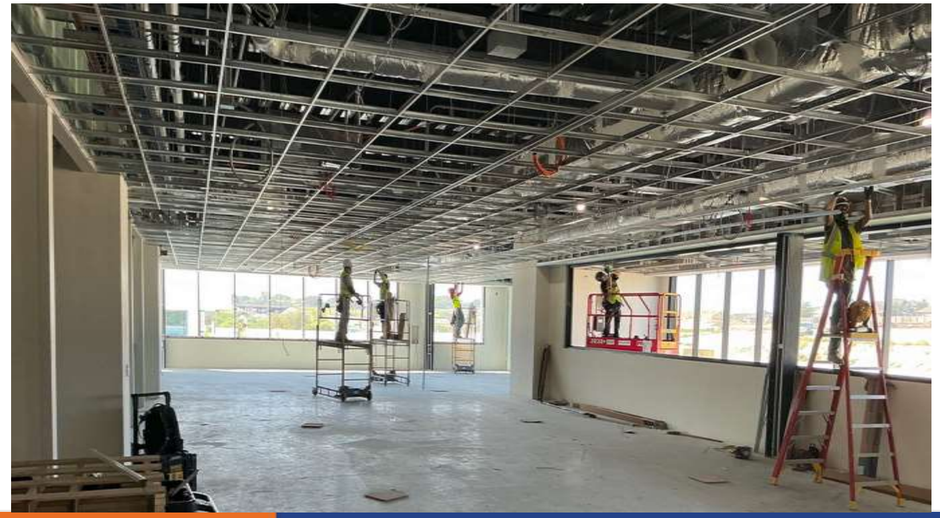
NBU NEW BRAUNFELS UTILITIES











Questions?

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items for Action |
| **From:** | Laura Ayala<br>Board Relations Coordinator | **Reviewed by:** | Rocio G. Hilliard<br>Chief of Staff |
| **Submitted by:** | Rocio G. Hilliard<br>Chief of Staff | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Approve Minutes of the NBU Regular Board Meeting of August 27, 2026

## BACKGROUND

None

## FINANCIAL IMPACT

None

## LINK TO STRATEGIC PLAN

**Customers and Community**

## EXHIBITS

1. August 27, 2026 Regular Board Meeting Minutes

# MINUTES

# NEW BRAUNFELS UTILITIES
## AUGUST BOARD OF TRUSTEES MEETING

**NBU BOARD ROOM**
**263 MAIN PLAZA, NEW BRAUNFELS, TEXAS 78130**
**THURSDAY, AUGUST 27, 2026, AT 1:00 PM**

Board President Wayne Peters opened the meeting at 1:00 pm. A quorum of the NBU Board was present.

**PRESENT**

Board President Wayne Peters, Board Trustee Stuart Blythin, Board Trustee Yvette Barrera Villanueva, and Mayor Michael French

**ABSENT**

Board Vice President Judith Dykes-Hoffmann

**NBU PERSONNEL**

Ryan Kelso, Ragan Dickens, Greg Brown, Jessica Williams, Connie Lock, Rocio G. Hilliard, Mark Steelman, David Hubbard, Amanda Collins, Rebekah Llamas
Adriana Sanchez, Carlos Salas, Darrin Jensen, Jason Theurer, John Warren, Julia Haynes, Kimberly DaCosta, Justin Green, Mike Short, Rachel Leier, Reagan Pena, Will Riley, Adam Williard, Anna Melton, Azura Kerr, Brandon Thomas, Brent Lundmark, Bruce Haby, Daniel Mendez, David Guerrero, Jr., Doug Clifton, Jacob Tschoepe, Jason Rammel, Jeffrey Morriss, Jenna Mathis, Jesse Luna, Jessica Coleman, Jessica Green, Justin Stroup, Katie Storey, Kristi Villasana, Mike Penshorn, Missy Quent, Nicole Wesley, Peter Vanderstoep, Robert Aleman

**NBU CONSULTANTS**

Ed O'Boyle, Gallup

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE AND INVOCATION**

NBU CEO Ryan Kelso led the Pledge of Allegiance and offered the invocation.

**RECOGNITIONS**

1. **Recognition of Outgoing Community Advisory Panel ("CAP") Members, Bobby Avary, Stuart Blythin, Darren Hill, Jonathan Packer, Dr. Les Shephard, Chris Snider, and Julissa Vela**
   CEO Ryan Kelso recognized members who previously served on the Community Advisory Panel. CAP members who were present are Bobby Avary, Stuart Blythin, and Jonathan Packer.

**NBU EMPLOYEE RECOGNITIONS**

1. **Recognition of NBU Texas Lineman's Rodeo Participants**
   CEO Ryan Kelso recognized NBU Electric Journeymen, Apprentices, and BBQ Teams who participated in the Texas Lineman's Rodeo. NBU was represented by Journeymen: Karson Pennick, Nate Wallsmith, Austin Klaerner, Bradley Dietert, Chris Gavigan, Ty McFarlin, Klayton Rothrock,

Brenner Magott, and Chance Miller; Apprentices: Bradley Spencer, Matt De La Riva, Tyler Robinson, Cole Jurgajtis, Jacob Ridge, and Lane Dietert; and Barbeque teams made up of Randy Willard, Kristen Anderson, George Herrera, Javier Nieto, Elliot Girard, and Ryan Korhorst.

Additional recognition was extended to volunteer judges Steve Thies, Nick Woods, John Espinoza, Michael Najera, and Cace Lawless; Justin Green and Coby Henk for preparing our competitors for the event, and to organizers Keith Marsh, Mike Hardick, and Genevieve Morales.

**PUBLIC COMMENT**

Kevin Sullivan, resident, addressed the Board on considering additional technical enhancements to customer portals for better customer service.

**ITEMS FROM THE CHAIR**

1. **American Public Power Association Annual Conference Update**
   Board President Wayne Peters provided an update on attending the APPA Annual National Conference.

2. **Texas Public Power Association Conference Update**
   Board President Wayne Peters provided an update on attending the TPPA Annual State Conference.

3. **Update from the CAP Board Committee Regarding CAP Member Appointments to Include CAP Vice-Chair, Future CAP Meeting Topics, and Future CAP Meeting Dates**
   Board President Wayne Peters provided a report from the Community Advisory Panel Board Committee meeting on August 17, 2026. Items discussed included an update on current CAP member terms, review of the nominations received by City Council for new members, the nomination of Marcie Rodriguez to serve as CAP Vice Chair, proposed topics for CAP to consider, and potential future CAP meeting dates.

4. **Any Items Permitted Under Section 551.0415 of the Texas Government Code**
   No additional comments were made.

**ITEMS FROM STAFF**

1. CEO's Update

   a. **Leadership Announcement of Position Change: Director of Financial Services Kimberly DaCosta**
      Kimberly DaCosta was promoted to Director of Financial Services. Kimberly most recently served as Accounting Manager and Interim Director of Financial Services.

   b. **NBU Water Engineer Project Manager, Ashley Zimmermann, Presents at American Water Works Association Annual Conference**
      Members of NBU's Water Engineering, Water Operations, and Water Treatment and Compliance teams recently attended the American Water Works Association Conference. Ashley Zimmermann, Project Manager for Water Engineering, presented alongside Arcadis on "From Reactive to Proactive: Successfully Planning a 50-Year Water Supply in a Fast-Growing, Drought-Prone Region," sharing how long-term

planning, collaboration, and a diversified water portfolio are helping meet the needs of one of the fastest-growing communities in Texas.

c. **NBU Community Engagement Team Volunteers at Local Community Events and Participates in Community Career Fairs, Summer Camps, Job Fairs, and Expositions at Local School District Campuses**
The Community Engagement team collaborated with the New Braunfels Youth Collaborative and Comal ISD to teach local youth about water conservation, environmental stewardship, and utility careers, while also supporting educators for the upcoming 26–27 school year through local fairs and a Comal ISD Science teacher professional development day at Headwaters. Additionally, they hosted well-attended DIY Rain Barrel workshops, collecting more than 75 resumes at local career fairs, and supported the Electric Operations team at the Texas Lineman's Rodeo.

d. **NBU Chief Financial Officer, Jessica Williams, Presents at Government Finance Officers Association Conference in Chicago**
Jessica Williams presented a pre-conference session on "Establishing, Enhancing, and Effectuating Your Debt Policy" at the national GFOA conference as part of her service on the GFOA Committee on Governmental Debt and Fiscal Policy.

e. **Tour of NBU Facilities with New Braunfels City Councilmember Toni Carter**
NBU hosted New Braunfels City Councilmember Toni Carter for a tour of our NBU facilities.

f. **NBU CEO Ryan Kelso Presents the Drought Contingency Plan to New Braunfels City Council**
CEO Ryan Kelso and Andrew Cummings, Director of Customer Solutions, presented proposed amendments to NBU's Drought Contingency Plan to the New Braunfels City Council. The amendments, approved by the NBU Board of Trustees in February 2026, include updated drought triggers, revisions to the drought surcharge, and changes to customer requirements during declared stages.

g. **Headwaters Operations & Engagement Specialist, Kim Klausner, Accepted in the HOLT Values-Based Leadership™ Fellows Program through the San Antonio Area Foundation**
Kim Klausner has been accepted into the San Antonio Area Foundation's HOLT CAT Values-Based Leadership Fellows Program.

h. **NBU Director of Customer Solutions, Andrew Cummings, Presents at Texas Commission on Environmental Quality (TCEQ) Public Drinking Water Conference**
Andrew Cummings, NBU's Director of Customer Solutions, participated in a panel titled "Promoting Smart Water Usage and Conservation: Success Stories on Outreach and Implementation" at TCEQ's 2026 Public Drinking Water Conference.

i. **NBU Hosts All-Employee Meeting**
NBU held an All-Employee Meeting that brought together the majority of our workforce to align around NBU's updated mission, vision, and values, discuss key organization-wide initiatives, and reinforce our strategic direction.

j. Any Other Items Permitted Under Section 551.0415 of the Texas Government Code
*No additional items were discussed.

2. **Update to the CEO End of Year Performance Evaluation Process**
   General Counsel/Chief Ethics Officer Connie Lock presented information on the updated CEO end of year performance evaluation process.

3. **Financial Update and Report**
   Director of Financial Services Kimberly DeCosta provided an update on the financial status of NBU.

5. **Fiscal Year 2026 End of Year Strategic Plan Update**
   Director of Enterprise Project Management Office Darrin Jensen provided an update on the end of year strategic plan update.

5. **Monthly NBU Backup Operations Center and Headquarters Progress Update**
   Program Portfolio Manager Jacob Tschoepe provided an update on the progress of the NBU Backup Operations Center and Headquarters projects.

**CONSENT ITEMS FOR ACTION**

Board Trustee Stuart Blythin made a motion, and Mayor Michael French seconded the motion to approve the Consent Items for Action as follows: #1, #2, #3, #4, #5, #6, #7, #8, #9, #10, #11, #12, #13, #14, #15, #16, #17, #18, and #19. The vote was unanimous.

1. Approve Minutes of the NBU Regular Board Meeting of June 25, 2026

2. Approve the Change Order Log from May 15, 2026, through July 15, 2026

3. Approve the Electric Line of Business Alternative Procurements from May 15, 2026, through July 15, 2026

4. Approve the Reports for Water and Electric Engineering Contracts from August 1, 2025, through July 15, 2026

5. Approve the Fiscal Year 2027 City Transfer

6. Appoint Bob King, Jimmy Owens, and Jerico McKennon to the NBU Community Advisory Panel and Appoint Marcie Rodriguez as CAP Vice Chair

7. Authorize the CEO or His Designee to Negotiate and Execute a Materials Agreement with Ferguson Enterprises LLC for the Purchase of Water Meters

8. Approve the NBU Mutual Aid Policy

9. Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Guerra Underground LLC for the Construction of the Water and Sewer Infrastructure Replacement Project Located at Bridge Street, Butcher Street, Sunset Drive, and Hampshire Street

10. Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with MGC Contractors, Inc. for the Construction of the FM 1101 Pump Station and Ground Storage Tank Project

11. Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Keeley Construction Group, Inc. for the Construction of the Loop 337 Ground Storage Tank Improvements Project

12. Authorize the CEO or His Designee to Negotiate and Execute a Professional Services Agreement with Freese and Nichols, Inc. for the Design of the Common Street Relocation Project Located Along Common Street from North Liberty Avenue to Loop 337

13. Authorize the CEO or His Designee to Negotiate and Execute a Professional Services Agreement with Freese and Nichols, Inc. for the Design of the Water Tank Rehabilitation Phase 3 Project for the Mission Hills Ranch and Gruene Road Water Storage Tanks

14. Authorize the CEO or His Designee to Negotiate and Execute a Professional Services Agreement with Kimley-Horn and Associates, Inc. for the Design of the Downtown Water and Wastewater Improvements Project

15. Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with R.L. Jones, LP for the Construction of the Water and Wastewater Infrastructure Replacement Package 2 Project Located at Simon Avenue, Seele Street, Samuels Avenue, Seele Alley, Hill Avenue, and Interstate Highway 35 Northbound Frontage Road

16. Authorize the CEO or His Designee to Negotiate and Execute a Professional Services Agreement with Freese and Nichols, Inc. for Preparation and Implementation of a Compliance Program Required by the U.S. Environmental Protection Agency Lead and Copper Rule Improvements

17. Adopt Resolution #R-2026-221 Recommending Acquisition, By Use of the Power of Eminent Domain, of a 0.7402-Acre Permanent Utility Easement Out of the A.M. Esnaurizar Survey, Abstract 98, Comal County, Texas, Being All of Lot 8, Block 4, Resubdivision of Villa Rio, According to the Plat of Record in Volume 129, Page 312, of the Deed Records of Comal County, Texas, Located at 470 Rio Drive, New Braunfels, Texas 78130, Assigned Comal Appraisal District Property ID 67480, Owned by The Villa Rio Subdivision Recreation Committee, Operated by the Spanish Colony Property Owners Association DBA Villa Rio Subdivision Recreation Committee, Which is Necessary to Advance and Achieve the Public Use of Expanding and Improving the New Braunfels Utilities' Sewer System to Meet Existing and Future Needs and Ensure Reliability

18. Adopt Resolution #R-2026-222 Authorizing and Approving (i) the Conveyance of a 0.196 Acre Permanent Easement and a 0.196 Acre Temporary Construction Easement to SJWTX, Inc., a Texas Corporation Doing Business as the Texas Water Company, Formerly Known as Canyon Lake Water Service Company, on a 4.030 Acre Tract of Real Property Conveyed to New Braunfels Utilities, in Document No. 200206040402, Real Property Records, Comal County, Texas, Also Known as the Highway 46 Substation Site; (ii) the CEO or His Designee to Execute Any and All Documents Necessary to Effectuate the Conveyance Thereof; and (iii) Other Matters in Connection Therewith

19. Authorize the CEO or His Designee to Negotiate and Execute a DIR Cooperative Agreement, DIR Contract No. DIR-CPO-5253, with Gartner, Inc., for IT Research and Advisory Subscription Services

## PRESENTATION ITEMS

1. **Presentation and Update on the City of New Braunfels Edwards Aquifer Habitat Conservation Plan (EAHCP) - Incidental Take Permit Renewal**
   Amy Niles of the City of New Braunfels presented information on EAHCP, including information on what an Incident Take Permit is and the current Habitat Conservation Plan.

2. **Presentation from Gallup on the Fiscal Year 2026 Employee Engagement Survey Results**
   Director of People and Culture Adriana Sanchez introduced Ed O'Boyle from Gallup, who presented the Gallup Employee Engagement Survey results.

3. **Presentation from the NBU Employee Experience Team on the Proposed NBU Employee Engagement Action Items Based on the Results from the Employee Engagement Survey**
   Following the Gallup Employee Engagement Survey Results, the NBU Employee Experience Team presented information on the key takeaways, successes, and future action items proposed to address the Employee Engagement Survey Results.

4. **Presentation on Large Load Electric Projects and Regulatory Developments**
   CFO Jessica Williams and CESO Rebekah Llamas presented information on the state of the market, an update on large load inquiries within the NBU service area, and regulatory initiatives.

## ITEMS FOR FUTURE ACTION

1. **Presentation on Amendments to Chapter 130, Article IV, Division 4, Section 130-187 of the New Braunfels Code of Ordinances Related to Establishing New Meter Connections**
   Director of Engineering, Mike Short, presented information on a proposed amendment to the New Braunfels Code of Ordinances as related to new meter connections. If approved by the NBU Board, it will be taken to City Council for consideration.

2. **Presentation Regarding the Fiscal Year 2027 Strategic Plan**
   Director of Enterprise Project Management Office, Darrin Jensen, presented information on proposed changes to the Customer and Community strategic goal measures.

## ACTION ITEMS

1. **Discuss and Consider Future Topics for the Community Advisory Panel**
   Director of External Relations, Julia Haynes, provided information on two proposed future topics for the Community Advisory Panel to consider. Topics include the proposed impact fee and FY2028 – 2030 rate plan.

   Board Trustee Yvette Barrera Villanueva made a motion, and Board Trustee Stuart Blythin seconded the motion to approve the future topics for the Community Advisory Panel as presented. The vote was unanimous.

## EXECUTIVE SESSION

Board President Wayne Peters recessed the Open Session at 3:46 pm and announced that the Board would go into an Executive Session meeting. The Board of Trustees may recess into Executive Session for any purpose permitted by the Texas Open Meetings Act, including but not limited to:

1. Consultation with Attorney Regarding Pending or Contemplated Litigation, Settlement Offers, and/or Other Matters Protected by Attorney-Client Privilege (Section 551.071 – Texas Government Code) pertaining to the following:

    a. Discuss *New Braunfels Utilities v. TRC Engineers, Inc.*, Cause No. C2024-1980D (433rd District Court, Comal County, Texas)

    b. Discuss Lease Agreement between NBU and JGC Tennis, Inc., and Related Matters

The Executive Session was opened at 3:52 pm and closed at 4:37 pm.

The Board of Trustees, upon reconvening in Open Session, will discuss and consider any necessary action regarding closed session items.

**RECONVENE INTO OPEN SESSION AND TAKE ANY NECESSARY ACTION RELATING TO THE EXECUTIVE SESSION AS DESCRIBED ABOVE**

The Regular Session resumed at 4:38 p.m. Only the matters cited above, and no others, were discussed.

The following actions were taken relating to the Executive Session as described above.

Trustee Stuart Blythin made a motion, and Mayor Michael French seconded the motion to authorize the CEO or his designee to negotiate and execute a settlement agreement and any related documents with TRC Engineers, Inc. in connection with the case styled *New Braunfels Utilities v. TRC Engineers, Inc.*, Cause No. C2024-1980D (433rd District Court, Comal County, Texas). The vote was unanimous.

**ADJOURN**

There was no further business, and Board President Wayne Peters adjourned the meeting at 4:40 p.m.

*Wayne Peters, President*
*Approved*

***Attest:***

*Ryan Kelso, Secretary of the Board*
*Chief Executive Officer*

*Date Approved: September 22, 2026*

NEW BRAUNFELS UTILITIES

**Meeting Date:** September 22, 2026 **Agenda Type:** Consent Items for Action

**From:** Anna Melton, Procurement Manager **Reviewed by:** Kimberly DaCosta, Director of Financial Services

**Submitted by:** Jessica Williams, Chief Financial Officer **Approved by:** Ryan Kelso, Chief Executive Officer

**RECOMMENDED ACTION:** Approve the Change Order Log from July 15, 2026, through August 15, 2026

## BACKGROUND

The Board of Trustees approved the NBU Purchasing Policy on May 26, 2026. The Purchasing Policy defines the process for obtaining approval of change orders. In addition to the individual approval by the Board of Trustees for change orders greater than $50,000, the policy further states, "Each director or department manager, as appropriate, will keep a log of all change orders and forward that log on a monthly basis to the Purchasing Manager before each Board of Trustees' meeting. The Purchasing Manager will prepare a consent agenda item to request approval of those change orders at the next Board of Trustees' meeting."

Listed below are the change orders submitted to the Procurement Manager for the period of July 15, 2026, through August 15, 2026.

## FINANCIAL IMPACT

**Change orders less than $50,000:**

| Item # | Project Name | Description of Work | Vendor | Change Order # | Cost Change in $ +/(-) |
|---|---|---|---|---|---|
| 1 | Senate Bill 3 EPP Generators | Relocation of gas line at Grandview | C. F. McDonald Electric, Inc. | 3 | 16,614.74 |
| 2 | Infrastructure Replacement Package 3 | Bid form correction to total contract price | Pesado Construction Company | 1 | 9,000.00 |
| 3 | Western Downtown to Morningside PZ Conversion | Reduction for revised pressure reducing valve vault and water main location | Pesado Construction Company | 1 | (7,556.10) |

| | | | | | |
|---|---|---|---|---|---|
| 4 | Kuehler WRF Rehabilitation | Using owner's contingency for demolition and abatement of asbestos at abandoned building in project limits | MGC Contractors, Inc. | 1 | 0.00 |
| 5 | Fiber Expansion | Cost to haul, spot, and set 9 poles and anchors, and installation of all relevant hardware. Rerouting the strand to new route | SourcePower | 2 | 49,000.00 |
| 6 | Headwaters | Additional steel edging at the pedestrian walkway in the garden to avoid washout | Byrne Construction | PCO 25 | 5,802.60 |
| 7 | Headwaters | Installation of a pressure reducing valve | Byrne Construction | PCO 26 | 12,309.84 |
| 8 | Kohlenberg Substation | De-watering of the construction site due to a large water leak from an adjacent property | Lambda Construction Co. | 1 | 24,953.85 |
| 9 | NBU Headquarters | Owner Contingency Request is for the additional labor, material, equipment, and supervision to complete the low-voltage scope of work, including installing three additional fiber drops from the third floor server room to the AV equipment racks; furnishing, installing, and terminating CAT6A cables to Mutoa Boxes; and installing CAT6 cabling from the IDF room to the associated floor box and/or poke-thru | SpawGlass | OCT 34 | 18,605.00 |
| 10 | NBU Headquarters | Owner Contingency Request for the labor, material, equipment, and installation of maintenance building waterproofing | SpawGlass | OCT 33 | 22,997.00 |
| 11 | NBU Headquarters | Owner Contingency Request for desk modifications, integrated audiovisual systems, firestopping for floor penetrations at new poke-thru locations, and | SpawGlass | OCT 30 | 23,601.00 |

| | | | | | |
|---|---|---|---|---|---|
| | | updated café tables and chairs | | | |
| 12 | NBU Headquarters | Contingency Request for the additional network drops to the BMS panels | SpawGlass | CTR 17 | 12,193.00 |
| **Total increase/(decrease) in change orders less than $50,000:** | | | | | **$187,520.93** |

**Change orders more than $50,000:**

| Item # | Project Name | Description of Work | Vendor | Change Order # | Cost Change in $ +/(-) |
|---|---|---|---|---|---|
| 1 | Aquifer Storage and Recovery Project | Bid items 7 and 8 - well acidization were not utilized in full | Hydro Resources - Mid Continent, Inc. | 2 | (56,700.00) |
| 2 | San Antonio St Rehabilitation Phase 3 | Sewer Line G revision | Capital Excavation Co. | 5 | 99,412.75 |
| 3 | NBU Headquarters | Contingency request for the labor and material to contract Southwest Solutions Group to procure and install the smart lockers and spacesaver storage system. | SpawGlass | CTR 16 | 178,406.00 |
| 4 | NBU Headquarters | Owner Contingency Request for the additional labor, material, equipment, and supervision for utility changes, including: 15' Curb Inlet, 24" RCP for Storm Line X, and to add more concrete rip rap; all electrical and low-voltage changes to the equipment building for the camera trucks; and ambulatory stall added in men’s locker room | SpawGlass | OCT 35 | 61,828.00 |
| 5 | NBU Headquarters | Contractor Contingency Request for the labor and material to furnish and install wool insulation board at spandrel glass windows | SpawGlass | CTR 18 | 56,380.00 |
| **Total change orders more than $50,000:** | | | | | **$339,326.75** |

## LINK TO STRATEGIC PLAN

### Infrastructure and Technology

## EXHIBITS

None

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items for Action |
| **From:** | Anna Melton<br>Procurement Manager | **Reviewed by:** | Kimberly DaCosta<br>Director of Financial Services |
| **Submitted by:** | Jessica Williams<br>Chief Financial Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Approve the Reports for Water and Electric Engineering Contracts from August 1, 2025, through August 15, 2026

## BACKGROUND

The Board of Trustees approved the NBU Purchasing Policy on May 26, 2026. The Purchasing Policy defines the process for obtaining approval of Professional Engineering Contracts. In addition to the individual approval by the Board of Trustees for Professional Engineering Contracts greater than $500,000, the policy further states, "The limit for expenditures to be paid to a licensed professional engineer or a firm of licensed professional engineers as defined in Chapter 2254 of the Texas Government Code, as amended, performing engineering services without the prior approval of the Board of Trustees shall be $500,000 per vendor per contract. Each director or department manager, as appropriate, who hires a licensed professional engineer or firm of licensed professional engineers, shall prepare a report specifying the following:

1. name of licensed professional engineer or firm of licensed professional engineers engaged to complete a project:
2. project name;
3. contract amount and amendments to original contract amount;
4. total cumulative number of contracts and contract amounts approved in a fiscal year to that licensed professional engineer/firm of licensed engineers; and
5. date presented to the Board of Trustees.

This report shall be prepared on a monthly basis and be delivered to the Procurement Manager before each Board of Trustees' meeting. The Procurement Manager will prepare a consent agenda item to request approval of the report at the next Board of Trustees' meeting."

Exhibits attached to this agenda item are the Professional Engineering report(s) submitted to the Procurement Manager for the period of August 1, 2025, through August 15, 2026.

## FINANCIAL IMPACT

No water or electric engineering contracts were executed during this period.

## LINK TO STRATEGIC PLAN

**Infrastructure and Technology**

## EXHIBITS

1. Exhibit A – Report for Water Engineering Contracts

Exhibit A – Report for Water Engineering Contracts July 2026

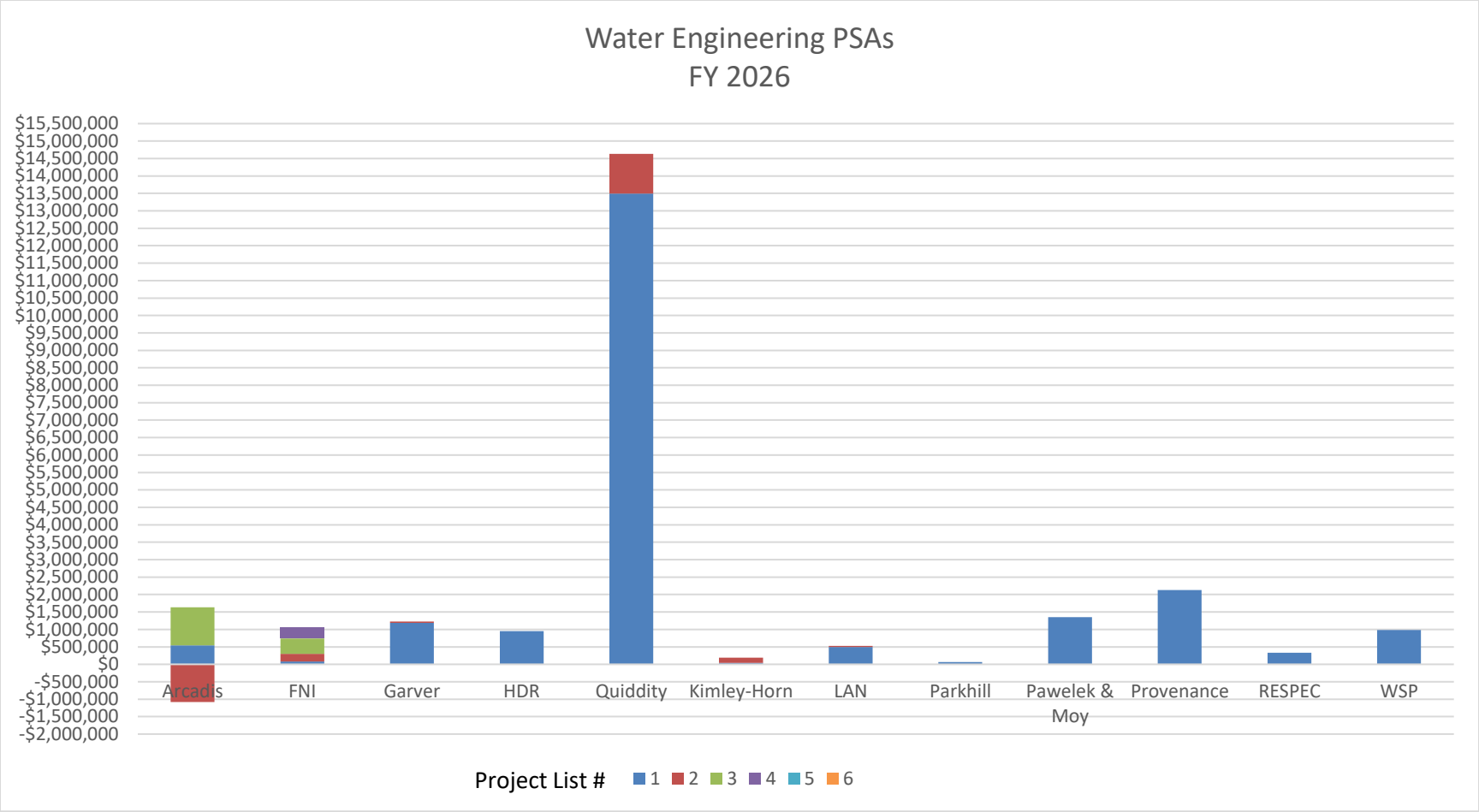


Exhibit A – Report for Water Engineering Contracts July 2026

| Project List # | Project | Vendor | Contract Amount | Board Date | Type of Contract | Comment | Executed Date |
|---|---|---|---|---|---|---|---|
| 1 | Kowald Lane Rehabilitation CNB | Lockwood, Andrews, and Newnam, Inc. (LAN) | 499,988.00 | NA | Engineering | PSA | 8/28/2025 |
| 2 | Infrastructure Replacement Package 2 (LAN) | Lockwood, Andrews, and Newnam, Inc. (LAN) | 27,057.00 | NA | Engineering | Amendment | 9/18/2025 |
| 1 | AC Pipe Replacement - Balcones Phase 2 | RESPEC Company LLC | 329,019.00 | NA | Engineering | PSA | 9/18/2025 |
| 1 | Saengerhalle North Interceptor | Kimley-Horn and Associates, Inc. | 39,000.00 | 9/25/2025 | Engineering | Amendment | 9/30/2025 |
| 1 | Gruene Rd Sewer Main Rehabilitation/Relocation | Freese and Nichols, Inc. (FNI) | 79,247.00 | 9/25/2025 | Engineering | Amendment | 9/30/2025 |
| 1 | Downtown to Loop PZ Conversion | Parkhill | 63,438.00 | NA | Engineering | Amendment | 11/13/2025 |
| 2 | FM 1101 Discharge Line | Freese and Nichols, Inc (FNI) | 221,384.00 | 12/18/2025 | Engineering | Amendment | 12/19/2025 |
| 3 | Senate Bill 3 EPP Generators Phase 3 | Freese and Nichols, Inc. (FNI) | 438,663.00 | NA | Engineering | PSA | 1/2/2026 |
| 2 | Central Downtown to Morningside PZ Conversion | Kimley-Horn and Associates, Inc. | 151,500.00 | 1/29/2026 | Engineering | Amendment | 2/2/2026 |
| 1 | Fredericksburg Interceptor | Pawelek & Moy, Inc. | 1,348,977.00 | 1/29/2026 | Engineering | Professional Service Agreement | 2/2/2026 |
| 1 | Gruene WRF Expansion | Quiddity Engineering, LLC | 13,491,000.00 | 1/29/2026 | Engineering | Professional Service Agreement | 2/2/2026 |
| 1 | Bretzke to Hoffman Discharge Line | Provenance Engineering | 2,132,000.00 | 2/26/2026 | Engineering | Professional Service Agreement | 2/27/2026 |
| 1 | Blieders Creek Interceptor | WSP USA Inc. | 982,510.00 | 2/26/2026 | Engineering | Professional Service Agreement | 2/27/2026 |

Exhibit A – Report for Water Engineering Contracts July 2026

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | South Kuehler Interceptor Phase 2 | HDR, Inc. | 953,852.00 | 3/26/2026 | Engineering | Professional Service Agreement | 3/27/2026 |
| 1 | Walnut Heights Wastewater Main | Garver, LLC | 1,187,364.00 | 3/26/2026 | Engineering | Professional Service Agreement | 3/27/2026 |
| 1 | Trinity Expansion Well Field | Arcadis, US, Inc. | 543,180.00 | 3/26/2026 | Engineering | Amendment | 3/27/2026 |
| 2 | SWTP Expansion - Water Supply Facilities | Arcadis, US, Inc. | (1,082,100.00) | 5/26/2026 | Engineering | Amendment | 5/28/2026 |
| 4 | North Hickory Sewer | Freese and Nichols, Inc. | 308,382.00 | NA | Engineering | Professional Service Agreement | 6/15/2026 |
| 2 | Gruene Lift Station Expansion | Garver, LLC | 39,786.00 | 6/25/2026 | Engineering | Amendment | 6/26/2026 |
| 3 | McKenzie WRF Expansion | Quiddity Engineering, LLC | 1,139,000.00 | 6/25/2026 | Engineering | Amendment | 6/26/2026 |
| 3 | Water Resource Plan | Arcadis, US, Inc. | 1,090,000.00 | 6/25/2026 | Engineering | Professional Service Agreement | 6/26/2026 |
| August 1, 2025, through August 15, 2026, Total | | | $23,983,247.00 | | | | |
| July 15, 2026, through August 15, 2026, Total | | | $0.00 | | | | |
| **Fiscal Year 2026 Total** | | | **$23,983,247.00** | | | | |

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items for Action |
| **From:** | Anna Melton<br>Procurement Manager | **Reviewed by:** | Kimberly DaCosta<br>Director of Financial Services |
| **Submitted by:** | Jessica Williams<br>Chief Financial Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Approve the Electric Line of Business Alternative Procurements from July 15, 2026, through August 15, 2026

## BACKGROUND

Section 252.022(c) of the Texas Local Government Code provides that a municipally owned electric utility may define, by resolution, an alternative procurement procedure for the purchase of goods and services related to the electric utility. On June 28, 2018, the Board of Trustees approved the NBU Purchasing Policy, by resolution, which defined a procedure for procurement of goods and services for NBU's electric line of business. The Purchasing Policy was later revised and approved on May 26, 2026. Among other conditions, the Purchasing Policy requires NBU staff to notify the Board of Trustees of any procurement over $250,000 that uses the electric line of business procurement procedure.

Listed below are the procurements, in excess of $250,000.00, submitted to the Procurement Manager for the period of July 15, 2026, through August 15, 2026, using the electric line of business alternative procurement process.

## FINANCIAL IMPACT

Electric Line of Business purchases more than $250,000.00:

- There were no Electric Line of Business purchases exceeding $250,000.00 during this period.

## LINK TO STRATEGIC PLAN

**Infrastructure and Technology**

**Stewardship**

## EXHIBITS

None

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items for Action |
| **From:** | Jessica Coleman<br>Financial Planning and Analysis Manager | **Reviewed by:** | John Warren<br>Director of Financial Planning and Analysis |
| **Submitted by:** | Jessica Williams<br>Chief Financial Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Adopt Resolution #R-2026-223 Recommending and Requesting that the New Braunfels City Council Issue a Resolution Declaring Expectation to Reimburse Expenditures Related to the Acquisition, Construction, and Equipping of NBU Capital Improvement Projects Paid in Fiscal Year 2027 with Proceeds of Future Debt; and Resolving other Matters in Connection Therewith

## BACKGROUND

New Braunfels Utilities ("NBU") may incur costs for capital projects, such as engineering, land acquisition, and construction, prior to issuing long-term debt. To preserve the ability to reimburse these expenditures with tax-exempt bond proceeds, federal regulations require formally declaring its intent to do so. Specifically, under U.S. Treasury Regulation § 1.150-2, issuers must adopt a resolution generally within 60 days of the original expenditure. This resolution allows the entity to later reimburse itself from bond proceeds, provided additional timing and eligibility requirements are met. Reimbursement generally must occur within 18 months after the latter of (1) the date the expenditure is paid or (2) the date the project is placed in service; but in no event more than 3 years after the original expenditure is paid. This action does not authorize the issuance of debt. The Bond issuance will require separate Board and City Council approval.

NBU adopted a fiscal year 2027 Capital Improvement Plan (CIP) that includes projects related to the acquisition, construction, and equipping of NBU utility system improvements. NBU plans to issue revenue bonds to fund a portion of the fiscal year 2027 CIP. NBU will make certain capital expenditures with respect to the CIP prior to issuance and desires and expects to reimburse the capital expenditures with proceeds of the revenue bonds. The maximum principal amount of the revenue bonds expected to be issued for the 2027 CIP is $155.0 million.

## FINANCIAL IMPACT

There is no immediate financial impact associated with this action. The resolution preserves NBU's ability to reimburse project expenditures from future bond proceeds, subject to subsequent Board and City Council approval of the debt issuance.

## LINK TO STRATEGIC PLAN

**Financial Excellence**

## EXHIBITS

1. Reimbursement Resolution #R-2026-223

**R-2026-223**

**A RESOLUTION OF THE BOARD OF TRUSTEES OF NEW BRAUNFELS UTILITIES RECOMMENDING AND REQUESTING THAT THE NEW BRAUNFELS CITY COUNCIL ISSUE A RESOLUTION DECLARING EXPECTATION TO REIMBURSE EXPENDITURES RELATED TO THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF NBU CAPITAL IMPROVEMENT PROJECTS PAID IN FISCAL YEAR 2027 WITH PROCEEDS OF FUTURE DEBT; AND RESOLVING OTHER MATTERS IN CONNECTION THEREWITH**

WHEREAS, pursuant to the authority contained in Texas Government Code, Section 1502.051 et seq. and by the Charter of the City of New Braunfels, Texas (the "City"), the complete management and control of the City's Waterworks, Sanitary Sewer and Electric Light and Power Systems (the "System"), during such time as the net revenues of the System may be encumbered pursuant to the ordinances authorizing the issuance of the City's outstanding revenue bonds, are vested in the Board of Trustees of the System (the "Board of Trustees"); and

WHEREAS, by virtue of the authority and power vested in the Board of Trustees with reference to the expenditure and application of the revenues of the System, it is necessary and proper for the Board of Trustees to formally request the City Council of the City to approve a resolution related to the reimbursement of capital expenditures with respect to the acquisition, construction, and equipping of capital improvement projects paid in fiscal year 2027 in an amount not to exceed $155,000,000 (collectively, the "Project") and to fund such reimbursement with the proceeds of tax-exempt obligations; and

WHEREAS, the Board of Trustees hereby finds and determines the best interest of the City and the System would be served by proceeding with the request to the City Council to proceed with the adoption of a reimbursement resolution.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF NEW BRAUNFELS UTILITIES:

SECTION 1: The City Council of the City of New Braunfels, Texas is hereby formally requested to authorize and approve the reimbursement resolution described in the preamble hereof by adopting a Resolution in substantially the form attached hereto as Exhibit A.

SECTION 2: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Board of Trustees.

SECTION 3: It is officially found, determined and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at said meeting, including this Resolution, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 4: This Resolution shall be in force and effect from and after its passage on the date shown below.

PASSED, APPROVED, AND ADOPTED, this 22nd day of September, 2026.

NEW BRAUNFELS UTILITIES

_____
Wayne Peters,
President, Board of Trustees
New Braunfels Utilities

ATTEST:

_____
Ryan Kelso,
Secretary to the Board
New Braunfels Utilities

**EXHIBIT A**

## RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEW BRAUNFELS, TEXAS DECLARING EXPECTATION TO REIMBURSE EXPENDITURES RELATED TO THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF NBU CAPITAL IMPROVEMENT PROJECTS PAID IN FISCAL YEAR 2027 WITH PROCEEDS OF FUTURE DEBT AND RESOLVING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE**

**WHEREAS**, the City of New Braunfels, Texas (the "Issuer") owns electric, water and wastewater systems, which are managed and operated by New Braunfels Utilities ("NBU"), a component unit of the Issuer;

**WHEREAS**, the Issuer intends to issue utility system revenue bonds (the "Obligations") for the acquisition, construction, and equipping of capital improvement projects paid in fiscal year 2027 (collectively, the "Project") to be occupied and used by NBU;

**WHEREAS**, NBU has made and will make certain capital expenditures with respect to the Project and desires and expects to reimburse the capital expenditures with proceeds of the Obligations;

**WHEREAS**, under Treas. Reg. § 1.150-2 (the "Regulation"), to fund such reimbursement with proceeds of tax-exempt obligations, the Issuer must declare its expectation to make such reimbursement; and

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NEW BRAUNFELS, TEXAS THAT** the Issuer reasonably expects to reimburse capital expenditures made by NBU with respect to the Project with proceeds of Obligations hereafter to be incurred by the Issuer, and that this resolution shall constitute a declaration of official intent under the Regulation. The maximum principal amount of obligations expected to be issued for the Project is $155,000,000.

PASSED AND ADOPTED this _____ day of _____, 2026.

**CITY OF NEW BRAUNFELS, TEXAS**

_____
**MICHAEL FRENCH,** Mayor

**ATTEST:**

_____
**GAYLE WILKINSON,** City Secretary

**APPROVED AS TO FORM:**

_____

_____, City Attorney

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items for Action |
| **From:** | Adam Willard, P.E.<br>Chief Engineer of Water Systems | **Reviewed by:** | Michael Short, P.E.<br>Director of Engineering |
| **Submitted by:** | Mark Steelman<br>Chief Operations Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Viking Painting LLC for the Construction of the Water Tank Rehabilitation Phase 2 – Newks Elevated Storage Tank Project in the Amount of $1,393,700.00 Plus a $140,000.00 Contingency for a Total Budgeted Amount Not to Exceed $1,533,700.00

## BACKGROUND

On July 2, 2026, New Braunfels Utilities ("NBU") issued a request for bids for the Water Tank Rehabilitation Phase 2 – Newks Elevated Storage Tank Project (the "Project"), which includes the following items within its scope: (i) full rehabilitation of the interior and exterior coating systems, including structural repairs and appurtenance replacement for the existing Newks 0.50 million gallon ("MG") composite elevated storage tank; (ii) civil site improvements including driveway overlay, overflow splash pad, altitude valve, gates, and fencing; (iii) electrical and instrumentation improvements and heat tracing; (iv) storm water pollution prevention plan; (v) site restoration; and (vi) all other appurtenances necessary to complete the Project. The Project will rehabilitate and replace aging infrastructure that has reached or exceeded its useful life, as well as improve facility access and operations.

On July 21, 2026, NBU received two (2) bids for the Project during the public bidding process. The Project team evaluated the bids and recommends the selection of Viking Painting LLC ("Viking Painting") for the Project. Viking Painting was selected as the respondent who provides the best value to NBU based on the selection criteria, the weighted value for those criteria, and the ranking evaluation, including their cost of work, proposed schedule, past performance on similar projects, overall qualifications, available resources, corporate history, and references. Viking Painting's proposal includes a base bid (plus add/alternates) of $1,393,700.00, which was the lowest base bid out of the two (2) respondents.

NBU staff requests that the Board of Trustees approve the Construction Contract Agreement (the "Contract") with Viking Painting for the Project.

This item is being presented to the Board because the total amount of this contract exceeds $250,000.00.

## FINANCIAL IMPACT

The total financial impact of the Contract with Viking Painting for the Project is $1,393,700.00. The Project is budgeted within the Fiscal Year 2027 NBU Board approved Capital Improvements Projects Budget. Anticipating the need for Project change orders, a contract contingency in the amount of $140,000.00, which is approximately 10% of the total contract amount, will be added to the Project construction budget. The total Contract amount plus contingency is $1,533,700.00.

The Project may be selected by the Texas Water Development Board ("TWDB") under the Water Supply and Infrastructure Grants ("WSIG") program. NBU submitted an application for consideration under the WSIG in July 2026 and is currently awaiting determination. If selected, the Project would be funded by the TWDB, with no repayment required. In the absence of approval within the WSIG program, the Project will be rate funded.

## LINK TO STRATEGIC PLAN

**Customers and Community**

**Infrastructure and Technology**

**Safety and Security**

## EXHIBITS

1. Construction Contract with Viking Painting

2. Bid Tabulation – (RFB 26-0132A)

| Bid Tabulation (RFB 26-0132A) | | |
|---|---|---|
| 1. | Viking Painting LLC | $1,393,700.00 |
| 2. | Blastco Texas, Inc. | $1,495,010.00 |

3. Bid Evaluation Matrix – Competitive Sealed Proposal (26-0132A)

| Bid Evaluation Matrix | | | |
|---|---|---|---|
| | | | |
| Item | Criteria | Viking Painting LLC | Blastco Texas, Inc. |
| 1. | Cost of the Work | 50.0 | 46.6 |
| 2. | Proposed Schedule / Contract Time | 15.0 | 0.0 |
| 3. | Overall Qualifications, Reputation, Past Relationship with NBU, and Public Owners | 7.0 | 5.0 |
| 4. | Past Performance on Similar Projects | 2.5 | 3.0 |
| 5. | Available Resources to Complete the Project | 1.5 | 1.0 |
| 6. | The Contractor's Corporate History and Stability | 1.3 | 0.3 |
| | Total Score | 77.3 | 55.9 |

**THIS AGREEMENT** (the "Agreement" or the "Contract") is between **NEW BRAUNFELS UTILITIES**, a Texas municipally owned utility ("NBU" or "Owner"), and **VIKING PAINTING LLC**, a Nebraska limited liability company authorized to transact business in the State of Texas (the "Contractor").

NBU and the Contractor, in consideration of the mutual covenants set forth herein, agree as follows:

## ARTICLE 1 - WORK

**1.01** The Contractor shall complete all Work as specified or indicated in the Contract Documents as listed below:

**Contract Agreement and the related Exhibits;**
**Modifications to the Agreement, agreed to after the Effective Date;**
**Standard General Conditions of the Contract;**
**Special Conditions;**
**Texas Water Development Board Supplemental Contract Conditions and Instructions for Construction Services for Water Supply and Infrastructure Grants;**
**Payment Bond;**
**Performance Bond;**
**Technical Specifications;**
**Addenda, issued prior to the Effective Date;**
**Technical Specifications issued by Freese and Nichols, Inc. dated June 3, 2026; and**
**Design Plans issued by Freese and Nichols, Inc. dated June 3, 2026.**

**1.02** The Work is generally described as follows:

**The Project includes the following items within its scope: (i) full rehabilitation of the interior and exterior coating systems, including structural repairs and appurtenance replacement for the existing Newks 0.50 million gallon ("MG") composite elevated storage tank; (ii) civil site improvements including driveway overlay, overflow splash pad, altitude valve, gates, and fencing; (iii) electrical and instrumentation improvements and heat tracing; (iv) storm water pollution prevention plan; (v) site restoration; and (vi) all other appurtenances necessary to complete the Project.**

## ARTICLE 2 - THE PROJECT

**2.01** The Project for which the Work under the Contract Documents may be the whole or only a part is generally described as follows**:**

**Tank Rehabilitation Phase 2 - Newks Elevated Storage Tank**

## ARTICLE 3 - ENGINEER

**3.01** The Project has been designed by:

**Dalton Warren, P.E.**
**Freese and Nichols, Inc.**
**1251 Sadler Drive Building 1, Suite 1150**
**San Marcos, Texas 78666**
**(512) 213-3200**

(the "Engineer"), who is to act as NBU's representative, assume all duties and responsibilities, and have the rights and authority assigned to the Engineer in the Contract Documents in connection with the completion of the Work in accordance with the Contract Documents.

## ARTICLE 4 - CONTRACT TIMES

**4.01** *Time of the Essence*

A. Time limits stated in the Contract Documents are of the essence of the Contract. In all aspects of the Work, including any time limits for Milestones, Substantial Completion, and Final Completion, time is of the essence of the Contract. Additionally, time limits stated in the Project Schedule are of the essence. By executing this Agreement, the Contractor confirms that the Contract Time is a reasonable period for performing the Work.

**4.02** *Days to Achieve Substantial Completion and Final Payment*

A. The Work shall be substantially complete within **one hundred eighty (180) calendar days from the Notice to Proceed date** and ready for final payment in accordance with Section 14.07 of the General Conditions within 30 calendar days after the substantially complete date.

**4.03** *Liquidated Damages*

A. The Contractor and NBU recognize that time is of the essence of this Agreement and that NBU will suffer financial loss if the Work is not completed within the times specified in Paragraph 4.02 above, plus any extensions thereof allowed in accordance with Article 12 of the General Conditions. The parties also recognize the delays, expense, and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by NBU if the Work is not completed on time. Accordingly, instead of requiring any such proof, NBU and the Contractor agree that as liquidated damages for delay (but not as a penalty), the Contractor shall pay to NBU **two thousand four hundred twenty-three dollars ($2,423.00)** per calendar day for each day that expires after the time specified in Paragraph 4.02 for Substantial Completion until the Work is substantially complete. After Substantial Completion, if the Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Time or any proper extension thereof granted by NBU, the Contractor shall pay to NBU **two thousand four hundred twenty-three dollars ($2,423.00)** per calendar day for each day that expires after the time specified in Paragraph 4.02 for completion and readiness for final payment until the Work is completed and ready for final payment.

**4.04** *Special Damages*

A. In addition to the amount provided for in liquidated damages, the Contractor shall reimburse NBU (1) for any fines or penalties imposed on NBU as a direct result of the Contractor's failure to attain Substantial Completion according to the Contract Times, and (2) for the actual costs reasonably incurred by NBU for engineering, construction observation, inspection, and administrative services needed after the time specified in Section 4.02 for Substantial Completion (as duly adjusted pursuant to the Contract), until the Work is substantially complete.

B. After Contractor achieves Substantial Completion, if the Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Times, the Contractor shall reimburse NBU for the actual costs reasonably incurred by NBU for engineering, construction observation, inspection, and administrative services needed after the time specified in Section 4.02 for Work to be completed and ready for final payment (as duly adjusted pursuant to the Contract), until the Work is completed and ready for final payment.

## ARTICLE 5 - CONTRACT PRICE

**5.01** NBU shall pay the Contractor for completion of the Work in accordance with the Contract Documents the amounts that follow, subject to adjustment under the Contract:

A. For all Work, at the prices stated in the Contractor's Bid Form, attached hereto as Exhibit B.

## ARTICLE 6 - PAYMENT PROCEDURES

**6.01** *Submittal and Processing of Payments*

A. The Contractor shall submit Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by the Engineer as provided in the General Conditions.

**6.02** *Progress Payments; Retainage*

A. NBU shall make progress payments on account of the Contract Price on the basis of the Contractor's Applications for Payment within 30 days of NBU's acceptance of the payment application:

1. Prior to Substantial Completion, NBU shall make progress payments in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as the Engineer may determine or NBU may withhold, including but not limited to liquidated damages, in accordance with Section 14.02 of the General Conditions:

    a. 95% (percent) of Work completed; and

    b. 95% (percent) of cost of materials and equipment not incorporated in the Work.

**6.03** *Final Payment*

A. Upon final completion and acceptance of the Work in accordance with Section 14.07 of the General Conditions, NBU shall pay the remainder of the Contract Price, including any retainage held, as recommended by the Engineer as provided in said Section 14.07 of the General Conditions.

## ARTICLE 7 – CONTRACTOR'S REPRESENTATIONS

**7.01** To induce NBU to enter into this Agreement, the Contractor makes the following representations:

A. The Contractor has examined and carefully studied the Contract Documents and the other related data identified in the Bidding Documents.

B. The Contractor has visited the Site and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.

C. The Contractor is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the Work.

D. The Contractor has obtained and carefully studied (or assumes responsibility for doing so) all examinations, investigations, explorations, tests, studies, and data concerning conditions (surface, subsurface, and Underground Facilities) at or contiguous to the Site that may affect cost, progress, or performance of the Work or which relate to any aspect of the means, methods, techniques, sequences, and procedures of construction to be employed by the Contractor, including any specific means, methods, techniques, sequences, and procedures of construction expressly required by the Bidding Documents, and safety precautions and programs incident thereto.

E. The Contractor does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.

F. The Contractor is aware of the general nature of work to be performed by NBU and others at the Site that relates to the Work as indicated in the Contract Documents.

G. The Contractor has correlated the information known to the Contractor, information and observations obtained from visits to the Site, reports and drawings identified in the Contract Documents, and all additional examinations, investigations, explorations, tests, studies, and data with the Contract Documents.

H. The Contractor has given the Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that the Contractor has discovered in the Contract Documents, and the written resolution thereof by the Engineer is acceptable to the Contractor.

I. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

## ARTICLE 8 - MISCELLANEOUS

**8.01** *Terms*

A. Terms used in this Agreement will have the meanings stated in the Standard General Conditions of the Contract.

**8.02** *Assignment of Contract*

A. No assignment by a party hereto of any rights under or interests in the Agreement will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically, but without limitation, money that may become due and money that is due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents. Should an assignment occur, the terms of this provision survive and control any further assignment by an assignee.

**8.03** *Successors and Assigns*

A. NBU and the Contractor each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

**8.04** *Severability*

A. Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon NBU and the Contractor, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

**8.05** *Governing Law*

A. The Contract shall be governed by the law of the State of Texas without regard to its conflict of law principles.

**8.06** *Venue*

A. This Agreement is entered into and performed in Comal County, Texas, and the Contractor and NBU agree that exclusive and mandatory venue for any legal action related to this Agreement shall be in the District Courts of Comal County, Texas.

**8.07** *Prohibition on Contracts with Companies Boycotting Israel*

A. The Contractor hereby verifies that it and its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement as described in Chapter 2271 of the Texas Government Code, as amended.

B. The foregoing verification is made solely to comply with Chapter 2271.002 of the Texas Government Code, as amended. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Contractor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Contractor and exists to make a profit.

**8.08** *Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited*

A. The Contractor represents that neither it nor any of its parent company, wholly or majority owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/publications/divestment.php.

B. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and excludes the Contractor and each of its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Contractor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Contractor and exists to make a profit.

**8.09** *Prohibition on Contracts with Companies in China, Iran, North Korea, or Russia*

A. If the Contractor is granted direct or remote access to or control of critical infrastructure in the State of Texas under this Agreement, the Contractor represents the following:

1. it is not owned by or the majority of stock or other ownership interest in the Contractor is not held or controlled by:

   a. individuals who are citizens of China, Iran, North Korea, Russia, or a country designated by the Governor of Texas as a threat to critical infrastructure under Section 2275.0103 of the Texas Government Code, as amended ("designated country"); or

   b. a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a designated country; or

2. it is not headquartered in China, Iran, North Korea, Russia, or a designated country.

B. The foregoing representation is made solely to comply with Chapter 2275 of the Texas Government Code, as amended. As used in the foregoing verification, "critical infrastructure" means a communication infrastructure system, cybersecurity system, electric grid, hazardous waste treatment system, or water treatment facility. "Affiliate," with respect to a company entering into an agreement in which the critical infrastructure is electric grid equipment, has the meaning assigned by the

protocols of the independent organization certified under Section 39.151, Utilities Code, for the ERCOT power region.

**8.10** *Prohibition on Contracts with Companies Boycotting Energy Companies*

A. The Contractor hereby verifies that it and its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, to the extent this Agreement is a contract for goods or services, will not boycott energy companies during the term of this Agreement as described in Chapter 2276 of the Texas Government Code, as amended.

B. The foregoing verification is made solely to comply with Section 2276.002 of the Texas Government Code, as amended. As used in the foregoing verification, "boycott energy companies" has the meaning used in Section 809.001 of the Texas Government Code, as amended. The Contractor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Contractor and exists to make a profit.

**8.11** *Prohibition on Contracts with Companies that Discriminate Against Firearm and Ammunition Industries*

A. The Contractor hereby verifies that it and its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, to the extent this Agreement is a contract for goods or services, will not discriminate against a firearm entity or firearm trade association during the term of this Agreement as described in Chapter 2274 of the Texas Government Code, as amended.

B. The foregoing verification is made solely to comply with Section 2274.002 of the Texas Government Code, as amended. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning used in Section 2274.001(3) of the Texas Government Code, as amended. The Contractor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Contractor and exists to make a profit.

**8.12** *Texas Public Information Act*

A. The Contractor recognizes that this Project is publicly owned, and NBU is subject to the disclosure requirements of the Texas Public Information Act (the "PIA"). As part of its obligations within the Contract Documents, the Contractor agrees, at no additional cost to NBU, to cooperate with NBU for any particular needs or obligations arising out of NBU's obligations under the PIA. This acknowledgment and obligation are in addition to and complementary to NBU's audit rights.

B. This provision applies if the Agreement has a stated expenditure of at least $1 million in public funds for the purchase of goods or services by NBU or results in the expenditure of at least $1 million in public funds for the purchase of goods or services by NBU in a fiscal year of NBU.

C. The Contractor must

1. preserve all contracting information related to the Agreement as provided by the records retention requirements applicable to NBU for the duration of the Agreement;
2. promptly provide to NBU any contracting information related to the Agreement that is in the custody or possession of the Contractor on request of NBU; and
3. on completion of the Agreement, either:
   a. provide at no cost to NBU all contracting information related to the Agreement that is in the custody or possession of the Contractor; or

b. preserve the contracting information related to the Agreement as provided by the records retention requirements applicable to NBU.

D. The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Agreement and the Contractor agrees that the Agreement can be terminated if the Contractor knowingly or intentionally fails to comply with a requirement of that subchapter.

**8.13** *Electronic Signatures*

A. Pursuant to Chapter 322 of the Texas Business and Commerce Code, as amended, the parties agree to the use of electronic signatures herein and that the use of an electronic signature, whether digital or encrypted, is intended to have the same force and effect as a manual signature. Electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. Each party further agrees that if it agrees to conduct a transaction by electronic means in this Agreement, it may refuse to conduct other transactions by electronic means and that such right may not be waived by this Agreement.

**8.14** *Contingent Award of Contract*

A. This Agreement is contingent upon the release of funds from the Texas Water Development Board (TWDB). The Agreement is expected to be funded, in part, by a loan or grant from the TWDB. Neither the State of Texas, nor any of its departments, agencies, or employees is, or will be, a party to this Agreement.

**8.15 Contractor Statement of Understanding**

A. The Contractor acknowledges to and for the benefit of the Owner ("Purchaser") that it understands the goods and services provided under this Agreement are being funded in whole or in part with monies made available through the Water Supply and Infrastructure Grants appropriated for water supply and infrastructure projects through House Bill 500, passed during the 89th Legislative Session. The State of Texas statutory requirements commonly known as "United States Iron and Steel" that requires all of the iron and steel products used in the project to be produced in the United States ("United States Iron and Steel Requirement") including iron and steel products provided by the Contractor pursuant to this Agreement. The Contractor hereby represents and warrants to and for the benefit of the Owner, that (a) the Contractor has reviewed and understands the United States Iron and Steel Requirement, (b) all of the iron and steel products used in the project will be and/or have been produced in the United States in a manner that complies with the United States Iron and Steel Requirement, unless a waiver of the requirement is approved, and (c) the Contractor will provide any further verified information, certification or assurance of compliance with this paragraph, or information necessary to support a waiver of the United States Iron and Steel Requirement, as may be requested by the Owner. Notwithstanding any other provision of this Agreement, any failure to comply with this paragraph by the Contractor shall permit the Owner to enforce this Agreement and recover as damages against the Contractor any loss, expense, or cost (including without limitation attorney's fees) incurred by the Owner resulting from any such failure (including without limitation any impairment or loss of funding, whether in whole or in part, from the TWDB or any damages owed to the Owner.

In the execution of the Contract, the Contractor shall be familiar with and at all times shall observe and comply with all applicable federal, state, and local laws, ordinances and regulations concerned with the use of iron and steel.

## ARTICLE 9 - INSURANCE

**9.01** *Evidence of the Contractor's Insurance*

A. Before any Work at the Site may commence, Contractor shall deliver to NBU the certificates of insurance and policy endorsements pages for all insurance policies required to be provided by the Contractor in accordance with the Insurance Rider that is Exhibit A to this Agreement.

**Exhibit A – Insurance Rider**

**Exhibit B – Contractor's Bid Form**

**Exhibit C - Texas Water Development Board Supplemental Contract Conditions and Instructions for Construction Services for Water Supply and Infrastructure Grants**

IN WITNESS WHEREOF, NBU and the Contractor have signed this Agreement in duplicate. One counterpart each has been delivered to NBU and the Contractor. All portions of the Contract Documents have been signed or identified by NBU and the Contractor or on their behalf.

This Agreement will be effective on _____, _____ (which is the Effective Date of the Agreement).

NEW BRAUNFELS UTILITIES, a Texas municipally owned utility:

By:_____

Printed Name: Ryan Kelso

Title: Chief Executive Officer

[CORPORATE SEAL]

Attest:_____

Title:_____

Address for giving notices:

_____

_____

_____

(If NBU is a corporation, attached evidence of authority to sign. If NBU is a public body, attach evidence of authority to sign and resolution or other documents authorizing execution of NBU-Contractor Agreement.)

VIKING PAINTING LLC, a Nebraska limited liability company authorized to transact business in the state of Texas:

By:_____

Printed Name:_____

Title:_____

[CORPORATE SEAL]

Attest:_____

Title:_____

Address for giving notices:

_____

_____

_____

License No.:_____
(Where Applicable)

Agent for service or process:

_____
(If the Contractor is a corporation or a partnership, attach evidence or authority to sign.)

**END OF DOCUMENT**

**Exhibit A to Contract Agreeme**
**Owner's Insurance Requirements of Contractor**

1. **Specific Insurance Requirements**
The following insurance shall be maintained in effect with limits not less than those set forth below at all times during the term of this Agreement and thereafter as required:

| Insurance | Coverage/Limits | Other Requirements |
|---|---|---|
| Commercial General Liability (Occurrence Basis) | Amounts of coverage shall be no less than:<br>▪ $1,000,000 Per Occurrence<br>▪ $2,000,000 General Aggregate<br>▪ $2,000,000 Products/Completed Operations Aggregate<br>▪ $1,000,000 Personal And Advertising Injury<br>▪ Designated Construction Project(s) General Aggregate Limit | ▪ Current ISO edition of CG 00 01<br>▪ Additional insured status shall be provided in favor of Owner Parties on a combination of ISO forms CG 20 10 10 01 and CG 20 37 10101 or an equivalent.<br>▪ This coverage shall be endorsed to provide primary and non-contributing liability coverage. It is the intent of the parties to this Agreement that all insurance coverage required herein shall be primary to and will not seek contribution from any other insurance held by Owner Parties, with Owner Parties' insurance being excess, secondary and non-contributing.<br>▪ Stop Gap coverage shall be provided if any work is to be performed in a monopolistic workers' compensation state.<br>▪ The following exclusions/limitations (or their equivalent(s), are prohibited:<br>o Contractual Liability Limitation CG 21 39<br>o Amendment of Insured Contract Definition CG 24 26<br>o Exclusion-Damage to Work Performed by Subcontractors On Your Behalf, CG 22 94 or CG 22 95<br>o Any Classification limitation<br>o Any Construction Defect Completed Operations exclusion<br>o Any endorsement modifying the Employer's Liability exclusion or deleting exception to it<br>o Any endorsement modifying or deleting Explosion, Collapse or Underground coverage<br>o Any Habitational or Residential exclusion applicable to the Work<br>o Any "Insured vs. Insured" exclusion except Named Insured vs. Named Insured<br>o Any Punitive, Exemplary or Multiplied Damages exclusion<br>o Any Subsidence exclusion |

| | | |
|---|---|---|
| Business Auto Liability | Amount of coverage shall be no less than:<br>▪ $1,000,000 Combined Single Limit | ▪ Current ISO edition of CA 00 01<br>▪ Arising out of any auto (Symbol 1), including owned, hired and non-owned |
| Workers' Compensation and Employer's Liability | Amounts of coverage shall be no less than:<br>▪ Statutory Limits<br>▪ $1,000,000 Each Accident and Disease<br>▪ Alternate Employer endorsement | ▪ The State in which work is to be performed must listed under Item 3.A. on the Information Page<br>▪ Such insurance shall cover liability arising out of the Contractor's employment of workers and anyone for whom the Contractor may be liable for workers' compensation claims. Workers' compensation insurance is required, and no "alternative" forms of insurance shall be permitted.<br>▪ Where a Professional Employer Organization (PEO) or "leased employees" are utilized, Contractor shall require its leasing company to provide Workers' Compensation insurance for said workers and such policy shall be endorsed to provide an Alternate Employer endorsement in favor of Contractor and Owner. Where Contractor uses leased employees with Workers' Compensation insurance provided by a PEO or employee leasing company, Contractor is strictly prohibited from subletting any of its work without the express written agreement of Owner. |
| Excess Liability (Occurrence Basis) | Amounts of coverage shall be no less than:<br>▪ $5,000,000 Each Occurrence | ▪ Coverage shall "follow form" over underlying policies listed herein. |
| Professional Liability | Amounts of coverage shall be no less than:<br>▪ $1,000,000 Each Claim<br>▪ $2,000,000 Annual Aggregate<br>▪ If a combined Contractor's Pollution Liability and Professional Liability policy is utilized, the limits shall be $3,000,000 Each Claim.<br>▪ Such insurance shall cover all services rendered by the Contractor and its consultants under the Agreement, including but not limited to design or design/build services.<br>▪ Policies written on a Claims-Made basis shall be maintained for at least two years beyond termination of the Agreement. | ▪ Such insurance shall cover all services rendered by the Contractor and its subcontractors under the Agreement.<br>▪ This insurance is not permitted to include any type of exclusion or limitation of coverage applicable to claims arising from:<br>o bodily injury or property damage where coverage is provided on behalf of design professionals or design/build contractors<br>o habitational or residential operations<br>o mold and/or microbial matter and/or fungus and/or biological substance<br>▪ Any retroactive date must be effective prior to beginning of services for the Owner.<br>▪ Policies written on a Claims-Made basis shall have an extended reporting period of at least two years beyond termination of the Agreement. Contractor shall trigger the extended reporting period if identical |

| | | |
|---|---|---|
| | | coverage is not otherwise maintained with the expiring retroactive date. |
| ~~Contractors Pollution Liability~~ | ~~Amounts of coverage shall be no less than:~~<br>~~▪ $1,000,000 Each Claim~~<br>~~▪ If a combined Contractor's Pollution Liability and Professional Liability policy is utilized, the limits shall be $3,000,000 Each Claim.~~<br>~~▪ The policy must provide coverage for:~~<br>~~○ the full scope of the named insured's operations (on-going and completed) as described within the scope of work for this Agreement~~<br>~~○ loss arising from pollutants including but not limited to fungus, bacteria, biological substances, mold, microbial matter, asbestos, lead, silica and contaminated drywall~~<br>~~○ third party liability for bodily injury, property damage, clean up expenses, and defense arising from the operations;~~<br>~~○ diminution of value and Natural Resources damages~~<br>~~○ contractual liability~~<br>~~○ claims arising from non-owned disposal sites utilized in the performance of this Agreement.~~ | ~~▪ The policy must insure contractual liability, name Owner Parties as an Additional Insured, and be primary and noncontributory to all coverage available to the Additional Insured.~~<br>~~▪ This insurance is not permitted to include any type of exclusion or limitation of coverage applicable to claims arising from:~~<br>~~○ Insured vs. insured actions. However exclusion for claims made between insured within the same economic family are acceptable.~~<br>~~○ impaired property that has not been physically injured~~<br>~~○ materials supplied or handled by the named insured. However, exclusions for the sale and manufacture of products are allowed. Exclusionary language pertaining to materials supplied by the insured shall be reviewed by the certificate holder for approval.~~<br>~~○ property damage to the work performed by the contractor~~<br>~~○ faulty workmanship as it relates to clean up costs~~<br>~~○ work performed by subcontractors~~<br>~~▪ If coverage is provided on a Claims Made basis, coverage will at least be retroactive to the earlier of the date of this Agreement or the commencement of contractor services relation to the Work.~~<br>~~▪ The policy will offer an extended discovery or extended reporting clause of at least three (3) years.~~<br>~~▪ Completed Operations coverage shall be maintained through the purchase of renewal policies to protect the insured and additional insured for at least two (2) years after the property owner accepts the project or this contract is terminated. The purchase of an extended discovery period or an extended reporting period on a Claims Made policy or the purchase of occurrence-based Contractors Environmental Insurance will not be sufficient to meet the terms of this provision.~~ |
| Builders Risk | ▪ Coverage shall be provided in an amount equal at all times to the full contract value, including change orders, and cost of debris removal for any single occurrence. | ▪ Insureds shall include Owner Parties, General Contractor, all Loss Payees and Mortgagees, and subcontractors of all tiers in the Work as Insureds. |

| | | |
|---|---|---|
| | ▪ Coverage shall be at least as broad as an unmodified ISO Special form, shall be provided on a completed-value basis, and shall be primary to any other insurance coverage available to the named insured parties, with that other insurance being excess, secondary and non-contributing.<br>▪ The policy must provide coverage for:<br>○ Agreed Value — Included<br>○ Damage arising from error, omission or deficiency in construction methods, design, specifications, workmanship or materials, including collapse — Included<br>○ Debris removal additional limit — $1,000,000<br>○ Earthquake and Earthquake Sprinkler Leakage — $5,000,000<br>○ Flood — Included<br>○ Freezing — Included<br>○ Mechanical breakdown including hot & cold testing — $1,000,000<br>○ Ordinance or law — $ 25,000<br>○ Pollutant clean-up and removal — Included<br>○ Preservation of property — Included<br>○ Theft — $10,000<br>• Deductible shall not exceed — 2% subject to $50,000 minimum<br>○ All Risks of Direct Damage, Per Occurrence, except — $100,000<br>○ Named Storm — $100,000<br>○ Earthquake and Earthquake Sprinkler Leakage, Per Occurrence<br>○ Flood, Per Occurrence or excess of NFIP if in Flood Zone A or V | ▪ Such insurance shall cover:<br>○ all structure(s) under construction, including retaining walls, paved surfaces and roadways, bridges, glass, foundation(s), footings, underground pipes and wiring, excavations, grading, backfilling or filling;<br>○ all temporary structures (e.g., fencing, scaffolding, cribbing, false work, forms, site lighting, temporary utilities and buildings) located at the site;<br>○ all property including materials and supplies on site for installation;<br>○ all property including materials and supplies at other locations but intended for use at the site;<br>○ all property including materials and supplies in transit to the site for installation by all means of transportation other than ocean transit; and<br>○ other Work at the site identified in the Agreement to which this Exhibit is attached.<br>• No protective safeguard warranty shall be permitted.<br>• The termination of coverage provision shall be endorsed to permit occupancy of the covered property being constructed. This insurance shall be maintained in effect, unless otherwise provided for the Agreement Documents, until the earliest of:<br>○ the date on which all persons and organizations who are insureds under the policy agree that it shall be terminated;<br>○ occupancy, in whole or in part;<br>○ the date on which release of substantial completion is executed; or<br>○ the date on which the insurable interests of Contractor in the Covered Property has ceased.<br>• A waiver of subrogation provision shall be provided in favor of all insureds listed above. |

## 2. General Insurance Requirements

**A. Definitions. For purposes of this Agreement:**

i. "ISO" means Insurance Services Office.
ii. "Contractor" shall include the Builder and its subcontractors of any tier.
iii. "Owner Parties" means (a) New Braunfels Utilities (collectively referred to as "Owner"), (b) the Project, (c) any lender whose loan is secured by a lien against the Work, (d) their respective shareholders, members, partners, joint venturers, affiliates, subsidiaries, successors and assigns, (e) any directors, officers, employees, or agents of such persons or entities, and (f) others as required by the Contract Documents.

**B. Policies.**

i. Contractor shall maintain such Excess Liability, Professional and Pollution insurance in identical coverage, form and amount, including required endorsements, for at least two (2) years following Date of Substantial Completion of the Work to be performed under this Agreement. Contractor shall maintain such General Liability insurance in identical coverage, form and amount, including required endorsements, for at least ten (10) years following Date of Substantial Completion of the Work to be performed under this Agreement. Contractor shall provide written representation to Owner stating Work completion date.
ii. All policies must:
   a. Be written through insurance companies authorized to do business in the State in which the work is to be performed and rated no less than A-: VII in the most current edition of A. M. Best's Key Rating Guide at all times Work is to be performed.
   b. Provide a waiver of subrogation in favor of Owner Parties on all insurance coverage carried by Contractor, whether required herein or not.
   c. Contain an endorsement providing for thirty (30) days prior written notice of cancellation to Owner.
   d. Be provided to the Owner Parties in compliance with the requirements herein and shall contain no endorsements that restrict, limit, or exclude coverage required herein in any manner without the prior express written approval of the Owner.
iii. Failure of any Owner Party to demand such certificate or other evidence of full compliance with these insurance requirements or failure of any Owner Party to identify a deficiency from evidence that is provided shall not be construed as a waiver of the Contractor's obligation to maintain such insurance.
iv. The Owner shall have the right to prohibit the Contractor or any subcontractor from performing any Work until such certificate of insurance, evidence of insurance and/or required endorsements are received and approved by the Owner.

**C. Limits, Deductibles and Retentions**

i. No deductible or self-insured retention shall exceed $25,000 without prior written approval of the Owner, except as otherwise specified herein. All deductibles and/or retentions shall be paid by, assumed by, for the account of, and at the Contractor's sole risk.

D. **Evidence of Insurance.**

The Contractor shall furnish evidence of insurance to NBU that confirms all required insurance policies are in full force and effect. Evidence of insurance shall be in a form acceptable to NBU.
Insurance must be evidenced as follows:

i. ACORD Form 25 Certificate of Liability Insurance for liability coverages.
ii. ACORD Form 28 Evidence of Commercial Property Insurance for property coverages.
iii. Evidence shall be provided to Owner prior to commencing Work and prior to the expiration of any required coverage.
iv. ACORD Forms specify:
   a. Owner as certificate holder at Owner's mailing address;

b. Insured's name, which must match that on this Agreement;
c. Insurance companies producing each coverage and the policy number and policy date of each coverage;
d. Producer of the certificate with correct address and phone number and have the signature of the authorized representative of the producer;
e. Additional Insured status in favor of Owner Parties;
f. Amount of any deductible or self-insured retention in excess of $25,000;
g. Designated Construction Project(s) General Aggregate Limit;
h. Primary and non-contributory status;
i. Waivers of subrogation; and
j. All exclusions and limitations added by endorsement to the General Liability coverage. This can be achieved by attachment of the Schedule of Forms and Endorsements page.

v. Copies of the following shall also be provided:
a. General Liability Additional insured endorsement(s);
b. General Liability Schedule of Forms and Endorsements page(s); and
c. 30 Day Notice of Cancellation endorsement applicable to all required policies.

**E. Contractor Insurance Representations to Owner Parties**

i. It is expressly understood and agreed that the insurance coverages required herein (a) represent Owner Parties' minimum requirements and are not to be construed to void or limit the Contractor's indemnity obligations as contained in this Agreement; and (b) are being, or have been, obtained by the Contractor in support of the Contractor's liability and indemnity obligations under this Agreement.
ii. Failure to obtain and maintain the required insurance shall constitute a material breach of, and default under, this Agreement. In the event of any failure by the Contractor to comply with the provisions of this Agreement, the Owner may, without in any way compromising or waiving any right or remedy at law or in equity, on notice to the Contractor, purchase such insurance and offset all costs and expenses from the Contract Sum. Owner's exercise of this right shall not relieve or excuse Contractor from the obligation to obtain and maintain such insurance amounts and coverages.
iii. This Exhibit is an independent contract provision and shall survive the termination or expiration of the Contract Agreement.

**F. Insurance Requirements of Contractor's Subcontractors**

i. Insurance similar to that required of the Contractor shall be provided by all subcontractors (or provided by the Contractor on behalf of subcontractors) to cover operations performed under any subcontract agreement. The Contractor shall be held responsible for any modification in these insurance requirements as they apply to subcontractors. The Contractor shall maintain certificates of insurance from all subcontractors containing provisions similar to those listed herein (modified to recognize that the certificate is from subcontractor) enumerating, among other things, the waivers of subrogation, additional insured status, and primary liability as required herein, and make them available to the Owner upon request.
ii. The Contractor is fully responsible for loss and damage to its property on the site, including tools and equipment, and shall take necessary precautions to prevent damage to or vandalism, theft, burglary, pilferage and unexplained disappearance of property. Any insurance covering the Contractor's or its subcontractor's property shall be the Contractor's and its subcontractor's sole and complete means or recovery for any such loss. To the extent any loss is not covered by said insurance or subject to any deductible or co-insurance, the Contractor shall not be reimbursed for same. Should the Contractor or its subcontractors choose to self-insure this risk, it is expressly agreed that the Contractor hereby waives, and shall cause its subcontractors to waive, any claim for damage or loss to said property in favor of the Owner Parties.

**G. Use of the Owners Equipment**

The Contractor, its agents, employees, subcontractors or suppliers shall use the Owners equipment only with express written permission of the Owners designated representative and in accordance with the Owners terms and condition for such use.

**H. Release and Waiver**

The Contractor hereby releases, and shall cause its subcontractors to release, the Owner Parties from any and all claims or causes of action whatsoever which the Contractor and/or its subcontractors might otherwise now or hereafter possess resulting in or from or in any way connected with any loss covered by insurance, whether required herein or not, or which should have been covered by insurance required herein, including the deductible and/or uninsured portion thereof, maintained and/or required to be maintained by the Contractor and/or its subcontractors pursuant to this Agreement. **THE FOREGOING RELEASE AND WAIVER APPLY EVEN IF THE LOSS OR DAMAGE IS CAUSED IN WHOLE OR IN PART BY THE FAULT OR NEGLIGENCE OR STRICT LIABILITY OF THE OWNER PARTIES.**

**Exhibit B to Contract Agreement**
**Bidding Requirements, Contract Forms & Conditions of the Contract**
**BID FORM**

New Braunfels Utilities
355 FM 306
New Braunfels, TX 78130

**PROJECT**: Tank Rehabilitation Phase 2 - Newks Elevated Storage Tank

1. The undersigned BIDDER proposes and agrees, if this Bid is accepted, to enter into an agreement with New Braunfels Utilities ("NBU") in the form included in the Contract Documents to perform and furnish all Work as specified or indicated in the Contract Documents for the Contract Price and within the Contract Time indicated in this Bid and in accordance with the other terms and conditions of the Contract Documents.
2. BIDDER accepts all the terms and conditions of the Request for Proposal, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to RFP: evaluation and ranking for forty-five (45) days after the day of Bid opening. BIDDER will sign and submit the Agreement with the Bonds and other Documents required by the Bidding Requirements within ten (10) days after the date of NBU's Notice of Award.
3. In submitting this bid, BIDDER represents, as more fully set forth in the Agreement, that:
   a) BIDDER has examined copies of all the Bidding Documents and of all addenda.
   b) BIDDER has familiarized itself with the nature and extent of the Contract Documents, Work, Site, locality and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance, or furnishing of the work.
   c) BIDDER has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests and studies that pertain to the subsurface of physical conditions at the site or otherwise may affect the cost, progress, performance or furnishing of Work as BIDDER considers necessary for the performance or finishing of the Work at the Contract Price, within the Contract Time and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Section 4.02 of the Standard General Conditions of the Contract; and no additional examinations, investigations, explorations, tests, reports, or similar information or data are or will be required by BIDDER for such purposes.
   d) BIDDER has reviewed and checked all information and data shown or indicated on the Contract Documents with respect to existing Underground Facilities at or contiguous to the site and assumed responsibility for the accurate location of said Underground Facilities. No additional examinations, investigations, explorations, tests, reports or similar information or data in respect of said Underground Facilities are or will be required by the BIDDER in order to perform and furnish the Work at the Contract Price, within the Contract Time and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Section 4.04 of the Standard General Conditions of the Contract.
   e) BIDDER has correlated the results of all such observations, examinations, investigations, explorations, tests, reports, and studies with the terms and conditions of the Contract Documents.
   f) BIDDER has given OWNER written notice of all conflicts, errors or discrepancies that it has discovered in the Contract Documents and the written resolution thereof by OWNER is acceptable by BIDDER.
   g) The Bid is genuine and not made in the interest of or on behalf of any undisclosed person, firm, or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; BIDDER has not directly or indirectly induced or solicited any other BIDDER to submit a false or sham Bid; BIDDER has no solicited or induced any person, firm or corporation to refrain from bidding; and BIDDER has not sought by collusion to obtain for itself any advantage over any other BIDDER or over NBU.

4. BIDDER will complete the Work for the following prices:

**General Items**

| ITEM # | DESCRIPTION | UNIT | QUANTITY | UNIT COST, $ | TOTAL, $ |
|---|---|---|---|---|---|
| A-01 | Mobilization (not to exceed 5%) | LS | 1 | $52,400.00 | $52,400.00 |
| A-02 | Elevated Storage Tank Rehabilitation | LS | 1 | $391,900.00 | $391,900.00 |
| A-03 | Interior Coating Improvements | LS | 1 | $234,100.00 | $234,100.00 |
| A-04 | Exterior Coating Improvements | LS | 1 | $287,900.00 | $287,900.00 |
| A-05 | Electrical and Instrumentation Improvements | LS | 1 | $185,100.00 | $185,100.00 |
| A-06 | Site Civil Improvements | LS | 1 | $65,500.00 | $65,500.00 |

**Add/Alternates**

| ITEM # | DESCRIPTION | UNIT | QUANTITY | UNIT COST, $ | TOTAL, $ |
|---|---|---|---|---|---|
| F-01 | Additional Grinding | MH | 100 | $150.00 | $15,000.00 |
| F-02 | Miscellaneous Welding | MH | 200 | $220.00 | $44,000.00 |
| F-03 | Seam Welding | LF | 150 | $75.00 | $11,250.00 |
| F-04 | Pit Welding | SQ IN | 100 | $50.00 | $5,000.00 |
| F-05 | Patch Plate (6”-12” square or round) | EA | 50 | $125.00 | $6,250.00 |
| F-06 | 12" Altitude Valve | EA | 1 | $95,300.00 | $95,300.00 |

**TOTAL BASE BID** $ 1,216,900.00

**TOTAL ADD/ALTERNATES:** $ 176,800.00

**TOTAL BASE BID + ADD/ALTERNATES:** $ 1,393,700.00

5. BIDDER agrees that the Work will be substantially complete and ready for final payment in accordance with Section 14.07 of the Standard General Conditions of the Contract within the Calendar days indicated in the Agreement. BIDDER accepts the provisions of the Agreement as to liquidated damages and special damages in the event of failure to complete the Work on time.
6. The following documents are attached to and made a condition of this Bid:
   a) Required Bid security of five percent (5%) of the Bidder's maximum base bid price and in the form of approved Bid Bond.
   b) List of BIDDER's primary Subcontractors and Suppliers for the Work. Any changes in the Subcontractor and Supplier list shall require additional approval by OWNER prior to contract execution.
7. Communication concerning this Bid shall be addressed to:
   New Braunfels Utilities
   Purchasing Manager
   355 FM 306
   New Braunfels, TX 78130
   Phone: 830-608-8867
   Email: Purchasing@NBUTexas.com
8. The terms used in this Bid that are defined in the Standard General Conditions of the Contract included as part of the Contract Documents have the meanings assigned to them in the Standard General Conditions of the Contract.
9 The undersigned acknowledges receipt of the following addenda:

   Addendum No. 1 dated July 15th, 2026 Received July 15th, 2026
   Addendum No. 2 dated _____ Received _____
   Addendum No. 3 dated _____ Received _____

**Exhibit B to Contract Agreement**
**Bidding Requirements, Contract Forms & Conditions of the Contract**
**BID FORM**

NA
Secretary, *if bidder is a corporation

(Seal)

Viking Painting LLC
Company Name of Bidder

Authorized Signature

July 20th, 2026
Date

John Snodgrass, Vice President
Printed Name of Authorized Signature

Copy of Corporate Resolution and minutes with certificate of officer of bidder as to authority of signatory to bind bidder is to be signed and dated no earlier than one week before bid date, and attached to this document

10905 Harrison Street
La Vista, NE 68128
Address

833-847-8265
Telephone Number/Fax Number

**END OF DOCUMENT**

# Texas Water Development Board

# Supplemental Contract Conditions and Instructions for Construction Services

# for

# Water Supply and Infrastructure Grants

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**Forms and Guidance:**

The Texas Water Development Board (TWDB) forms and guidance documents noted in this instruction document may be accessed through the TWDB's Financial Assistance web site at: http://www.twdb.texas.gov/financial/instructions/index.asp

Search by either the document number or name.

# I. INSTRUCTIONS TO APPLICANT

## 1. Applicability

These Supplemental Conditions contain provisions that are worded to comply with statutes and regulations that apply only to projects associated with Water Supply and Infrastructure Grants (WSIG) appropriated from House Bill 500, passed during the 89th Legislative Session.

NOTES:

- Tex. Water Code § 17.183 does not apply to the WSIG; however, the U.S. Iron Steel (USIS) provisions in Texas Government Code, Chapter 2252, Subchapter G may apply to certain projects funded through the WSIG. See TWDB-1105 for more information regarding USIS requirements.

## 2. Use of Conditions

The language and conditions listed under ***Section II: Instructions to Bidders*** are to be included in the instructions to bidders for construction services. The provisions listed under ***Section III: Supplemental Contract Conditions*** shall be included in their entirety with the other general and special conditions typically included in the construction contract documents by the Engineer[1].

## 3. Modifications to Provisions

The Applicant may need to modify certain provisions to better align with the other provisions of the construction contract; however, everything herein must be included in the contract documents. The Applicant and the Engineer should carefully study these provisions before incorporating them into the construction contract documents. In particular, Water Districts and other types of Districts should be aware of statutes relating to their creation and operation that may affect the application of these conditions. **The Applicant should consult the TWDB Project Engineer/Reviewer if a modification to any part of these provisions is needed.**

Section III, Supplemental Condition No. 13 (Archeological Discoveries and Cultural Resources) and Section III Supplemental Condition No. 14 (Threatened and Endangered Species) may be superseded or modified by project-specific environmental conditions established during the environmental review process.

These documents may impose duties and responsibilities on the Engineer that exceed, or fall short of, those the Applicant intends to delegate. The Applicant should ensure that the contractual agreement with the Engineer provides for the appropriate scope of services. Otherwise, the Applicant should revise the wording in these special conditions to align with the functions actually delegated.

[1] Throughout this document "Engineer" is used to mean Design Engineer/Engineer of Record, Prime Engineer, Consulting Engineer, or Owner's Engineer, depending on the contract type between the Applicant and the Engineer and depending on the phase of the project (i.e., planning, design, or construction).

## 4. Good Business Practices

There are additional contract provisions that the Applicant and Engineer need to include as a matter of good business practice. It is recommended that provisions addressing the following matters be included in the construction contract:

(a) Specifying the time frame for completing the construction of the project and the consequences of not completing the construction on time, including liquidated damages.

(b) Specifying the type, dollar value, and required documentation of insurance the Contractor is to carry. At a minimum, the Contractor should carry workers' compensation, liability and builder's risk insurance that meet the State statutory limits.

(c) Identifying the responsibility of the Contractor, including warranty of work.

(d) Price reductions for defective pricing of negotiated costs.

(e) Differing site conditions - notice requirements and claims procedures regarding site conditions that differ from indicated conditions.

(f) Specifying maximum time permitted to submit an official Change Order after a field change has been authorized and implemented.

(g) Covenants against contingent fees - prohibiting contingent fees for securing business.

(h) Gratuities - prohibitions against offering and accepting gratuities.

(i) Audit and access to records.

(j) Suspension of work - conditions under which the Applicant may suspend work.

(k) Termination - conditions under which the Applicant may terminate the contract.

(l) Remedies - procedures for resolving disputes.

## 5. Other Requirements

If applicable, Trench Safety requirements shall comply with Health and Safety Code Chapter 756, Subchapter C, which incorporates the Occupational Safety and Health Administration (OSHA) trench safety standards in effect during the construction period. The Contractor shall use the Owner's geotechnical information to assist in the design of the Trench Safety System.

There may be additional local government requirements, as well as applicable Federal and State statutes and regulations, that are not addressed in these conditions. It is the Applicant's responsibility to ensure that the project and all associated contract provisions comply with the relevant statutes and regulations.

## 6. Advertisements for Bids

State procurement statutes **require that a contract for bids be published for at least two (2) consecutive weeks**[2]. Failure to follow this requirement may require re-advertising the project (i.e., rebidding). The official advertisement for bids published in the newspaper shall include, at a minimum, the following information:

[2] From LGC 252.041, Municipalities are required to advertise in a newspaper at least once a week for two consecutive weeks.

(a) A clear description of goods or services being procured.

(b) Instructions on how to obtain plans and specifications (P&S), necessary forms, and related information.

(c) The deadline by which bids must be submitted, including the date and time.

(d) The address to which bids are to be delivered.

(e) A statement that the contract is contingent upon release of funds from the TWDB.

(f) A statement that any contract(s) awarded under this Invitation for Bids (IFB), Request for Proposals (RFP), or Request for Qualifications (RFQ) is expected to be funded, in part, by financial assistance from the TWDB and that neither the State of Texas nor any of its departments, agencies, or employees will be a party to the IFB, RFP, RFQ, or any resulting contract.

(g) A statement that all contracts awarded are subject to the United States Iron and Steel (USIS) requirements of Texas Government Code, Chapter 2252, Subchapter G.

(h) Acknowledgement of any special requirements, such as a mandatory pre-bid conference.

(i) A statement reserving the right to reject any and all bids.

## 7. Bid Proposal

The Bid Proposal form should include the following:

(a) For lump sum bids, a list of materials used and the associated costs.

(b) A distinction between eligible and ineligible items.

(c) If applicable, provisions to address trench safety requirements, including separate per unit pay items for trench excavation safety protection in accordance with Health and Safety Code Chapter 756, Subchapter C, as briefly noted below:

i. A separate pay item for special shoring requirements; and

ii. A separate pay item for trench excavation safety protection.

(d) Space for the Contractor to acknowledge receipt of each Addendum issued during the bidding process.

## 8. Bidding Process

The P&S should include an explanation of the procedures governing the bid process. The explanation should address the following:

(a) Whether a Pre-Bid Conference will be held; whether attendance is optional or mandatory; and the date, time, and location of the conference. If feasible, the pre-bid conference is recommended to be offered both in person and via online platform such as Zoom or Microsoft Teams. The TWDB Project Engineer/Reviewer should be invited to the pre-bid conference.

(b) The criteria and process for determining responsiveness and responsibility of the bidders.

(c) The method for determining the successful bidder and contract award (e.g., award to the lowest responsive, responsible bidder, accounting for any multiple parts to bids), including consideration of non-resident bidder reciprocity requirements (TWDB-0459).

(d) Procedures for withdrawal of a bid due to a material mistake.

(e) The time period during which bids may be held by the Applicant before contract award (typically 60 or 90 days).

(f) Acknowledgement of the Applicant's right to reject any and all bids.

## 9. Release of Funds

**Prior** to the TWDB authorization for the Applicant to issue a Notice to Proceed (NTP) and the subsequent release of funds for construction, the Applicant and its Engineer must submit the following bid documents for TWDB review.

**(a) Submittal of Bid Documents for Contingent Award of Contract**

The Applicant must submit the following documents to the TWDB Project Engineer/Reviewer:

(1) Advertisement and affidavit of advertisement.

(2) Bid tabulation.

(3) All addenda submitted and approved for the contract.

(4) Bid proposal of apparent low bidder (or selected bidder, with explanation), including bid bond.

(5) Site certificate (ED-101).

(6) Consulting Engineer's recommendation to award letter.

(7) Description of any bidding irregularities.

(8) Construction inspection proposal.

(9) Vendor Compliance with Reciprocity of Non-Resident Bidders Form (TWDB-0459).

**(b) Submittal of Executed Contract Documents**

Once the Applicant has issued the contingent Notice of Award for the construction contract, the Applicant must submit:

- A bound copy (single PDF file) of the **fully executed contract documents, including specifications;** and
- A bound copy (single PDF file) of the **Approved Plan Set**.

A complete set of bound executed contract documents should include:

(1) Front-End Documents, Addenda, Executed Agreement, and Technical Specifications as approved by the TWDB and TCEQ (as applicable).

(2) Contractor's Certificate of Insurance.

(3) **If applicable,** the Applicant's Sufficiency of Funds Letter.

After reviewing and approving the executed contract documents, the TWDB will authorize the Applicant to issue an NTP. At this time, the TWDB may begin releasing construction funds in accordance with TWDB policy.

For questions or proposed modifications to these conditions, please contact your TWDB Project Engineer/Reviewer.

# II. INSTRUCTIONS TO BIDDERS

The language and conditions in this section shall be included in the "Instructions to Bidders" portion of the construction contract documents.

## 1. Contingent Award of Contract

This contract is contingent upon the release of funds from the Texas Water Development Board (TWDB). Any contract(s) awarded under this Invitation for Bids is/are expected to be funded, in part, by a loan or grant from the TWDB. Neither the State of Texas, nor any of its departments, agencies, or employees is, or will be, a party to this Invitation for Bids or to any resulting contract.

## 2. U.S. Iron and Steel

Any contract(s) awarded under this Invitation for Bids is/are subject to the United States Iron and Steel (USIS) requirements of Texas Government Code, Chapter 2252, Subchapter G.

The Contractor must complete the Statement of Understanding regarding USIS requirements, located in Section III Supplemental Contract Conditions, Item No. 8. The Statement of Understanding must be signed and dated by the Contractor. Refer to TWDB-1105 – United States Iron and Steel (USIS) Guidance.

## 3. Award of Contract to Nonresident Bidder

A governmental entity may not award a contract to a nonresident bidder unless the nonresident underbids the lowest bid submitted by a responsible resident bidder by an amount that is not less than the amount by which a resident bidder would be required to underbid the nonresident bidder to obtain a comparable contract in the state in which the nonresident bidder's principal place of business is located.

A ***nonresident bidder*** is a Contractor whose corporate offices or principal place of business are located outside the State of Texas.
**Source:** Texas Government Code, Chapter 2252, Subchapter A, § 2252.002 – Nonresident Bidders.

The bidder shall complete TWDB-0459, Vendor Compliance with Reciprocity on Non-Resident Bidders, **and submit it with the bid.**

## 4. Summary of Forms Required with Bid Documents

- TWDB-0459, Vendor Compliance with Reciprocity on Non-Resident Bidder

# III. SUPPLEMENTAL CONTRACT CONDITIONS

## 1. Supersession

The Owner and the Contractor agree that the Texas Water Development Board (TWDB) Supplemental Conditions apply to all work eligible for TWDB assistance to be performed under this contract and these clauses supersede any conflicting provisions contained elsewhere in this contract.

## 2. Privity of Contract

Funding for this project is expected to be provided, in part, by the TWDB. Neither the State of Texas nor any of its departments, agencies, or employees is, or will be, a party to this contract or to any lower-tier contract.

## 3. Definitions

(a) The term “Owner” or “Applicant” means the local entity contracting for the construction services.
(b) The term "TWDB" means the Executive Administrator of the Texas Water Development Board, or any other person lawfully acting in that capacity, or an authorized person to perform the functions of such Executive Administrator, or the authorized representative thereof.
(c) The term “Engineer” means the engineer retained and authorized by the Owner to perform services related to the project.

## 4. Laws to be Observed

In the performance of the contract, the Contractor must comply with all applicable local, state and federal laws, including, but not limited to, laws relating to labor, safety, minimum wages, and environmental protection. The Contractor shall be familiar with, and shall at all times observe and comply with, all federal, state, and local laws, ordinances and regulations that in any manner affect the conduct of the work, and shall indemnify and save harmless the Owner, the TWDB, and their representatives against any claim arising from violation of any such law, ordinance or regulation by the Contractor, their Subcontractor or their employees.

## 5. Review by Owner and TWDB

(a) The Owner, the Owner’s authorized representatives and agents, and the TWDB must, at all times, have access to and be permitted to observe and review all work, materials, equipment, payrolls, personnel records, employment conditions, material invoices, and any other data and records relevant to this Contract. Provided, however, that all instructions, directives, and approvals related to the execution of the work shall be issued to the Contractor solely by the Owner through its authorized representatives or agents.

(b) No inspection, observation, or review conducted by the TWDB shall subject the State of Texas, the TWDB, or their representatives to any liability or action for damages.

## 6. Payments Schedule and Cost Breakdown

(a) The Contractor shall, immediately upon execution of the Agreement, submit for the Owner's approval a detailed Progress Schedule setting forth the proposed dates for commencement and completion of each major portion of the Work, the estimated monthly payments anticipated to become due, and the cumulative percentage of completion for each month.

(b) (Applicable only to lump-sum contracts):

COST BREAKDOWN
The Contractor must submit to the Owner a detailed itemized breakdown of the estimated cost of all work to be performed under the Contract, arranged in such manner as may be required by the Owner or any funding agency. This breakdown shall be submitted promptly upon execution of the Agreement and must be approved by the Owner prior to any payments to the Contractor. Upon approval, the established unit prices shall be used to estimate partial payments.

## 7. Workers' Compensation Insurance Coverage

**(As applicable and consistent with Texas Labor Code § 406.096)**

(a) The Contractor shall certify in writing that workers' compensation insurance coverage is provided for each employee of the Contractor engaged on the public project.

(b) Each Subcontractor shall provide a written certificate of workers' compensation coverage for its employees to the general Contractor, who shall in turn provide such certificate to the governmental entity.

(c) A Contractor required to maintain workers' compensation coverage may satisfy this requirement through a group plan or other method acceptable to the governing body of the governmental entity.

(d) The employment of a maintenance employee by an employer whose primary business is not building or construction does not constitute engaging in building or construction.

(e) For the purpose of this section:

(1) "Building or construction" includes:

i. erecting or preparing to erect a structure, including any building, bridge, roadway, public utility facility, or related appurtenance;

ii. remodeling, extending, repairing, or demolishing a structure; or

iii. otherwise improving real property or an appurtenance thereto through similar activities.

(2) "Governmental entity" means the State of Texas or any political subdivision thereof, including a municipality.

## 8. U.S. Iron and Steel

The following statement must be completed by the Contractor and incorporated into the Agreement between the Owner and the Contractor. The statement must appear on a dedicated page within the contract documents and must include the Contractor's signature and date; alternatively, the Contractor may elect to sign and date this page of the TWDB-0553.

**Contractor Statement of Understanding**
*The Contractor acknowledges to and for the benefit of the Owner ("Purchaser") that it understands the goods and services provided under this Agreement are being funded in whole or in part with monies made available through the Water Supply and Infrastructure Grants appropriated for water supply and infrastructure projects through House Bill 500, passed during the 89th Legislative Session. The State of Texas statutory requirements commonly known as "United States Iron and Steel" that requires all of the iron and steel products used in the project to be produced in the United States ("United States Iron and Steel Requirement") including iron and steel products provided by the Contractor pursuant to this Agreement. The Contractor hereby represents and warrants to and for the benefit of the Owner, that (a) the Contractor has reviewed and understands the United States Iron and Steel Requirement, (b) all of the iron and steel products used in the project will be and/or have been produced in the United States in a manner that complies with the United States Iron and Steel Requirement, unless a waiver of the requirement is approved, and (c) the Contractor will provide any further verified information, certification or assurance of compliance with this paragraph, or information necessary to support a waiver of the United States Iron and Steel Requirement, as may be requested by the Owner. Notwithstanding any other provision of this Agreement, any failure to comply with this paragraph by the Contractor shall permit the Owner to enforce this Agreement and recover as damages against the Contractor any loss, expense, or cost (including without limitation attorney's fees) incurred by the Owner resulting from any such failure (including without limitation any impairment or loss of funding, whether in whole or in part, from the TWDB or any damages owed to the Owner.*

*In the execution of the Contract, the Contractor shall be familiar with and at all times shall observe and comply with all applicable federal, state, and local laws, ordinances and regulations concerned with the use of iron and steel made in the United States which in any manner affect the conduct of the work.*

**Additional guidance regarding the United States Iron and Steel (USIS) and its applicability to this Agreement is provided in the TWDB-1105.**

**The Owner is recommended to receive and maintain documentation demonstrating the Contractor's compliance with the USIS Requirement. Compliance shall be verified by the Owner through the submittal of the TWDB form TWDB-1105-A.**

## 9. Prevailing Wage Rates

The Contract is subject to the provisions of Texas Government Code Chapter 2258 regarding the payment of prevailing wage rates. The Owner shall determine applicable general prevailing rates are in accordance with the statute. The following statutory provisions apply, including but not limited to the sections set forth below:

### § 2258.021. Right to be Paid Prevailing Wage Rates

(a) A worker employed on a public work by or on behalf of the state or a political subdivision of the state shall be paid:

(1) not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the work is performed; and

(2) not less than the general prevailing rate of per diem wages for legal holiday and overtime work.

(b) Subsection (a) does not apply to maintenance work.

(c) For the purpose of this section, a worker is employed on a public work if the worker is employed by a Contractor or Subcontractor in the **execution of a contract** for the public work with the State, a political subdivision of the State, or any officer or public body of the State or a political subdivision of the State.

### § 2258.023. Prevailing Wage Rates to Be Paid by Contractor and Subcontractor; Penalty

(a) A Contractor awarded a contract by a public body, or a Subcontractor of the Contractor, shall pay not less than the rates determined under Section 2258.022 to each worker employed in the execution of the contract.

(b) A Contractor or Subcontractor who violates this section shall pay to the State or political subdivision of the state on whose behalf the contract is made a penalty of $60 for each worker for each calendar day or portion thereof during which the worker is paid less than the stipulated wage rates. A public body awarding a contract shall specify this penalty in the contract.

(c) A Contractor or Subcontractor does not violate this section if a public body awarding the contract does not determine and specify the prevailing wage rates and specify the rates in the contract as required by Section 2258.022.

(d) The public body shall use any money collected under this section to offset costs incurred in administering this chapter.

(e) A municipality may collect a penalty under this section only if its population exceeds 10,000.

### § 2258. 024. Records

(a) A Contractor and each Subcontractor shall maintain records showing:

(1) the name and occupation of each worker employed in the construction of the public work; and

(2) the actual per diem wages paid to each worker.

(b) Such records shall be open for inspection at all reasonable hours by the officers and agents of the public body.

**§ 2258. 025. Payment Greater Than Prevailing Rate Not Prohibited**

Nothing in this chapter prohibits the payment to a worker employed on a public work of an amount greater than the general prevailing per diem rate.

## 10. Payments

(a) Progress Payments

(1) Preparation of Requisition

The Contractor shall prepare a requisition for progress payment as of the last day of each payment month and shall submit the requisition, together with the required number of copies, to the Owner or the Engineer for review.

Except as provided in subsection (3), the amount of each progress payment due to the Contractor shall be determined as follows:

a. Adding to the total value of work completed to date;

b. Adding the value of materials properly stored on the site; and

c. Deducting:

1. The amount of all previous payments.

The total value of work completed to date shall be based on actual or estimated quantities of work completed and the unit prices stated in the Agreement, or the approved cost breakdown for lump-sum contracts pursuant to Section 7(b), as adjusted by approved Change Orders. The value of materials properly stored on the site shall be based on estimated quantities and invoice prices.

All invoices shall be made available for inspection by the TWDB.

(2) Care of Work and Materials

The Contractor shall remain responsible for the care and protection of all materials and work for which payment has been made until final acceptance by the Owner. Progress payments shall not constitute a waiver by the Owner of its rights to require full performance of all terms of the Contract or to require completion of all improvements in strict accordance with the Contract Documents.

(b) Withholding Payments

The Owner may withhold from any payment otherwise due to the Contractor such amounts as the Owner deems necessary to protect its interests. The Owner may also, at its discretion, withhold amounts due from the Contractor to Subcontractors or material suppliers for work performed or material furnished. These provisions are for the sole benefit and protection of the Owner and shall not:

(1) Require the Owner to resolve claims or disputes between the Contractor and Subcontractors or material suppliers, or

(2) Require the Owner to withhold funds for their protection unless the Owner elects to do so.

Failure or refusal by the Owner to withhold funds shall not impair the obligations of any surety or sureties under any bonds furnished pursuant to this contract.

(c) Payments Subject to Submission of Certificates.

Each payment to the Contractor shall be subject to submission of all required written certifications, including those from Subcontractors, in accordance with the General and Special Conditions of this Contract.

(d) Final Payment

(1) Release of Claims

Upon satisfactory completion of the work, and as a condition precedent to final payment or termination settlement, the Contractor shall execute and deliver to the Owner a release of all claims arising under or by virtue of this Contract, except for those claims specifically identified and expressly reserved by the Contractor therein. Unless otherwise provided by State law or mutually agreed upon, final payment or termination settlement shall not constitute a waiver of the Owner's claims against the Contractor or the Contractor’s sureties under this Contract or under applicable performance and payment bonds.

(2) Preparation of Final Requisition

Following final inspection and acceptance by the Owner, the Contractor shall prepare a requisition for final payment based on carefully measured or computed quantities for each work item at the applicable unit prices stated in the Agreement, or in the approved cost breakdown for lump-sum contracts, as adjusted by approved Change Orders. The final payment due to the Contractor shall be the total amount so computed, less all previous payments.

(3) Any amounts due to the Owner under General and/or Special Conditions relating to "Liquidated Damages" shall be deducted from the final payment due the Contractor.

## 11. Archaeological Discoveries and Cultural Resources

No activities that may affect properties listed or eligible for listing in the National Register of Historic Places, or properties eligible for designation as a State Archeological Landmark, shall be authorized until the Owner has complied with the provisions of the National Historic Preservation Act and the Antiquities Code of Texas. The Owner has previously coordinated with the appropriate agencies and impacts to known cultural or archeological deposits have been avoided or mitigated. However, the Contractor may still encounter unanticipated cultural or archeological resources during construction.

If archeological sites or historic structures are discovered that may qualify for designation as a State Archeological Landmark (pursuant to the criteria in 13 TAC Chapter 26) or may be eligible for listing on the National Register of Historic Places (in accordance with 36 CFR Part 800), the Contractor shall immediately cease operations in the affected area. The Contractor must then notify the Owner, the TWDB, and the Texas Historical Commission at P.O. Box 12276, Capitol Station, Austin, Texas 78711-2276.

The Contractor must take reasonable steps to protect and preserve the discovery until it is inspected by the Owner's representative and the TWDB. The Owner will coordinate with the Texas Historical Commission, and any other relevant agencies to obtain any necessary approvals or permits to allow work to resume. The Contractor shall not resume work in the affected area until authorized by the Owner.

## 12. Threatened and Endangered Species

No activities shall be authorized that are likely to jeopardize the continued existence of a threatened or endangered species, as listed or proposed for listing under the Federal Endangered Species Act (ESA), or the State of Texas Parks and Wildlife Code on threatened, endangered, or state-listed species, or that would destroy or adversely modify the habitat of such species.

If a threatened, endangered, or state-listed species is encountered during construction, the Contractor must immediately cease work in the area of the encounter, avoid disturbing the animal or plant, and notify the TWDB and the Owner. The Owner will then take immediate action in compliance with the ESA and applicable State statutes. This may include reporting the encounter to the TWDB, the U.S. Fish and Wildlife Service, and the Texas Parks and Wildlife Department, obtaining necessary approvals or permits, or implementing other mitigation actions as directed. The Contractor must not resume work in the affected area until authorized by the Owner.

## 13. Hazardous Materials

All materials used in the project shall be free from hazardous substances, except as may be specifically provided for in the specifications.

If the Contractor encounters hazardous materials on sites owned or controlled by the Owner, or in material sources that are suspected of containing hazardous substances (based on visual observation or smell), the Contractor must immediately cease work in the affected area. The Contractor shall take necessary precautions to prevent contact with the materials and must notify the Engineer and the Owner. The Owner will then notify the TWDB and other appropriate authorities, such as local emergency responders, the Texas Commission on Environmental Quality (TCEQ), the U.S. Environmental Protection Agency (EPA), and others, depending on the situation.

Unless otherwise directed by the relevant authorities, the Owner will be responsible for testing, removal, or disposal of hazardous materials on sites under the Owner’s control. The Owner may suspend work in the affected area, either partially or entirely, during the testing, removal, or disposal operations.

## 14. Changes

**Provisions marked with an asterisk below are in accordance with Local Government Code 271.060. Counties and Municipalities may amend the provisions listed, as applicable, to comply with Local Government Code 262.031 (Counties) or 252.048 (Municipalities).*

(a) The Owner may, at any time and without notice to any surety, issue a written order designated as a “change order” to make changes within the general scope of the contract. Such changes may include, but are not limited to:

(1) Modifications to the specifications (including drawings and designs);
(2) Changes to the time, method, or manner of performing the work;
(3) Adjustments to the quantity of work to be performed or the materials, equipment, or supplies to be furnished.

(b) *The total price of the contract may not be increased through a change order unless provision are made for added cost. This can be achieved through the appropriation of current or bond funds for the purpose, the issuance of certificates, or a combination of these methods.

(c) *For contracts with an original price of $1 million or more, the contract price may not be increased by more than 25 percent through change orders. If a contract with an original price of less than $1 million is modified by change orders, and the total contract value reaches or exceeds $1 million, subsequent change orders may not increase the revised contract amount by more than 25 percent.

(d) *A governing body may authorize an official or employee responsible for purchasing or contract administration to approve change orders involving a price increase or decrease of $50,000 or less.

(e) Any change orders involving a price increase must be supported by documentation of the cost components. The TWDB may request that this information be submitted in a format similar to the Cost and Pricing Information form (WRD-277).

(f) Change orders that involve modifications to the project requiring relocation of components, resizing, or changes to processes may require additional environmental approvals. A map and description of the proposed changes should be submitted to the TWDB Environmental Reviewer for coordination and approval as early as possible to prevent any delays.

## 15. Operation and Maintenance Manuals and Training

(a) The Contractor shall obtain the installation, operation, and maintenance manuals from manufacturers and suppliers for all equipment provided under the contract. The Contractor shall submit an electronic copy (e.g., PDF) with bookmarks of each complete manual to the Owner’s Engineer within 90 days of the approval of shop drawings, product data, and samples. These submissions must be made no later than the date each piece of equipment is shipped to the project site or storage location. Upon request, the Contractor shall also submit one hard copy of the manual, properly organized with divider tabs in a binder, to the Owner’s Engineer.

(b) The Owner shall require their Engineer to promptly review each submitted manual and provide feedback on necessary corrections and revisions. If the Owner’s Engineer rejects the manual, the Contractor must make the required corrections and resubmit the manual until it meets the Owner’s Engineer

approval. The manual must conform to the project's design concept and comply with the information provided in the contract documents. The Owner may charge the Contractor for reviewing the same items more than twice. This procedure shall not be considered grounds for delay.

(c) The acceptance of manuals by the Owner's Engineer does not relieve the Contractor of any of the obligations or requirements set forth in the contract.

(d) The Contractor shall provide the services of trained and qualified technicians to verify the final installation of equipment, assist with placing the equipment into operation as needed, and instruct operating personnel on the proper procedures for routine operation and maintenance of the equipment.

(e) The operations and maintenance manuals specified herein are in addition to any installation, maintenance, or operation instructions required by the Contractor for installation, testing, and startup of the equipment. Each manual must be bound in a folder and clearly labeled to identify the contents and the project to which it applies. The manual shall include, at minimum, the following items:

(1) A listing of the manufacturer's identification, including order number, model number, serial number, and location of parts and service centers.
(2) A list of recommended spare parts, including part numbers and quantities.
(3) A complete list of replacement parts.
(4) Performance data and rating tables.
(5) Specific instructions for installation, operation, adjustment, and maintenance.
(6) Exploded view drawings for major equipment items.
(7) Lubrication requirements.
(8) Complete equipment wiring diagrams and control schematics with terminal identification.

## 16. As-Built Dimensions and Record Drawings

(a) The Contractor shall make daily measurements of facilities under construction and maintain accurate records of the location (both horizontal and vertical) of all facilities.

(b) Upon completion of each facility, the Contractor must provide the Owner with the following:

- One set of full-sized direct prints, marked with red pencil to show as-built dimensions and locations of all work (Record Drawings)
- One full-size electronic set of these drawings in PDF format. At a minimum, the Record Drawings shall include the following:

(1) Horizontal and vertical locations of work.
(2) Changes in equipment and dimensions due to substitutions.
(3) "Nameplate" data on <u>all</u> installed equipment.
(4) Deletions, additions, and changes to scope of work.
(5) Any other changes made.

## 17. Close-Out Procedures

To close out the construction contract, the following steps must be completed:

(a) Final Site Visit
The TWDB shall conduct a Construction Contract Final Site Visit (FSV) and issue an FSV Report.

(b) The following submittals must be received, reviewed, and accepted by the TWDB:

(1) The final change order, adjustment of quantities, or a statement confirming that all change orders have been previously submitted and that no additional change orders will be submitted.
(2) The final pay request from the Contractor.
(3) A notarized affidavit from the Contractor stating that all bills have been paid.
(4) Certification by the Owner's Engineer that the work has been completed in accordance with the approved P&S and adheres to sound engineering principles and construction practices.
(5) Acceptance of the project by the Owner in the form of a written resolution or other formal action.
(6) A warranty statement from the Contractor specifying the warranty start date (i.e., the project's completion date) and a duration of at least twelve months.
(7) Confirmation that the Owner has received the Record Drawings from the Contractor.
(8) Certificate of Compliance with U.S. Iron and Steel Requirements (TWDB-1105A).

(c) Certificate of Approval
Upon completion and acceptance of the items listed in sections (a) and (b), the TWDB shall issue a Certificate of Approval.

## IV. FORMS AND GUIDANCE LIST

The forms and documents referenced throughout this guidance, as well as those listed below, are available on the TWDB website at:
http://www.twdb.texas.gov/financial/instructions/index.asp

Search by either the document number or name.

**Forms:**

- Certificate of Compliance with U.S. Iron and Steel Requirements (TWDB-1105A)
- Site Certificate (ED-101)
- Vendor Compliance with Reciprocity of Non-Resident Bidders (TWDB-0459)

**Guidance Document:**

- United States Iron and Steel Guidance (TWDB-1105)

# United States Iron and Steel (USIS) Guidance for Projects Funded through State Programs

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**Forms and Guidance**

The Texas Water Development Board (TWDB) forms and guidance documents noted in this instruction document may be accessed through the TWDB Financial Assistance website at:

https://www.twdb.texas.gov/financial/instructions/index.asp

Search by either the document number or name.

## Acronyms

| | |
|---|---|
| AIS | American Iron and Steel |
| AWCF | Agricultural Water Conservation Fund |
| DFUND | Texas Water Development Fund |
| EDAP | Economically Distressed Areas Program |
| EPA | Environmental Protection Agency |
| FIF | Flood Infrastructure Fund |
| RWAF | Rural Water Assistance Fund |
| SB | Senate Bill |
| SCADA | Supervisory control and data acquisition |
| SP | State Participation |
| SRF | State Revolving Fund |
| SWIFT | State Water Implementation Revenue Fund for Texas |
| TAC | Texas Administrative Code |
| TGC | Texas Government Code |
| TWDB | Texas Water Development Board |
| USIS | U.S. Iron and Steel |
| WDF | Texas Water Development Fund, usually referred to as DFUND |

# 1. Overview

The United States Iron and Steel (USIS) provisions are mandated by Texas Water Code §17.183 and Texas Government Code (TGC), Chapter 2252, Subchapter G, as amended by Senate Bill (SB) 1289 (85th Legislative Session) and Texas Administrative Code (TAC) §363.41. These provisions require recipients of financial assistance from the programs identified below, to use iron and steel products that are produced in the United States for projects for the construction, remodel, or alteration of a building, a structure, or infrastructure. These projects could include public water systems, treatment works, and flood control measures.

This requirement applies to all bid documents submitted to the Texas Water Development Board (TWDB) and contracts executed on or after September 1, 2017, except for projects funded through the State Water Implementation Revenue Fund for Texas (SWIFT). Specifically SWIFT requirements are as follows:

- USIS does not apply to SWIFT: where the Board has adopted a resolution approving an application for financial assistance before May 1, 2019, for any portion of the project.[1]

- USIS applies to SWIFT: where the Board has adopted a resolution approving an application for financial assistance on or after May 1, 2019.

The TWDB aims to ensure that applicants, consultants, and contractors follow procedures and recommendations for implementing USIS provisions in construction projects funded by the following programs:

- ✓ Agricultural Water Conservation Fund (AWCF)[2]
- ✓ Economically Distressed Areas Program (EDAP)
- ✓ Flood Infrastructure Fund (FIF)
- ✓ New Water Supply for Texas
- ✓ Rural Water Assistance Fund (RWAF)
- ✓ State Participation (SP)
- ✓ SWIFT (with funds committed on or after May 1, 2019)
- ✓ Texas Water Development Fund (DFUND, also referred to as WDF)
- ✓ Water Loan Assistance Fund (WLAF)

[1] Texas Water Code §17.183 and Texas Government Code §2252 and Texas Water Code §15.432 or §15.472.
[2] Texas Water Code § 17.183 does not apply to the Agricultural Water Conservation Fund; however, the U.S. I&S provisions in Texas Government Code, Chapter 2252, Subchapter G may apply to certain conservation projects funded through the Agricultural Water Conservation Fund. See **Attachment 1** for supplemental guidance regarding Agricultural Water Conservation Fund projects.

In this document, the term “Applicant” refers to the entity or recipient receiving funding from the TWDB.

## 2. Definitions

**Construction Contract**: A contract between a political subdivision (Applicant) and a construction contractor.

**Construction Material**[3]: Construction materials are those articles, materials, or supplies made primarily of iron and steel, that are permanently incorporated into the project. This excludes mechanical and/or electrical components, equipment, and systems that are defined below. Some of these products may overlap with what is also considered “structural steel.” Examples include, but are not limited to: wire rod, bar, angles, concrete reinforcing bar, wire, wire cloth, wire rope and cables, tubing, framing, joists, trusses, fasteners (e.g., nuts and bolts), welding rods, decking, grating, railings, stairs, access ramps, fire escapes, ladders, wall panels, dome structures, roofing, ductwork, surface drains, cable hanging systems, manhole steps, fencing and fence tubing, guardrails, doors, and stationary screens.

**Manufacturing process**: The manufacturing process is the transformation of materials or elements into a finished product by altering their form or function to add value and includes processes such as melting, refining, forming, rolling, drawing, finishing, fabricating, and coating. If a domestic iron and steel product is taken out of the U.S. for any part of the manufacturing process, the product is considered a foreign-sourced material. However, raw materials such as iron ore, limestone, and iron or steel scrap are not subject USIS requirements. The material(s), if any, being applied as a coating are similarly not subject to USIS requirements. Non-iron or steel components of an iron and steel product may come from non-U.S. sources. For example, for products such as valves and hydrants, the individual non-iron and steel components do not have to be of domestic origin.[4]

**Mechanical and electrical components, equipment, systems, and appurtenances**[5] include, but are not limited to:

- equipment: pumps, motors, gear reducers, drives (e.g., variable frequency drives), mixers, gates, motorized screens (e.g., traveling screens), blowers/aeration equipment, and compressors;
- values: electric/pneumatic/manual accessories used to operate valves (e.g., electric valve actuators);
- meters and sensors: meters, sensors, controls, and switches for monitoring and managing system performance;
- systems: supervisory control and data acquisition (SCADA), membrane bioreactor systems, and membrane filtration systems;

[3] Adopted from EPA’s AIS Guidance.
[4] Adopted from EPA’s AIS Guidance.
[5] See **Attachment 1** for additional exceptions pertaining to the Agricultural Water Conservation Fund.

- filtration/processing: filters, clarifiers and clarifier mechanisms, rakes, grinders, disinfection systems, presses (e.g., belt presses), and dewatering equipment;
- conveyance and structural components: conveyors, cranes, cabinetry and housings (e.g., electrical boxes/enclosures), and shelving;
- HVAC: HVAC systems (excluding ductwork), water heaters, and heat exchangers;
- electric components: generators, lighting fixtures, electrical conduit, and electrical supports/covers/shielding;
- other items: emergency life systems, metal office furniture, , laboratory equipment, analytical instrumentation, and other appurtenances related to an electrical system necessary for operation or concealment;
- electrical system includes all equipment, facilities, and assets owned by an electric utility, as defined in Section 31.002 of the Utilities Code.

**Municipal castings**[6] Municipal castings are cast iron or steel infrastructure products that are melted and cast. Municipal castings provide access, protection, or housing for components incorporated into utility owned drinking water, storm water, wastewater, and surface infrastructure. Municipal castings are typically made of grey or ductile iron or steel. Examples of municipal castings:

- access components: access hatches; manhole covers, rings and frames, risers; service boxes; meter boxes; valve boxes, covers and risers;
- drainage components: catch basin inlet; drainage grates, frames and curb inlets; curb openings; downspout shoes (boot, inlet); inlets.
- structural and protective components: ballast screen; benches (iron or steel); bollards; cast bases; curb and corner guards;
- specialized castings: cast iron hinged hatches (square and rectangular); steel hinged hatches (square and rectangular); cast iron riser rings; steel riser rings;
- utility and aesthetic components: junction boxes; lampposts; trash receptacles; tree grates; tree guards;
- other components: Detectable warning plates; cleanout/monument boxes; construction covers and frames; trench grates.

**Political subdivision**: A political subdivision includes a county, municipality, municipal utility district, water control and improvement district, special utility district, and other types of water districts created under Texas Constitution Article III, Section 52 or Article XVI, Section 59. It also includes nonprofit water supply corporations created and operating under Texas Water Code, Chapter 67.[7] These entities are responsible for managing water resources and infrastructure within their respective jurisdictions in Texas.

**Produced in the United States**: For iron or steel products, “produced in the United States” means that all manufacturing processes - starting from the initial melting of the material through to the application of coatings- must take place within the United States. This excludes metallurgical processes used to refine steel additives, which are not required to occur domestically.

[6] Adopted from EPA’s AIS Guidance.
[7] Political subdivision is defined differently in Texas Water Code §17.871, which pertains to the Agricultural Water Conservation Fund. See Attachment 1 for supplemental guidance.

**Project**: A project refers to a contract, funded by the TWDB between a political subdivision and a contractor. This contract supports the planning, design, or construction of water-related infrastructure or improvements.

**Structural steel**[8]: Structural steel refers to rolled flanged shapes with at least one cross-sectional dimension of three inches or greater. Structural steel is commonly used in the construction of bridges, buildings, ships, railroad rolling stock, and other constructional purposes. Examples include wide-flange shapes, standard I-beams, channels, angles, tees and zees, H-piles, sheet piling, tie plates, cross ties, and other specialized shapes for construction purposes.

## 3. Covered Iron and Steel Products

If a construction contract funded by the TWDB must comply with USIS requirements, all covered iron and steel products must be made in the United States, regardless of whether TWDB funds were specifically used to purchase those products. The Applicant cannot use other funding sources, including their own funds, to pay for a non-compliant iron or steel products in a TWDB funded construction contract.

USIS requirements apply to products made primarily of iron or steel that are permanently incorporated into the public water system, treatment works, or agricultural water conservation project. Examples of covered products include:

- lined or unlined pipes or fittings,
- manhole covers,
- municipal castings,
- hydrants,
- tanks,
- flanges,
- pipe clamps and restraints,
- valves,
- structural steel,
- reinforced precast concrete, and
- construction materials.

To be subject to USIS requirements, a listed product must consist of more than 50% iron or steel, measured by its material costs. The calculation is based solely on the costs of materials.

The following components are not required (exempt) to comply with USIS requirements:

- Iron or steel products that are not permanently incorporated into a project.
- Mechanical and electrical components, equipment, systems, and appurtenances.[9]

[8] Adopted from EPA's AIS Guidance.
[9] See Attachment 1 for additional exemptions pertaining to the Agricultural Water Conservation Fund.

## 4. Projects Exempt from USIS Requirements

USIS requirements do not apply to a SWIFT-funded project if:

- The project, as detailed in SB 1289 from the 85th Legislature Session, is subject of a resolution approving an application for financial assistance from any TWDB funding program that was adopted by the TWDB before May 1, 2019, for any portion of the project's financing, including the planning phase.

## 5. Compliance with USIS Requirements

The programs affected by USIS requirements were identified earlier in this guidance under Section 2 (Overview). Applicants should review Section 2 (Overview) to determine if their project is subject to these requirements.

To ensure compliance with the USIS requirements, specific USIS contract language must be included in all contracts, including construction material purchase agreements and bid documents. Sample compliance language can be found in Section 6.A of this guidance.

The Applicant is responsible for

- ensuring that all executed construction and purchase contracts, as well as associated bid documents, comply with USIS requirements;
- maintaining records of all forms and certifications necessary to demonstrate compliance with USIS requirements; and
- providing this documentation upon request or audit.

To demonstrate compliance with USIS requirements, the Applicant must provide adequate documentation (in hard copy, electronically, or embedded in construction management software) that shows either:

1. a certification from the final manufacturer, supplier or vendor asserting that all manufacturing processes occurred in the United States; or
2. a step certification process (similar to the AIS process in TWDB-1106, examples provided in **Attachment 4**).

The TWDB relies on self-certification by the Applicant to document compliance with USIS requirements.

## A. Certification Requirements

Depending on the program requirements, USIS compliance certification may be required with an Outlay Report.

- For projects requiring an Outlay Report to release funds (e.g., EDAP projects or certain FIF projects), a certification of compliance must be submitted with each Outlay Report (see **Attachment 2**).

- For projects funded through programs that do not require Outlay Reports to release funds, the Applicant must maintain compliance certification records throughout the project.

***In all cases, USIS compliance records must be available for inspection or submission upon request by TWDB staff***. TWDB staff may also request interim certificate of compliance (see TWDB-1105-A in **Attachment 2**) during project construction.

For **each** construction contract, a final certificate of compliance must be submitted prior to approval of the final release of retainage and issuance of a Certificate of Approval from the TWDB Executive Administrator.

## B. TWDB Compliance Procedures

To comply with USIS requirements, Applicants must follow these steps to ensure compliance throughout the project lifecycle:

1. Exemption Request

   Applicants must submit any request for an exemption to the TWDB project manager as soon as possible. **Until an exemption is granted, USIS requirements remain in effect**. It is highly recommended to submit a request for exemption as early in the project as possible. It is not recommended to request an exemption after the advertisement for bids. A checklist detailing the information required for processing an exemption, along with TWDB's exemption determination checklist, is included in **Attachment 3**. See Section 7 (Exemptions) for more information regarding these requests.

2. Bid Advertisement Language

   Applicants must include specific USIS language in the Advertisement for Bids for all construction contracts funded by the TWDB programs listed in Section 2 (Overview), including EDAP, FIF, DFUND, RWAF, WLAF, SWIFT, and SP. The required language is as follows:

   *Any contract(s) awarded under this Invitation for Bids is/are subject to the United States Iron and Steel (USIS) requirements of Texas Water Code § 17.183 and/or Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable.*

   For appropriate language regarding projects funded through the AWCF see **Attachment 1**.

3. Construction Contract Language

   Applicants must include the following USIS requirements in all construction contracts:

   *The Contractor acknowledges to and for the benefit of the **Applicant** ("Purchaser") that it understands the goods and services under this Agreement are being funded with monies made available by the Texas Water Development Fund, Rural Water Assistance Fund, Economically Distressed Areas Program, State Participation Fund, State Water Implementation Fund of Texas[10], Flood Infrastructure Fund, New Water Supply for Texas, and/or Agricultural Water Conservation Fund. That these funds have statutory requirements commonly known as "United States Iron and Steel" that requires all of the iron and steel products used in the project to be produced in the United States ("United States Iron and Steel Requirement") including iron and steel products provided by the Contactor pursuant to this Agreement. The Contractor hereby represents and warrants to and for the benefit of the Purchaser that (a) the Contractor has reviewed and understands the United States Iron and Steel Requirement, (b) all of the iron and steel products used in the project will be and/or have been produced in the United States in a manner that complies with the United States Iron and Steel Requirement, unless a waiver of the requirement is approved, and (c) the Contractor will provide any further verified information, certification or assurance of compliance with this paragraph, or information necessary to support a waiver of the United States Iron and Steel Requirement, as may be requested by the Purchaser. Notwithstanding any other provision of this Agreement, any failure to comply with this paragraph by the Contractor shall permit the Purchaser to enforce this Agreement and recover as damages against the Contractor any loss, expense, or cost (including without limitation attorney's fees) incurred by the Purchaser resulting from any such failure (including without limitation any impairment or loss of funding, whether in whole or in part, from the TWDB or any damages owed to the Purchaser).*

   *In the execution of the Contract, the Contractor shall be familiar with and at all times shall observe and comply with all applicable federal, state, and local laws, ordinances and regulations concerned with the use of iron and steel made in the United States which in any manner affect the conduct of the work.*

4. The Applicant must include the following language on the General Notes Plan Sheet(s).

   *This project is subject to the U.S. Iron and Steel (USIS) requirements of Texas Water Code § 17.183 and/or Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable. All iron and steel products used in project construction must be produced in the United States.*

[10] State Water Implementation Fund of Texas (SWIFT) follows U.S. Iron and Steel requirements for projects where the Board adopted a resolution approving the application on or after May 1, 2019.

5. The Applicant and prime construction contractor must obtain certifications from the final manufacturer delivering the iron and steel product to the worksite, vendor, or contractor, asserting that all manufacturing processes occurred in the United States. Sample manufacturer certification is included in **Attachment 4**.

6. The Prime Construction Contractor and Applicant must maintain a file containing the certifications from the final manufacturers and any TWDB approved waivers. This file must be available for review by TWDB representatives and/or State Auditors upon request. Sample certification letters and a step certification log are included in **Attachment 4**.

7. The Applicant may be required to submit interim Certificates of Compliance with USIS requirements using form TWDB-1105-A, as provided in **Attachment 2**.

8. The Applicant must submit a Final Certificate of Compliance (form TWDB-1105-A), stating that the project was completed in compliance with the USIS requirements after completion of each construction contract. After receiving the Final Certificate of Compliance, TWDB issues a Certificate of Approval and approves the final release of retainage.

## C. Recommendations and Best Management Practices

The following recommendations are not required but are suggested for Applicants to consider when implementing USIS requirements:

1. The Applicant and its consulting engineer should evaluate the applicability and availability of USIS-compliant products during all project phases. If it becomes clear that an exemption is necessary, the Applicant should request the waiver as early as possible, preferably within the design-phase.

2. While a waiver application may be submitted at any time during the project, Applicants should account for TWDB's review schedule (10 days public comment period plus additional review time) when planning their project timeline. Waiver requests after the advertisement for bids or start of construction are not recommended.

3. Develop procedures for maintaining records of USIS documentation. TWDB recommends keeping either the Step Certification or the Final Vendor Certification documents on file.

4. Clearly identify separate bid items that must comply with USIS requirements on the Bid Form.

5. Incorporate USIS compliance documentation into contractor submittal procedures, including shop drawings, material lists, and manufacturer certifications, etc.

6. Discuss USIS requirements during pre-bid conferences and pre-construction meetings to clarify contractor responsibilities and ensure the availability of compliant iron and steel products for the project.

7. Submit USIS Compliance documentation as required or requested by TWDB. Note that project documentation records must be kept throughout the duration of the project financing.

# 6. Exemptions

Under TGC § 2252.203, as added by SB 1289 during the 85th Legislative Session, the TWDB may grant exemptions for specific cases or categories if certain conditions are met. Exemptions for USIS can be issued under one of the following three reasons:

1. Iron and steel products produced in the United States are not:
   a. produced in sufficient quantities,
   b. reasonably available, or
   c. of satisfactory quality.

2. Use of iron and steel products produced in the United States will increase the overall project cost by more than 20 percent.

3. Complying with the USIS requirements is inconsistent with the public interest.

## A. Exemptions Process

Exemptions requests must be submitted by the Applicant. It is strongly discouraged to request an exemption after the advertisement for bids or the start of construction. If an exemption is requested after a bid advertisement or start of construction, the USIS requirements will remain in effect until TWDB grants the exemption.

To apply for a project exemption, the Applicant should email the request in the form of a Word document (doc) or PDF to the TWDB Project Manager (or Contract Manager for AWCF grant projects). Proper and sufficient documentation must be provided by the Applicant, as outlined in **Attachment 3**.

After receiving an application for an exemption of the USIS requirements, the TWDB will review the request for administrative completeness as outlined in **Appendix 3**. If the exemption request is incomplete, any deficiencies must be remedied within 10 business days, or the exemption request will be rejected. Once the exemption request is deemed administratively complete, it will be published, as submitted, on the TWDB website for 10 days to allow informal public comments. After the public comment period is complete, the TWDB will determine whether the application sufficiently documents and justifies the statutory basis for the exemption.

The TWDB will notify the Applicant that an exemption request has been approved or denied as soon as such a decision has been made. Exemptions can only be approved or denied by the Board. Approved exemptions will be posted on the TWDB's U.S. Iron and Steel webpage. The Applicant must keep a copy of the signed waiver in their USIS Certification File.

# Attachment 1: Supplemental Guidance for the Agricultural Water Conservation Fund

**Overview**
This supplemental guidance provides additional information to ensure compliance with the United States Iron and Steel (USIS) provisions. Projects funded through the Agricultural Water Conservation Fund must adhere to these requirements, which are established under Texas Government Code (TGC), Chapter 2252, Subchapter G, as amended by Senate Bill (SB) 1289, 85th Legislative Session, and Texas Water Code §§ 17.871–17.912.

**Definitions**
Political subdivision refers to any of the following entities:

- A district or authority created under Section 52, Article III, or Section 59, Article XVI, of the Texas Constitution.
- A municipality
- A county.
- An institution of higher education as defined by Section 61.003, Education Code.
- Any interstate compact commission to which the state is a party.
- Any nonprofit water supply corporation created and operating under Chapter 67.

Person: An individual, corporation, partnership, association, or other legal entity that is not classified as a political subdivision.

**Applicability**
Under TWDB programs, the USIS requirements outlined in TGC, Chapter 2252, Subchapter G, apply only to contracts between the TWDB and a political subdivision to financing, refinancing, or providing funds to construct, remodel, or alter a building, structure, or infrastructure. For projects funded under the Agricultural Water Conservation Fund, these requirements do not apply to projects undertaken by “persons” (commonly referred to as “participants”) who receive funding from a political subdivision funded by the TWDB.

**Project Examples, Exemptions, and Construction Requirements**
USIS requirements are limited to projects involving the construction, remodeling, or alteration of a building, a structure, or infrastructure. Explicit exemptions outlined in TGC § 2252.203 are addressed in Section 7 (Waivers) of this document. Additionally, “mechanical and electrical components, equipment, systems, and appurtenances” such as those listed herein are not subject to USIS requirements.

**U.S. Iron and Steel Requirements**
Projects funded through the Agricultural Water Conservation Fund that must comply with USIS requirements include, but are not limited to:

- Rebar and structural steel used in canal lining projects.
- Pipes in canal-to-pipeline conversions and pipeline replacement projects.
- Well Casing for projects involving well drilling activities.

**Exempt Components**
The following projects and components are exempt from the USIS provisions within the Agricultural Water Conservation Fund, in addition to the "mechanical and electrical components, equipment, systems, and appurtenances" detailed within this guidance. Equipment cost share projects for purchasing and installing the following (this list is not exhaustive):

- Meters
- Surge-flow valves
- Soil-moisture probes
- Center pivots (including pad/slab construction)
- Efficiency improvements for center pivot and pumping plants
- Pivot control systems
- Telemetry, remote monitoring, or supervisory control and data acquisition (SCADA) systems
- Automated gates (including fabrication and construction)
- Weather stations (including footings, foundations, pads or slabs)

**Provisions for Bid Documents**
Applicants must ensure compliance with the Construction Requirements outlined in Texas Administrative Code §367.12 when preparing bid documents for construction contracts funded through AWCF. In addition to these requirements, the following language must be included in all Advertisements for Bids:

*Any contract(s) awarded under this Invitation for Bids is/are subject to the United States Iron and Steel (USIS) requirements of Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable.*

# Attachment 2: Certificate of Compliance with U.S. Iron and Steel Requirements

This form is available at: https://www.twdb.texas.gov/financial/instructions/doc/TWDB-1105-A.pdf

# Attachment 3: Exemption Request

The purpose of this checklist is to ensure that all necessary and relevant information is submitted to the Texas Water Development Board (TWDB). This checklist is for informational purposes only and does not need to be included as part of the exemption application.

| Items | ☐ | Notes |
|---|---|---|
| General<br>• Request includes the following information:<br>  ○ Description of the foreign and domestic construction materials<br>  ○ Unit of measure<br>  ○ Quantity<br>  ○ Price<br>  ○ Time of delivery or availability<br>  ○ Location of the construction project<br>  ○ Name and address of the proposed supplier(s)<br>  ○ Detailed justification for the use of foreign construction materials<br>• Applicants must demonstrate a good faith effort to solicit bids for domestic iron and steel products through language in requests for proposals, contracts, and communications with the prime contractor. | | |
| Cost Requests<br>• Cost-based requests include the following information:<br>  ○ Comparison of overall project cost using domestic iron and steel products versus foreign iron and steel products.<br>  ○ Relevant excerpts from the bid documents used by contractors for the cost comparison.<br>  ○ Supporting documentation indicating that the contractor conducted a reasonable market survey, including:<br>  ○ A description of the process used to identify suppliers<br>  ○ A list of contracted suppliers.<br>  ○ Signed and sealed statement from the consulting engineer certifying they have reviewed the waiver request conditions and attest to their accuracy. | | |
| Availability Requests<br>• For availability-based exemptions, request includes the following:<br>  ○ Supporting documentation demonstrating the availability, quantity, and/or quality issues with domestic material, such as supplier or pricing information from a reasonable number of domestic sources.<br>• A statement from the applicant, engineer, prime contractor, and/or supplier - along with supporting documentation - confirming the non-availability of the domestic construction materials for which the request is sought. | | |
| Additional Considerations<br>To your best knowledge, has the State received other requests for similar materials on comparable projects? | | |

## *TWDB Checklist for Exemption Request*

*Instructions: This checklist is to be completed by TWDB during the review of the exemption requests. Each question in the checklist must be answered by marking the appropriate box as Yes, No or N/A.*

*Marks within shaded boxes may indicate grounds for denial of the waiver. If no marks fall into shaded boxes, the request may be eligible for approval, providing it demonstrates that at least one or more of the following conditions apply to the domestic product for which the exemption is requested:*

1. *The iron and/or steel products are not produced in the United States in sufficient quantities, are not reasonably available, or are not of satisfactory quality.*
2. *The inclusion of the U.S.-produced iron and/or steel products would increase the cost of the overall project by more than 20 percent. For this purpose, "cost of the project" refers to the total amount of the TWDB Board's funding commitment for the construction portion of the project.*

| Review Items | Yes | No | N/A | Notes |
|---|---|---|---|---|
| Cost Request<br>• Does the exemption request include the following information?<br>o Comparison of overall cost of project with domestic iron and steel products to overall cost of project with | | | | |
| o Relevant excerpts from the bid documents used by the contractors to complete the comparison | | | | |
| o A sufficient number of bid documents or pricing information from domestic sources to constitute a reasonable survey of the market | | | | |
| • Does the Total Domestic Project exceed the Total Foreign Project Cost by more than 20%? | | | | |
| Availability Requests<br>• Does the exemption request include supporting documentation sufficient to show the availability, quantity, and/or quality of the iron and/or steel product for which it is requested?<br>o Supplier information or other documentation indicating availability/delivery date for materials<br>o Project schedule<br>o Relevant excerpts from project plans, specifications, and permits indicating the required quantity and quality of materials | | | | |
| • Contractors made a reasonable effort to locate domestic suppliers of materials, such as a description of the process for identifying suppliers and a list of contacted suppliers? | | | | |
| • Based on the materials delivery/availability date indicated in the supporting documentation, will the materials be unavailable when they are needed according to the project schedule? (By item, list schedule date and domestic delivery quote date or other relevant information) | | | | |

| | | | | |
|---|---|---|---|---|
| • Is TWDB aware of any other evidence indicating the non-availability of the materials for which the exemption is requested?<br>Examples include:<br>o Multiple requests for the materials described in this request, for comparable projects in Texas<br>o Multiple requests for the materials described in this request, for comparable projects in other States<br>o Correspondence with construction trade associations indicating the non-availability of the materials<br>• Are the available domestic materials indicated in the bid documents of inadequate quality compared to those required by the project plans, specifications, and/or permits? | | | | |

# Attachment 4: Sample Certifications

U.S. Iron and Steel (USIS) Certification must document the location of all manufacturing processes involved with the production of iron and steel materials. Each entity handling the iron and steel products (including supplier, fabricator, manufacturer, processor, etc.) must certify that their specific role in the process was performed domestically.

Applicants may fulfill this requirement using one of the following certification methods:

1. Final Manufacturer Certification
   The final manufacturer delivering the iron or steel product to the worksite, vendor, or contractor, must provide a certification. This certification must identify all entities involved in handling the product and confirm that all manufacturing processes were completed in the United States.

2. Step Certification
   Each entity handling the iron or steel product must provide an individual certification letter verifying that their specific step in the process was performed domestically.

***NOTE:*** All certifications must be documented on official company letterhead to ensure compliance with the USIS requirements.

# Final Manufacturer Certification

The following is a sample certification letter for USIS compliance. The document must be on company letterhead and include a certification from the final manufacturer. It should list all parties involved in handling the product, from the raw iron or steel processor to the contractor installing the final product.

*Date*
*Company Name*
*Company Address City,*
*State Zip*

*Subject: United States Iron and Steel Certification for Project (XXXXX)*

*I, (company representative), certify that the following products and/or materials shipped/provided to the subject project are in full compliance with the United States Iron and Steel requirement as required in Texas Water Code § 17.183 and/or Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable.*

*Item, Products and/or Materials:*

1. *Xxxx*
2. *Xxxx*
3. *Xxxx*

*Such processes took place at the following location:*

| | | | |
|---|---|---|---|
| *Contractor:* | _____ | _____ | _____ |
| | *(Name)* | *(Item)* | *(Process)* |
| *Supplier:* | _____ | _____ | _____ |
| | *(Name)* | *(Item)* | *(Process)* |
| *Manufacturer:* | _____ | _____ | _____ |
| | *(Name)* | *(Item)* | *(Process)* |
| *Processor:* | _____ | _____ | _____ |
| | *(Name)* | *(Item)* | *(Process)* |

*If any of the above compliance statements change during the course of providing material for this project, we will immediately notify the prime contractor and the engineer.*

*Signed by company representative*

## Step Certification

Step certification is a process where each handler of the iron and steel products (e.g., supplier, fabricator, manufacturer, processor) certifies that their specific step in the process was performed domestically. This process requires obtaining a separate certification letter from each handler, starting with the processor of the raw iron or steel and continuing through to the contractor responsible for installing the final product.

## Step Certification Letter

The following information is provided as a sample letter of step certification for USIS compliance. Documentation must be provided on company letterhead by each handler responsible for their part of the iron or steel product process.

*Date*
*Company Name Company*
*Address City, State Zip*

*Subject: United States Iron and Steel Step Certification for Project (XXXXXXXXXX)*

*I, (company representative), certify that the (melting, bending, coating, galvanizing, cutting, etc.) process in the (manufacturing or fabricating) of the following products and/or materials shipped or provided for the subject project is in full compliance with the United States Iron and Steel requirements required in Texas Water Code § 17.183 and/or Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable.*
*Item(s), Product(s) and/or Material(s):*

1. *Xxxx*
2. *Xxxx*
3. *Xxxx*

*Such process took place at the following location:*

*Handler:* _____ _____ _____
*(Name)* *(Item)* *(Process)*

*If any of the above compliance statements change while providing material for this project, we will immediately notify the prime contractor and the engineer.*
*Signed by company representative*

## Step Certification Log

The following information is provided as a sample log to keep track of step certification for U.S. Iron and Steel (USIS) compliance. The TWDB makes no claims regarding the legality of the step certification log with respect to USIS compliance.

**United States Iron and Steel**
**Step Certification Log for**

**_____**

**(Iron or Steel Product)**

| | | |
|---|---|---|
| **CONTRACTOR:** | | |
| **(NAME)** | **(ITEM)** | **(PROCESS)** |
| | | |
| **SUPPLIER:** | | |
| **(NAME)** | **(ITEM)** | **(PROCESS)** |
| | | |
| **MANUFACTURER:** | | |
| **(NAME)** | **(ITEM)** | **(PROCESS)** |
| | | |
| **PROCESSOR:** | | |
| **(NAME)** | **(ITEM)** | **(PROCESS)** |

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items for Action |
| **From:** | Adam Willard, P.E.<br>Chief Engineer of Water Systems | **Reviewed by:** | Michael Short, P.E.<br>Director of Engineering |
| **Submitted by:** | Mark Steelman<br>Chief Operations Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Authorize the CEO or His Designee to Negotiate and Execute a Construction Contract with Crom CFG Industries, LLC for the Construction of the Water Tank Rehabilitation Phase 2 – Kerlick Elevated Storage Tank Project in the Amount of $1,788,243.65 Plus a $180,000.00 Contingency for a Total Budgeted Amount Not to Exceed $1,968,243.65

## BACKGROUND

On July 2, 2026, New Braunfels Utilities ("NBU") issued a request for bids for the Water Tank Rehabilitation Phase 2 – Kerlick Elevated Storage Tank Project (the "Project"), which includes the following items within its scope: (i) full rehabilitation of the interior and exterior coating systems, including structural repairs and appurtenance replacement for the existing Kerlick 0.75 million gallon ("MG") steel multi-leg elevated storage tank; (ii) civil site improvements including overflow routing, altitude valve, gates, and fencing; (iii) electrical and instrumentation improvements and heat tracing; (iv) storm water pollution prevention plan; (v) site restoration; and (vi) all other appurtenances necessary to complete the Project. The Project will rehabilitate and replace aging infrastructure that has reached or exceeded its useful life as well as improve facility access and operations.

On July 22, 2026, NBU received four (4) bids for the Project during the public bidding process. The Project team evaluated the bids and recommends the selection of Crom CFG Industries, LLC ("Crom") for the Project. Crom was selected as the respondent who provides the best value to NBU based on the selection criteria, the weighted value for those criteria, and the ranking evaluation, including their cost of work, proposed schedule, past performance on similar projects, overall qualifications, available resources, corporate history, and references. Crom's proposal includes a base bid (plus add/alternates) of $1,788,243.65, which was the second lowest base bid out of the four (4) respondents.

NBU staff requests that the Board of Trustees approve the Construction Contract Agreement (the "Contract") with Crom for the Project.

This item is being presented to the Board because the total amount of this contract exceeds $250,000.00.

## FINANCIAL IMPACT

The total financial impact of the Contract with Crom for the Project is $1,788,243.65. The Project is budgeted within the Fiscal Year 2027 NBU Board approved Capital Improvements Projects Budget. Anticipating the need for Project change orders, a contract contingency in the amount of $180,000.00, which is approximately 10% of the total contract amount, will be added to the Project construction budget. The total Contract amount plus contingency is $1,968,243.65.

The Project may be selected by the Texas Water Development Board ("TWDB") under the Water Supply and Infrastructure Grants ("WSIG") program. NBU submitted an application for consideration under the WSIG in July 2026 and is currently awaiting determination. If selected, the Project would be funded by the TWDB, with no repayment required. In the absence of approval within the WSIG program, the Project will be rate funded.

## LINK TO STRATEGIC PLAN

**Customers and Community**

**Infrastructure and Technology**

**Safety and Security**

## EXHIBITS

1. Construction Contract with Crom
2. Bid Tabulation – (RFB 26-0133A)

| Bid Tabulation (RFB 26-0133A) | | |
|---|---|---|
| **1** | Crom CFG Industries, LLC | $1,788,243.65 |
| **2** | O&J Coatings, Inc | $1,770,000.00 |
| **3** | Blastco Texas, Inc | $2,303,659.00 |
| **4** | Viking Painting LLC | $2,693,100.00 |

3. Bid Evaluation Matrix – Competitive Sealed Proposal (26-0133A)

| Bid Evaluation Matrix | | | | | |
|---|---|---|---|---|---|
| | | | | | |
| Item | Criteria | Crom CFG Industries, LLC | O&J Coatings, Inc | Blastco Texas, Inc | Viking Painting LLC |
| 1. | Cost of the Work | 49.5 | 50.0 | 38.4 | 32.9 |
| 2. | Proposed Schedule / Contract Time | 18.0 | 18.0 | 18.0 | 15.0 |
| 3. | Overall Qualifications, Reputation, Past Relationship with NBU, and Public Owners | 7.0 | 6.0 | 5.0 | 7.0 |

| | | | | | |
|---|---|---|---|---|---|
| 4. | Past Performance on Similar Projects | 2.0 | 3.5 | 3.0 | 2.5 |
| 5. | Available Resources to Complete the Project | 1.5 | 0.5 | 1.0 | 1.5 |
| 6. | The Contractor's Corporate History and Stability | 1.3 | 1.0 | 0.3 | 1.3 |
| | Total Score | 79.2 | 79.0 | 65.7 | 60.1 |

**THIS AGREEMENT** (the "Agreement" or the "Contract") is between **NEW BRAUNFELS UTILITIES**, a Texas municipally owned utility ("NBU" or "Owner"), and **CROM CFG INDUSTRIES, LLC**, a Texas limited liability company (the "Contractor").

NBU and the Contractor, in consideration of the mutual covenants set forth herein, agree as follows:

## ARTICLE 1 - WORK

**1.01** The Contractor shall complete all Work as specified or indicated in the Contract Documents as listed below:

**Contract Agreement and the related Exhibits;**
**Modifications to the Agreement, agreed to after the Effective Date;**
**Standard General Conditions of the Contract;**
**Special Conditions;**
**Texas Water Development Board Supplemental Contract Conditions and Instructions for Construction Services for Water Supply and Infrastructure Grants;**
**Payment Bond;**
**Performance Bond;**
**Technical Specifications;**
**Addenda, issued prior to the Effective Date;**
**Technical Specifications issued by Freese and Nichols, Inc., dated August 10, 2026 (conformed set); and**
**Design Plans issued by Freese and Nichols, Inc., dated August 10, 2026 (conformed set).**

**1.02** The Work is generally described as follows:

**The Project includes the following items within its scope: (i) full rehabilitation of the interior and exterior coating systems, including structural repairs and appurtenance replacement for the existing Kerlick 0.75 million gallon ("MG") steel multi-leg elevated storage tank; (ii) civil site improvements including overflow routing, altitude valve, gates, and fencing; (iii) electrical and instrumentation improvements and heat tracing; (iv) storm water pollution prevention plan; (v) site restoration; and (vi) all other appurtenances necessary to complete the Project.**

## ARTICLE 2 - THE PROJECT

**2.01** The Project for which the Work under the Contract Documents may be the whole or only a part is generally described as follows**:**

**Tank Rehabilitation Phase 2 - Kerlick Elevated Storage Tank**

## ARTICLE 3 - ENGINEER

**3.01** The Project has been designed by:

**Dalton Warren, P.E.**
**Freese and Nichols, Inc.**
**1251 Sadler Drive Building 1, Suite 1150**
**San Marcos, Texas 78666**
**(512) 213-3200**

(the "Engineer"), who is to act as NBU's representative, assume all duties and responsibilities, and have the rights and authority assigned to the Engineer in the Contract Documents in connection with the completion of the Work in accordance with the Contract Documents.

## ARTICLE 4 - CONTRACT TIMES

**4.01** *Time of the Essence*

A. Time limits stated in the Contract Documents are of the essence of the Contract. In all aspects of the Work, including any time limits for Milestones, Substantial Completion, and Final Completion, time is of the essence of the Contract. Additionally, time limits stated in the Project Schedule are of the essence. By executing this Agreement, the Contractor confirms that the Contract Time is a reasonable period for performing the Work.

**4.02** *Days to Achieve Substantial Completion and Final Payment*

A. The Work shall be substantially complete within **one hundred eighty (180) calendar days from the Notice to Proceed date** and ready for final payment in accordance with Section 14.07 of the General Conditions within 30 calendar days after the substantially complete date.

**4.03** *Liquidated Damages*

A. The Contractor and NBU recognize that time is of the essence of this Agreement and that NBU will suffer financial loss if the Work is not completed within the times specified in Paragraph 4.02 above, plus any extensions thereof allowed in accordance with Article 12 of the General Conditions. The parties also recognize the delays, expense, and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by NBU if the Work is not completed on time. Accordingly, instead of requiring any such proof, NBU and the Contractor agree that as liquidated damages for delay (but not as a penalty), the Contractor shall pay to NBU **two thousand four hundred twenty-three dollars ($2,423.00)** per calendar day for each day that expires after the time specified in Paragraph 4.02 for Substantial Completion until the Work is substantially complete. After Substantial Completion, if the Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Time or any proper extension thereof granted by NBU, the Contractor shall pay to NBU **two thousand four hundred twenty-three dollars ($2,423.00)** per calendar day for each day that expires after the time specified in Paragraph 4.02 for completion and readiness for final payment until the Work is completed and ready for final payment.

**4.04** *Special Damages*

A. In addition to the amount provided for in liquidated damages, the Contractor shall reimburse NBU (1) for any fines or penalties imposed on NBU as a direct result of the Contractor's failure to attain Substantial Completion according to the Contract Times, and (2) for the actual costs reasonably incurred by NBU for engineering, construction observation, inspection, and administrative services needed after the time specified in Section 4.02 for Substantial Completion (as duly adjusted pursuant to the Contract), until the Work is substantially complete.

B. After Contractor achieves Substantial Completion, if the Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Times, the Contractor shall reimburse NBU for the actual costs reasonably incurred by NBU for engineering, construction observation, inspection, and administrative services needed after the time specified in Section 4.02 for Work to be completed and ready for final payment (as duly adjusted pursuant to the Contract), until the Work is completed and ready for final payment.

## ARTICLE 5 - CONTRACT PRICE

**5.01** NBU shall pay the Contractor for completion of the Work in accordance with the Contract Documents the amounts that follow, subject to adjustment under the Contract:

A. For all Work, at the prices stated in the Contractor's Bid Form, attached hereto as Exhibit B.

## ARTICLE 6 - PAYMENT PROCEDURES

**6.01** *Submittal and Processing of Payments*

A. The Contractor shall submit Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by the Engineer as provided in the General Conditions.

**6.02** *Progress Payments; Retainage*

A. NBU shall make progress payments on account of the Contract Price on the basis of the Contractor's Applications for Payment within 30 days of NBU's acceptance of the payment application:

1. Prior to Substantial Completion, NBU shall make progress payments in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as the Engineer may determine or NBU may withhold, including but not limited to liquidated damages, in accordance with Section 14.02 of the General Conditions:

    a. 95% (percent) of Work completed; and

    b. 95% (percent) of cost of materials and equipment not incorporated in the Work.

**6.03** *Final Payment*

A. Upon final completion and acceptance of the Work in accordance with Section 14.07 of the General Conditions, NBU shall pay the remainder of the Contract Price, including any retainage held, as recommended by the Engineer as provided in said Section 14.07 of the General Conditions.

## ARTICLE 7 – CONTRACTOR'S REPRESENTATIONS

**7.01** To induce NBU to enter into this Agreement, the Contractor makes the following representations:

A. The Contractor has examined and carefully studied the Contract Documents and the other related data identified in the Bidding Documents.

B. The Contractor has visited the Site and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.

C. The Contractor is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the Work.

D. The Contractor has obtained and carefully studied (or assumes responsibility for doing so) all examinations, investigations, explorations, tests, studies, and data concerning conditions (surface, subsurface, and Underground Facilities) at or contiguous to the Site that may affect cost, progress, or performance of the Work or which relate to any aspect of the means, methods, techniques, sequences, and procedures of construction to be employed by the Contractor, including any specific means, methods, techniques, sequences, and procedures of construction expressly required by the Bidding Documents, and safety precautions and programs incident thereto.

E. The Contractor does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.

F. The Contractor is aware of the general nature of work to be performed by NBU and others at the Site that relates to the Work as indicated in the Contract Documents.

G. The Contractor has correlated the information known to the Contractor, information and observations obtained from visits to the Site, reports and drawings identified in the Contract Documents, and all additional examinations, investigations, explorations, tests, studies, and data with the Contract Documents.

H. The Contractor has given the Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that the Contractor has discovered in the Contract Documents, and the written resolution thereof by the Engineer is acceptable to the Contractor.

I. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

## ARTICLE 8 - MISCELLANEOUS

**8.01** *Terms*

A. Terms used in this Agreement will have the meanings stated in the Standard General Conditions of the Contract.

**8.02** *Assignment of Contract*

A. No assignment by a party hereto of any rights under or interests in the Agreement will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically, but without limitation, money that may become due and money that is due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents. Should an assignment occur, the terms of this provision survive and control any further assignment by an assignee.

**8.03** *Successors and Assigns*

A. NBU and the Contractor each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

**8.04** *Severability*

A. Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon NBU and the Contractor, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

**8.05** *Governing Law*

A. The Contract shall be governed by the law of the State of Texas without regard to its conflict of law principles.

**8.06** *Venue*

A. This Agreement is entered into and performed in Comal County, Texas, and the Contractor and NBU agree that exclusive and mandatory venue for any legal action related to this Agreement shall be in the District Courts of Comal County, Texas.

**8.07** *Prohibition on Contracts with Companies Boycotting Israel*

A. The Contractor hereby verifies that it and its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement as described in Chapter 2271 of the Texas Government Code, as amended.

B. The foregoing verification is made solely to comply with Chapter 2271.002 of the Texas Government Code, as amended. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Contractor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Contractor and exists to make a profit.

**8.08** *Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited*

A. The Contractor represents that neither it nor any of its parent company, wholly or majority owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/publications/divestment.php.

B. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and excludes the Contractor and each of its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Contractor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Contractor and exists to make a profit.

**8.09** *Prohibition on Contracts with Companies in China, Iran, North Korea, or Russia*

A. If the Contractor is granted direct or remote access to or control of critical infrastructure in the State of Texas under this Agreement, the Contractor represents the following:

1. it is not owned by or the majority of stock or other ownership interest in the Contractor is not held or controlled by:

   a. individuals who are citizens of China, Iran, North Korea, Russia, or a country designated by the Governor of Texas as a threat to critical infrastructure under Section 2275.0103 of the Texas Government Code, as amended ("designated country"); or

   b. a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a designated country; or

2. it is not headquartered in China, Iran, North Korea, Russia, or a designated country.

B. The foregoing representation is made solely to comply with Chapter 2275 of the Texas Government Code, as amended. As used in the foregoing verification, "critical infrastructure" means a communication infrastructure system, cybersecurity system, electric grid, hazardous waste treatment system, or water treatment facility. "Affiliate," with respect to a company entering into an agreement in which the critical infrastructure is electric grid equipment, has the meaning assigned by the

protocols of the independent organization certified under Section 39.151, Utilities Code, for the ERCOT power region.

**8.10** *Prohibition on Contracts with Companies Boycotting Energy Companies*

A. The Contractor hereby verifies that it and its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, to the extent this Agreement is a contract for goods or services, will not boycott energy companies during the term of this Agreement as described in Chapter 2276 of the Texas Government Code, as amended.

B. The foregoing verification is made solely to comply with Section 2276.002 of the Texas Government Code, as amended. As used in the foregoing verification, "boycott energy companies" has the meaning used in Section 809.001 of the Texas Government Code, as amended. The Contractor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Contractor and exists to make a profit.

**8.11** *Prohibition on Contracts with Companies that Discriminate Against Firearm and Ammunition Industries*

A. The Contractor hereby verifies that it and its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, to the extent this Agreement is a contract for goods or services, will not discriminate against a firearm entity or firearm trade association during the term of this Agreement as described in Chapter 2274 of the Texas Government Code, as amended.

B. The foregoing verification is made solely to comply with Section 2274.002 of the Texas Government Code, as amended. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning used in Section 2274.001(3) of the Texas Government Code, as amended. The Contractor understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Contractor and exists to make a profit.

**8.12** *Texas Public Information Act*

A. The Contractor recognizes that this Project is publicly owned, and NBU is subject to the disclosure requirements of the Texas Public Information Act (the "PIA"). As part of its obligations within the Contract Documents, the Contractor agrees, at no additional cost to NBU, to cooperate with NBU for any particular needs or obligations arising out of NBU's obligations under the PIA. This acknowledgment and obligation are in addition to and complementary to NBU's audit rights.

B. This provision applies if the Agreement has a stated expenditure of at least $1 million in public funds for the purchase of goods or services by NBU or results in the expenditure of at least $1 million in public funds for the purchase of goods or services by NBU in a fiscal year of NBU.

C. The Contractor must

1. preserve all contracting information related to the Agreement as provided by the records retention requirements applicable to NBU for the duration of the Agreement;
2. promptly provide to NBU any contracting information related to the Agreement that is in the custody or possession of the Contractor on request of NBU; and
3. on completion of the Agreement, either:
   a. provide at no cost to NBU all contracting information related to the Agreement that is in the custody or possession of the Contractor; or

b. preserve the contracting information related to the Agreement as provided by the records retention requirements applicable to NBU.

D. The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Agreement and the Contractor agrees that the Agreement can be terminated if the Contractor knowingly or intentionally fails to comply with a requirement of that subchapter.

**8.13** *Electronic Signatures*

A. Pursuant to Chapter 322 of the Texas Business and Commerce Code, as amended, the parties agree to the use of electronic signatures herein and that the use of an electronic signature, whether digital or encrypted, is intended to have the same force and effect as a manual signature. Electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. Each party further agrees that if it agrees to conduct a transaction by electronic means in this Agreement, it may refuse to conduct other transactions by electronic means and that such right may not be waived by this Agreement.

**8.14** *Contingent Award of Contract*

A. This Agreement is contingent upon the release of funds from the Texas Water Development Board (TWDB). The Agreement is expected to be funded, in part, by a loan or grant from the TWDB. Neither the State of Texas, nor any of its departments, agencies, or employees is, or will be, a party to this Agreement.

**8.15 Contractor Statement of Understanding**

A. The Contractor acknowledges to and for the benefit of the Owner ("Purchaser") that it understands the goods and services provided under this Agreement are being funded in whole or in part with monies made available through the Water Supply and Infrastructure Grants appropriated for water supply and infrastructure projects through House Bill 500, passed during the 89th Legislative Session. The State of Texas statutory requirements commonly known as "United States Iron and Steel" that requires all of the iron and steel products used in the project to be produced in the United States ("United States Iron and Steel Requirement") including iron and steel products provided by the Contractor pursuant to this Agreement. The Contractor hereby represents and warrants to and for the benefit of the Owner, that (a) the Contractor has reviewed and understands the United States Iron and Steel Requirement, (b) all of the iron and steel products used in the project will be and/or have been produced in the United States in a manner that complies with the United States Iron and Steel Requirement, unless a waiver of the requirement is approved, and (c) the Contractor will provide any further verified information, certification or assurance of compliance with this paragraph, or information necessary to support a waiver of the United States Iron and Steel Requirement, as may be requested by the Owner. Notwithstanding any other provision of this Agreement, any failure to comply with this paragraph by the Contractor shall permit the Owner to enforce this Agreement and recover as damages against the Contractor any loss, expense, or cost (including without limitation attorney's fees) incurred by the Owner resulting from any such failure (including without limitation any impairment or loss of funding, whether in whole or in part, from the TWDB or any damages owed to the Owner.

In the execution of the Contract, the Contractor shall be familiar with and at all times shall observe and comply with all applicable federal, state, and local laws, ordinances and regulations concerned with the use of iron and steel.

## ARTICLE 9 - INSURANCE

**9.01** *Evidence of the Contractor's Insurance*

A. Before any Work at the Site may commence, Contractor shall deliver to NBU the certificates of insurance and policy endorsements pages for all insurance policies required to be provided by the Contractor in accordance with the Insurance Rider that is Exhibit A to this Agreement.

**Exhibit A – Insurance Rider**

**Exhibit B – Contractor's Bid Form**

**Exhibit C - Texas Water Development Board Supplemental Contract Conditions and Instructions for Construction Services for Water Supply and Infrastructure Grants**

IN WITNESS WHEREOF, NBU and the Contractor have signed this Agreement in duplicate. One counterpart each has been delivered to NBU and the Contractor. All portions of the Contract Documents have been signed or identified by NBU and the Contractor or on their behalf.

This Agreement will be effective on _____, _____ (which is the Effective Date of the Agreement).

NEW BRAUNFELS UTILITIES, a Texas municipally owned utility:

By:_____

Printed Name:__Ryan Kelso_____

Title:____Chief Executive Officer_____

[CORPORATE SEAL]

Attest:_____

Title:_____

Address for giving notices:

_____

_____

_____

(If NBU is a corporation, attached evidence of authority to sign. If NBU is a public body, attach evidence of authority to sign and resolution or other documents authorizing execution of NBU-Contractor Agreement.)

CROM CFG INDUSTRIES, LLC, a Texas limited liability company:

By:_____

Printed Name:_____

Title:_____

[CORPORATE SEAL]

Attest:_____

Title:_____

Address for giving notices:

_____

_____

_____

License No.:_____
(Where Applicable)

Agent for service or process:

_____
(If the Contractor is a corporation or a partnership, attach evidence or authority to sign.)

**END OF DOCUMENT**

1. **Specific Insurance Requirements**
The following insurance shall be maintained in effect with limits not less than those set forth below at all times during the term of this Agreement and thereafter as required:

| Insurance | Coverage/Limits | Other Requirements |
|---|---|---|
| Commercial General Liability (Occurrence Basis) | Amounts of coverage shall be no less than:<br>▪ $1,000,000 Per Occurrence<br>▪ $2,000,000 General Aggregate<br>▪ $2,000,000 Products/Completed Operations Aggregate<br>▪ $1,000,000 Personal And Advertising Injury<br>▪ Designated Construction Project(s) General Aggregate Limit | ▪ Current ISO edition of CG 00 01<br>▪ Additional insured status shall be provided in favor of Owner Parties on a combination of ISO forms CG 20 10 10 01 and CG 20 37 10101 or an equivalent.<br>▪ This coverage shall be endorsed to provide primary and non-contributing liability coverage. It is the intent of the parties to this Agreement that all insurance coverage required herein shall be primary to and will not seek contribution from any other insurance held by Owner Parties, with Owner Parties' insurance being excess, secondary and non-contributing.<br>▪ Stop Gap coverage shall be provided if any work is to be performed in a monopolistic workers' compensation state.<br>▪ The following exclusions/limitations (or their equivalent(s), are prohibited:<br>o Contractual Liability Limitation CG 21 39<br>o Amendment of Insured Contract Definition CG 24 26<br>o Exclusion-Damage to Work Performed by Subcontractors On Your Behalf, CG 22 94 or CG 22 95<br>o Any Classification limitation<br>o Any Construction Defect Completed Operations exclusion<br>o Any endorsement modifying the Employer's Liability exclusion or deleting exception to it<br>o Any endorsement modifying or deleting Explosion, Collapse or Underground coverage<br>o Any Habitational or Residential exclusion applicable to the Work<br>o Any "Insured vs. Insured" exclusion except Named Insured vs. Named Insured<br>o Any Punitive, Exemplary or Multiplied Damages exclusion<br>o Any Subsidence exclusion |

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| Business Auto Liability | Amount of coverage shall be no less than:<br>▪ $1,000,000 Combined Single Limit | ▪ Current ISO edition of CA 00 01<br>▪ Arising out of any auto (Symbol 1), including owned, hired and non-owned |
| Workers' Compensation and Employer's Liability | Amounts of coverage shall be no less than:<br>▪ Statutory Limits<br>▪ $1,000,000 Each Accident and Disease<br>▪ Alternate Employer endorsement | ▪ The State in which work is to be performed must listed under Item 3.A. on the Information Page<br>▪ Such insurance shall cover liability arising out of the Contractor's employment of workers and anyone for whom the Contractor may be liable for workers' compensation claims. Workers' compensation insurance is required, and no "alternative" forms of insurance shall be permitted.<br>▪ Where a Professional Employer Organization (PEO) or "leased employees" are utilized, Contractor shall require its leasing company to provide Workers' Compensation insurance for said workers and such policy shall be endorsed to provide an Alternate Employer endorsement in favor of Contractor and Owner. Where Contractor uses leased employees with Workers' Compensation insurance provided by a PEO or employee leasing company, Contractor is strictly prohibited from subletting any of its work without the express written agreement of Owner. |
| Excess Liability (Occurrence Basis) | Amounts of coverage shall be no less than:<br>▪ $5,000,000 Each Occurrence | ▪ Coverage shall "follow form" over underlying policies listed herein. |
| Professional Liability | Amounts of coverage shall be no less than:<br>▪ $1,000,000 Each Claim<br>▪ $2,000,000 Annual Aggregate<br>▪ If a combined Contractor's Pollution Liability and Professional Liability policy is utilized, the limits shall be $3,000,000 Each Claim.<br>▪ Such insurance shall cover all services rendered by the Contractor and its consultants under the Agreement, including but not limited to design or design/build services.<br>▪ Policies written on a Claims-Made basis shall be maintained for at least two years beyond termination of the Agreement. | ▪ Such insurance shall cover all services rendered by the Contractor and its subcontractors under the Agreement.<br>▪ This insurance is not permitted to include any type of exclusion or limitation of coverage applicable to claims arising from:<br>o bodily injury or property damage where coverage is provided on behalf of design professionals or design/build contractors<br>o habitational or residential operations<br>o mold and/or microbial matter and/or fungus and/or biological substance<br>▪ Any retroactive date must be effective prior to beginning of services for the Owner.<br>▪ Policies written on a Claims-Made basis shall have an extended reporting period of at least two years beyond termination of the Agreement. Contractor shall trigger the extended reporting period if identical |

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| | | coverage is not otherwise maintained with the expiring retroactive date. |
| ~~Contractors Pollution Liability~~ | ~~Amounts of coverage shall be no less than:~~<br>~~▪ $1,000,000 Each Claim~~<br>~~▪ If a combined Contractor's Pollution Liability and Professional Liability policy is utilized, the limits shall be $3,000,000 Each Claim.~~<br>~~▪ The policy must provide coverage for:~~<br>~~○ the full scope of the named insured's operations (on-going and completed) as described within the scope of work for this Agreement~~<br>~~○ loss arising from pollutants including but not limited to fungus, bacteria, biological substances, mold, microbial matter, asbestos, lead, silica and contaminated drywall~~<br>~~○ third party liability for bodily injury, property damage, clean up expenses, and defense arising from the operations;~~<br>~~○ diminution of value and Natural Resources damages~~<br>~~○ contractual liability~~<br>~~○ claims arising from non-owned disposal sites utilized in the performance of this Agreement.~~ | ~~▪ The policy must insure contractual liability, name Owner Parties as an Additional Insured, and be primary and noncontributory to all coverage available to the Additional Insured.~~<br>~~▪ This insurance is not permitted to include any type of exclusion or limitation of coverage applicable to claims arising from:~~<br>~~○ Insured vs. insured actions. However exclusion for claims made between insured within the same economic family are acceptable.~~<br>~~○ impaired property that has not been physically injured~~<br>~~○ materials supplied or handled by the named insured. However, exclusions for the sale and manufacture of products are allowed. Exclusionary language pertaining to materials supplied by the insured shall be reviewed by the certificate holder for approval.~~<br>~~○ property damage to the work performed by the contractor~~<br>~~○ faulty workmanship as it relates to clean up costs~~<br>~~○ work performed by subcontractors~~<br>~~▪ If coverage is provided on a Claims Made basis, coverage will at least be retroactive to the earlier of the date of this Agreement or the commencement of contractor services relation to the Work.~~<br>~~▪ The policy will offer an extended discovery or extended reporting clause of at least three (3) years.~~<br>~~▪ Completed Operations coverage shall be maintained through the purchase of renewal policies to protect the insured and additional insured for at least two (2) years after the property owner accepts the project or this contract is terminated. The purchase of an extended discovery period or an extended reporting period on a Claims Made policy or the purchase of occurrence-based Contractors Environmental Insurance will not be sufficient to meet the terms of this provision.~~ |
| Builders Risk | ▪ Coverage shall be provided in an amount equal at all times to the full contract value, including change orders, and cost of debris removal for any single occurrence. | ▪ Insureds shall include Owner Parties, General Contractor, all Loss Payees and Mortgagees, and subcontractors of all tiers in the Work as Insureds. |

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| | ▪ Coverage shall be at least as broad as an unmodified ISO Special form, shall be provided on a completed-value basis, and shall be primary to any other insurance coverage available to the named insured parties, with that other insurance being excess, secondary and non-contributing.<br>▪ The policy must provide coverage for:<br>○ Agreed Value — Included<br>○ Damage arising from error, omission or deficiency in construction methods, design, specifications, workmanship or materials, including collapse — Included<br>○ Debris removal additional limit — $1,000,000<br>○ Earthquake and Earthquake Sprinkler Leakage — $5,000,000<br>○ Flood — Included<br>○ Freezing — Included<br>○ Mechanical breakdown including hot & cold testing — $1,000,000<br>○ Ordinance or law — $ 25,000<br>○ Pollutant clean-up and removal — Included<br>○ Preservation of property — Included<br>○ Theft — $10,000<br>• Deductible shall not exceed — 2% subject to $50,000 minimum<br>○ All Risks of Direct Damage, Per Occurrence, except — $100,000<br>○ Named Storm — $100,000<br>○ Earthquake and Earthquake Sprinkler Leakage, Per Occurrence<br>○ Flood, Per Occurrence or excess of NFIP if in Flood Zone A or V | ▪ Such insurance shall cover:<br>○ all structure(s) under construction, including retaining walls, paved surfaces and roadways, bridges, glass, foundation(s), footings, underground pipes and wiring, excavations, grading, backfilling or filling;<br>○ all temporary structures (e.g., fencing, scaffolding, cribbing, false work, forms, site lighting, temporary utilities and buildings) located at the site;<br>○ all property including materials and supplies on site for installation;<br>○ all property including materials and supplies at other locations but intended for use at the site;<br>○ all property including materials and supplies in transit to the site for installation by all means of transportation other than ocean transit; and<br>○ other Work at the site identified in the Agreement to which this Exhibit is attached.<br>• No protective safeguard warranty shall be permitted.<br>• The termination of coverage provision shall be endorsed to permit occupancy of the covered property being constructed. This insurance shall be maintained in effect, unless otherwise provided for the Agreement Documents, until the earliest of:<br>○ the date on which all persons and organizations who are insureds under the policy agree that it shall be terminated;<br>○ occupancy, in whole or in part;<br>○ the date on which release of substantial completion is executed; or<br>○ the date on which the insurable interests of Contractor in the Covered Property has ceased.<br>• A waiver of subrogation provision shall be provided in favor of all insureds listed above. |

## 2. General Insurance Requirements

**A. Definitions. For purposes of this Agreement:**

i. "ISO" means Insurance Services Office.
ii. "Contractor" shall include the Builder and its subcontractors of any tier.
iii. "Owner Parties" means (a) New Braunfels Utilities (collectively referred to as "Owner"), (b) the Project, (c) any lender whose loan is secured by a lien against the Work, (d) their respective shareholders, members, partners, joint venturers, affiliates, subsidiaries, successors and assigns, (e) any directors, officers, employees, or agents of such persons or entities, and (f) others as required by the Contract Documents.

**B. Policies.**

i. Contractor shall maintain such Excess Liability, Professional and Pollution insurance in identical coverage, form and amount, including required endorsements, for at least two (2) years following Date of Substantial Completion of the Work to be performed under this Agreement. Contractor shall maintain such General Liability insurance in identical coverage, form and amount, including required endorsements, for at least ten (10) years following Date of Substantial Completion of the Work to be performed under this Agreement. Contractor shall provide written representation to Owner stating Work completion date.
ii. All policies must:
   a. Be written through insurance companies authorized to do business in the State in which the work is to be performed and rated no less than A-: VII in the most current edition of A. M. Best's Key Rating Guide at all times Work is to be performed.
   b. Provide a waiver of subrogation in favor of Owner Parties on all insurance coverage carried by Contractor, whether required herein or not.
   c. Contain an endorsement providing for thirty (30) days prior written notice of cancellation to Owner.
   d. Be provided to the Owner Parties in compliance with the requirements herein and shall contain no endorsements that restrict, limit, or exclude coverage required herein in any manner without the prior express written approval of the Owner.
iii. Failure of any Owner Party to demand such certificate or other evidence of full compliance with these insurance requirements or failure of any Owner Party to identify a deficiency from evidence that is provided shall not be construed as a waiver of the Contractor's obligation to maintain such insurance.
iv. The Owner shall have the right to prohibit the Contractor or any subcontractor from performing any Work until such certificate of insurance, evidence of insurance and/or required endorsements are received and approved by the Owner.

**C. Limits, Deductibles and Retentions**

i. No deductible or self-insured retention shall exceed $25,000 without prior written approval of the Owner, except as otherwise specified herein. All deductibles and/or retentions shall be paid by, assumed by, for the account of, and at the Contractor's sole risk.

D. **Evidence of Insurance.**

The Contractor shall furnish evidence of insurance to NBU that confirms all required insurance policies are in full force and effect. Evidence of insurance shall be in a form acceptable to NBU.
Insurance must be evidenced as follows:

i. ACORD Form 25 Certificate of Liability Insurance for liability coverages.
ii. ACORD Form 28 Evidence of Commercial Property Insurance for property coverages.
iii. Evidence shall be provided to Owner prior to commencing Work and prior to the expiration of any required coverage.
iv. ACORD Forms specify:
   a. Owner as certificate holder at Owner's mailing address;

b. Insured's name, which must match that on this Agreement;
c. Insurance companies producing each coverage and the policy number and policy date of each coverage;
d. Producer of the certificate with correct address and phone number and have the signature of the authorized representative of the producer;
e. Additional Insured status in favor of Owner Parties;
f. Amount of any deductible or self-insured retention in excess of $25,000;
g. Designated Construction Project(s) General Aggregate Limit;
h. Primary and non-contributory status;
i. Waivers of subrogation; and
j. All exclusions and limitations added by endorsement to the General Liability coverage. This can be achieved by attachment of the Schedule of Forms and Endorsements page.

v. Copies of the following shall also be provided:
a. General Liability Additional insured endorsement(s);
b. General Liability Schedule of Forms and Endorsements page(s); and
c. 30 Day Notice of Cancellation endorsement applicable to all required policies.

**E. Contractor Insurance Representations to Owner Parties**

i. It is expressly understood and agreed that the insurance coverages required herein (a) represent Owner Parties' minimum requirements and are not to be construed to void or limit the Contractor's indemnity obligations as contained in this Agreement; and (b) are being, or have been, obtained by the Contractor in support of the Contractor's liability and indemnity obligations under this Agreement.
ii. Failure to obtain and maintain the required insurance shall constitute a material breach of, and default under, this Agreement. In the event of any failure by the Contractor to comply with the provisions of this Agreement, the Owner may, without in any way compromising or waiving any right or remedy at law or in equity, on notice to the Contractor, purchase such insurance and offset all costs and expenses from the Contract Sum. Owner's exercise of this right shall not relieve or excuse Contractor from the obligation to obtain and maintain such insurance amounts and coverages.
iii. This Exhibit is an independent contract provision and shall survive the termination or expiration of the Contract Agreement.

**F. Insurance Requirements of Contractor's Subcontractors**

i. Insurance similar to that required of the Contractor shall be provided by all subcontractors (or provided by the Contractor on behalf of subcontractors) to cover operations performed under any subcontract agreement. The Contractor shall be held responsible for any modification in these insurance requirements as they apply to subcontractors. The Contractor shall maintain certificates of insurance from all subcontractors containing provisions similar to those listed herein (modified to recognize that the certificate is from subcontractor) enumerating, among other things, the waivers of subrogation, additional insured status, and primary liability as required herein, and make them available to the Owner upon request.
ii. The Contractor is fully responsible for loss and damage to its property on the site, including tools and equipment, and shall take necessary precautions to prevent damage to or vandalism, theft, burglary, pilferage and unexplained disappearance of property. Any insurance covering the Contractor's or its subcontractor's property shall be the Contractor's and its subcontractor's sole and complete means or recovery for any such loss. To the extent any loss is not covered by said insurance or subject to any deductible or co-insurance, the Contractor shall not be reimbursed for same. Should the Contractor or its subcontractors choose to self-insure this risk, it is expressly agreed that the Contractor hereby waives, and shall cause its subcontractors to waive, any claim for damage or loss to said property in favor of the Owner Parties.

**G. Use of the Owners Equipment**

The Contractor, its agents, employees, subcontractors or suppliers shall use the Owners equipment only with express written permission of the Owners designated representative and in accordance with the Owners terms and condition for such use.

**H. Release and Waiver**

The Contractor hereby releases, and shall cause its subcontractors to release, the Owner Parties from any and all claims or causes of action whatsoever which the Contractor and/or its subcontractors might otherwise now or hereafter possess resulting in or from or in any way connected with any loss covered by insurance, whether required herein or not, or which should have been covered by insurance required herein, including the deductible and/or uninsured portion thereof, maintained and/or required to be maintained by the Contractor and/or its subcontractors pursuant to this Agreement. **THE FOREGOING RELEASE AND WAIVER APPLY EVEN IF THE LOSS OR DAMAGE IS CAUSED IN WHOLE OR IN PART BY THE FAULT OR NEGLIGENCE OR STRICT LIABILITY OF THE OWNER PARTIES.**

New Braunfels Utilities
355 FM 306
New Braunfels, TX 78130

**PROJECT**: Tank Rehabilitation Phase 2 - Kerlick Elevated Storage Tank

1. The undersigned BIDDER proposes and agrees, if this Bid is accepted, to enter into an agreement with New Braunfels Utilities ("NBU") in the form included in the Contract Documents to perform and furnish all Work as specified or indicated in the Contract Documents for the Contract Price and within the Contract Time indicated in this Bid and in accordance with the other terms and conditions of the Contract Documents.
2. BIDDER accepts all the terms and conditions of the Request for Proposal, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to RFP: evaluation and ranking for forty-five (45) days after the day of Bid opening. BIDDER will sign and submit the Agreement with the Bonds and other Documents required by the Bidding Requirements within ten (10) days after the date of NBU's Notice of Award.
3. In submitting this bid, BIDDER represents, as more fully set forth in the Agreement, that:
   a) BIDDER has examined copies of all the Bidding Documents and of all addenda.
   b) BIDDER has familiarized itself with the nature and extent of the Contract Documents, Work, Site, locality and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance, or furnishing of the work.
   c) BIDDER has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests and studies that pertain to the subsurface of physical conditions at the site or otherwise may affect the cost, progress, performance or furnishing of Work as BIDDER considers necessary for the performance or finishing of the Work at the Contract Price, within the Contract Time and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Section 4.02 of the Standard General Conditions of the Contract; and no additional examinations, investigations, explorations, tests, reports, or similar information or data are or will be required by BIDDER for such purposes.
   d) BIDDER has reviewed and checked all information and data shown or indicated on the Contract Documents with respect to existing Underground Facilities at or contiguous to the site and assumed responsibility for the accurate location of said Underground Facilities. No additional examinations, investigations, explorations, tests, reports or similar information or data in respect of said Underground Facilities are or will be required by the BIDDER in order to perform and furnish the Work at the Contract Price, within the Contract Time and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Section 4.04 of the Standard General Conditions of the Contract.
   e) BIDDER has correlated the results of all such observations, examinations, investigations, explorations, tests, reports, and studies with the terms and conditions of the Contract Documents.
   f) BIDDER has given OWNER written notice of all conflicts, errors or discrepancies that it has discovered in the Contract Documents and the written resolution thereof by OWNER is acceptable by BIDDER.
   g) The Bid is genuine and not made in the interest of or on behalf of any undisclosed person, firm, or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; BIDDER has not directly or indirectly induced or solicited any other BIDDER to submit a false or sham Bid; BIDDER has no solicited or induced any person, firm or corporation to refrain from bidding; and BIDDER has not sought by collusion to obtain for itself any advantage over any other BIDDER or over NBU.

4. BIDDER will complete the Work for the following prices:

**General Items**

| ITEM # | DESCRIPTION | UNIT | QUANTITY | UNIT COST, $ | TOTAL, $ |
|---|---|---|---|---|---|
| A-01 | Mobilization (not to exceed 5%) | LS | 1 | $ 77,060.65 | $ 77,060.65 |
| A-02 | Elevated Storage Tank Rehabilitation | LS | 1 | $ 631,808.00 | $ 631,808.00 |
| A-03 | Interior Coating Improvements | LS | 1 | $ 223,210.00 | $ 223,210.00 |
| A-04 | Exterior Coating Improvements | LS | 1 | $ 345,210.00 | $ 345,210.00 |
| A-05 | Electrical and Instrumentation Improvements | LS | 1 | $ 96,360.00 | $ 96,360.00 |
| A-06 | Site Civil Improvements | LS | 1 | $ 258,730.00 | $ 258,730.00 |

**Add/Alternates**

| ITEM # | DESCRIPTION | UNIT | QUANTITY | UNIT COST, $ | TOTAL, $ |
|---|---|---|---|---|---|
| F-01 | Additional Grinding | MH | 100 | $ 130.00 | $ 13,000.00 |
| F-02 | Miscellaneous Welding | MH | 200 | $ 150.00 | $ 30,000.00 |
| F-03 | Seam Welding | LF | 150 | $ 60.00 | $ 9,000.00 |
| F-04 | Pit Welding | SQ IN | 100 | $ 50.00 | $ 5,000.00 |
| F-05 | Patch Plate (6”-12” square or round) | EA | 50 | $ 200.00 | $ 10,000.00 |
| F-06 | 12" Altitude Valve | EA | 1 | $ 88,865.00 | $ 88,865.00 |

**TOTAL BASE BID** $ 1,632,378.65

**TOTAL ADD/ALTERNATES:** $ 155,865.00

**TOTAL BASE BID + ADD/ALTERNATES:** $ 1,788,243.65

5. BIDDER agrees that the Work will be substantially complete and ready for final payment in accordance with Section 14.07 of the Standard General Conditions of the Contract within the Calendar days indicated in the Agreement. BIDDER accepts the provisions of the Agreement as to liquidated damages and special damages in the event of failure to complete the Work on time.
6. The following documents are attached to and made a condition of this Bid:
   a) Required Bid security of five percent (5%) of the Bidder's maximum base bid price and in the form of approved Bid Bond.
   b) List of BIDDER's primary Subcontractors and Suppliers for the Work. Any changes in the Subcontractor and Supplier list shall require additional approval by OWNER prior to contract execution.
7. Communication concerning this Bid shall be addressed to:
   New Braunfels Utilities
   Purchasing Manager
   355 FM 306
   New Braunfels, TX 78130
   Phone: 830-608-8867
   Email: Purchasing@NBUTexas.com
8. The terms used in this Bid that are defined in the Standard General Conditions of the Contract included as part of the Contract Documents have the meanings assigned to them in the Standard General Conditions of the Contract.
9 The undersigned acknowledges receipt of the following addenda:

   Addendum No. 1 dated 07/15/2026 Received Yes - JB
   Addendum No. 2 dated _____ Received _____
   Addendum No. 3 dated _____ Received _____

Secretary, *if bidder is a corporation

(Seal)

CROM CFG Industries LLC
Company Name of Bidder

Authorized Signature

07/22/2026
Date

David Cadriel
Printed Name of Authorized Signature

Copy of Corporate Resolution and minutes with certificate of officer of bidder as to authority of signatory to bind bidder is to be signed and dated no earlier than one week before bid date, and attached to this document

36195 Mildred Ln

Pinehurst, TX 77362
Address

281-259-7244 Fax 352-372-6209
Telephone Number/Fax Number

**END OF DOCUMENT**

# Texas Water Development Board

# Supplemental Contract Conditions and Instructions for Construction Services

# for

# Water Supply and Infrastructure Grants

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**Forms and Guidance:**

The Texas Water Development Board (TWDB) forms and guidance documents noted in this instruction document may be accessed through the TWDB's Financial Assistance web site at: http://www.twdb.texas.gov/financial/instructions/index.asp

Search by either the document number or name.

# I. INSTRUCTIONS TO APPLICANT

## 1. Applicability

These Supplemental Conditions contain provisions that are worded to comply with statutes and regulations that apply only to projects associated with Water Supply and Infrastructure Grants (WSIG) appropriated from House Bill 500, passed during the 89th Legislative Session.

NOTES:

- Tex. Water Code § 17.183 does not apply to the WSIG; however, the U.S. Iron Steel (USIS) provisions in Texas Government Code, Chapter 2252, Subchapter G may apply to certain projects funded through the WSIG. See TWDB-1105 for more information regarding USIS requirements.

## 2. Use of Conditions

The language and conditions listed under ***Section II: Instructions to Bidders*** are to be included in the instructions to bidders for construction services. The provisions listed under ***Section III: Supplemental Contract Conditions*** shall be included in their entirety with the other general and special conditions typically included in the construction contract documents by the Engineer[1].

## 3. Modifications to Provisions

The Applicant may need to modify certain provisions to better align with the other provisions of the construction contract; however, everything herein must be included in the contract documents. The Applicant and the Engineer should carefully study these provisions before incorporating them into the construction contract documents. In particular, Water Districts and other types of Districts should be aware of statutes relating to their creation and operation that may affect the application of these conditions. **The Applicant should consult the TWDB Project Engineer/Reviewer if a modification to any part of these provisions is needed.**

Section III, Supplemental Condition No. 13 (Archeological Discoveries and Cultural Resources) and Section III Supplemental Condition No. 14 (Threatened and Endangered Species) may be superseded or modified by project-specific environmental conditions established during the environmental review process.

These documents may impose duties and responsibilities on the Engineer that exceed, or fall short of, those the Applicant intends to delegate. The Applicant should ensure that the contractual agreement with the Engineer provides for the appropriate scope of services. Otherwise, the Applicant should revise the wording in these special conditions to align with the functions actually delegated.

[1] Throughout this document "Engineer" is used to mean Design Engineer/Engineer of Record, Prime Engineer, Consulting Engineer, or Owner's Engineer, depending on the contract type between the Applicant and the Engineer and depending on the phase of the project (i.e., planning, design, or construction).

## 4. Good Business Practices

There are additional contract provisions that the Applicant and Engineer need to include as a matter of good business practice. It is recommended that provisions addressing the following matters be included in the construction contract:

(a) Specifying the time frame for completing the construction of the project and the consequences of not completing the construction on time, including liquidated damages.

(b) Specifying the type, dollar value, and required documentation of insurance the Contractor is to carry. At a minimum, the Contractor should carry workers' compensation, liability and builder's risk insurance that meet the State statutory limits.

(c) Identifying the responsibility of the Contractor, including warranty of work.

(d) Price reductions for defective pricing of negotiated costs.

(e) Differing site conditions - notice requirements and claims procedures regarding site conditions that differ from indicated conditions.

(f) Specifying maximum time permitted to submit an official Change Order after a field change has been authorized and implemented.

(g) Covenants against contingent fees - prohibiting contingent fees for securing business.

(h) Gratuities - prohibitions against offering and accepting gratuities.

(i) Audit and access to records.

(j) Suspension of work - conditions under which the Applicant may suspend work.

(k) Termination - conditions under which the Applicant may terminate the contract.

(l) Remedies - procedures for resolving disputes.

## 5. Other Requirements

If applicable, Trench Safety requirements shall comply with Health and Safety Code Chapter 756, Subchapter C, which incorporates the Occupational Safety and Health Administration (OSHA) trench safety standards in effect during the construction period. The Contractor shall use the Owner's geotechnical information to assist in the design of the Trench Safety System.

There may be additional local government requirements, as well as applicable Federal and State statutes and regulations, that are not addressed in these conditions. It is the Applicant's responsibility to ensure that the project and all associated contract provisions comply with the relevant statutes and regulations.

## 6. Advertisements for Bids

State procurement statutes **require that a contract for bids be published for at least two (2) consecutive weeks**[2]. Failure to follow this requirement may require re-advertising the project (i.e., rebidding). The official advertisement for bids published in the newspaper shall include, at a minimum, the following information:

[2] From LGC 252.041, Municipalities are required to advertise in a newspaper at least once a week for two consecutive weeks.

(a) A clear description of goods or services being procured.

(b) Instructions on how to obtain plans and specifications (P&S), necessary forms, and related information.

(c) The deadline by which bids must be submitted, including the date and time.

(d) The address to which bids are to be delivered.

(e) A statement that the contract is contingent upon release of funds from the TWDB.

(f) A statement that any contract(s) awarded under this Invitation for Bids (IFB), Request for Proposals (RFP), or Request for Qualifications (RFQ) is expected to be funded, in part, by financial assistance from the TWDB and that neither the State of Texas nor any of its departments, agencies, or employees will be a party to the IFB, RFP, RFQ, or any resulting contract.

(g) A statement that all contracts awarded are subject to the United States Iron and Steel (USIS) requirements of Texas Government Code, Chapter 2252, Subchapter G.

(h) Acknowledgement of any special requirements, such as a mandatory pre-bid conference.

(i) A statement reserving the right to reject any and all bids.

## 7. Bid Proposal

The Bid Proposal form should include the following:

(a) For lump sum bids, a list of materials used and the associated costs.

(b) A distinction between eligible and ineligible items.

(c) If applicable, provisions to address trench safety requirements, including separate per unit pay items for trench excavation safety protection in accordance with Health and Safety Code Chapter 756, Subchapter C, as briefly noted below:

i. A separate pay item for special shoring requirements; and

ii. A separate pay item for trench excavation safety protection.

(d) Space for the Contractor to acknowledge receipt of each Addendum issued during the bidding process.

## 8. Bidding Process

The P&S should include an explanation of the procedures governing the bid process. The explanation should address the following:

(a) Whether a Pre-Bid Conference will be held; whether attendance is optional or mandatory; and the date, time, and location of the conference. If feasible, the pre-bid conference is recommended to be offered both in person and via online platform such as Zoom or Microsoft Teams. The TWDB Project Engineer/Reviewer should be invited to the pre-bid conference.

(b) The criteria and process for determining responsiveness and responsibility of the bidders.

(c) The method for determining the successful bidder and contract award (e.g., award to the lowest responsive, responsible bidder, accounting for any multiple parts to bids), including consideration of non-resident bidder reciprocity requirements (TWDB-0459).

(d) Procedures for withdrawal of a bid due to a material mistake.

(e) The time period during which bids may be held by the Applicant before contract award (typically 60 or 90 days).

(f) Acknowledgement of the Applicant's right to reject any and all bids.

## 9. Release of Funds

**Prior** to the TWDB authorization for the Applicant to issue a Notice to Proceed (NTP) and the subsequent release of funds for construction, the Applicant and its Engineer must submit the following bid documents for TWDB review.

**(a) Submittal of Bid Documents for Contingent Award of Contract**

The Applicant must submit the following documents to the TWDB Project Engineer/Reviewer:

(1) Advertisement and affidavit of advertisement.

(2) Bid tabulation.

(3) All addenda submitted and approved for the contract.

(4) Bid proposal of apparent low bidder (or selected bidder, with explanation), including bid bond.

(5) Site certificate (ED-101).

(6) Consulting Engineer's recommendation to award letter.

(7) Description of any bidding irregularities.

(8) Construction inspection proposal.

(9) Vendor Compliance with Reciprocity of Non-Resident Bidders Form (TWDB-0459).

**(b) Submittal of Executed Contract Documents**

Once the Applicant has issued the contingent Notice of Award for the construction contract, the Applicant must submit:

- A bound copy (single PDF file) of the **fully executed contract documents, including specifications;** and
- A bound copy (single PDF file) of the **Approved Plan Set**.

A complete set of bound executed contract documents should include:

(1) Front-End Documents, Addenda, Executed Agreement, and Technical Specifications as approved by the TWDB and TCEQ (as applicable).

(2) Contractor's Certificate of Insurance.

(3) **If applicable,** the Applicant's Sufficiency of Funds Letter.

After reviewing and approving the executed contract documents, the TWDB will authorize the Applicant to issue an NTP. At this time, the TWDB may begin releasing construction funds in accordance with TWDB policy.

For questions or proposed modifications to these conditions, please contact your TWDB Project Engineer/Reviewer.

# II. INSTRUCTIONS TO BIDDERS

The language and conditions in this section shall be included in the "Instructions to Bidders" portion of the construction contract documents.

## 1. Contingent Award of Contract

This contract is contingent upon the release of funds from the Texas Water Development Board (TWDB). Any contract(s) awarded under this Invitation for Bids is/are expected to be funded, in part, by a loan or grant from the TWDB. Neither the State of Texas, nor any of its departments, agencies, or employees is, or will be, a party to this Invitation for Bids or to any resulting contract.

## 2. U.S. Iron and Steel

Any contract(s) awarded under this Invitation for Bids is/are subject to the United States Iron and Steel (USIS) requirements of Texas Government Code, Chapter 2252, Subchapter G.

The Contractor must complete the Statement of Understanding regarding USIS requirements, located in Section III Supplemental Contract Conditions, Item No. 8. The Statement of Understanding must be signed and dated by the Contractor. Refer to TWDB-1105 – United States Iron and Steel (USIS) Guidance.

## 3. Award of Contract to Nonresident Bidder

A governmental entity may not award a contract to a nonresident bidder unless the nonresident underbids the lowest bid submitted by a responsible resident bidder by an amount that is not less than the amount by which a resident bidder would be required to underbid the nonresident bidder to obtain a comparable contract in the state in which the nonresident bidder's principal place of business is located.

A ***nonresident bidder*** is a Contractor whose corporate offices or principal place of business are located outside the State of Texas.
**Source:** Texas Government Code, Chapter 2252, Subchapter A, § 2252.002 – Nonresident Bidders.

The bidder shall complete TWDB-0459, Vendor Compliance with Reciprocity on Non-Resident Bidders, **and submit it with the bid.**

## 4. Summary of Forms Required with Bid Documents

- TWDB-0459, Vendor Compliance with Reciprocity on Non-Resident Bidder

# III. SUPPLEMENTAL CONTRACT CONDITIONS

## 1. Supersession

The Owner and the Contractor agree that the Texas Water Development Board (TWDB) Supplemental Conditions apply to all work eligible for TWDB assistance to be performed under this contract and these clauses supersede any conflicting provisions contained elsewhere in this contract.

## 2. Privity of Contract

Funding for this project is expected to be provided, in part, by the TWDB. Neither the State of Texas nor any of its departments, agencies, or employees is, or will be, a party to this contract or to any lower-tier contract.

## 3. Definitions

(a) The term “Owner” or “Applicant” means the local entity contracting for the construction services.
(b) The term "TWDB" means the Executive Administrator of the Texas Water Development Board, or any other person lawfully acting in that capacity, or an authorized person to perform the functions of such Executive Administrator, or the authorized representative thereof.
(c) The term “Engineer” means the engineer retained and authorized by the Owner to perform services related to the project.

## 4. Laws to be Observed

In the performance of the contract, the Contractor must comply with all applicable local, state and federal laws, including, but not limited to, laws relating to labor, safety, minimum wages, and environmental protection. The Contractor shall be familiar with, and shall at all times observe and comply with, all federal, state, and local laws, ordinances and regulations that in any manner affect the conduct of the work, and shall indemnify and save harmless the Owner, the TWDB, and their representatives against any claim arising from violation of any such law, ordinance or regulation by the Contractor, their Subcontractor or their employees.

## 5. Review by Owner and TWDB

(a) The Owner, the Owner’s authorized representatives and agents, and the TWDB must, at all times, have access to and be permitted to observe and review all work, materials, equipment, payrolls, personnel records, employment conditions, material invoices, and any other data and records relevant to this Contract. Provided, however, that all instructions, directives, and approvals related to the execution of the work shall be issued to the Contractor solely by the Owner through its authorized representatives or agents.

(b) No inspection, observation, or review conducted by the TWDB shall subject the State of Texas, the TWDB, or their representatives to any liability or action for damages.

## 6. Payments Schedule and Cost Breakdown

(a) The Contractor shall, immediately upon execution of the Agreement, submit for the Owner's approval a detailed Progress Schedule setting forth the proposed dates for commencement and completion of each major portion of the Work, the estimated monthly payments anticipated to become due, and the cumulative percentage of completion for each month.

(b) (Applicable only to lump-sum contracts):

COST BREAKDOWN
The Contractor must submit to the Owner a detailed itemized breakdown of the estimated cost of all work to be performed under the Contract, arranged in such manner as may be required by the Owner or any funding agency. This breakdown shall be submitted promptly upon execution of the Agreement and must be approved by the Owner prior to any payments to the Contractor. Upon approval, the established unit prices shall be used to estimate partial payments.

## 7. Workers' Compensation Insurance Coverage

**(As applicable and consistent with Texas Labor Code § 406.096)**

(a) The Contractor shall certify in writing that workers' compensation insurance coverage is provided for each employee of the Contractor engaged on the public project.

(b) Each Subcontractor shall provide a written certificate of workers' compensation coverage for its employees to the general Contractor, who shall in turn provide such certificate to the governmental entity.

(c) A Contractor required to maintain workers' compensation coverage may satisfy this requirement through a group plan or other method acceptable to the governing body of the governmental entity.

(d) The employment of a maintenance employee by an employer whose primary business is not building or construction does not constitute engaging in building or construction.

(e) For the purpose of this section:

(1) "Building or construction" includes:

i. erecting or preparing to erect a structure, including any building, bridge, roadway, public utility facility, or related appurtenance;

ii. remodeling, extending, repairing, or demolishing a structure; or

iii. otherwise improving real property or an appurtenance thereto through similar activities.

(2) "Governmental entity" means the State of Texas or any political subdivision thereof, including a municipality.

## 8. U.S. Iron and Steel

The following statement must be completed by the Contractor and incorporated into the Agreement between the Owner and the Contractor. The statement must appear on a dedicated page within the contract documents and must include the Contractor's signature and date; alternatively, the Contractor may elect to sign and date this page of the TWDB-0553.

**Contractor Statement of Understanding**
*The Contractor acknowledges to and for the benefit of the Owner ("Purchaser") that it understands the goods and services provided under this Agreement are being funded in whole or in part with monies made available through the Water Supply and Infrastructure Grants appropriated for water supply and infrastructure projects through House Bill 500, passed during the 89th Legislative Session. The State of Texas statutory requirements commonly known as "United States Iron and Steel" that requires all of the iron and steel products used in the project to be produced in the United States ("United States Iron and Steel Requirement") including iron and steel products provided by the Contractor pursuant to this Agreement. The Contractor hereby represents and warrants to and for the benefit of the Owner, that (a) the Contractor has reviewed and understands the United States Iron and Steel Requirement, (b) all of the iron and steel products used in the project will be and/or have been produced in the United States in a manner that complies with the United States Iron and Steel Requirement, unless a waiver of the requirement is approved, and (c) the Contractor will provide any further verified information, certification or assurance of compliance with this paragraph, or information necessary to support a waiver of the United States Iron and Steel Requirement, as may be requested by the Owner. Notwithstanding any other provision of this Agreement, any failure to comply with this paragraph by the Contractor shall permit the Owner to enforce this Agreement and recover as damages against the Contractor any loss, expense, or cost (including without limitation attorney's fees) incurred by the Owner resulting from any such failure (including without limitation any impairment or loss of funding, whether in whole or in part, from the TWDB or any damages owed to the Owner.*

*In the execution of the Contract, the Contractor shall be familiar with and at all times shall observe and comply with all applicable federal, state, and local laws, ordinances and regulations concerned with the use of iron and steel made in the United States which in any manner affect the conduct of the work.*

**Additional guidance regarding the United States Iron and Steel (USIS) and its applicability to this Agreement is provided in the TWDB-1105.**

**The Owner is recommended to receive and maintain documentation demonstrating the Contractor's compliance with the USIS Requirement. Compliance shall be verified by the Owner through the submittal of the TWDB form TWDB-1105-A.**

## 9. Prevailing Wage Rates

The Contract is subject to the provisions of Texas Government Code Chapter 2258 regarding the payment of prevailing wage rates. The Owner shall determine applicable general prevailing rates are in accordance with the statute. The following statutory provisions apply, including but not limited to the sections set forth below:

### § 2258.021. Right to be Paid Prevailing Wage Rates

(a) A worker employed on a public work by or on behalf of the state or a political subdivision of the state shall be paid:

(1) not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the work is performed; and

(2) not less than the general prevailing rate of per diem wages for legal holiday and overtime work.

(b) Subsection (a) does not apply to maintenance work.

(c) For the purpose of this section, a worker is employed on a public work if the worker is employed by a Contractor or Subcontractor in the **execution of a contract** for the public work with the State, a political subdivision of the State, or any officer or public body of the State or a political subdivision of the State.

### § 2258.023. Prevailing Wage Rates to Be Paid by Contractor and Subcontractor; Penalty

(a) A Contractor awarded a contract by a public body, or a Subcontractor of the Contractor, shall pay not less than the rates determined under Section 2258.022 to each worker employed in the execution of the contract.

(b) A Contractor or Subcontractor who violates this section shall pay to the State or political subdivision of the state on whose behalf the contract is made a penalty of $60 for each worker for each calendar day or portion thereof during which the worker is paid less than the stipulated wage rates. A public body awarding a contract shall specify this penalty in the contract.

(c) A Contractor or Subcontractor does not violate this section if a public body awarding the contract does not determine and specify the prevailing wage rates and specify the rates in the contract as required by Section 2258.022.

(d) The public body shall use any money collected under this section to offset costs incurred in administering this chapter.

(e) A municipality may collect a penalty under this section only if its population exceeds 10,000.

### § 2258. 024. Records

(a) A Contractor and each Subcontractor shall maintain records showing:

(1) the name and occupation of each worker employed in the construction of the public work; and

(2) the actual per diem wages paid to each worker.

(b) Such records shall be open for inspection at all reasonable hours by the officers and agents of the public body.

**§ 2258. 025. Payment Greater Than Prevailing Rate Not Prohibited**

Nothing in this chapter prohibits the payment to a worker employed on a public work of an amount greater than the general prevailing per diem rate.

## 10. Payments

(a) Progress Payments

(1) Preparation of Requisition

The Contractor shall prepare a requisition for progress payment as of the last day of each payment month and shall submit the requisition, together with the required number of copies, to the Owner or the Engineer for review.

Except as provided in subsection (3), the amount of each progress payment due to the Contractor shall be determined as follows:

a. Adding to the total value of work completed to date;

b. Adding the value of materials properly stored on the site; and

c. Deducting:

1. The amount of all previous payments.

The total value of work completed to date shall be based on actual or estimated quantities of work completed and the unit prices stated in the Agreement, or the approved cost breakdown for lump-sum contracts pursuant to Section 7(b), as adjusted by approved Change Orders. The value of materials properly stored on the site shall be based on estimated quantities and invoice prices.

All invoices shall be made available for inspection by the TWDB.

(2) Care of Work and Materials

The Contractor shall remain responsible for the care and protection of all materials and work for which payment has been made until final acceptance by the Owner. Progress payments shall not constitute a waiver by the Owner of its rights to require full performance of all terms of the Contract or to require completion of all improvements in strict accordance with the Contract Documents.

(b) Withholding Payments

The Owner may withhold from any payment otherwise due to the Contractor such amounts as the Owner deems necessary to protect its interests. The Owner may also, at its discretion, withhold amounts due from the Contractor to Subcontractors or material suppliers for work performed or material furnished. These provisions are for the sole benefit and protection of the Owner and shall not:

(1) Require the Owner to resolve claims or disputes between the Contractor and Subcontractors or material suppliers, or

(2) Require the Owner to withhold funds for their protection unless the Owner elects to do so.

Failure or refusal by the Owner to withhold funds shall not impair the obligations of any surety or sureties under any bonds furnished pursuant to this contract.

(c) Payments Subject to Submission of Certificates.

Each payment to the Contractor shall be subject to submission of all required written certifications, including those from Subcontractors, in accordance with the General and Special Conditions of this Contract.

(d) Final Payment

(1) Release of Claims

Upon satisfactory completion of the work, and as a condition precedent to final payment or termination settlement, the Contractor shall execute and deliver to the Owner a release of all claims arising under or by virtue of this Contract, except for those claims specifically identified and expressly reserved by the Contractor therein. Unless otherwise provided by State law or mutually agreed upon, final payment or termination settlement shall not constitute a waiver of the Owner's claims against the Contractor or the Contractor’s sureties under this Contract or under applicable performance and payment bonds.

(2) Preparation of Final Requisition

Following final inspection and acceptance by the Owner, the Contractor shall prepare a requisition for final payment based on carefully measured or computed quantities for each work item at the applicable unit prices stated in the Agreement, or in the approved cost breakdown for lump-sum contracts, as adjusted by approved Change Orders. The final payment due to the Contractor shall be the total amount so computed, less all previous payments.

(3) Any amounts due to the Owner under General and/or Special Conditions relating to "Liquidated Damages" shall be deducted from the final payment due the Contractor.

## 11. Archaeological Discoveries and Cultural Resources

No activities that may affect properties listed or eligible for listing in the National Register of Historic Places, or properties eligible for designation as a State Archeological Landmark, shall be authorized until the Owner has complied with the provisions of the National Historic Preservation Act and the Antiquities Code of Texas. The Owner has previously coordinated with the appropriate agencies and impacts to known cultural or archeological deposits have been avoided or mitigated. However, the Contractor may still encounter unanticipated cultural or archeological resources during construction.

If archeological sites or historic structures are discovered that may qualify for designation as a State Archeological Landmark (pursuant to the criteria in 13 TAC Chapter 26) or may be eligible for listing on the National Register of Historic Places (in accordance with 36 CFR Part 800), the Contractor shall immediately cease operations in the affected area. The Contractor must then notify the Owner, the TWDB, and the Texas Historical Commission at P.O. Box 12276, Capitol Station, Austin, Texas 78711-2276.

The Contractor must take reasonable steps to protect and preserve the discovery until it is inspected by the Owner's representative and the TWDB. The Owner will coordinate with the Texas Historical Commission, and any other relevant agencies to obtain any necessary approvals or permits to allow work to resume. The Contractor shall not resume work in the affected area until authorized by the Owner.

## 12. Threatened and Endangered Species

No activities shall be authorized that are likely to jeopardize the continued existence of a threatened or endangered species, as listed or proposed for listing under the Federal Endangered Species Act (ESA), or the State of Texas Parks and Wildlife Code on threatened, endangered, or state-listed species, or that would destroy or adversely modify the habitat of such species.

If a threatened, endangered, or state-listed species is encountered during construction, the Contractor must immediately cease work in the area of the encounter, avoid disturbing the animal or plant, and notify the TWDB and the Owner. The Owner will then take immediate action in compliance with the ESA and applicable State statutes. This may include reporting the encounter to the TWDB, the U.S. Fish and Wildlife Service, and the Texas Parks and Wildlife Department, obtaining necessary approvals or permits, or implementing other mitigation actions as directed. The Contractor must not resume work in the affected area until authorized by the Owner.

## 13. Hazardous Materials

All materials used in the project shall be free from hazardous substances, except as may be specifically provided for in the specifications.

If the Contractor encounters hazardous materials on sites owned or controlled by the Owner, or in material sources that are suspected of containing hazardous substances (based on visual observation or smell), the Contractor must immediately cease work in the affected area. The Contractor shall take necessary precautions to prevent contact with the materials and must notify the Engineer and the Owner. The Owner will then notify the TWDB and other appropriate authorities, such as local emergency responders, the Texas Commission on Environmental Quality (TCEQ), the U.S. Environmental Protection Agency (EPA), and others, depending on the situation.

Unless otherwise directed by the relevant authorities, the Owner will be responsible for testing, removal, or disposal of hazardous materials on sites under the Owner’s control. The Owner may suspend work in the affected area, either partially or entirely, during the testing, removal, or disposal operations.

## 14. Changes

**Provisions marked with an asterisk below are in accordance with Local Government Code 271.060. Counties and Municipalities may amend the provisions listed, as applicable, to comply with Local Government Code 262.031 (Counties) or 252.048 (Municipalities).*

(a) The Owner may, at any time and without notice to any surety, issue a written order designated as a “change order” to make changes within the general scope of the contract. Such changes may include, but are not limited to:

(1) Modifications to the specifications (including drawings and designs);
(2) Changes to the time, method, or manner of performing the work;
(3) Adjustments to the quantity of work to be performed or the materials, equipment, or supplies to be furnished.

(b) *The total price of the contract may not be increased through a change order unless provision are made for added cost. This can be achieved through the appropriation of current or bond funds for the purpose, the issuance of certificates, or a combination of these methods.

(c) *For contracts with an original price of $1 million or more, the contract price may not be increased by more than 25 percent through change orders. If a contract with an original price of less than $1 million is modified by change orders, and the total contract value reaches or exceeds $1 million, subsequent change orders may not increase the revised contract amount by more than 25 percent.

(d) *A governing body may authorize an official or employee responsible for purchasing or contract administration to approve change orders involving a price increase or decrease of $50,000 or less.

(e) Any change orders involving a price increase must be supported by documentation of the cost components. The TWDB may request that this information be submitted in a format similar to the Cost and Pricing Information form (WRD-277).

(f) Change orders that involve modifications to the project requiring relocation of components, resizing, or changes to processes may require additional environmental approvals. A map and description of the proposed changes should be submitted to the TWDB Environmental Reviewer for coordination and approval as early as possible to prevent any delays.

## 15. Operation and Maintenance Manuals and Training

(a) The Contractor shall obtain the installation, operation, and maintenance manuals from manufacturers and suppliers for all equipment provided under the contract. The Contractor shall submit an electronic copy (e.g., PDF) with bookmarks of each complete manual to the Owner’s Engineer within 90 days of the approval of shop drawings, product data, and samples. These submissions must be made no later than the date each piece of equipment is shipped to the project site or storage location. Upon request, the Contractor shall also submit one hard copy of the manual, properly organized with divider tabs in a binder, to the Owner’s Engineer.

(b) The Owner shall require their Engineer to promptly review each submitted manual and provide feedback on necessary corrections and revisions. If the Owner’s Engineer rejects the manual, the Contractor must make the required corrections and resubmit the manual until it meets the Owner’s Engineer

approval. The manual must conform to the project's design concept and comply with the information provided in the contract documents. The Owner may charge the Contractor for reviewing the same items more than twice. This procedure shall not be considered grounds for delay.

(c) The acceptance of manuals by the Owner's Engineer does not relieve the Contractor of any of the obligations or requirements set forth in the contract.

(d) The Contractor shall provide the services of trained and qualified technicians to verify the final installation of equipment, assist with placing the equipment into operation as needed, and instruct operating personnel on the proper procedures for routine operation and maintenance of the equipment.

(e) The operations and maintenance manuals specified herein are in addition to any installation, maintenance, or operation instructions required by the Contractor for installation, testing, and startup of the equipment. Each manual must be bound in a folder and clearly labeled to identify the contents and the project to which it applies. The manual shall include, at minimum, the following items:

(1) A listing of the manufacturer's identification, including order number, model number, serial number, and location of parts and service centers.
(2) A list of recommended spare parts, including part numbers and quantities.
(3) A complete list of replacement parts.
(4) Performance data and rating tables.
(5) Specific instructions for installation, operation, adjustment, and maintenance.
(6) Exploded view drawings for major equipment items.
(7) Lubrication requirements.
(8) Complete equipment wiring diagrams and control schematics with terminal identification.

## 16. As-Built Dimensions and Record Drawings

(a) The Contractor shall make daily measurements of facilities under construction and maintain accurate records of the location (both horizontal and vertical) of all facilities.

(b) Upon completion of each facility, the Contractor must provide the Owner with the following:

- One set of full-sized direct prints, marked with red pencil to show as-built dimensions and locations of all work (Record Drawings)
- One full-size electronic set of these drawings in PDF format. At a minimum, the Record Drawings shall include the following:

(1) Horizontal and vertical locations of work.
(2) Changes in equipment and dimensions due to substitutions.
(3) "Nameplate" data on <u>all</u> installed equipment.
(4) Deletions, additions, and changes to scope of work.
(5) Any other changes made.

## 17. Close-Out Procedures

To close out the construction contract, the following steps must be completed:

(a) Final Site Visit
The TWDB shall conduct a Construction Contract Final Site Visit (FSV) and issue an FSV Report.

(b) The following submittals must be received, reviewed, and accepted by the TWDB:

(1) The final change order, adjustment of quantities, or a statement confirming that all change orders have been previously submitted and that no additional change orders will be submitted.
(2) The final pay request from the Contractor.
(3) A notarized affidavit from the Contractor stating that all bills have been paid.
(4) Certification by the Owner's Engineer that the work has been completed in accordance with the approved P&S and adheres to sound engineering principles and construction practices.
(5) Acceptance of the project by the Owner in the form of a written resolution or other formal action.
(6) A warranty statement from the Contractor specifying the warranty start date (i.e., the project's completion date) and a duration of at least twelve months.
(7) Confirmation that the Owner has received the Record Drawings from the Contractor.
(8) Certificate of Compliance with U.S. Iron and Steel Requirements (TWDB-1105A).

(c) Certificate of Approval
Upon completion and acceptance of the items listed in sections (a) and (b), the TWDB shall issue a Certificate of Approval.

## IV. FORMS AND GUIDANCE LIST

The forms and documents referenced throughout this guidance, as well as those listed below, are available on the TWDB website at:
http://www.twdb.texas.gov/financial/instructions/index.asp

Search by either the document number or name.

**Forms:**

- Certificate of Compliance with U.S. Iron and Steel Requirements (TWDB-1105A)
- Site Certificate (ED-101)
- Vendor Compliance with Reciprocity of Non-Resident Bidders (TWDB-0459)

**Guidance Document:**

- United States Iron and Steel Guidance (TWDB-1105)

# United States Iron and Steel (USIS) Guidance for Projects Funded through State Programs

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**Forms and Guidance**
The Texas Water Development Board (TWDB) forms and guidance documents noted in this instruction document may be accessed through the TWDB Financial Assistance website at:

https://www.twdb.texas.gov/financial/instructions/index.asp

Search by either the document number or name.

## Acronyms

| | |
|---|---|
| AIS | American Iron and Steel |
| AWCF | Agricultural Water Conservation Fund |
| DFUND | Texas Water Development Fund |
| EDAP | Economically Distressed Areas Program |
| EPA | Environmental Protection Agency |
| FIF | Flood Infrastructure Fund |
| RWAF | Rural Water Assistance Fund |
| SB | Senate Bill |
| SCADA | Supervisory control and data acquisition |
| SP | State Participation |
| SRF | State Revolving Fund |
| SWIFT | State Water Implementation Revenue Fund for Texas |
| TAC | Texas Administrative Code |
| TGC | Texas Government Code |
| TWDB | Texas Water Development Board |
| USIS | U.S. Iron and Steel |
| WDF | Texas Water Development Fund, usually referred to as DFUND |

# 1. Overview

The United States Iron and Steel (USIS) provisions are mandated by Texas Water Code §17.183 and Texas Government Code (TGC), Chapter 2252, Subchapter G, as amended by Senate Bill (SB) 1289 (85th Legislative Session) and Texas Administrative Code (TAC) §363.41. These provisions require recipients of financial assistance from the programs identified below, to use iron and steel products that are produced in the United States for projects for the construction, remodel, or alteration of a building, a structure, or infrastructure. These projects could include public water systems, treatment works, and flood control measures.

This requirement applies to all bid documents submitted to the Texas Water Development Board (TWDB) and contracts executed on or after September 1, 2017, except for projects funded through the State Water Implementation Revenue Fund for Texas (SWIFT). Specifically SWIFT requirements are as follows:

- USIS does not apply to SWIFT: where the Board has adopted a resolution approving an application for financial assistance before May 1, 2019, for any portion of the project.[1]

- USIS applies to SWIFT: where the Board has adopted a resolution approving an application for financial assistance on or after May 1, 2019.

The TWDB aims to ensure that applicants, consultants, and contractors follow procedures and recommendations for implementing USIS provisions in construction projects funded by the following programs:

- ✓ Agricultural Water Conservation Fund (AWCF)[2]
- ✓ Economically Distressed Areas Program (EDAP)
- ✓ Flood Infrastructure Fund (FIF)
- ✓ New Water Supply for Texas
- ✓ Rural Water Assistance Fund (RWAF)
- ✓ State Participation (SP)
- ✓ SWIFT (with funds committed on or after May 1, 2019)
- ✓ Texas Water Development Fund (DFUND, also referred to as WDF)
- ✓ Water Loan Assistance Fund (WLAF)

[1] Texas Water Code §17.183 and Texas Government Code §2252 and Texas Water Code §15.432 or §15.472.
[2] Texas Water Code § 17.183 does not apply to the Agricultural Water Conservation Fund; however, the U.S. I&S provisions in Texas Government Code, Chapter 2252, Subchapter G may apply to certain conservation projects funded through the Agricultural Water Conservation Fund. See **Attachment 1** for supplemental guidance regarding Agricultural Water Conservation Fund projects.

In this document, the term "Applicant" refers to the entity or recipient receiving funding from the TWDB.

## 2. Definitions

**Construction Contract**: A contract between a political subdivision (Applicant) and a construction contractor.

**Construction Material**[3]: Construction materials are those articles, materials, or supplies made primarily of iron and steel, that are permanently incorporated into the project. This excludes mechanical and/or electrical components, equipment, and systems that are defined below. Some of these products may overlap with what is also considered "structural steel." Examples include, but are not limited to: wire rod, bar, angles, concrete reinforcing bar, wire, wire cloth, wire rope and cables, tubing, framing, joists, trusses, fasteners (e.g., nuts and bolts), welding rods, decking, grating, railings, stairs, access ramps, fire escapes, ladders, wall panels, dome structures, roofing, ductwork, surface drains, cable hanging systems, manhole steps, fencing and fence tubing, guardrails, doors, and stationary screens.

**Manufacturing process**: The manufacturing process is the transformation of materials or elements into a finished product by altering their form or function to add value and includes processes such as melting, refining, forming, rolling, drawing, finishing, fabricating, and coating. If a domestic iron and steel product is taken out of the U.S. for any part of the manufacturing process, the product is considered a foreign-sourced material. However, raw materials such as iron ore, limestone, and iron or steel scrap are not subject USIS requirements. The material(s), if any, being applied as a coating are similarly not subject to USIS requirements. Non-iron or steel components of an iron and steel product may come from non-U.S. sources. For example, for products such as valves and hydrants, the individual non-iron and steel components do not have to be of domestic origin.[4]

**Mechanical and electrical components, equipment, systems, and appurtenances**[5] include, but are not limited to:

- equipment: pumps, motors, gear reducers, drives (e.g., variable frequency drives), mixers, gates, motorized screens (e.g., traveling screens), blowers/aeration equipment, and compressors;
- values: electric/pneumatic/manual accessories used to operate valves (e.g., electric valve actuators);
- meters and sensors: meters, sensors, controls, and switches for monitoring and managing system performance;
- systems: supervisory control and data acquisition (SCADA), membrane bioreactor systems, and membrane filtration systems;

[3] Adopted from EPA's AIS Guidance.
[4] Adopted from EPA's AIS Guidance.
[5] See **Attachment 1** for additional exceptions pertaining to the Agricultural Water Conservation Fund.

- filtration/processing: filters, clarifiers and clarifier mechanisms, rakes, grinders, disinfection systems, presses (e.g., belt presses), and dewatering equipment;
- conveyance and structural components: conveyors, cranes, cabinetry and housings (e.g., electrical boxes/enclosures), and shelving;
- HVAC: HVAC systems (excluding ductwork), water heaters, and heat exchangers;
- electric components: generators, lighting fixtures, electrical conduit, and electrical supports/covers/shielding;
- other items: emergency life systems, metal office furniture, , laboratory equipment, analytical instrumentation, and other appurtenances related to an electrical system necessary for operation or concealment;
- electrical system includes all equipment, facilities, and assets owned by an electric utility, as defined in Section 31.002 of the Utilities Code.

**Municipal castings**[6] Municipal castings are cast iron or steel infrastructure products that are melted and cast. Municipal castings provide access, protection, or housing for components incorporated into utility owned drinking water, storm water, wastewater, and surface infrastructure. Municipal castings are typically made of grey or ductile iron or steel. Examples of municipal castings:

- access components: access hatches; manhole covers, rings and frames, risers; service boxes; meter boxes; valve boxes, covers and risers;
- drainage components: catch basin inlet; drainage grates, frames and curb inlets; curb openings; downspout shoes (boot, inlet); inlets.
- structural and protective components: ballast screen; benches (iron or steel); bollards; cast bases; curb and corner guards;
- specialized castings: cast iron hinged hatches (square and rectangular); steel hinged hatches (square and rectangular); cast iron riser rings; steel riser rings;
- utility and aesthetic components: junction boxes; lampposts; trash receptacles; tree grates; tree guards;
- other components: Detectable warning plates; cleanout/monument boxes; construction covers and frames; trench grates.

**Political subdivision**: A political subdivision includes a county, municipality, municipal utility district, water control and improvement district, special utility district, and other types of water districts created under Texas Constitution Article III, Section 52 or Article XVI, Section 59. It also includes nonprofit water supply corporations created and operating under Texas Water Code, Chapter 67.[7] These entities are responsible for managing water resources and infrastructure within their respective jurisdictions in Texas.

**Produced in the United States**: For iron or steel products, “produced in the United States” means that all manufacturing processes - starting from the initial melting of the material through to the application of coatings- must take place within the United States. This excludes metallurgical processes used to refine steel additives, which are not required to occur domestically.

[6] Adopted from EPA’s AIS Guidance.
[7] Political subdivision is defined differently in Texas Water Code §17.871, which pertains to the Agricultural Water Conservation Fund. See Attachment 1 for supplemental guidance.

**Project**: A project refers to a contract, funded by the TWDB between a political subdivision and a contractor. This contract supports the planning, design, or construction of water-related infrastructure or improvements.

**Structural steel**[8]: Structural steel refers to rolled flanged shapes with at least one cross-sectional dimension of three inches or greater. Structural steel is commonly used in the construction of bridges, buildings, ships, railroad rolling stock, and other constructional purposes. Examples include wide-flange shapes, standard I-beams, channels, angles, tees and zees, H-piles, sheet piling, tie plates, cross ties, and other specialized shapes for construction purposes.

## 3. Covered Iron and Steel Products

If a construction contract funded by the TWDB must comply with USIS requirements, all covered iron and steel products must be made in the United States, regardless of whether TWDB funds were specifically used to purchase those products. The Applicant cannot use other funding sources, including their own funds, to pay for a non-compliant iron or steel products in a TWDB funded construction contract.

USIS requirements apply to products made primarily of iron or steel that are permanently incorporated into the public water system, treatment works, or agricultural water conservation project. Examples of covered products include:

- lined or unlined pipes or fittings,
- manhole covers,
- municipal castings,
- hydrants,
- tanks,
- flanges,
- pipe clamps and restraints,
- valves,
- structural steel,
- reinforced precast concrete, and
- construction materials.

To be subject to USIS requirements, a listed product must consist of more than 50% iron or steel, measured by its material costs. The calculation is based solely on the costs of materials.

The following components are not required (exempt) to comply with USIS requirements:

- Iron or steel products that are not permanently incorporated into a project.
- Mechanical and electrical components, equipment, systems, and appurtenances.[9]

[8] Adopted from EPA's AIS Guidance.
[9] See Attachment 1 for additional exemptions pertaining to the Agricultural Water Conservation Fund.

## 4. Projects Exempt from USIS Requirements

USIS requirements do not apply to a SWIFT-funded project if:

- The project, as detailed in SB 1289 from the 85th Legislature Session, is subject of a resolution approving an application for financial assistance from any TWDB funding program that was adopted by the TWDB before May 1, 2019, for any portion of the project's financing, including the planning phase.

## 5. Compliance with USIS Requirements

The programs affected by USIS requirements were identified earlier in this guidance under Section 2 (Overview). Applicants should review Section 2 (Overview) to determine if their project is subject to these requirements.

To ensure compliance with the USIS requirements, specific USIS contract language must be included in all contracts, including construction material purchase agreements and bid documents. Sample compliance language can be found in Section 6.A of this guidance.

The Applicant is responsible for

- ensuring that all executed construction and purchase contracts, as well as associated bid documents, comply with USIS requirements;
- maintaining records of all forms and certifications necessary to demonstrate compliance with USIS requirements; and
- providing this documentation upon request or audit.

To demonstrate compliance with USIS requirements, the Applicant must provide adequate documentation (in hard copy, electronically, or embedded in construction management software) that shows either:

1. a certification from the final manufacturer, supplier or vendor asserting that all manufacturing processes occurred in the United States; or
2. a step certification process (similar to the AIS process in TWDB-1106, examples provided in **Attachment 4**).

The TWDB relies on self-certification by the Applicant to document compliance with USIS requirements.

## A. Certification Requirements

Depending on the program requirements, USIS compliance certification may be required with an Outlay Report.

- For projects requiring an Outlay Report to release funds (e.g., EDAP projects or certain FIF projects), a certification of compliance must be submitted with each Outlay Report (see **Attachment 2**).

- For projects funded through programs that do not require Outlay Reports to release funds, the Applicant must maintain compliance certification records throughout the project.

***In all cases, USIS compliance records must be available for inspection or submission upon request by TWDB staff***. TWDB staff may also request interim certificate of compliance (see TWDB-1105-A in **Attachment 2**) during project construction.

For **each** construction contract, a final certificate of compliance must be submitted prior to approval of the final release of retainage and issuance of a Certificate of Approval from the TWDB Executive Administrator.

## B. TWDB Compliance Procedures

To comply with USIS requirements, Applicants must follow these steps to ensure compliance throughout the project lifecycle:

1. Exemption Request

   Applicants must submit any request for an exemption to the TWDB project manager as soon as possible. **Until an exemption is granted, USIS requirements remain in effect**. It is highly recommended to submit a request for exemption as early in the project as possible. It is not recommended to request an exemption after the advertisement for bids. A checklist detailing the information required for processing an exemption, along with TWDB's exemption determination checklist, is included in **Attachment 3**. See Section 7 (Exemptions) for more information regarding these requests.

2. Bid Advertisement Language

   Applicants must include specific USIS language in the Advertisement for Bids for all construction contracts funded by the TWDB programs listed in Section 2 (Overview), including EDAP, FIF, DFUND, RWAF, WLAF, SWIFT, and SP. The required language is as follows:

   *Any contract(s) awarded under this Invitation for Bids is/are subject to the United States Iron and Steel (USIS) requirements of Texas Water Code § 17.183 and/or Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable.*

   For appropriate language regarding projects funded through the AWCF see **Attachment 1**.

3. Construction Contract Language

   Applicants must include the following USIS requirements in all construction contracts:

   *The Contractor acknowledges to and for the benefit of the **Applicant** ("Purchaser") that it understands the goods and services under this Agreement are being funded with monies made available by the Texas Water Development Fund, Rural Water Assistance Fund, Economically Distressed Areas Program, State Participation Fund, State Water Implementation Fund of Texas[10], Flood Infrastructure Fund, New Water Supply for Texas, and/or Agricultural Water Conservation Fund. That these funds have statutory requirements commonly known as "United States Iron and Steel" that requires all of the iron and steel products used in the project to be produced in the United States ("United States Iron and Steel Requirement") including iron and steel products provided by the Contactor pursuant to this Agreement. The Contractor hereby represents and warrants to and for the benefit of the Purchaser that (a) the Contractor has reviewed and understands the United States Iron and Steel Requirement, (b) all of the iron and steel products used in the project will be and/or have been produced in the United States in a manner that complies with the United States Iron and Steel Requirement, unless a waiver of the requirement is approved, and (c) the Contractor will provide any further verified information, certification or assurance of compliance with this paragraph, or information necessary to support a waiver of the United States Iron and Steel Requirement, as may be requested by the Purchaser. Notwithstanding any other provision of this Agreement, any failure to comply with this paragraph by the Contractor shall permit the Purchaser to enforce this Agreement and recover as damages against the Contractor any loss, expense, or cost (including without limitation attorney's fees) incurred by the Purchaser resulting from any such failure (including without limitation any impairment or loss of funding, whether in whole or in part, from the TWDB or any damages owed to the Purchaser).*

   *In the execution of the Contract, the Contractor shall be familiar with and at all times shall observe and comply with all applicable federal, state, and local laws, ordinances and regulations concerned with the use of iron and steel made in the United States which in any manner affect the conduct of the work.*

4. The Applicant must include the following language on the General Notes Plan Sheet(s).

   *This project is subject to the U.S. Iron and Steel (USIS) requirements of Texas Water Code § 17.183 and/or Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable. All iron and steel products used in project construction must be produced in the United States.*

[10] State Water Implementation Fund of Texas (SWIFT) follows U.S. Iron and Steel requirements for projects where the Board adopted a resolution approving the application on or after May 1, 2019.

5. The Applicant and prime construction contractor must obtain certifications from the final manufacturer delivering the iron and steel product to the worksite, vendor, or contractor, asserting that all manufacturing processes occurred in the United States. Sample manufacturer certification is included in **Attachment 4**.

6. The Prime Construction Contractor and Applicant must maintain a file containing the certifications from the final manufacturers and any TWDB approved waivers. This file must be available for review by TWDB representatives and/or State Auditors upon request. Sample certification letters and a step certification log are included in **Attachment 4**.

7. The Applicant may be required to submit interim Certificates of Compliance with USIS requirements using form TWDB-1105-A, as provided in **Attachment 2**.

8. The Applicant must submit a Final Certificate of Compliance (form TWDB-1105-A), stating that the project was completed in compliance with the USIS requirements after completion of each construction contract. After receiving the Final Certificate of Compliance, TWDB issues a Certificate of Approval and approves the final release of retainage.

## C. Recommendations and Best Management Practices

The following recommendations are not required but are suggested for Applicants to consider when implementing USIS requirements:

1. The Applicant and its consulting engineer should evaluate the applicability and availability of USIS-compliant products during all project phases. If it becomes clear that an exemption is necessary, the Applicant should request the waiver as early as possible, preferably within the design-phase.

2. While a waiver application may be submitted at any time during the project, Applicants should account for TWDB's review schedule (10 days public comment period plus additional review time) when planning their project timeline. Waiver requests after the advertisement for bids or start of construction are not recommended.

3. Develop procedures for maintaining records of USIS documentation. TWDB recommends keeping either the Step Certification or the Final Vendor Certification documents on file.

4. Clearly identify separate bid items that must comply with USIS requirements on the Bid Form.

5. Incorporate USIS compliance documentation into contractor submittal procedures, including shop drawings, material lists, and manufacturer certifications, etc.

6. Discuss USIS requirements during pre-bid conferences and pre-construction meetings to clarify contractor responsibilities and ensure the availability of compliant iron and steel products for the project.

7. Submit USIS Compliance documentation as required or requested by TWDB. Note that project documentation records must be kept throughout the duration of the project financing.

# 6. Exemptions

Under TGC § 2252.203, as added by SB 1289 during the 85th Legislative Session, the TWDB may grant exemptions for specific cases or categories if certain conditions are met. Exemptions for USIS can be issued under one of the following three reasons:

1. Iron and steel products produced in the United States are not:
   a. produced in sufficient quantities,
   b. reasonably available, or
   c. of satisfactory quality.

2. Use of iron and steel products produced in the United States will increase the overall project cost by more than 20 percent.

3. Complying with the USIS requirements is inconsistent with the public interest.

## A. Exemptions Process

Exemptions requests must be submitted by the Applicant. It is strongly discouraged to request an exemption after the advertisement for bids or the start of construction. If an exemption is requested after a bid advertisement or start of construction, the USIS requirements will remain in effect until TWDB grants the exemption.

To apply for a project exemption, the Applicant should email the request in the form of a Word document (doc) or PDF to the TWDB Project Manager (or Contract Manager for AWCF grant projects). Proper and sufficient documentation must be provided by the Applicant, as outlined in **Attachment 3**.

After receiving an application for an exemption of the USIS requirements, the TWDB will review the request for administrative completeness as outlined in **Appendix 3**. If the exemption request is incomplete, any deficiencies must be remedied within 10 business days, or the exemption request will be rejected. Once the exemption request is deemed administratively complete, it will be published, as submitted, on the TWDB website for 10 days to allow informal public comments. After the public comment period is complete, the TWDB will determine whether the application sufficiently documents and justifies the statutory basis for the exemption.

The TWDB will notify the Applicant that an exemption request has been approved or denied as soon as such a decision has been made. Exemptions can only be approved or denied by the Board. Approved exemptions will be posted on the TWDB's U.S. Iron and Steel webpage. The Applicant must keep a copy of the signed waiver in their USIS Certification File.

# Attachment 1: Supplemental Guidance for the Agricultural Water Conservation Fund

**Overview**
This supplemental guidance provides additional information to ensure compliance with the United States Iron and Steel (USIS) provisions. Projects funded through the Agricultural Water Conservation Fund must adhere to these requirements, which are established under Texas Government Code (TGC), Chapter 2252, Subchapter G, as amended by Senate Bill (SB) 1289, 85th Legislative Session, and Texas Water Code §§ 17.871–17.912.

**Definitions**
Political subdivision refers to any of the following entities:

- A district or authority created under Section 52, Article III, or Section 59, Article XVI, of the Texas Constitution.
- A municipality
- A county.
- An institution of higher education as defined by Section 61.003, Education Code.
- Any interstate compact commission to which the state is a party.
- Any nonprofit water supply corporation created and operating under Chapter 67.

Person: An individual, corporation, partnership, association, or other legal entity that is not classified as a political subdivision.

**Applicability**
Under TWDB programs, the USIS requirements outlined in TGC, Chapter 2252, Subchapter G, apply only to contracts between the TWDB and a political subdivision to financing, refinancing, or providing funds to construct, remodel, or alter a building, structure, or infrastructure. For projects funded under the Agricultural Water Conservation Fund, these requirements do not apply to projects undertaken by “persons” (commonly referred to as “participants”) who receive funding from a political subdivision funded by the TWDB.

**Project Examples, Exemptions, and Construction Requirements**
USIS requirements are limited to projects involving the construction, remodeling, or alteration of a building, a structure, or infrastructure. Explicit exemptions outlined in TGC § 2252.203 are addressed in Section 7 (Waivers) of this document. Additionally, “mechanical and electrical components, equipment, systems, and appurtenances” such as those listed herein are not subject to USIS requirements.

**U.S. Iron and Steel Requirements**
Projects funded through the Agricultural Water Conservation Fund that must comply with USIS requirements include, but are not limited to:

- Rebar and structural steel used in canal lining projects.
- Pipes in canal-to-pipeline conversions and pipeline replacement projects.
- Well Casing for projects involving well drilling activities.

**Exempt Components**
The following projects and components are exempt from the USIS provisions within the Agricultural Water Conservation Fund, in addition to the "mechanical and electrical components, equipment, systems, and appurtenances" detailed within this guidance. Equipment cost share projects for purchasing and installing the following (this list is not exhaustive):

- Meters
- Surge-flow valves
- Soil-moisture probes
- Center pivots (including pad/slab construction)
- Efficiency improvements for center pivot and pumping plants
- Pivot control systems
- Telemetry, remote monitoring, or supervisory control and data acquisition (SCADA) systems
- Automated gates (including fabrication and construction)
- Weather stations (including footings, foundations, pads or slabs)

**Provisions for Bid Documents**
Applicants must ensure compliance with the Construction Requirements outlined in Texas Administrative Code §367.12 when preparing bid documents for construction contracts funded through AWCF. In addition to these requirements, the following language must be included in all Advertisements for Bids:

*Any contract(s) awarded under this Invitation for Bids is/are subject to the United States Iron and Steel (USIS) requirements of Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable.*

# Attachment 2: Certificate of Compliance with U.S. Iron and Steel Requirements

This form is available at: https://www.twdb.texas.gov/financial/instructions/doc/TWDB-1105-A.pdf

# Attachment 3: Exemption Request

The purpose of this checklist is to ensure that all necessary and relevant information is submitted to the Texas Water Development Board (TWDB). This checklist is for informational purposes only and does not need to be included as part of the exemption application.

| Items | ☐ | Notes |
|---|---|---|
| General<br>• Request includes the following information:<br>  ○ Description of the foreign and domestic construction materials<br>  ○ Unit of measure<br>  ○ Quantity<br>  ○ Price<br>  ○ Time of delivery or availability<br>  ○ Location of the construction project<br>  ○ Name and address of the proposed supplier(s)<br>  ○ Detailed justification for the use of foreign construction materials<br>• Applicants must demonstrate a good faith effort to solicit bids for domestic iron and steel products through language in requests for proposals, contracts, and communications with the prime contractor. | | |
| Cost Requests<br>• Cost-based requests include the following information:<br>  ○ Comparison of overall project cost using domestic iron and steel products versus foreign iron and steel products.<br>  ○ Relevant excerpts from the bid documents used by contractors for the cost comparison.<br>  ○ Supporting documentation indicating that the contractor conducted a reasonable market survey, including:<br>  ○ A description of the process used to identify suppliers<br>  ○ A list of contracted suppliers.<br>  ○ Signed and sealed statement from the consulting engineer certifying they have reviewed the waiver request conditions and attest to their accuracy. | | |
| Availability Requests<br>• For availability-based exemptions, request includes the following:<br>  ○ Supporting documentation demonstrating the availability, quantity, and/or quality issues with domestic material, such as supplier or pricing information from a reasonable number of domestic sources.<br>• A statement from the applicant, engineer, prime contractor, and/or supplier - along with supporting documentation - confirming the non-availability of the domestic construction materials for which the request is sought. | | |
| Additional Considerations<br>To your best knowledge, has the State received other requests for similar materials on comparable projects? | | |

## *TWDB Checklist for Exemption Request*

*Instructions: This checklist is to be completed by TWDB during the review of the exemption requests. Each question in the checklist must be answered by marking the appropriate box as Yes, No or N/A.*

*Marks within shaded boxes may indicate grounds for denial of the waiver. If no marks fall into shaded boxes, the request may be eligible for approval, providing it demonstrates that at least one or more of the following conditions apply to the domestic product for which the exemption is requested:*

1. *The iron and/or steel products are not produced in the United States in sufficient quantities, are not reasonably available, or are not of satisfactory quality.*
2. *The inclusion of the U.S.-produced iron and/or steel products would increase the cost of the overall project by more than 20 percent. For this purpose, "cost of the project" refers to the total amount of the TWDB Board's funding commitment for the construction portion of the project.*

| Review Items | Yes | No | N/A | Notes |
|---|---|---|---|---|
| Cost Request<br>• Does the exemption request include the following information?<br>o Comparison of overall cost of project with domestic iron and steel products to overall cost of project with | | | | |
| o Relevant excerpts from the bid documents used by the contractors to complete the comparison | | | | |
| o A sufficient number of bid documents or pricing information from domestic sources to constitute a reasonable survey of the market | | | | |
| • Does the Total Domestic Project exceed the Total Foreign Project Cost by more than 20%? | | | | |
| Availability Requests<br>• Does the exemption request include supporting documentation sufficient to show the availability, quantity, and/or quality of the iron and/or steel product for which it is requested?<br>o Supplier information or other documentation indicating availability/delivery date for materials<br>o Project schedule<br>o Relevant excerpts from project plans, specifications, and permits indicating the required quantity and quality of materials | | | | |
| • Contractors made a reasonable effort to locate domestic suppliers of materials, such as a description of the process for identifying suppliers and a list of contacted suppliers? | | | | |
| • Based on the materials delivery/availability date indicated in the supporting documentation, will the materials be unavailable when they are needed according to the project schedule? (By item, list schedule date and domestic delivery quote date or other relevant information) | | | | |

| | | | | |
|---|---|---|---|---|
| • Is TWDB aware of any other evidence indicating the non-availability of the materials for which the exemption is requested?<br>Examples include:<br>o Multiple requests for the materials described in this request, for comparable projects in Texas<br>o Multiple requests for the materials described in this request, for comparable projects in other States<br>o Correspondence with construction trade associations indicating the non-availability of the materials<br>• Are the available domestic materials indicated in the bid documents of inadequate quality compared to those required by the project plans, specifications, and/or permits? | | | | |

# Attachment 4: Sample Certifications

U.S. Iron and Steel (USIS) Certification must document the location of all manufacturing processes involved with the production of iron and steel materials. Each entity handling the iron and steel products (including supplier, fabricator, manufacturer, processor, etc.) must certify that their specific role in the process was performed domestically.

Applicants may fulfill this requirement using one of the following certification methods:

1. Final Manufacturer Certification
   The final manufacturer delivering the iron or steel product to the worksite, vendor, or contractor, must provide a certification. This certification must identify all entities involved in handling the product and confirm that all manufacturing processes were completed in the United States.

2. Step Certification
   Each entity handling the iron or steel product must provide an individual certification letter verifying that their specific step in the process was performed domestically.

***NOTE:*** All certifications must be documented on official company letterhead to ensure compliance with the USIS requirements.

# Final Manufacturer Certification

The following is a sample certification letter for USIS compliance. The document must be on company letterhead and include a certification from the final manufacturer. It should list all parties involved in handling the product, from the raw iron or steel processor to the contractor installing the final product.

*Date*
*Company Name*
*Company Address City,*
*State Zip*

*Subject: United States Iron and Steel Certification for Project (XXXXX)*

*I, (company representative), certify that the following products and/or materials shipped/provided to the subject project are in full compliance with the United States Iron and Steel requirement as required in Texas Water Code § 17.183 and/or Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable.*

*Item, Products and/or Materials:*

1. *Xxxx*
2. *Xxxx*
3. *Xxxx*

*Such processes took place at the following location:*

| | | | |
|---|---|---|---|
| *Contractor:* | _____ | _____ | _____ |
| | *(Name)* | *(Item)* | *(Process)* |
| *Supplier:* | _____ | _____ | _____ |
| | *(Name)* | *(Item)* | *(Process)* |
| *Manufacturer:* | _____ | _____ | _____ |
| | *(Name)* | *(Item)* | *(Process)* |
| *Processor:* | _____ | _____ | _____ |
| | *(Name)* | *(Item)* | *(Process)* |

*If any of the above compliance statements change during the course of providing material for this project, we will immediately notify the prime contractor and the engineer.*

*Signed by company representative*

## Step Certification

Step certification is a process where each handler of the iron and steel products (e.g., supplier, fabricator, manufacturer, processor) certifies that their specific step in the process was performed domestically. This process requires obtaining a separate certification letter from each handler, starting with the processor of the raw iron or steel and continuing through to the contractor responsible for installing the final product.

## Step Certification Letter

The following information is provided as a sample letter of step certification for USIS compliance. Documentation must be provided on company letterhead by each handler responsible for their part of the iron or steel product process.

*Date*
*Company Name Company*
*Address City, State Zip*

*Subject: United States Iron and Steel Step Certification for Project (XXXXXXXXXX)*

*I, (company representative), certify that the (melting, bending, coating, galvanizing, cutting, etc.) process in the (manufacturing or fabricating) of the following products and/or materials shipped or provided for the subject project is in full compliance with the United States Iron and Steel requirements required in Texas Water Code § 17.183 and/or Texas Government Code, Chapter 2252, Subchapter G, as amended by SB 1289, 85th Legislative Session, as applicable.*
*Item(s), Product(s) and/or Material(s):*

1. *Xxxx*
2. *Xxxx*
3. *Xxxx*

*Such process took place at the following location:*

*Handler:* _____ _____ _____
*(Name)* *(Item)* *(Process)*

*If any of the above compliance statements change while providing material for this project, we will immediately notify the prime contractor and the engineer.*
*Signed by company representative*

## Step Certification Log

The following information is provided as a sample log to keep track of step certification for U.S. Iron and Steel (USIS) compliance. The TWDB makes no claims regarding the legality of the step certification log with respect to USIS compliance.

**United States Iron and Steel**
**Step Certification Log for**

_____

**(Iron or Steel Product)**

| | | |
|---|---|---|
| **CONTRACTOR:** | | |
| **(NAME)** | **(ITEM)** | **(PROCESS)** |
| | | |
| **SUPPLIER:** | | |
| **(NAME)** | **(ITEM)** | **(PROCESS)** |
| | | |
| **MANUFACTURER:** | | |
| **(NAME)** | **(ITEM)** | **(PROCESS)** |
| | | |
| **PROCESSOR:** | | |
| **(NAME)** | **(ITEM)** | **(PROCESS)** |

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items For Action |
| **From:** | Doug Clifton<br>Water Operations Manager | **Reviewed by:** | Jason Theurer<br>Director of Water Operations and Compliance |
| **Submitted by:** | Mark Steelman<br>Chief Operating Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Authorize the CEO or His Designee to Negotiate and Execute a Professional Services Agreement with Utilis Inc., dba Asterra, for Satellite Leak Detection Services for an Initial One-Year Term in the Amount of $145,000.00, with up to Four Additional One-Year Renewals for a Total Contract Amount Not to Exceed $725,000.00

## BACKGROUND

Over the last five years, New Braunfels Utilities ("NBU") has contracted with Utilis Inc., dba Asterra ("Asterra") for satellite leak detection across the NBU water system (the “Services”). Using satellite imagery and proprietary software, Asterra scans the entire system four times per year, identifying leaks — including ones conventional inspection wouldn't catch — before they cause greater water loss or infrastructure damage.

Over the past five years, the program identified 4,461 points of interest, resulting in 862 confirmed leaks addressed and an estimated 24,880,661 gallons saved, worth $281,400.28 in combined water production and lost wholesale revenue savings. The five-year cost, including NBU's in-house crew time, is $1,249,851.20 for twenty (20) system-wide scans. By comparison, returning to NBU's legacy acoustic-logger program (one system-wide scan every five (5) years) would cost an estimated $2,944,226.00 over five (5) years — $1,694,374.80 more for a fraction of the coverage.

The program supports NBU's Infrastructure and Technology goal of maintaining an Infrastructure Leakage Index at or below 3.0 and reflects NBU's commitment to water conservation.

NBU seeks a new one-year agreement with Asterra (August 1, 2026 – July 31, 2027), with automatic renewal for four (4) successive one-year terms, providing (i) additional satellite report data, (ii) data analysis services, and (iii) targeted-area reports for field-based leak detection (the “Agreement”).

Asterra is the sole-source provider, holding a patented algorithm for its leak detection process. Section 252.022(a)(7) of the Texas Local Government Code exempts sole-source items from competitive bidding, and this Agreement qualifies.

NBU staff requests that the Board of Trustees approve a Professional Services Agreement with Asterra. This item is presented because the Agreement exceeds $250,000.00.

## FINANCIAL IMPACT

The total financial impact for the Professional Services Agreement with Asterra is $725,000.00, with a not-to-exceed amount of $145,000.00 for the initial contract term and $145,000.00 for each of the additional four (4) one-year terms for the Services. The Agreement is budgeted within the NBU Board-approved Operations and Maintenance Budget ("O&M Budget") for Fiscal Year 2027 through Fiscal Year 2031.

## LINK TO STRATEGIC PLAN

**Infrastructure and Technology**

**Stewardship**

## EXHIBITS

1. Professional Services Agreement with Utilis Inc., dba Asterra

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# PROFESSIONAL SERVICES AGREEMENT

This **PROFESSIONAL SERVICES AGREEMENT** (the "Agreement") is made and entered by and between **NEW BRAUNFELS UTILITIES**, a Texas municipally owned utility ("NBU"), and **UTILIS, INC., DBA ASTERRA**, a Delaware incorporated company authorized to transact business in the State of Texas (the "Professional"). For good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as set forth herein.

Section 1. Term of Agreement. This Agreement will be effective on the latest date subscribed below (the "Effective Date") and will remain in full force and effect for a period of one (1) year from August 1, 2026, to July 31, 2027 (the "Initial Term"), unless terminated as otherwise provided pursuant to the terms and conditions of this Agreement. After the expiration of the Initial Term, this Agreement shall automatically renew for four (4) successive one-year terms (each, a "Renewal Term"), unless either party provides written notice of its intent to terminate the Agreement to the other party at least thirty (30) days prior to the expiration of any term. The Initial Term and any Renewal Term(s) are collectively referred to herein as the "Term." Upon renewal, the terms and conditions of this Agreement will remain in full force and effect. In no event will the contract Term extend beyond July 31, 2031.

Section 2. Scope of Services.

(A) The Professional shall perform the services described in Exhibit A (the "Services") within the timeframe specified therein.

(B) The quality of Services provided hereunder shall be of the level of professional quality performed by professionals regularly rendering this type of service.

(C) The Professional shall perform the Services in compliance with all statutory, regulatory, and contractual requirements now or hereafter in effect as may be applicable to the rights and obligations set forth in the Agreement.

(D) The Professional may rely upon the accuracy of reports and surveys provided to it by NBU except when defects should have been apparent to a reasonably competent professional or when it has actual notice of any defects in the reports and surveys.

Section 3. Compensation.

(A) Amount. The Professional shall be paid the amount set forth in Exhibit B as described herein.

(B) Billing Period. NBU shall pay the Professional within thirty (30) days after receipt and approval of invoices and based upon work satisfactorily performed and completed to date. All invoices shall document and itemize all work completed to date. Each invoice statement shall include a record of time expended and work performed in sufficient detail to justify payment. In

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the event any uncontested portions of any invoice are not paid within thirty (30) days of receipt and approval of the Professional's invoice, the Professional shall have the right to suspend work.

(C) Reimbursable Expenses. Any and all reimbursable expenses related to the Services shall be described in Exhibit A and accounted for in the total compensation amount in Exhibit B. If these items are not specifically accounted for in both Exhibit A and Exhibit B, NBU shall not be required to pay such amounts unless otherwise agreed to in writing by both parties or unless agreed to pursuant to Section 4 of this Agreement.

Section 4. Changes to the Services; Additional Work.

(A) Changes to the Services. The Professional shall make such revisions to any work related to the Services that has been completed as are necessary to correct any errors or omissions as may appear in such work. If NBU finds it necessary to make changes to previously satisfactorily completed work or parts thereof related to the Services, the Professional shall make such revisions if requested and as directed by NBU and such services shall be considered as additional work and paid for as specified under the following paragraph.

(B) Additional Work. NBU retains the right to make changes to the Services at any time by a written contract amendment. Work that is clearly not within the general description of the Services under this Agreement must be approved in writing by NBU by contract amendment before the additional work is undertaken by the Professional. If the Professional is of the opinion that any work is beyond that contemplated in this Agreement and the Services described in Exhibit A and therefore constitutes additional work, the Professional shall promptly notify NBU of that opinion in writing. If NBU agrees that such work does constitute additional work, then NBU and the Professional shall execute a contract amendment for the additional work and NBU shall compensate the Professional for the additional work on the same basis of the rates for the Services contained in Exhibit B. If the changes reduce the scope of the Services, the contract sum shall be adjusted accordingly. All such changes shall be executed under the conditions of the original Agreement. Any work undertaken by the Professional not previously approved as additional work shall be at risk of the Professional.

Section 5. Ownership of Documents. Upon completion or termination of this Agreement, all documents prepared by the Professional or furnished to the Professional by NBU shall be delivered to and become the property of NBU. All drawings, charts, calculations, plans, specifications and other data, including electronic files and raw data, prepared under or pursuant to this Agreement shall be made available, upon request, to NBU without restriction or limitation on the further use of such materials; however, such materials are not intended or represented to be suitable for reuse by NBU or others. Any reuse of the materials related to the Services without prior verification or adaptation by the Professional for the specific purpose intended will be at NBU's sole risk and without liability to the Professional. Where applicable, the Professional shall retain all pre-existing proprietary rights in the materials provided to NBU but shall grant to NBU a non-exclusive, perpetual, royalty-free license to use such proprietary information solely for the purposes for which the information was provided. The Professional may, at the Professional's expense, have copies made of the documents or any other data furnished to NBU under or pursuant to this Agreement.

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Section 6. Personnel. The Professional shall provide adequate, experienced personnel, capable of and devoted to the successful completion of the Services to be performed under this Agreement. The Professional agrees that, upon commencement of the Services to be performed under this Agreement, key personnel will not be removed or replaced without prior written notice to NBU. If key personnel are not available to perform the Services for a continuous period exceeding thirty (30) calendar days, or are expected to devote substantially less effort to the Services than initially anticipated, the Professional shall immediately notify NBU of same and shall replace such personnel with personnel possessing substantially equal ability and qualifications.

Section 7. Licenses; Materials. The Professional shall maintain in current status all federal, state, and local licenses and permits required for the Professional to perform the Services and operate its business. NBU has no obligation to provide the Professional, its employees or subcontractors any business registrations or licenses required to perform the Services described in this Agreement. NBU has no obligation to provide tools, equipment, or materials to the Professional.

Section 8. Performance Warranty. The Professional warrants that the Services provided under this Agreement shall conform to the professional standards performed by professionals regularly rendering this type of service.

Section 9. Indemnification. **TO THE FULLEST EXTENT PERMITTED BY LAW, THE PROFESSIONAL SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS NBU AND EACH BOARD MEMBER, OFFICER, EMPLOYEE OR AGENT THEREOF (NBU AND ANY SUCH PERSON BEING HEREIN CALLED AN "INDEMNIFIED PARTY"), FOR, FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES AND COURT COSTS) TO WHICH ANY SUCH INDEMNIFIED PARTY MAY BECOME SUBJECT, UNDER ANY THEORY OF LIABILITY WHATSOEVER ("CLAIMS"), INSOFAR AS SUCH CLAIMS (OR ACTIONS IN RESPECT THEREOF) RELATE TO, ARISE OUT OF, OR ARE CAUSED BY THE GOODS OR SERVICES PROVIDED BY THE PROFESSIONAL, ITS OFFICERS, EMPLOYEES, AGENTS, OR ANY TIER OF SUBCONTRACTOR IN THE PERFORMANCE OF THIS AGREEMENT. THE AMOUNT AND TYPE OF INSURANCE COVERAGE REQUIREMENTS SET FORTH BELOW SHALL IN NO WAY BE CONSTRUED AS LIMITING THE SCOPE OF THE INDEMNITY IN THIS SECTION.**

Section 10. Insurance.

(A) General.

i. Insurer Qualifications. Without limiting any obligations or liabilities of the Professional, the Professional shall purchase and maintain, at its own expense, hereinafter stipulated minimum insurance with insurance companies authorized to do business in the State of Texas with an A.M. Best, Inc. rating of A- VII or above with policies and forms satisfactory to NBU. Failure to maintain insurance as specified herein may result in termination of this Agreement at NBU's option.

ii. No Representation of Coverage Adequacy. By requiring insurance, NBU does not represent that coverage and limits will be adequate to protect the Professional. NBU reserves the right to review any and all of the insurance policies and/or

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endorsements cited in this Agreement, but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency will not relieve the Professional from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

iii. Additional Insured. All insurance coverage and self-insured retention or deductible portions, except Workers' Compensation insurance and Professional Liability insurance, if applicable, shall name, to the fullest extent permitted by law for claims arising out of the performance of this Agreement, NBU, its agents, representatives, officers, and Board of Trustees as an Additional Insured as specified under the respective coverage sections of this Agreement.

iv. Coverage Term. All insurance required herein shall be maintained in full force and effect until all the Services required to be performed under the terms of this Agreement are satisfactorily performed, completed and formally accepted by NBU, unless specified otherwise in this Agreement.

v. Primary Insurance. The Professional's insurance shall be primary insurance with respect to performance of this Agreement and in the protection of NBU as an Additional Insured.

vi. Claims Made. In the event any insurance policies required by this Agreement are written on a "claims made" basis, coverage will extend, either by keeping coverage in force or purchasing an extended reporting option, for three years after the conclusion of the term of this Agreement. Such continuing coverage will be evidenced by submission of annual certificates of insurance stating applicable coverage is in force and containing provisions as required herein for the three-year period.

vii. Waiver. All policies (except for Professional Liability, if applicable), including Workers' Compensation insurance, will contain a waiver of rights of recovery (subrogation) against NBU, its agents, representatives, officers, employees, and Board of Trustees for any claims arising out of the Services performed by the Professional. The Professional shall arrange to have such subrogation waivers incorporated into each policy via formal written endorsement thereto.

viii. Policy Deductibles and/or Self-Insured Retentions. The policies set forth in these requirements may provide coverage that contains deductibles or self-insured retention amounts. Such deductibles or self-insured retention shall not be applicable with respect to the policy limits provided to NBU. The Professional shall be solely responsible for any such deductible or self-insured retention amount.

ix. Use of Subcontractors. The Professional shall not use subcontractors for all or any work under this Agreement without the prior written consent of NBU in its sole

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discretion. If any work under this Agreement is subcontracted in any way, the Professional shall execute written agreements with its subcontractors containing the indemnification provisions set forth in this Agreement and insurance requirements set forth herein protecting NBU and the Professional. The Professional shall be responsible for executing any agreements with its subcontractors and obtaining certificates of insurance verifying the insurance requirements.

x. Evidence of Insurance. Prior to the Effective Date of this Agreement, the Professional shall provide suitable evidence of insurance to NBU, which confirms that all required insurance policies are in full force and effect. Evidence of insurance shall be in a form acceptable to NBU. Confidential information such as the policy premium may be redacted from the documents evidencing each insurance policy, provided that such redactions do not alter any of the information required by this Agreement. NBU will rely upon the requested information, including, but not limited to, certificates of insurance, endorsements, schedule of forms and endorsements, or other policy language as evidence of coverage but such acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this Agreement. If any of the policies required by this Agreement expire during the life of this Agreement, it will be the Professional's responsibility to forward renewal certificates and evidence of insurance to NBU five (5) days prior to the expiration date.

(B) Required Insurance Coverage. Any of the coverage set forth below may be waived by NBU in its sole discretion, but any such waiver must be signed by an authorized representative of NBU on or before the Effective Date of this Agreement.

i. Commercial General Liability. The Professional shall maintain "occurrence" form Commercial General Liability insurance with an unimpaired limit of not less than $1,000,000 for each occurrence and a $2,000,000 General Aggregate Limit. The policy shall cover liability arising from premises, operations, independent contractors, products, completed operations, personal injury, and property damage. The definition of insured contract cannot have any modifications as outlined in the ISO policy form CG 0001 0413. Third party action over coverage must not be specifically excluded. To the fullest extent allowed by law, for claims arising out of the performance of this Agreement, NBU, its agents, representatives, officers, and Board of Trustees shall be cited as an Additional Insured. If any Excess insurance is utilized to fulfill the requirements of this subsection, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying insurance.

ii. Auto Liability. The Professional shall maintain Automobile Liability insurance with a limit of $1,000,000 combined single limit on the Professional's owned or hired and non-owned vehicles, as applicable, assigned to or used in the performance of the Services by the Professional under this Agreement. To the fullest extent allowed by law, for claims arising out of the performance of this Agreement, NBU, its agents, representatives, officers, and Board of Trustees shall be cited as an

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Additional Insured. If any Excess insurance is utilized to fulfill the requirements of this subsection, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying insurance.

iii. Professional Liability. The Professional shall maintain Professional Liability insurance covering negligent errors and omissions arising out of the Services performed by the Professional, or anyone employed by the Professional, or anyone for whose negligent acts, mistakes, errors and omissions the Professional is legally liable, with an unimpaired liability insurance limit of $1,000,000 each claim and $2,000,000 annual aggregate. In the event the Professional Liability insurance policy is written on a "claims made" basis, coverage shall extend for three years after the conclusion of the term of this Agreement, and the Professional shall be required to submit certificates of insurance and other requested information evidencing proper coverage is in effect as required above. Confidential information such as the policy premium or proprietary information may be redacted from the insurance information requested, provided that such redactions do not alter any of the information required by this Agreement.

iv. Workers' Compensation and Employer's Liability Insurance. The Professional shall maintain Workers' Compensation insurance to cover the Professional's employees engaged in the performance of the Services under this Agreement and shall also maintain Employers Liability Insurance of not less than $1,000,000 for each accident, $1,000,000 disease for each employee and $1,000,000 disease policy limit.

(C) Cancellation and Expiration Notice. Insurance required herein shall not expire, be canceled, or be materially changed without thirty (30) days' prior written notice to NBU.

Section 11. Termination.

(A) For NBU's Convenience. This Agreement is for the convenience of NBU and, as such, may be terminated by NBU for any reason upon thirty (30) days' written notice by NBU to the Professional. Upon termination for convenience, the Professional will be paid for the Services performed to the termination date less any offsets to which NBU may be entitled under the terms of this Agreement. By written notice to NBU, the Professional may suspend work if the Professional reasonably determines that working conditions at the site (outside the Professional's control) are unsafe, or in violation of applicable laws, or in the event NBU has not made timely payment in accordance with this Agreement, or for other circumstances not caused by the Professional that are materially interfering with the normal progress of the work. The Professional's suspension of work hereunder shall be without prejudice to any other remedy of the Professional at law or equity.

(B) For Cause. If either party violates any provision or fails to perform any obligation of this Agreement and such party fails to cure its nonperformance within thirty (30) days after written notice of nonperformance is given by the non-defaulting party, such party will be in default. In the event of such default, the non-defaulting party may terminate this Agreement immediately for

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cause and will have all remedies that are available to it at law or in equity including, without limitation, the remedy of specific performance. If the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within thirty (30) days, then the defaulting party will have such additional period of time as may be reasonably necessary under the circumstances, provided the defaulting party immediately (i) provides written notice to the non-defaulting party and (ii) commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance. In no event will any such cure period exceed ninety (90) days. Only one notice of nonperformance will be required during the term of this Agreement and in the event of a second breach or violation, the nondefaulting party may immediately terminate this Agreement without notice to the defaulting party. In the event of any termination for cause by NBU, payment will be made by NBU to the Professional for the undisputed portion of its fee due as of the termination date less any offsets to which NBU may be entitled under the terms of this Agreement.

(C) Non-Collusion. The Professional represents and warrants that the Professional has not given, made, promised or paid, nor offered to give, make, promise or pay any gift, bonus, commission, money or other consideration to any person as an inducement to or in order to obtain the work to be provided to NBU under this Agreement. If NBU determines that the Professional gave, made, promised, paid or offered any gift, bonus, commission, money, or other consideration to NBU or any of its officers, agents, or employees to secure this Agreement, NBU may elect to cancel this Agreement by written notice to the Professional. The Professional further agrees that the Professional shall not accept any gift, bonus, commission, money, or other consideration from any person (other than from NBU pursuant to this Agreement) for any of the Services performed by the Professional under or related to this Agreement. If any such gift, bonus, commission, money, or other consideration is received by or offered to the Professional, the Professional shall immediately report that fact to NBU and, NBU, at its sole option, may elect to cancel this Agreement by written notice to the Professional.

(D) Agreement Subject to Appropriation. This Agreement is subject to appropriation of funds. The provisions of this Agreement for payment of funds by NBU shall be effective when funds are appropriated for purposes of this Agreement and are actually available for payment. NBU shall be the sole judge and authority in determining the availability of funds under this Agreement and NBU shall keep the Professional fully informed as to the availability of funds for the Agreement. The obligation of NBU to make any payment pursuant to this Agreement is a current expense of NBU, payable exclusively from such annual appropriations, and is not a general obligation or indebtedness of NBU. If sufficient funds are not appropriated to pay the amounts as set forth in this Agreement during any immediately succeeding fiscal year, this Agreement shall terminate at the end of the then-current fiscal year and NBU and the Professional shall be relieved of any subsequent obligation under this Agreement.

Section 12. Miscellaneous.

(A) Independent Contractor. The Professional acknowledges that the Professional is an independent contractor of NBU and is not an employee, agent, official or representative of NBU. The Professional shall not represent, either expressly or through implication, that the Professional

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is an employee, agent, official or representative of NBU. Income taxes, self-employment taxes, social security taxes and the like shall be the sole responsibility of the Professional.

(B) Governing Law; Venue. This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Comal County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Comal County, Texas.

(C) Compliance with Laws. The Professional shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts, administrative, or regulatory bodies in any matter affecting the performance of this Agreement, including, without limitation, worker's compensation laws, minimum and maximum salary and wage statutes and regulations, and licensing laws and regulations. When required, the Professional shall furnish satisfactory proof of compliance to NBU.

(D) Amendments. This Agreement may only be amended, modified, or supplemented by a written amendment signed by persons duly authorized to enter into contracts on behalf of NBU and the Professional.

(E) Provisions Required by Law. Each and every provision of law and any clause required by law to be in the Agreement shall be read and enforced as though it were included herein and, if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the Agreement shall promptly be physically amended to make such insertion or correction.

(F) Severability. If any term or provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect under applicable law, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

(G) Entire Agreement; Interpretation; Parol Evidence. This Agreement and the related Exhibits constitute the entire agreement of the parties with respect to the subject matter, and all previous agreements, whether oral or written, entered into prior to this Agreement are hereby revoked and superseded thereby. No representations, inducements or oral agreements have been made by any of the parties except as expressly set forth in this Agreement. This Agreement shall be construed and interpreted according to its plain meaning, and no presumption shall be deemed to apply in favor of, or against the party drafting the Agreement.

(H) No Assignment. Neither party shall have the right to assign that party's interest in this Agreement without the prior written consent of the other party. Any purported assignment in violation of this Section shall be null and void.

(I) Subcontractors. The Professional shall not transfer any portion of the work related to the Services under this Agreement to any subcontractor without the prior written consent of NBU, which consent shall not be unreasonably withheld. The approval or acquiescence of NBU in the

subletting of any work shall not relieve the Professional of any responsibility for work done by such subcontractor. Failure to pay subcontractors in a timely manner pursuant to any subcontract shall be a material breach of this Agreement by the Professional.

(J) Waiver. No waiver by any party of any of the provisions of this Agreement shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver of any breach or violation of any term of this Agreement shall be deemed or construed to constitute a waiver of any other breach or violation, whether concurrent or subsequent, and whether of the same or of a different type of breach or violation. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

(K) Attorneys' Fees. In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Agreement or on account of any breach or default hereof, the prevailing party will be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses, which will be deemed to have accrued on the commencement of such action.

(L) Liens. All materials or services provided under this Agreement shall be free of all liens and, if NBU requests, a formal release of all liens shall be delivered to NBU.

(M) Offset.

i. Offset for Damages. In addition to all other remedies at law or equity, NBU may offset from any money due to the Professional any amount the Professional owes to NBU for damages resulting from breach or deficiencies in performance or breach of any obligation under this Agreement, including but not limited to all costs, expenses, fines, fees, and charges associated with obtaining performance from alternative sources, shipping, handling, materials, equipment rental, travel expenses and associated costs.

ii. Offset for Delinquent Fees or Taxes. NBU may offset from any money due to the Professional any amount the Professional owes to NBU for delinquent fees, including any interest or penalties.

(N) Notices. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below, or (iii) given to a recognized and reputable overnight delivery service, to the address set forth below:

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If to NBU:

New Braunfels Utilities
Attn: Director of Water Operations and Compliance
263 Main Plaza
New Braunfels, TX 78130

With copy to:

New Braunfels Utilities
Attn: Purchasing Manager
355 FM 306
New Braunfels, TX 78130

If to the Professional:

Utilis, Inc., DBA ASTERRA
Attn: Mr. Eric Trerotola
4180 La Jolla Village Drive - Suite 530
La Jolla, CA 92037

or at such other address, and to the attention of such other person or officer, as any party may designate by providing thirty (30) days' prior written notice of such change to the other party in the manner set forth in this Section. Notices shall be deemed received (i) when delivered to the party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage or (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

(O) Confidentiality of Records. The Professional shall establish and maintain procedures and controls that are acceptable to NBU for the purpose of ensuring that information contained in its records or obtained from NBU or from others in carrying out the Professional's obligations under this Agreement shall not be used or disclosed by it, its agents, officers, or employees, except as required to perform the Professional's duties under this Agreement. Persons requesting such information should be referred to NBU. The Professional also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of the Professional as needed for the performance of duties under this Agreement.

(P) Right to Audit. NBU shall have the right to examine and audit the books and records of the Professional with regard to the Services, or any subsequent changes, at any reasonable time. Such books and records shall be maintained in accordance with generally accepted principles of accounting and shall be adequate to enable determination of (1) the substantiation and accuracy of

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any payments required to be made under this Agreement; and (2) compliance with the provisions of this Agreement.

(Q) Paragraph Headings; Construction. The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this Agreement and this Agreement shall not be construed either more or less strongly against or for either party.

(R) Binding Effect. Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.

(S) Gender. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

(T) Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

(U) Exhibits. Except as specified in Subsection (V) of this Section, all exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

(V) Conflicting Terms. In the case of any conflicts between the terms of this Agreement and the Exhibits, the statements in the body of this Agreement shall govern. The Exhibits are intended to detail the technical scope of services, fee schedule, and the term of the contract only and shall not dictate Agreement terms.

(W) Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement.

(X) No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

(Y) Non-Exclusive Contract. This Agreement is entered into with the understanding and agreement that it is for the sole convenience of NBU. NBU reserves the right to obtain like goods and services from another source when necessary.

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Section 13. Force Majeure. If the performance of any covenant or obligation to be performed hereunder by any party is delayed as a result of circumstances that are beyond the reasonable control of such party (which circumstances may include, without limitation, acts of God, war, acts of civil disobedience, epidemic, pandemic, fire or other casualty, shortage of materials, adverse weather conditions (such as, by way of illustration and not of limitation, severe rain storms or below freezing temperatures, or tornados), labor action, strikes or similar acts, moratoriums or regulations or actions by governmental authorities), the time for such performance shall be extended by the amount of time of such delay, but no longer than the amount of time reasonably occasioned by the delay. In no event will any delay or failure of performance caused by any force majeure condition extend this Agreement beyond its stated Term unless both parties agree in writing to such extension in an amendment to this Agreement. The party claiming delay of performance as a result of any of the foregoing force majeure events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven (7) days after the claiming party becomes aware of the same, and if the claiming party fails to so notify the other party of the occurrence of a force majeure event causing such delay and the other party shall not otherwise be aware of such force majeure event, the claiming party shall not be entitled to avail itself of the provisions for the extension of performance contained in this subsection.

Section 14. Dispute Resolution. In accordance with the provisions of Subchapter I, Chapter 271 of the Texas Local Government Code, as amended, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this agreement, the parties shall first attempt to resolve the dispute by taking the steps described in this Section. First, the dissatisfied party shall deliver to the other party a written notice substantially describing the nature of the dispute, which notice shall request a written response to be delivered to the dissatisfied party not less than five (5) days after receipt of the notice of dispute. Second, if the response does not reasonably resolve the dispute, in the opinion of the dissatisfied party, the dissatisfied party shall give five (5) days' written notice to that effect to the other party whereupon each party shall appoint a person having authority over the activities of the respective parties who shall promptly meet, in person, in an effort to resolve the dispute. Third, if those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person, in an effort to resolve the dispute.

Section 15. Disclosure of Business Relationships/Affiliations; Conflict of Interest Questionnaire. The Professional represents that it is in compliance with the applicable filing and disclosure requirements of Chapter 176 of the Texas Local Government Code, as amended.

Section 16. Information Technology

(A) Limited Access. If necessary for the fulfillment of the Agreement, NBU may provide the Professional with non-exclusive, limited access to NBU's information technology infrastructure. The Professional understands and agrees to abide by NBU policies, standards, regulations and restrictions regarding access and usage of NBU's information technology infrastructure. The Professional shall reasonably enforce such policies, standards, regulations and restrictions with all

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the Professional's employees, agents or any tier of subcontractor granted access in the performance of this Agreement, and shall be granted and authorize only such access as may be necessary for the purpose of fulfilling the requirements of the Agreement. The Professional's employees, agents and subcontractors must receive prior, written approval from NBU before being granted access to NBU's information technology infrastructure and data and NBU, in its sole determination, shall determine accessibility and limitations thereto. NBU reserves the right to condition or terminate the Professional's access to NBU's information technology infrastructure or data at any time. The Professional agrees that the requirements of this Section shall be incorporated into all subcontractor agreements entered into by the Professional. The parties further agree that a violation of this Section shall be deemed to cause irreparable harm that justifies injunctive relief in court. A violation of this Section may result in immediate termination of this Agreement without notice.

(B) Data Confidentiality. All data, regardless of form, including originals, images and reproductions, prepared by, obtained by or transmitted to the Professional in connection with this Agreement is confidential, proprietary information owned by NBU. Except as specifically provided in this Agreement, the Professional shall not intentionally disclose data generated in the performance of the Services to any third party without the prior, written consent of NBU.

(C) Data Security. Personal identifying information, financial account information, or restricted NBU information, whether electronic format or hard copy, is confidential and must be secured and protected at all times to avoid unauthorized access. At a minimum, the Professional must encrypt or password-protect electronic files. This includes data saved to laptop computers, computerized devices or removable storage devices.

(D) Compromised Security. In the event that data collected or obtained by the Professional in connection with this Agreement is believed to have been compromised or in the event of a Security Incident, as defined by Section 2054.603 of the Texas Government Code, the Professional shall notify NBU within twenty-four (24) hours of discovery of such compromise or Security Incident. **THE PROFESSIONAL SHALL INDEMNIFY, DEFEND, AND HOLD NBU HARMLESS FROM ANY CLAIMS RESULTING FROM THE PROFESSIONAL'S FAILURE TO COMPLY WITH ITS OBLIGATIONS UNDER THIS SECTION.**

(E) Survival. The obligations of the Professional under this Section shall survive the termination of this Agreement.

Section 17. Prohibition on Contracts with Companies Boycotting Israel. The Professional hereby verifies that it and its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement as described in Chapter 2271 of the Texas Government Code, as amended.

The foregoing verification is made solely to comply with Section 2271.002 of the Texas Government Code, as amended. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with

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Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Professional understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Professional and exists to make a profit.

Section 18. Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited. The Professional represents that neither it nor any of its parent company, wholly or majority owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/publications/divestment.php.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and excludes the Professional and each of its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Professional understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Professional and exists to make a profit.

Section 19. Prohibition on Contracts with Companies in China, Iran, North Korea, or Russia. If the Professional is granted direct or remote access to or control of critical infrastructure in the State of Texas under this Agreement, the Professional represents the following:

(A) it is not owned by or the majority of stock or other ownership interest in the Professional is not held or controlled by:

i. individuals who are citizens of China, Iran, North Korea, Russia, or a country designated by the Governor of Texas as a threat to critical infrastructure under Section 2275.0103 of the Texas Government Code, as amended ("designated country"); or

ii. a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a designated country; or

(B) it is not headquartered in China, Iran, North Korea, Russia, or a designated country.

The foregoing representation is made solely to comply with Chapter 2275 of the Texas Government Code, as amended. As used in the foregoing verification, "critical infrastructure" means a communication infrastructure system, cybersecurity system, electric grid, hazardous waste treatment system, or water treatment facility. "Affiliate," with respect to a company entering into an agreement in which the critical infrastructure is electric grid equipment, has the meaning assigned by the protocols of the independent organization certified under Section 39.151, Utilities Code, for the ERCOT power region.

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Section 20. Prohibition on Contracts with Companies Boycotting Energy Companies. The Professional hereby verifies that it and its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, to the extent this Agreement is a contract for goods or services, will not boycott energy companies during the term of this Agreement as described in Chapter 2276 of the Texas Government Code, as amended

The foregoing verification is made solely to comply with Section 2276.002 of the Texas Government Code, as amended. As used in the foregoing verification, "boycott energy companies" has the meaning used in Section 809.001 of the Texas Government Code, as amended. The Professional understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Professional and exists to make a profit.

Section 21. Prohibition on Contracts with Companies that Discriminate Against Firearm and Ammunition Industries. The Professional hereby verifies that it and its parent company, wholly or majority owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, to the extent this Agreement is a contract for goods or services, will not discriminate against a firearm entity or firearm trade association during the term of this Agreement as described in Chapter 2274 of the Texas Government Code, as amended.

The foregoing verification is made solely to comply with Section 2274.002 of the Texas Government Code, as amended. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning used in Section 2274.001(3) of the Texas Government Code, as amended. The Professional understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Professional and exists to make a profit.

Section 22. Texas Public Information Act. The Professional recognizes that NBU is subject to the disclosure requirements of the Texas Public Information Act (the "PIA"). As part of its obligations within this Agreement, the Professional agrees, at no additional cost to NBU, to cooperate with NBU for any particular needs or obligations arising out of the NBU's obligations under the PIA. This acknowledgment and obligation are in addition to and complementary to the NBU's audit rights in Section 12(P).

This provision applies if the Agreement has a stated expenditure of at least $1 million in public funds for the purchase of goods or services by NBU or results in the expenditure of at least $1 million in public funds for the purchase of goods or services by NBU in a fiscal year of NBU.

The Professional must (1) preserve all contracting information related to the Agreement as provided by the records retention requirements applicable to NBU for the duration of the Agreement; (2) promptly provide to NBU any contracting information related to the Agreement that is in the custody or possession of the Professional on request of NBU; and (3) on completion of the Agreement, either:

(i) provide at no cost to NBU all contracting information related to the Agreement that is in the custody or possession of the Professional; or

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(ii) preserve the contracting information related to the Agreement as provided by the records retention requirements applicable to NBU.

The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Agreement and the Professional agrees that the Agreement can be terminated if the Professional knowingly or intentionally fails to comply with a requirement of that subchapter.

Section 23. Electronic Signatures. Pursuant to Chapter 322 of the Texas Business and Commerce Code, as amended, the parties agree to the use of electronic signatures herein and that the use of an electronic signature, whether digital or encrypted, is intended to have the same force and effect as a manual signature. Electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. Each party further agrees that if it agrees to conduct a transaction by electronic means in this Agreement, it may refuse to conduct other transactions by electronic means and that such right may not be waived by this Agreement.

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**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the Effective Date.

**NBU:**
**NEW BRAUNFELS UTILITIES**,
a Texas municipally owned utility

By:_____
Name: Ryan Kelso
Title: Chief Executive Officer
Date:_____

**PROFESSIONAL:**
**UTILIS, INC., DBA ASTERRA**
a Delaware corporation authorized to transact business in the State of Texas

Docusigned by:
By: Gadi Kovarsky
26F0F00EE8F8419...
Name: Gadi Kovarsky
Title: General Manager, Water Division
Date: 4/24/2026

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Exhibit A

Services

The Professional shall provide all labor, material, and equipment necessary to provide leak detection services (the "Services"). Under this Agreement, the Professional shall examine NBU's water system (which is up to nine hundred and fifty-eight (958) linear miles of mains and service lines) (the "Project Site") through satellite imagery in order to deliver to NBU a data-driven report of potential leak areas (the "Project").

Potential leak areas will be identified by satellite using a third-party satellite company and then analyzed by the Professional's standard techniques of data collection and analysis. Raw Synthetic Aperture Radar ("SAR") satellite images are transmitted to the Professional by the third-party satellite company, after which the Professional applies its proprietary algorithm to the images. The Professional will analyze the images and identify potential leaks of treated water. A potential leak target area is displayed as a highlighted pipe length that may be investigated by NBU. The Professional shall provide leak reports quarterly to NBU via a password-protected web portal, and shall include geographic information system ("GIS") files, graphical leak reports, and/or a GIS web-based application.

## I. ROLES, RESPONSIBILITIES AND DELIVERABLES

1. The Professional shall provide reports that notate areas containing potential leaks (i.e., areas containing soil moisture of treated water underground) using its proprietary algorithm across the NBU water system. The Professional shall provide a primary contact for technical and administrative purposes, who will be the sole point of contact for NBU under this Agreement. The Professional shall be responsible for the following:

   1.1 acquiring and analyzing the satellite imagery;
   1.2 preparing a GIS-based report of potential leak locations; potential leak locations may be referred to as likely leak location ("LLL") or points of interest ("POIs"); and
   1.3 providing best practices, as defined in Exhibit D, for field inspection protocols to NBU.

2. The Professional shall provide the Services and deliverables described herein.

   2.1 POI Output: For each leak report, the Professional shall provide a GIS layer containing the POIs, provided in shape file ("SHP") and keyhole market language file ("KML") formats for import into a GIS system (client-based as in Environmental Systems Research Institute ("ESRI"), ESRI Partners or Utilis-provided, U-Collect, and U-View) that can be overlaid on a map displaying streets, pipes, hydrants, valves, and potential leak information.

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2.2 Online Dashboard: The Professional shall provide a link to a password-protected portal that displays data collected via the U-Collect field application, which monitors the project/service progress in real time and calculates key performance indicators ("KPIs"). The license for the online dashboard shall be active upon the Professional's delivery of a leak report to NBU and shall remain active for three (3) months following the date of delivery

2.3 U-Collect and U-View Licenses: The Professional shall provide one (1) license to NBU for each of the following field applications: U-Collect and U-View. The licenses shall be active upon the Professional's delivery of a leak report to NBU and shall remain active for three (3) months following the date of delivery. Additional licenses may be purchased and/or the initial license extended in three-month (3) terms at the request of NBU.

2.4 Leak Sheets: For each leak report, the Professional shall provide a set of maps in portable document format ("PDF") and digital printable format showing details of each POI.

2.5 Data Form: For each leak report, the Professional shall provide an Excel spreadsheet containing analysis results in tabular form.

2.6 Kick-off meeting: The Professional shall attend an NBU-facilitated kick-off meeting prior to field work being performed by NBU, to agree on the operational field plan to address NBU's specific needs and best practices required to get the best results.

2.7 Field Support: When requested by NBU, the Professional shall provide a field engineer for online or onsite field support to advise NBU on how to integrate the Professional's methods into the NBU field team protocol. The Professional's field engineer is not responsible for acoustic leak detection or pinpointing of leaks.

3. NBU shall be responsible for the items below.

3.1 NBU shall provide baseline system data, work order history, and when needed, an acoustic field verification team to inspect POIs identified by the Professional. NBU shall identify a primary contact person for technical, administrative, and field inspection coordination. The Professional agrees to use the information described below only for NBU specific projects under this Agreement and to not share the information with any other third party.

3.2 Pipe System Information: Prior to image acquisition, NBU shall provide the Professional with a detailed and accurate GIS pipe system layer. The Professional shall use this layer to identify POI locations. The GIS layer will include pipe material and diameter, length of pipeline to be analyzed, hydrants, valves, and any other detailed information available.

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3.3 Leak Detection History: NBU shall provide the Professional with a detailed and accurate history of leak findings and repairs beginning one (1) week before the date the satellite image was acquired and ending when field verification efforts begin.

## II. WORK PROCESS TIMELINE

1. Upon NBU providing the Professional with a notice to proceed ("NTP"), the Professional shall acquire the satellite image(s). The date of image delivery to NBU is not definite and may change at any time based on technical and/or operational constraints of the third-party satellite company, including poor image quality. Images received from the third-party satellite company shall be evaluated by the Professional's quality assurance standards.

2. Before acquiring the images, NBU shall provide the Professional with:

   2.1 an area of interest ("AOI"), which is a designated geographical area to be surveyed using a satellite within the NBU-provided service area; and
   2.2 a GIS layer of all available treated water lines in the AOI to be analyzed; if available, NBU will also provide a hydrant and valves layer within the AOI.

3. The Professional shall provide Services only in the AOI overlapping with NBU's provided GIS pipe system layer.

4. After acquiring the images and receiving the GIS pipe layers from NBU, the Professional shall produce the full analysis and deliver the leak report to NBU. This task will take approximately seven to fourteen (7-14) business days after the scheduled image acquisition date, subject to technical and/or operational constraints as specified in section II.1. above.

5. Leak field inspection work shall begin on an agreeable date between the parties after the Professional has delivered the leakage report to NBU.

6. Field inspection work shall not begin until after the Professional has provided training, guidance, and interpretation of the leakage report to NBU.

## III. CLIENT PROJECT SPECIFICS

The Professional will survey the following area of interest* (figure 1.1) and up to nine hundred and fifty-eight (958) linear miles of main and service lines.

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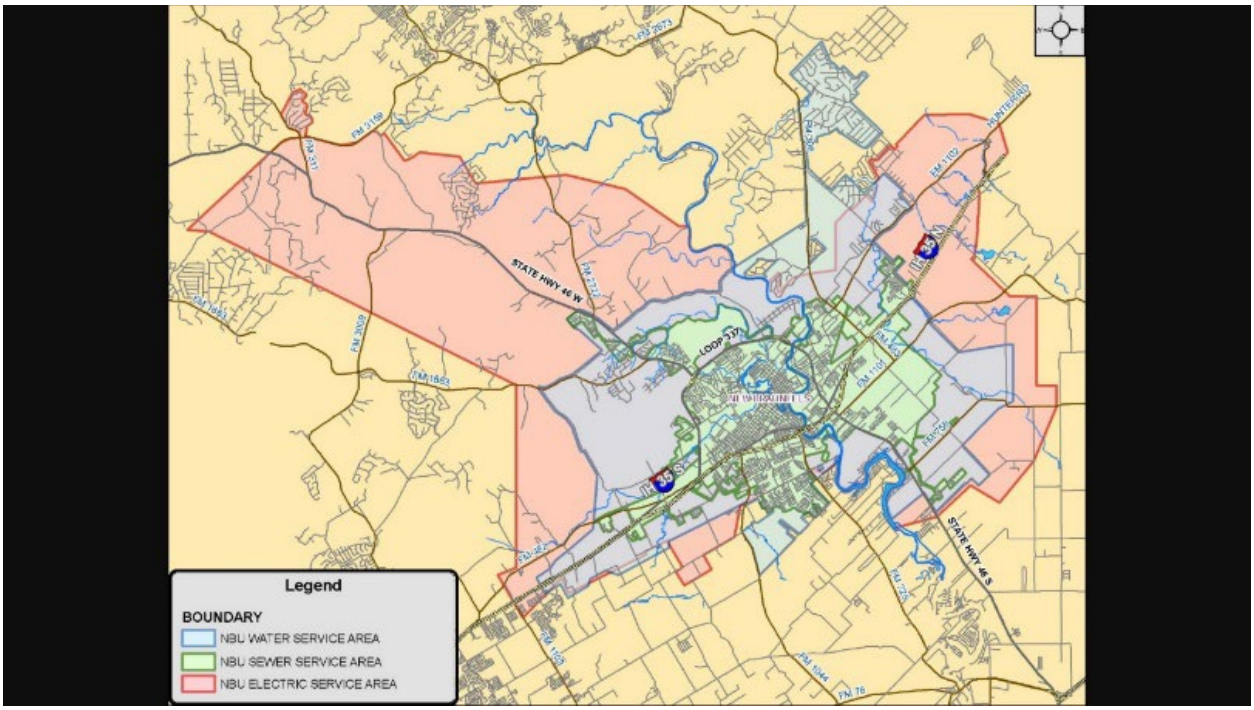


*Figure 1.1: NBU AOI*

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Exhibit B

Compensation

NBU shall pay the Professional for the Services in accordance with Tables 1 and 2 below and made part of this Agreement.

**Services**

NBU agrees to pay the Professional for the Services during the term of this Agreement in an amount not to exceed $145,000 per year and $725,000 for the duration of the Agreement.

**Table 1**

| **Annual Services** | **Rate** |
|---|---|
| 20 Satellite Scans and Analyses | $28,750/Quarter |
| 6 EO Discover and U-Collect Licenses | Included |
| Final Program Report | Included |
| **Total** | **$115,000 per year** |

**Table 2**

| **Optional Services** | **Rate** |
|---|---|
| Additional U-Collect annual license | $3,000 per license |
| Additional Three (3) months of U-Collect | $1,500 per license |
| Subcontracted Acoustic Leak Detection Technician-BOTG (40 hours/5 days) | $12,000 per week |

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# Exhibit C

Evidence of Insurance

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# Exhibit D

## Best Practices

The following detailed list of Best Practices is the standard by which the Professional's program is based. These practices should be followed unless there are extenuating circumstances that require a modification to ensure a representative result on leaks-found metrics. Pursuant to the Professional's standard Best Practices, approximately 50 listening points are accessed per point of interest ("POI") inspected. This is virtually all available points, which maximizes leaks found. When listening points are limited due to indoor meter locations, covered appurtenances such as curb stops, or are difficult to access due to physical status or crew time constraints, a modification of the leak finding best practices may be advisable. This modification may take the form of instituting a pre-location program whereby crews are deployed to locate, mark and ensure access to all listening points available. Additionally, the modification may take the form of limiting the number of listening points accessed and focusing on covering more linear miles of pipe. A recommendation on the most appropriate best practices program to follow will be based on the specific aspects of the system.

In order to achieve the best results, the below standards must be adhered to. The standards include: achieving the highest true positive rate, uncovering the most leaks found, maximizing the total number of locations inspected, and employing a comprehensive inspection protocol, all of which combine to constitute a set of best practices which must followed. The best practices include the following steps:

1. The acoustic leak detection team must be proficient with the use of the acoustic equipment. All inspection equipment must be in good working order, this necessitates that all equipment must be calibrated properly.

2. The acoustic leak detection team needs to be certified by the Professional on the methods for investigation to ensure maximum coverage throughout the buffer zone. The certification includes a: 1-hour presentation about the Professional's technology and data deliverables followed by 3 hours in the field, investigating the Professional's Point of Interest while following the Professional's best practices as described in this section.

3. Inspections should continue throughout the buffer zone even if a leak is found, this ensures that there are no other leaks in the area.

4. Field work by NBU should take place as close in time to the satellite imagery acquisition and leakage report delivery.

5. The field work by NBU should start after comparing the Professional's POI with work order (WO) data to identify where leaks have been located and repaired.

6. The boots on the ground ("BOTG") leak inspection crews must inspect every potential listening point including all valves, hydrants, private connections and meter boxes. These

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must be inspected within and just outside of the buffer zone to ensure all target zones are adequately covered.

7. If an investigation is not conclusive consider returning at another time when conditions are better suited for inspection.

8. PVC pipe is more difficult to detect leaks using acoustic methods than is metal pipe. More care must be taken when inspecting known PVC. Use of ground mics is recommended.

9. Document all findings with field notes and images, whether a leak is detected (including distance from target), the site is unverified, or the location is quiet.

10. For the purposes of the Professional's Satellite Leak detection program, the acoustic leak detection team will utilize acoustic listening and correlation equipment to ascertain that a site contains an acoustic leak signature or digital correlation profile that matches the signature/profile typical of water escaping from a water network. In addition, leaks may be verified by visually locating leaks surfacing or occurring in subsurface structures (i.e. meter boxes). For the purposes of the program, leaks may be located on transmission and distribution mains or their related appurtenances, hydrant laterals, meters, hydrants, valves, and service laterals including both utility and residential sides. Excavation of leak locations to perform final verification of leaks is the responsibility of NBU.

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items For Action |
| **From:** | Bruce Haby<br>Real Estate Services Manager | **Reviewed by:** | Mike Short, P.E.<br>Director of Engineering |
| **Submitted by:** | Mark Steelman<br>Chief Operating Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Adopt Resolution #R-2026-224 Authorizing and Approving (I) the Conveyance of Three Easements to Lower Colorado River Authority Transmission Services Corporation ("LCRA TSC") Totaling Approximately 3.853 Acres Out of Property Owned by New Braunfels Utilities at 434 Maytown Drive, New Braunfels, Comal County, Texas, in Furtherance of the Kohlenberg Substation Project; (II) the Partial Assignment of a Separate Access and Utility Easement to LCRA TSC Benefiting the Foregoing Property; (III) the CEO or His Designee to Execute Any and All Documents Necessary to Effectuate the Conveyance Thereof; and (IV) Other Matters in Connection Therewith

## BACKGROUND

On July 22, 2009, the Chief Executive Officer of NBU executed an Interconnection Agreement with the Lower Colorado River Authority Transmission Services Corporation ("LCRA TSC") that was amended most recently by the Eleventh Amendment to the Interconnection Agreement executed by and between NBU and LCRA TSC on January 21, 2025. The Interconnection Agreement contemplated the construction of an electric substation (the "Kohlenberg Substation") by NBU and LCRA TSC on a 10.441-acre tract of real property (the "Property") owned by NBU, as agent for the City of New Braunfels, at 434 Maytown Drive, New Braunfels, Texas, near the intersection of FM 1101 and Kohlenberg Road. The Kohlenberg Substation is necessary to provide additional electric capacity and serve projected growth in the area.

NBU and LCRA TSC have agreed to the terms and conditions set out in the Substation Easement Agreement attached, which are subject to the approval of the NBU Board of Trustees and the LCRA TSC Board of Trustees. Under the terms of the Substation Easement Agreement, NBU will convey to LCRA TSC three (3) easements on, over, and across the Property totaling approximately 3.853 acres for the construction of and access to LCRA TSC's electric infrastructure on the Property, as well as drainage to the water quality basin benefiting the project (the "Substation Easements"). In addition, NBU will partially assign to LCRA TSC an access and utility easement conveyed to NBU with rights of assignment in Document No. 202506036386, Official Public Records, Comal County, Texas, for access and the construction of utilities to the Kohlenberg Substation. NBU obtained an appraisal of the Substation

Easements from Valbridge Property Advisors dated July 27, 2026, which indicates the value of the Substation Easements at $830,000.00. Subject to approval of the Substation Easement Agreement and closing of the subject transaction, LCRA TSC has agreed to pay $830,000.00 for the conveyance of the easements referenced in the Substation Easement Agreement.

NBU staff has reviewed the Substation Easement Agreement, the appraisal, and other documents in connection with the conveyance of the easements that are the subject of the Substation Easement Agreement to LCRA TSC and recommends approval of the Substation Easement Agreement to the Board of Trustees.

## FINANCIAL IMPACT

NBU is accepting consideration in the amount of $830,000.00 for the conveyance of the subject easements, less reasonable closing costs incurred by NBU as the seller of the subject easements, which are anticipated to be less than $15,000.00.

## LINK TO STRATEGIC PLAN

**Customers and Community**

**Stewardship**

**Financial Excellence**

## EXHIBITS

1. Resolution #R-2026-224
2. Substation Easement Agreement
3. Appraisal

# RESOLUTION #2026-224

**A RESOLUTION BY THE BOARD OF TRUSTEES OF NEW BRAUNFELS UTILITIES AUTHORIZING AND APPROVING (I) THE CONVEYANCE OF THREE EASEMENTS TO LOWER COLORADO RIVER AUTHORITY TRANSMISSION SERVICES CORPORATION ("LCRA TSC") TOTALING APPROXIMATELY 3.853 ACRES OUT OF PROPERTY OWNED BY NEW BRAUNFELS UTILITIES AT 434 MAYTOWN DRIVE, NEW BRAUNFELS, COMAL COUNTY, TEXAS, IN FURTHERANCE OF THE KOHLENBERG SUBSTATION PROJECT; (II) THE PARTIAL ASSIGNMENT OF A SEPARATE ACCESS AND UTILITY EASEMENT TO LCRA TSC BENEFITING THE FOREGOING PROPERTY; (III) THE CEO OR HIS DESIGNEE TO EXECUTE ANY AND ALL DOCUMENTS NECESSARY TO EFFECTUATE THE CONVEYANCE THEREOF; AND (IV) OTHER MATTERS IN CONNECTION THEREWITH**

WHEREAS, New Braunfels Utilities ("NBU") is a Texas municipally owned utility that provides water, wastewater, and electric service to customers in its service territory;

WHEREAS, as part of the Kohlenberg Electric Substation Project (the "Project"), NBU intends to construct an electric substation (the "Kohlenberg Substation") on a 10.441-acre tract of real property (the "Property") located at 434 Maytown Drive, New Braunfels, Comal County, Texas to provide additional electric capacity and serve projected growth in the area;

WHEREAS, LCRA TSC intends to connect to and supply power to the Kohlenberg Substation through a transmission line, electric substation, and related infrastructure and appurtenances constructed on and adjacent to the Property (collectively, the "LCRA TSC Infrastructure");

WHEREAS, NBU desires to convey the following three (3) permanent easements to LCRA TSC on, over, and across the Property for the construction of and access to the LCRA TSC Infrastructure: (1) a 1.656 acre easement for the construction, operation, and use of an electric substation and appurtenances related thereto; (2) a 1.658 acre access easement to be used by LCRA TSC in common with NBU to access the Kohlenberg Substation; (3) 0.5390 acre easement for the construction, operation, and use of a transmission line and related appurtenances and for drainage into the water quality basin intended to benefit the Project (collectively, the "Substation Easements");

WHEREAS, NBU further desires to partially assign to LCRA TSC the right to use, in common with NBU, an access and utility easement conveyed to NBU with rights of assignment in Document No. 202506036386, Official Public Records, Comal County, Texas on, over, and across a 0.908 acre tract of real property adjacent to and contiguous with the Property for access and the construction of utilities to the Kohlenberg Substation (the "Access and Utility Easement");

WHEREAS, NBU obtained a third-party appraisal of the Substation Easements, which value the Substation Easements at $830,000.00, and NBU and LCRA TSC have agreed to the conveyance of the Substation Easements and the Access and Utility Easement from NBU to LCRA

TSC for the sum of $830,000.00, upon the terms and conditions set forth in the Substation Easement Agreement attached as ***Exhibit A*** (the "Contract"), and subject to the approval of the NBU Board of Trustees (the "Board of Trustees") and the LCRA TSC Board of Trustees; and

WHEREAS, the Board of Trustees has reviewed the Contract, together with the exhibits attached thereto, in relation to the proposed conveyance of the Substation Easements and Access and Utility Easement and is of the opinion that the same should be approved.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF NEW BRAUNFELS UTILITIES THAT**:

SECTION 1. The Board of Trustees hereby approves the conveyance of the Substation Easements and the Access and Utility Easement to LCRA TSC upon the terms and conditions set forth in the Contract for the amount of $830,000.00, plus closing costs in an amount not to exceed $15,000.

SECTION 2. The Board of Trustees hereby authorizes the CEO or his designee to negotiate and execute any and all documents necessary to convey the Substation Easements and the Access and Utility Easement to LCRA TSC, including without limitation, the negotiation and acceptance of the Contract in substantially the form attached as Exhibit A. The Board of Trustees also authorizes the Chief Executive Officer or his designee to pay or arrange for payment or credit of the closing costs necessary to close the sale of the Substation Easements and the Access and Utility Easement to LCRA TSC.

SECTION 3. The recitals contained in the preamble hereof are found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board of Trustees.

SECTION 4. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 5. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 6. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board of Trustees hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 7. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

SECTION 8. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, AND ADOPTED, this the 22nd day of September 2026.

_____
Wayne Peters
President, Board of Trustees
New Braunfels Utilities

ATTEST:

_____
Ryan Kelso
Secretary, Board of Trustees
New Braunfels Utilities

# Exhibit A

## Substation Easement Agreement

# SUBSTATION EASEMENT AGREEMENT

1. **Date.** The effective date of this Substation Easement Agreement ("Agreement") is _____, 2026 ("Effective Date").

2. **Parties.** The parties to this Agreement are New Braunfels Utilities ("NBU"), a Texas municipally owned utility, whose address is 1488 S. Seguin Avenue, New Braunfels, Texas 78130, and LCRA Transmission Services Corporation ("LCRA TSC"), a Texas non-profit corporation, whose address is P.O. Box 220 Austin, Texas 78767.

3. **Recitals.** NBU has complete management and control of the water, wastewater and electric utility systems of the City of New Braunfels. NBU owns a tract of land in Comal County, Texas, located on Kohlenberg Road, containing approximately 10.441 acres of land and being legally described as follows ("NBU Property"):

> Being a 10.441 acre tract of land situated in the Antonio Maria Esnaurizar Survey Number 1, Abstract 1, Comal County, Texas, out of the 778.313 acre tract described in a deed from Southstar at Mayfair, LLC to Southstar at Mayfair Developer, LLC, as recorded in Document No. 202106037786 in the Official Public Records of Comal County, Texas, said 10.441 acre tract being more fully described by metes and bounds on ***Exhibit "A"*** attached hereto.

LCRA TSC and NBU are parties to that certain Interconnection Agreement executed July 22, 2009, as amended most recently by the Eleventh Amendment to Interconnection Agreement (the Interconnection Agreement executed July 22, 2009, as thereafter amended, is referenced herein as the "Interconnection Agreement"), which contemplates the construction of certain improvements by NBU and LCRA TSC on the NBU Property in connection with the construction and operation of an electric substation facility ("Project"). The improvements are referenced in Facility Schedule No. 11 of the Interconnection Agreement as the Kohlenberg Substation. LCRA TSC intends to construct and operate LCRA TSC's electric substation infrastructure on a 1.656 acre portion of the NBU Property, said 1.656 acres of land being legally described and depicted on ***Exhibit "B"*** attached hereto ("LCRA TSC Substation Property"). NBU intends to construct NBU's electric substation infrastructure on a portion of the NBU Property east of and adjacent to the LCRA TSC Substation Property ("NBU Substation Site").

LCRA TSC further requires an access easement to and from the LCRA TSC Substation Property, on, over, across and through a 1.658 acre portion of the NBU Property, said 1.658 acres of land being legally described on ***Exhibit "C"*** attached hereto.

LCRA TSC further requires an easement to construct and operate an electric transmission line and electric equipment appurtenant thereto on a 0.5390 acre portion of the NBU Property, said 0.5390 acres of land being legally described on ***Exhibit "D"*** attached hereto.

LCRA TSC further requires an access and utility easement to and from the NBU Property, on, over, across and through a 0.908 acre tract of land adjacent to the NBU Property, described by metes and bounds and depicted on ***Exhibit "E"*** attached hereto.

NBU hereby grants and conveys to LCRA TSC easements pertaining to those certain specified portions of property described herein, for the purposes expressed, upon the terms and conditions set forth herein.

4. **Consideration.** The Easements described herein are being conveyed to LCRA TSC by NBU in exchange for the sum of $10.00 in cash and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged (collectively, the "Consideration").

5. **Grant of Easement.**

(a) *Substation Easement*. NBU grants, sells and conveys to LCRA TSC a perpetual, exclusive easement (referenced by the surveyor in the survey as the "LCRA Easement" but referenced for clarity in this Agreement as the "Substation Easement") on, over, under, across and through the 1.656 acre portion of the NBU Property described by metes and bounds and depicted on Exhibit B, previously defined herein as the LCRA TSC Substation Property, for the purpose of constructing, operating, maintaining, reconstructing, replacing, rebuilding, relocating, accessing, upgrading, removing, inspecting, patrolling, or repairing an electric substation and related electric transmission facilities, which may include communication lines and facilities reasonably related and appurtenant thereto (all collectively "Substation Facilities").

(b) *Common Access Easement*. NBU grants, sells and conveys to LCRA TSC a perpetual easement (referenced by the surveyor in the survey as the "Access Easement" but referenced for clarity in this Agreement as the "Common Access Easement") for ingress, egress and access to and from the LCRA TSC Substation Property on, over, across and through the 1.658 acre portion of the NBU Property, said 1.658 acres of land being legally described on Exhibit C attached hereto ("Common Access Property"). NBU reserves and retains for itself the right to continue to use the Common Access Property for all purposes that do not interfere with LCRA TSC's permitted use of the Common Access Easement, including but not limited to, the right to use the Common Access Property for access to and from all portions of the NBU Property outside of the LCRA TSC Substation Property and for the installation and operation of utilities. Other than the rights reserved by NBU, the Common Access Easement is exclusive.

(c) *Transmission Line Easement*. NBU grants, sells and conveys to LCRA TSC a perpetual easement (referenced by the surveyor in the survey as the "Transmission Easement" but referenced for clarity in this Agreement as the "Transmission Line Easement") on, over, across and through the 0.5390 acre portion of the NBU Property described on Exhibit D ("Transmission Line Property") for the purposes of (i) constructing, operating, maintaining, reconstructing, replacing, rebuilding, relocating, accessing, upgrading, removing, inspecting, patrolling, or repairing an electric transmission line and electric equipment appurtenant thereto, which may also include communication lines and facilities reasonably related and appurtenant thereto; and further for (ii) utilizing and draining into a water quality basin constructed by NBU partially within the Transmission Line Property for the benefit of the Project. NBU reserves and retains for itself the rights to construct a water quality basin partially within the Transmission Line Property for the benefit of the Project and to utilize, maintain, repair, and drain into the water quality basin. LCRA TSC will not construct any improvements in, on, or under the water quality basin without NBU's written consent, which consent will not be unreasonably denied or delayed. Other than the rights reserved by NBU, the Transmission Line Easement is exclusive.

(d) *Access and Utility Easement*. NBU hereby assigns to LCRA TSC a perpetual, non-exclusive access and utility easement ("Access and Utility Easement") on, over, under, upon, and across a 0.908 acre tract of land, described by metes and bounds and depicted on Exhibit E attached hereto ("Access and Utility Easement Property"), for the Easement Purpose defined and described in Document No. 202506036386, Official Public Records, Comal County, Texas (the "Easement Agreement"), upon the terms and conditions set forth therein. This is a partial assignment of the Access and Utility Easement, and NBU reserves and retains for itself the right to use the Access

and Utility Easement for the Easement Purpose defined and described in the Easement Agreement, upon the terms and conditions set forth therein, in common with LCRA and any other permitted users.

(e) The Substation Easement, the Common Access Easement, the Transmission Line Easement, and the Access and Utility Easement are collectively referred to herein as the "Easements". The LCRA TSC Substation Property, Common Access Property, Transmission Line Property, and the Access and Utility Easement Property are collectively referred to herein as the "Easement Property".

6. **Permitted Exceptions.** The grant of the Easements is made subject to those items listed on ***Exhibit "F"*** attached hereto ("Permitted Exceptions"). Subject to the Permitted Exceptions, NBU binds NBU and NBU's successors and assigns to warrant and forever defend all and singular the Easements to LCRA TSC and LCRA TSC's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is made by, through or under NBU, but not otherwise.

7. **Duration of Easement.** The Easements granted hereby are perpetual.

8. **Exclusiveness of Substation Easement.** Except as expressly provided herein, the Substation Easement is exclusive to LCRA TSC and its successors and assigns, and LCRA TSC shall have the right to forbid entry onto the LCRA TSC Substation Property by anyone, including NBU. All parts of the Project installed by LCRA TSC and/or its contractors, agents, and assigns on the NBU Property or the Access and Utility Easement Property shall remain the exclusive property of LCRA TSC. NBU may not convey the Substation Easement or any rights and/or easements in the LCRA TSC Substation Property to others.

9. **Common Entrance.** NBU and LCRA TSC acknowledge and agree that the Common Access Property is intended by the parties to serve as NBU and LCRA TSC's primary means of access to their respective substation facilities from the Access and Utility Easement and/or other portions of the NBU Property and a common site of utility lines and utility infrastructure necessary to advance the Project and operate their respective facilities. Neither NBU nor LCRA TSC shall construct any improvements in or on the Common Access Property that interfere with the other party's access to or ability to construct, operate, and maintain their respective substation facilities or that endanger or interfere with the safe, efficient, or convenient operation of the Project. Fencing and gating improvements are contemplated by the parties for the NBU Property, including the Common Access Property, and will be constructed pursuant to those terms and diagrams associated with Facility Schedule No. 11 in the Eleventh Amendment to Interconnection Agreement.

10. **Maintenance.** Except as set forth in the Interconnection Agreement, improvement and maintenance of the LCRA TSC Substation Property will be at the sole cost and expense of LCRA TSC and its successors and assigns. Repair of normal wear and tear and maintenance of the remainder of the NBU Property will be at the sole cost and expense of NBU and its successors and assigns, provided however, LCRA TSC will maintain any LCRA TSC substation, transmission and electric facilities constructed or installed on the NBU Property and any concrete roads or driveways solely benefiting the LCRA TSC Substation Property. NBU and its successors and assigns shall be responsible for the sole cost and expense of maintaining the prefabricated concrete fence located along or slightly inside of the perimeter of the combined LCRA and NBU substation property to be constructed by NBU under the Interconnection Agreement. LCRA TSC and NBU will coordinate any access to the LCRA TSC Substation Site necessary to allow NBU to maintain the prefabricated concrete fence. Repair of normal wear and tear and maintenance of the Access and Utility Easement Property shall also be at the sole cost and expense of NBU and its successors and

assigns, provided, however, if the Access and Utility Easement Property is ultimately developed into a public or private roadway by the developer of the Mayfair development for the common benefit of the public or the owners of property in the Mayfair development and NBU and LCRA TSC, as anticipated, this provision shall not be construed and is not intended to state that NBU is obligated to maintain the subject public or private roadway in lieu of the applicable governmental body or property owners association.

11. **Use of Easement Property.** LCRA TSC has the right to remove from the LCRA TSC Substation Property all trees, shrubs, and parts thereof, or any structure, building, or obstruction within the LCRA TSC Substation Property. LCRA TSC has the right to remove from the Transmission Line Property all trees, shrubs, and parts thereof, or any structure, building, or obstruction within the Transmission Line Property, with the exception of the water quality basin to be constructed by NBU partially within the Transmission Line Property for the benefit of the Project. LCRA TSC has the right to remove from the Common Access Property and the Access and Utility Easement Property all trees, shrubs, and parts thereof, or any structure, building, or obstruction that interfere with the exercise of the easement rights. LCRA TSC has the right to resurface the area of the LCRA TSC Substation Property with impervious or semi-pervious cover. LCRA TSC has the right to license, permit, or otherwise agree to the joint use or occupancy of the Easements by any other person or legal entity for the purposes set out herein. Neither LCRA TSC nor NBU may place or construct any habitable structure in or on the NBU Property; provided however, NBU and LCRA TSC acknowledge that construction of control enclosure(s) will not constitute a violation of this Agreement. Neither LCRA TSC nor NBU shall place or operate any temporary or permanent equipment or object within the LCRA TSC Substation Property or the NBU Substation Site without complying with the National Electric Safety Code and all other applicable laws and regulations. NBU will not change the grade of the Easement Properties without the prior written approval of LCRA TSC. LCRA TSC must use reasonable care not to damage improvements constructed by NBU in accordance with Facility Schedule No. 11 in the Eleventh Amendment to Interconnection Agreement between LCRA TSC and NBU, and if damage to such improvements is caused by LCRA TSC, its contractors, employees, agents or representatives, LCRA TSC is responsible for prompt repair. NBU must use reasonable care not to damage improvements constructed by LCRA TSC in accordance with Facility Schedule No. 11 in the Eleventh Amendment to Interconnection Agreement between LCRA TSC and NBU, and if damage to such improvements is caused by NBU, its contractors, employees, agents or representatives, NBU is responsible for prompt repair.

    NBU is solely responsible for obtaining any necessary permissions or applicable variances from Comal County or the City of New Braunfels required to permit the removal of trees, shrubs, and parts thereof, from and/or the construction of impervious cover or any other improvements on the Easement Property, including but not limited to those, that may be alleged by the City of New Braunfels to apply to the Easement Property under the First Amended and Restated Development Agreement recorded in Document No. 202406013596, Official Public Records of Comal County, Texas. NBU agrees to coordinate with LCRA TSC prior to submitting any application related to approval by Comal County or the City of New Braunfels for development activities on the Easement Property.

12. **Mineral Reservation.** NBU expressly reserves all oil, gas, and other minerals owned by NBU or the City of New Braunfels, in, on, and under the NBU Property, provided that neither NBU nor the City of New Braunfels will be permitted to drill or excavate for minerals on the surface of the Easement Properties, but may extract oil, gas, or other minerals from and under the NBU Property by directional drilling or other means which do not interfere with or disturb the use of the Easements by LCRA TSC.

13. **Consent to Use Wastewater Easement**. NBU acknowledges that it is the owner and holder of the *New Braunfels Utilities Wastewater Easement* recorded as Document No. 202206046293, Official Public Records, Comal County, Texas ("NBU Wastewater Easement") and the Grantee identified therein. Notwithstanding anything to the contrary set forth in the NBU Wastewater Easement, pursuant to Section 1 of the Terms set forth therein, NBU consents to the use of the Easement Property described in the NBU Wastewater Easement by NBU and LCRA TSC and assigns for the purposes set forth herein.

14. **Assignment.** The rights granted to LCRA TSC in this Agreement are assignable in whole or in part.

15. **Binding Effect.** This Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and assigns.

16. **Choice of Law.** This Agreement is subject to and governed by the laws of the State of Texas. Each party hereby submits to the jurisdiction of the state and federal courts in the State of Texas and to venue in Comal County, Texas.

17. **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts will be construed together and constitute one and the same instrument.

18. **Effect of Waiver or Consent.** No waiver or consent, express or implied, by any party to or of any breach or default by any party in the performance by such party of its obligations hereunder will be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such party of the same or any other obligations of such party hereunder. Failure on the part of a party to complain of any act of any party or to declare any party in default, irrespective of how long such failure continues, will not constitute a waiver by such party of its rights hereunder until the applicable statute of limitation period has run.

19. **Further Assurances.** In connection with this Agreement as well as all transactions contemplated by this Agreement, each signatory party hereto agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

20. **Integration.** This Agreement, together with the Interconnection Agreement, contains the complete agreement between the parties and cannot be varied except by the written agreement of the parties. The parties agree that there are no oral agreements, understandings, representations or warranties which are not expressly set forth herein.

21. **Legal Construction.** In case any one or more of the provisions contained in this Agreement are for any reason invalid, illegal or unenforceable in any respect, to the extent such invalidity or unenforceability does not destroy the basis of the bargain among the parties, such invalidity, illegality or unenforceability does not affect any other provision hereof, and this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained herein. Whenever required by the context, the singular number includes the plural and neuter includes the masculine or feminine gender, and vice versa. This Agreement will not be construed more or less favorably between the parties by reason of authorship or origin of language.

22. **Notices.** Any notice or communication required or permitted hereunder is deemed to be delivered,

whether actually received or not, when deposited in the United States mail, postage fully prepaid, registered or certified mail and addressed to the intended recipient at the address shown herein, and if so shown, then at the last known address according to the records of the party delivering the notice. Notice given in any other manner is effective if and when received by the addressee. Any address for notice may be changed by written notice delivered as provided herein.

23. **Recitals.** Any recitals in this Agreement are represented by the parties hereto to be accurate and constitute a material part of this Agreement.

[Signatures on the following pages]

**LCRA Transmission Services Corporation**

By: _____

Name: _____

Title: _____

STATE OF TEXAS §

COUNTY OF_____ §

This instrument was acknowledged before me on _____, 20___, by _____ *[ name of individual ]*, _____ *[ title or position held by individual ]*, of LCRA Transmission Services Corporation, a Texas corporation, on behalf of said corporation.

_____
Notary Public, State of Texas

Commission Expires: _____

By: _____
Ryan Kelso, Chief Executive Officer

STATE OF TEXAS §

COUNTY OF COMAL §

This instrument was acknowledged before me on _____, 20___, by Ryan Kelso, Chief Executive Officer of New Braunfels Utilities, on behalf of same and in the capacity herein stated.

_____
Notary Public, State of Texas

Commission Expires: _____

METES AND BOUNDS DESCRIPTION
FOR

A 10.441 acre, or 454,794 square feet more or less, tract of land situated in the Antonio Maria Esnaurizar Survey Number 1, Abstract 1, Comal County, Texas, out of the 778.313 acre tract described in a Deed from Southstar at Mayfair, LLC to Southstar at Mayfair Developer, LLC, as recorded in Document Number 202106037786, in the Official Public Records of Comal County, Texas. Said 10.441 acre tract being more fully described as follows, with bearings based on the Texas Coordinate System established for the South Central Zone from the North American Datum of 1983 NAD 83 (NA2011) epoch 2010.00:

BEGINNING: (Grid Coordinate: Northing: 13,817,912.19, Easting: 2,269,548.53) At a ½" iron rod with cap marked "RPLS 4233" found on the northeast right-of-way line of Kohlenberg Road, a variable width public right-of-way, for the west corner of the 3.008 acre tract described in Document Number 200606012396 in said Official Public Records, the south corner of said 778.313 acre tract and the south corner of this tract;

THENCE: North 44°37'40" West, with the northeast right-of-way line of said Kohlenberg Road and the southwest line of said 778.313 acre tract, a distance of 60.00 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set for the west corner of this tract, from which a ½" iron rod with a yellow cap marked "Pape-Dawson" found, for the south corner of the 20.900 acre tract described in Document Number 202106037785 in said Official Public Records and a corner of said 778.313 acre tract bears North 44°37'40" West, a distance of 190.52 feet;

THENCE: Departing the northeast right-of-way line of said Kohlenberg Road, over and across said 778.313 acre tract, the following bearings and distances:

North 45°09'17" East, a distance of 1354.43 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set for a corner of this tract;

North 44°44'19" West, a distance of 373.19 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set on an east line of said 20.900 acre tract and a west line of said 778.313 acre tract, for a corner of this tract, from which a ½" iron rod with a yellow cap marked "Pape-Dawson found for the easternmost corner of said 20.900 acre tract and a corner of said 778.313 acre tract bears South 05°48'24" East, a distance of 110.40 feet;

THENCE: With the common line of said 20.900 acre tract and said 778.313 acre tract, the following bearings and distances:

North 05°48'24" West, a distance of 64.50 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" found for a corner of said 20.900 acre tract, a corner of said 778.313 acre tract and a corner of this tract;

North 76°36'27" West, a distance of 126.13 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set for a corner of said 20.900 acre tract, a corner of said 778.313 acre tract and a corner of this tract;

North 61°07'58" West, a distance of 254.47 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" found for a corner of said 20.900 acre tract, a corner of said 778.313 acre tract and a corner of this tract;

North 80°55'31" West, a distance of 2.93 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set for the west corner of this tract;

THENCE: Departing said common line, over and across said 778.313 acre tract the following bearings and distances:

North 45°22'20" East, a distance of 807.70 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set for the north corner of this tract;

South 47°40'01" East, a distance of 452.67 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set for a corner of this tract;

South 42°37'59" West, a distance of 0.95 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set for a corner of this tract;

South 42°25'40" West, a distance of 671.08 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set for a corner of this tract;

THENCE: South 44°44'19" East, at a distance of 57.70 feet passing a 4" fence post found for the west corner of the 123.159 acre tract described in Volume 1017, Page 50 in the Deed Records of Comal County and a corner of said 778.313 acre tract, continuing with the common line of said 123.159 acre tract and said 778.313 acre tract, for a total distance of 350.00 feet to a ½" iron rod with a yellow cap marked "Pape-Dawson" set for the north corner of the 49.164 acre tract described in Document Number 201506009897 in said Official Public Records, an east corner of said 778.313 acre tract and an east corner of this tract;

THENCE: South 45°09'17" West, with the northwest line of said 49.164 acre tract, the northwest line of said 3.008 acre tract and a southeast line of said 778.313 acre tract, a distance of 1414.55 feet to the POINT OF BEGINNING and containing 10.441 acres in Comal County, Texas. Said tract being described in conjunction with a survey made on the ground and a survey map prepared under job number 39012-24 by Pape-Dawson Engineers.

PREPARED BY: Pape-Dawson Engineers
Texas Registered Survey Firm # 10028800
DATE: January 7, 2025 (Revised: April 29, 2025)
JOB NO. 39012-24
DOC. ID. N:\New Braunfels\Survey24\24-39000\39012-24\Word\39012-24 FN 10.441 AC.docx

STATE OF TEXAS
REGISTERED
KEITH W. WOOLEY
5463
PROFESSIONAL
LAND SURVEYOR

04/29/2025

**EXHIBIT "B" – LCRA TSC Substation Property**
**Page 1 of 2**

CobbFendley

August 20, 2026
Page 1 of 2

**LCRA TSC EASEMENT**
METES AND BOUNDS DESCRIPTION
1.656 ACRES (72,127 SQUARE FEET)
ANTONIO MARIA ESNAURIZAR SURVEY NUMBER 1, ABSTRACT NUMBER 1
COMAL COUNTY, TEXAS

BEING a tract or parcel containing 1.656 acres (72,127 square feet) of land situated in the Antonio Maria Esnaurizar Survey Number 1, Abstract Number 1, Comal County, Texas, and being out of and a part of a called 10.441 acre tract as described in deed to New Braunfels Utilities recorded in Document Number 202506036385 of the Official Public Records of Comal County, Texas. Said 1.656 acre tract being more particularly described as follows:

COMMENCING at a 1/2 inch iron rod with cap stamped "Pape Dawson" found in the common line between the remainder of a called 778.313 acre tract described in a deed to South Star at Mayfair Developer, LLC as recorded in Document Number 202106037786 of the Official Public Records of Comal County, Texas and said 10.441 acre tract, marking the easterly corner of said 10.441 acre tract;

THENCE, North 47° 40' 01" West, with the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, a distance of 194.06 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set, from which a 1/2-inch iron rod with cap stamped "Pape Dawson" found, marking the northerly corner of said 10.441 acre tract bears North 47° 40' 01" West, 258.59 feet;

THENCE, South 45° 21' 52" West, departing the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, over and across said 10.441 acre tract, a distance of 168.03 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the **POINT OF BEGINNING** and easterly corner of the herein described tract, having Grid Coordinates of N=13,819,666.69 and E= 2,270,495.18;

THENCE, over and across said 10.441 acre tract the following (9) nine courses:

1) South 45° 21' 52" West, a distance of 390.07 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the southerly corner of the herein described tract;

2) North 44° 38' 08" West, a distance of 175.58 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point

3) South 74° 06' 37" West, a distance of 11.41 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point;

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*TBPELS Engineering Firm No. 274; Land Surveying Firm No. 10046700*

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August 20, 2026
Page 2 of 2

4) North 44° 38' 08" West, a distance of 4.52 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the westerly corner of the herein described tract;

5) North 45° 21' 52" East, a distance of 359.80 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point;

6) North 76° 11' 48" East, a distance of 58.54 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the northerly corner of the herein described tract;

7) South 44° 38' 08" East, a distance of 11.90 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point;

8) South 45° 58' 03" West, a distance of 10.00 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point;

9) South 44° 38' 08" East, a distance of 143.79 feet to the POINT OF BEGINNING and containing 1.656 acres (72,127 square feet) of land.

Notes:

The bearings and distances shown hereon are based on the Texas Coordinate System, South Central Zone (4204), North American Datum of 1983 (NAD 83), 2011 adjustment, Epoch 2010.00. Distances are in US Survey Feet, surface values, and may be converted to grid by multiplying by the surface adjustment factor of 0.999830029.

Field information shown hereon is based on an "On-The-Ground" survey conducted by Cobb, Fendley & Associates, Inc., in April 2026.

Abstract information for the subject property is based on Commitment for Title GF No. 26-2068-C prepared by Fidelity National Title Insurance Company issued on August 17, 2026.

A survey map of even date was prepared in conjunction with this property description.

8/20/26

William E. Merten, RPLS, LSLS — Date

STATE OF TEXAS REGISTERED WILLIAM E. MERTEN 5046 PROFESSIONAL LAND SURVEYOR

Texas Registration No. 5046
Cobb, Fendley & Associates, Inc.
TBPELS Engineering Firm Registration No. 274
TBPELS Land Surveying Firm Registration No. 10046700
9600 N. Mopac Expressway, Suite 800
Austin, Texas 78759
(512) 834-9798

**EXHIBIT "C" – Common Access Property**
**Page 1 of 3**

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August 20, 2026
Page 1 of 3

**ACCESS EASEMENT**
METES AND BOUNDS DESCRIPTION
1.658 ACRES (72,203 SQUARE FEET)
ANTONIO MARIA ESNAURIZAR SURVEY NUMBER 1, ABSTRACT NUMBER 1
COMAL COUNTY, TEXAS

BEING a tract or parcel containing 1.658 acres (72,203 square feet) of land situated in the Antonio Maria Esnaurizar Survey Number 1, Abstract Number 1, Comal County, Texas, and being out of and a part of a called 10.441 acre tract as described in a deed to New Braunfels Utilities recorded in Document Number 202506036385 of the Official Public Records of Comal County, Texas. Said 1.658 acre tract being more particularly described as follows:

**BEGINNING** at a 1/2 inch iron rod with cap stamped "Pape Dawson" found in the common line between the remainder of a called 778.313 acre tract described in a deed to South Star at Mayfair Developer, LLC as recorded in Document Number 202106037786 of the Official Public Records of Comal County, Texas and said 10.441 acre tract, marking the westerly corner of said 10.441 acre tract and said herein described tract, having Grid Coordinates of N=13,819,391.55 and E=2,269,848.91;

THENCE, North 45° 22' 20" East, with the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, a distance of 112.40 feet to a 5/8-inch iron rod with cap stamped "CFA Easement" set marking an angle point;

THENCE, departing the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, and over and across said 10.441 acre tract the following (4) four courses:

1. North 74° 06' 37" East, a distance of 172.03 feet to a 5/8-inch iron rod with cap stamped "CFA Easement" set marking the northerly corner of the herein described tract;

2. South 44° 38' 08" East, a distance of 330.06 feet to a 5/8-inch iron rod with cap stamped "CFA Easement" set marking the easterly corner of the herein described tract;

3. South 45° 21' 52" West, a distance of 85.31 feet to a 5/8-inch iron rod with cap stamped "CFA Easement" set for an angle point;

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4. North 76° 36' 27" West, at a distance of 69.97 feet passing a 1/2 inch iron rod with cap stamped "Pape Dawson" found in the northeasterly line of called 20.900 acre tract described in a deed to Beaverhead NB, LLC as recorded in Document Number 202106037785 of the Official Public Records of Comal County, Texas and the southwesterly line of said 10.441 acre tract, and continuing with the northeasterly line of said 20.900 acre tract and the southwesterly line of said 10.441 acre tract, a total distance of 196.22 feet to a 1/2 inch iron rod with cap stamped "Pape Dawson" found marking an angle point;

THENCE, North 61° 07' 58" West, continuing with the northeasterly line of said 20.900 acre tract and the southwesterly line of said 10.441 acre tract, a distance of 254.39 feet to a 1/2-inch iron rod with cap stamped "Pape Dawson" found marking an angle point;

THENCE, North 80° 55' 32" West, continuing with the northeasterly line of said 20.900 acre tract and the southwesterly line of said 10.441 acre tract, a distance of 3.02 feet to the POINT OF BEGINNING and containing 1.658 acres (72,203 square feet) of land.

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Notes:

The bearings and distances shown hereon are based on the Texas Coordinate System, South Central Zone (4204), North American Datum of 1983 (NAD 83), 2011 adjustment, Epoch 2010.00. Distances are in US Survey Feet, surface values, and may be converted to grid by multiplying by the surface adjustment factor of 0.999830029.

Field information shown hereon is based on an "On-The-Ground" survey conducted by Cobb, Fendley & Associates, Inc., in April 2026.

Abstract information for the subject property is based on Commitment for Title GF No. 26-2068-C prepared by Fidelity National Title Insurance Company issued on August 17, 2026.

A survey map of even date was prepared in conjunction with this property description.

8/20/26

William E. Merten, RPLS, LSLS — Date
Texas Registration No. 5046
Cobb, Fendley & Associates, Inc.
TBPELS Engineering Firm Registration No. 274
TBPELS Land Surveying Firm Registration No. 10046700
9600 N. Mopac Expressway, Suite 800
Austin, Texas 78759
(512) 834-9798

STATE OF TEXAS REGISTERED WILLIAM E. MERTEN 5046 PROFESSIONAL LAND SURVEYOR

**EXHIBIT "D" – Transmission Line Property**
**Page 1 of 2**

CobbFendley

August 20, 2026
Page 1 of 2

**TRANSMISSION EASEMENT**
METES AND BOUNDS DESCRIPTION
0.5390 ACRES (23,477 SQUARE FEET)
ANTONIO MARIA ESNAURIZAR SURVEY NUMBER 1, ABSTRACT NUMBER 1
COMAL COUNTY, TEXAS

BEING a tract or parcel containing 0.5390 of an acre (23,477 square feet) of land situated in the Antonio Maria Esnaurizar Survey Number 1, Abstract Number 1, Comal County, Texas, and being out of and a part of a called 10.441 acre tract as described in a deed to New Braunfels Utilities recorded in Document Number 202506036385 of the Official Public Records of Comal County, Texas. Said 0.5390 acre tract being more particularly described as follows:

COMMENCING at a 1/2 inch iron rod with cap stamped "Pape Dawson" found in the common line between the remainder of a called 778.313 acre tract described in a deed to South Star at Mayfair Developer, LLC as recorded in Document Number 202106037786 of the Official Public Records of Comal County, Texas and said 10.441 acre tract, marking the easterly corner of said 10.441 acre tract;

THENCE, North 47° 40' 01" West, with the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, a distance of 194.06 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the **POINT OF BEGINNING** and easterly corner of the herein described tract, having Grid Coordinates of N=13,819,784.72 and E=2,270,614.72;

THENCE, departing the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, over and across said 10.441 acre tract the following (3) three courses:

1) South 45° 21' 52" West, a distance of 168.03 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the southerly corner of the herein described tract;

2) North 44° 38' 08" West, a distance of 143.79 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the westerly corner of the herein described tract;

3) North 45° 58' 03" East, a distance of 160.51 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set in the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, marking the northerly corner of the herein described tract, from which a 1/2-inch iron rod with cap stamped "Pape Dawson" found, marking the northerly corner of said 10.441 acre tract bears North 47° 40' 01" West, 116.29 feet;

THENCE, South 47° 40' 01" East, with the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, a distance of 142.30 feet to the POINT OF BEGINNING and containing 0.5390 of an acre (23,477 square feet) of land.

**EXHIBIT "D" – Transmission Line Property**
**Page 2 of 2**

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August 20, 2026
Page 2 of 2

Notes:

The bearings and distances shown hereon are based on the Texas Coordinate System, South Central Zone (4204), North American Datum of 1983 (NAD 83), 2011 adjustment, Epoch 2010.00. Distances are in US Survey Feet, surface values, and may be converted to grid by multiplying by the surface adjustment factor of 0.999830029.

Field information shown hereon is based on an "On-The-Ground" survey conducted by Cobb, Fendley & Associates, Inc., in April 2026.

Abstract information for the subject property is based on Commitment for Title GF No. 26-2068-C prepared by Fidelity National Title Insurance Company issued on August 17, 2026.

A survey map of even date was prepared in conjunction with this property description.

8/20/26

STATE OF TEXAS REGISTERED WILLIAM E. MERTEN 5046 PROFESSIONAL LAND SURVEYOR

William E. Merten, RPLS, LSLS — Date
Texas Registration No. 5046
Cobb, Fendley & Associates, Inc.
TBPELS Engineering Firm Registration No. 274
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(512) 834-9798

# EXHIBIT "E" – Access and Utility Easement Property
## Page 1 of 3

METES AND BOUNDS DESCRIPTION
FOR A
60-FEET WIDE ACCESS AND UTILITY EASEMENT

A 0.908 of an acre, or 39,546 square feet more or less, easement situated in the Antonio Maria Esnaurizar Survey Number 1, Abstract 1, Comal County, Texas, located on the 778.313 acre tract described in a Deed from Southstar at Mayfair, LLC to Southstar at Mayfair Developer, LLC, as recorded in Document No. 202106037786, in the Official Public Records of Comal County, Texas. Said 0.908 of an acre easement being more fully described as follows, with bearings based on the Texas Coordinate System established for the South Central Zone from the North American Datum of 1983 NAD 83 (NA2011) epoch 2010.00:

COMMENCING: At a ½" iron rod with a yellow cap marked "Pape-Dawson" found for the westernmost south corner of Lot 1, Block 79, Mayfair – Parcel E-9MF recorded in Document No. 202306002608 in the Map and Plat Records of Comal County, Texas, from which the easternmost south corner of said Lot 1 bears southeasterly, along a curve to the left, said curve having a radius of 15.00 feet, a central angle of 90°00'00", and chord bearing and distance of South 89°37'40" East, 21.21 feet for and arc length of 23.56 feet;

THENCE: South 45°22'20" West, over and across said 778.313 acre tract, a distance of 12.00 feet to the POINT OF BEGINNING and the north corner of this easement;

THENCE: Continuing over and across said 778.313 acre tract, the following bearings and distances:

South 44°37'40" East, a distance of 247.94 feet to a corner of this easement;

Southeasterly, along a tangent curve to the left, said curve having a radius of 90.00 feet, a central angle of 36°17'51", a chord bearing and distance of South 62°46'35" East, 56.07 feet, for an arc length of 57.02 feet to a corner of this easement;

South 80°55'31" East, a distance of 357.18 feet to the east corner of this easement;

South 45°22'20" West, a distance of 74.45 feet to a north line of the 20.900 acre tract described in Document No. 202106037785 in said Official Public Records, for the south corner of this easement, from which a ½" iron rod with a yellow cap marked "Pape-Dawson" found for a corner of said 20.900 acre tract bears South 80°55'31" East, a distance of 2.93 feet;

THENCE: North 80°55'31" West, with the north line of said 20.900 acre tract, a distance of 313.11 feet to a corner of this easement, from which a ½" iron rod with a yellow cap marked "Pape-Dawson" found for a corner of said 20.900 acre tract bears North 80°55'31" West, a distance of 101.30 feet;

THENCE: Departing the north line of said 20.900 acre tract, over and across said 778.313 acre tract, the following bearings and distances:

**EXHIBIT "E" – Access and Utility Easement Property**
**Page 2 of 3**

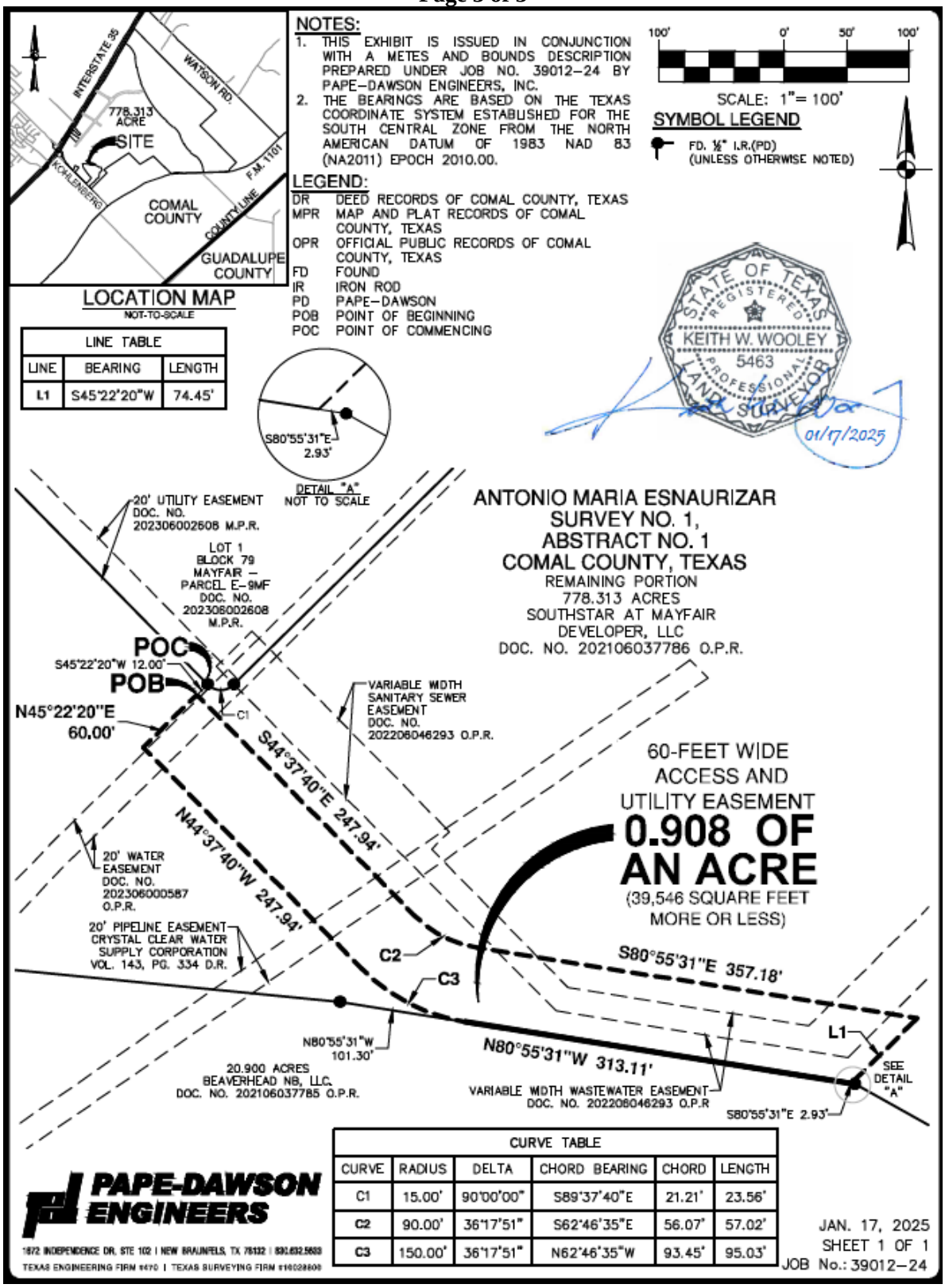
Northwesterly, along a tangent curve to the right, said curve having a radius of 150.00 feet, a central angle of 36°17'51", a chord bearing and distance of North 62°46'35" West, 93.45 feet, for an arc length of 95.03 feet to a corner of this easement;

North 44°37'40" West, a distance of 247.94 feet to west corner of this easement;

North 45°22'20" East, a distance of 60.00 feet to the POINT OF BEGINNING and containing 0.908 of an acre in Comal County, Texas. Said easement being described in conjunction with an exhibit prepared under job number 39012-24 by Pape-Dawson Engineers.

(Depicted on the following page)

**EXHIBIT "E" – Access and Utility Easement Property**
**Page 3 of 3**




LINE TABLE

| LINE | BEARING | LENGTH |
|---|---|---|
| L1 | S45°22'20"W | 74.45' |

CURVE TABLE

| CURVE | RADIUS | DELTA | CHORD BEARING | CHORD | LENGTH |
|---|---|---|---|---|---|
| C1 | 15.00' | 90°00'00" | S89°37'40"E | 21.21' | 23.56' |
| C2 | 90.00' | 36°17'51" | S62°46'35"E | 56.07' | 57.02' |
| C3 | 150.00' | 36°17'51" | N62°46'35"W | 93.45' | 95.03' |

`

**EXHIBIT "F" – Permitted Exceptions**

1. Restriction in Document No. 202506023613, of the Official Public Records of Comal County, Texas
2. Subject to York Creek Improvement District
3. Subject to Comal County Water Improvement District No. 3A and 3B
4. Easement granted to New Braunfels Utilities, dated October 19, 2022, recorded in Document No. 202206046293 of the Official Public Records of Comal County, Texas
5. Reservation of all oil, gas, groundwater, sulphur and other minerals, in, on, under or that may be produced from the herein described property, together with all rights relating thereto, express or implied, contained in deed dated July 15, 2021, from the State of Texas for the use and benefit of the Permanent School Fund, to SouthStar at Mayfair, LLC, and recorded in Document No. 202106037784, of the Official Public Records of Comal County, Texas
6. Terms, conditions and stipulations of that certain Certificate for Order recorded in Document No. 202206050289, Official Public Records of Comal County, Texas
7. Terms, conditions and stipulations of that certain Utility Construction Cost Sharing Agreement recorded in Document No. 202206006599, and First Amendment to Utility Construction Cost Sharing Agreement recorded in Document No. 202306016603, Official Public Records of Comal County, Texas, and Amended and Restated Utility Construction Cost Sharing Agreement recorded in Document No. 202406002727, Official Public Records of Comal County, Texas, and Second Amended and Restated Utility Construction Cost Sharing Agreement recorded in Document No. 202406031461, Official Public Records of Comal County, Texas and Third Amended and Restated Utility Construction Cost Sharing Agreement recorded in Document No. 202606019726, Official Public Records of Comal County, Texas
8. Terms, conditions and stipulations of that certain Certificate of Order recorded in Document No. 202406006870, Official Public Records of Comal County, Texas
9. Terms, conditions and stipulations of that certain First Amended and Restated Development Agreement recorded in Document No. 202406013596, Official Public Records of Comal County, Texas.
10. Terms and conditions contained in Access and Utility Easement, executed by Southstar at Mayfair Developer, LLC to New Braunfels Utilities, dated November 13, 2025, recorded November 13, 2025, in Document No. 202506036386, of the Official Public Records of Comal County, Texas.

Valbridge
PROPERTY ADVISORS

# Appraisal Report

10.441 Acre Substation Site
Northeast side Kohlenberg Road
Comal County, Texas 78130

Report Date: August 24, 2026

PREPARED FOR:

New Braunfels Utilities
Bruce Haby
355 FM 306
New Braunfels, Texas 78130

**Valbridge Property Advisors | San Antonio**

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August 24, 2026

Clinton J. Bendele, MAI, ARA
Senior Managing Director
cbendele@valbridge.com

New Braunfels Utilities
Bruce Haby
355 FM 306
New Braunfels, Texas 78130

RE: Appraisal Report
10.441 Acre Substation Site
Northeast side Kohlenberg Road
Comal County, Texas 78130

Dear Mr. Haby:

In accordance with your request, we have prepared a real property appraisal of the above-referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions.

The project is for the proposed substation along Kohlenberg in New Braunfels, Comal County, Texas. The subject site is 10.441 acres. The proposed acquisition is a 1.658 acre access easement, a 1.656 acre substation easement, and a 0.5390 acre transmission line easement. The appraised property is owned by New Braunfels Utilities.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and within the jurisdictional parameters set-forth by the State of Texas and case law.

The client in this assignment is New Braunfels Utilities and the intended user(s) of this report are New Braunfels Utilities and no others. The sole intended use is assist the intended users in determining adequate compensation for a substation acquisition, transmission line acquisition, and access easement acquisition, and damages, if any. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

## Extraordinary Assumptions:

- None

## Hypothetical Conditions:

The appraisal of the remainder property assumes that the proposed easements are acquired as of the effective date of appraisal, when in fact, it is known it is not. This use of a hypothetical condition is derived from public policy and case law and does not result in a process that is limited or that renders the results no longer credible.

Based on the analysis contained in the following report, our value conclusion is summarized as follows:

**VALUE CONCLUSION**

| Interest Appraised | Effective Date | Just Compensation |
|---|---|---|
| **Easement Rights** | **July 27, 2026** | **$830,000** |

Respectfully submitted,
Valbridge Property Advisors | San Antonio

Clinton J. Bendele, MAI, ARA
Senior Managing Director
State Certified General
Real Estate Appraiser
TX-1337546-CG

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# Summary of Salient Facts

| | |
|---|---|
| **Property Name:** | Kohlenberg Substation Site |
| **Location:** | Northeast side of Kohlenberg Road, New Braunfels, Comal County, Texas |
| **Parcel size:** | 10.441 acres |
| **Acquisition Area:** | Access Easement – 1.658 acres or 72,203 square feet<br>Substation Easement – 1.656 acres or 72,127 square feet<br>Transmission Line Easement – 0.5390 acres or 23,477 square feet |
| **Definition of Market Value:** | Market value is *"the price the property will bring when offered for sale by one who desires to sell, but is not obliged to sell, and is bought by one who desires to buy, but is under no necessity of buying."*[1] |
| **Property Rights Appraised:** | *Fee-Simple* related to the *Whole Property, Remainder Property, and easement rights related to the substation, transmission line, and access easements* (subject to easements and encumbrances of record). |
| **Extraordinary Assumptions:** | None |
| **Hypothetical Conditions:** | The appraisal of the remainder property assumes that the proposed easements are acquired as of the effective date of appraisal, when in fact, it is known it is not. This use of a hypothetical condition is derived from public policy and case law and does not result in a process that is limited or that renders the results no longer credible.<br><br>The estimated value in this report is for land only, structural improvements are *not* considered. |
| **Highest and Best Use As Vacant:** | Industrial |

[1] City of Harlingen v. Estate of Sharboneau, 48 S.W. 3d 177, 182, 44 Tex. Sup. J. 747 (Tex. 2001).

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**Date of Inspection:** July 27, 2026

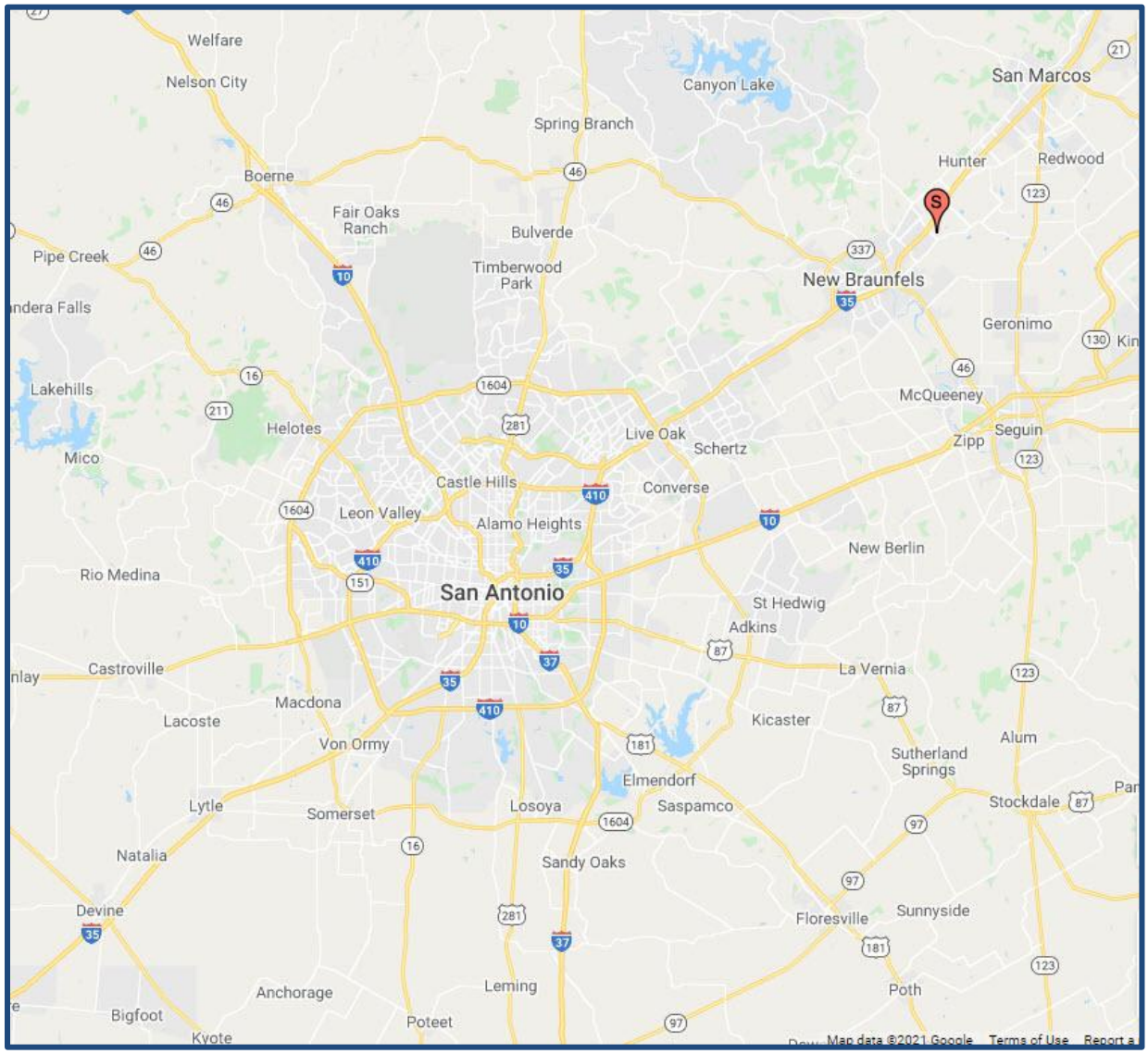
**Date of Report Preparation:** August 24, 2026

**Date of Appraisal:** July 27, 2026

## Just Compensation Summary

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Value of the Whole Before the Taking** | | | | | | | | |
| | 10.441 | Acres @ | $5.00 | per acre | | | $2,274,050 | |
| | Total | | | | | | $2,274,050 | |
| **Value of the Part Taken** | | | | | | | | |
| Transmission Line Easment | 0.539 | Acres @ | $5.00 | X | 90% | $105,655 | | |
| Substation Easement | 1.656 | Acres @ | $5.00 | X | 100% | $360,677 | | |
| Access Easement | 1.658 | Acres @ | $5.00 | X | 100% | $361,112 | | |
| | | | | | | | | $827,444 |
| **Value of the Remainder Before the Taking** | | | | | | | $1,446,606 | |
| **Value of the Remainder After the Taking** | | | | | | | | |
| Transmission Line Easement | 0.539 | Acres @ | $5.00 | X | 10% | $11,739 | | |
| Substation Easememt | 1.656 | Acres @ | $5.00 | X | 0% | $0 | | |
| Access Easement | 1.658 | Acres @ | $5.00 | X | 0% | $0 | | |
| Unencumbered Area | 6.588 | Acres @ | $5.00 | X | 100% | $1,434,866 | | |
| | 10.441 | Acres | | | | $1,446,606 | | |
| **Value of the Remainder After the Taking** | | | | | | | $1,446,606 | |
| **Remainder Damages** | | | | | | | | $0 |
| **Total Just Compensation** | | | | | | | | **$827,444** |
| | | | | | | **Rounded** | | **$830,000** |

# Location Map



# Appraisal Methodology

New Braunfels Utilities is the client in this assignment. The client is the intended users of the assignment results. The intended use is to assist the intended users in determining adequate compensation for a substation acquisition, transmission line acquisition, and access easement acquisition, and damages, if any.

## Scope of Work

The appraiser defined the *Scope of Work* based on the intended use of the assignment results. Within the Scope of Work decision, the appraiser defined the Larger Parcel. The Larger Parcel is also referred to as the "Whole Property".

If the property owner granted us permission to access their property, the appraisers inspected the interior of the property. If the property owner did not contact the appraisers or denied us access to the property, the appraisers inspected the property from the public right-of-way, through aerial imagery, and in certain cases, from adjacent properties.

The appraisers have taken notes and photographs of the appraised property. The appraisers identified the relevant physical, legal/use, and economic characteristics through the property inspection, online sources, and limited title certificates.

The appraisers "drove" the market area on the day of inspection and have completed various appraisals in the market area for similar property types. The appraisers noted current land uses and land use trends and interviewed various market participants including real estate listing agents and property owners. A market analysis was conducted based on general supply and demand factors that affect land pricing.

The appraisers analyzed the highest and best use of the subject property given the property characteristics, land use trends, and market analysis.

This assignment utilizes the Sales Comparison Approach to estimate the value of the property. Land sales with similar characteristics of the subject property were researched, identified, and analyzed. The sales are compared to the subject property and adjusted based on transactional and property differences. The unit of measure is price per acre of land. If major structural improvements are within the acquisition or directly affected, the Cost Approach is utilized. If they are not within the acquisition or directly affected, the Cost Approach is not utilized. The Income Approach is not utilized since these types of properties are not typically purchased for their income producing potential.

The appraiser reconciles the data into a point estimate value for the whole property.

## Use of Real Estate as of the Effective Date of Value

The subject property is vacant land.

## Use of Real Estate as of the Date of this Report

Same as above.

## Ownership and Sales History

According Comal County Appraisal District, the subject property is owned by New Braunfels Utilities. The current property owner obtained the property from Southstar at Mayfair Developer LLC in November 2025 according to Document Number 202506036385 of the Comal County Deed Records. To the knowledge of the appraisers, the property has not been marketed for sale, under contract, or under option within the past three years.

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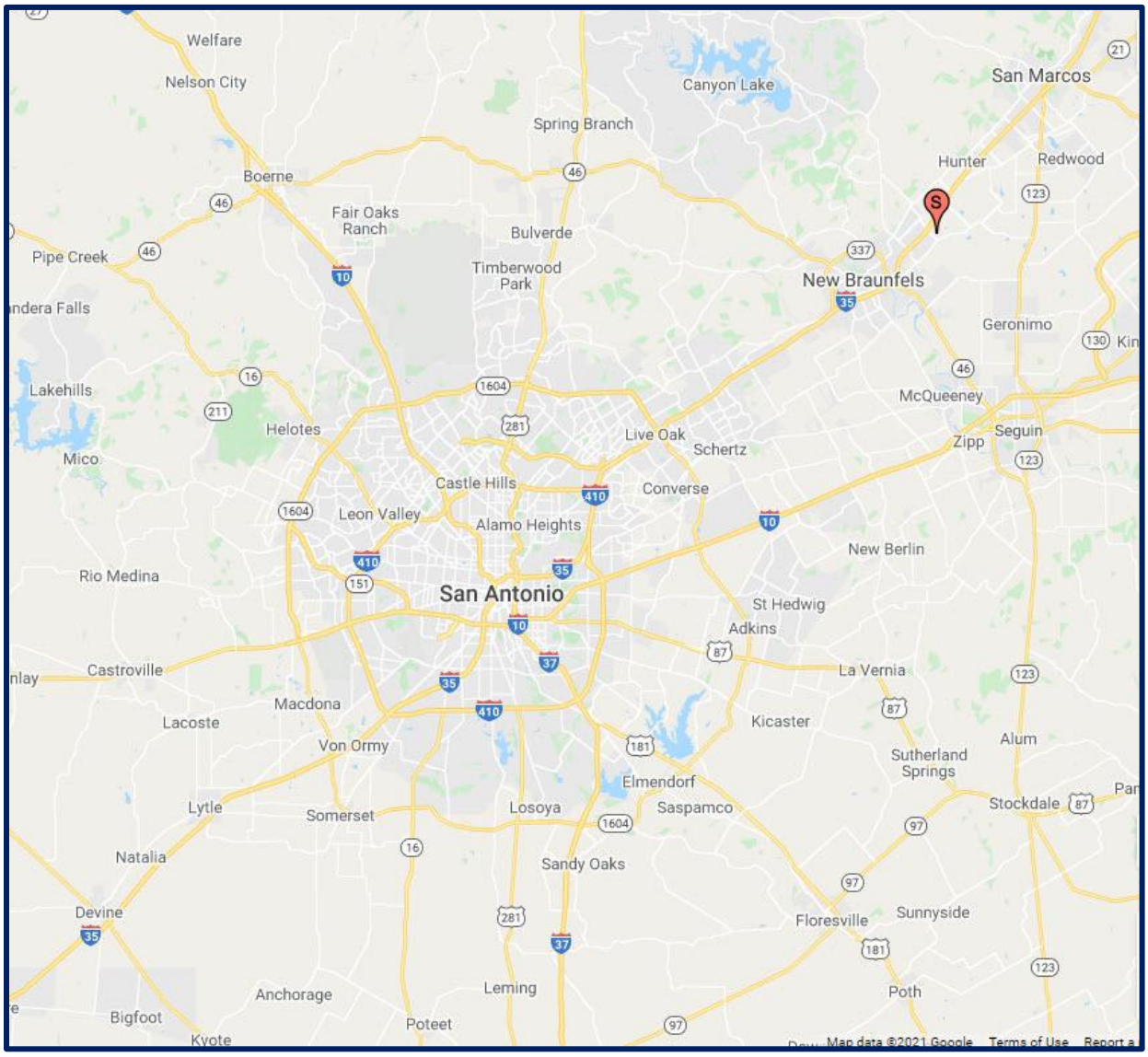
# Market Area Analysis

**REGIONAL MAP**




## Overview

The subject is located in the far northeast sector of the San Antonio MSA. San Antonio, the seventh largest city by population (within the city limits) in the nation, is the center of economic activity for the South Texas area. San Antonio, the county seat of Bexar County, is located 150 miles north of the Mexico border, 70 miles south of Austin, 190 miles west of Houston, and 250 miles south of Dallas. San Antonio lies within an eight - county area known as the San Antonio Metropolitan Statistical Area (MSA), which includes the counties of Bexar, Atascosa, Bandera, Comal, Guadalupe, Kendall, Medina, and Wilson.

## Population

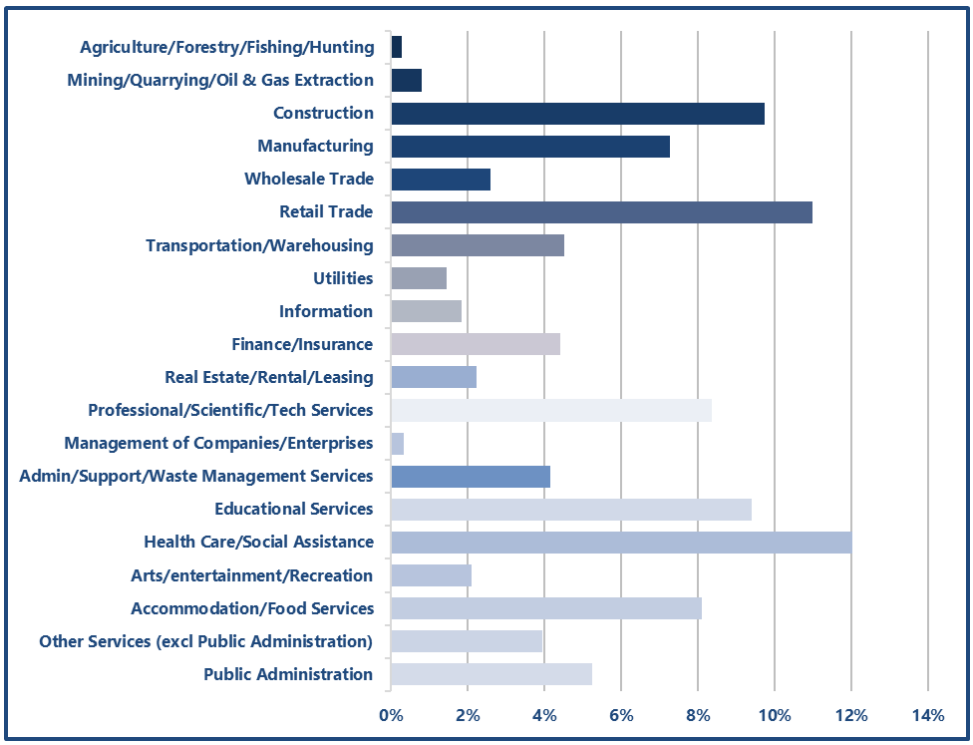
Population characteristics relative to the subject property are presented in the following table.

**Population**

| Area | Census Population (2020) | Current Population (2025) | Compound Annual Δ 2020 - 2025 | Projected Population (2030) | Compound Annual Δ 2025 - 2030 |
|---|---|---|---|---|---|
| United States | 331,449,520 | 335,707,897 | 0.26% | 343,238,675 | 0.44% |
| Texas | 29,145,505 | 31,161,977 | 1.35% | 32,906,031 | 1.10% |
| San Antonio-New Braunfels, TX (MSA) | 2,558,143 | 2,765,821 | 1.57% | 2,952,385 | 1.31% |
| Comal County | 161,501 | 197,104 | 4.07% | 238,924 | 3.92% |
| New Braunfels CCD | 97,983 | 118,822 | 3.93% | 146,396 | 4.26% |
| New Braunfels city | 90,382 | 102,175 | 2.48% | 122,933 | 3.77% |

## Employment

The chart below outlines employment statistics for Comal County. The chart demonstrates in a bar graph the percentages of employment for different sectors.



## Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. Overall, the Region boasts one of the lowest unemployment rates for metropolitan statistical areas in the country at 3.8 percent.

**Unemployment Rates**

| Area | YE 2021 | YE 2022 | YE 2023 | YE 2024 | YE 2025 | 2026[1] |
|---|---|---|---|---|---|---|
| United States | 5.3% | 3.6% | 3.6% | 4.0% | 4.3% | 4.1% |
| Texas | 5.6% | 3.9% | 4.0% | 4.1% | 4.2% | 4.0% |
| San Antonio-New Braunfels, TX (MSA) | 5.2% | 3.7% | 3.7% | 3.8% | 4.0% | 3.8% |
| Comal County, TX | 4.5% | 3.5% | 3.6% | 3.6% | 3.7% | 3.6% |
| New Braunfels city, TX | 4.2% | 3.2% | 3.2% | 3.3% | 3.3% | 3.3% |

## Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare favorably to the state and the country.

**Income**

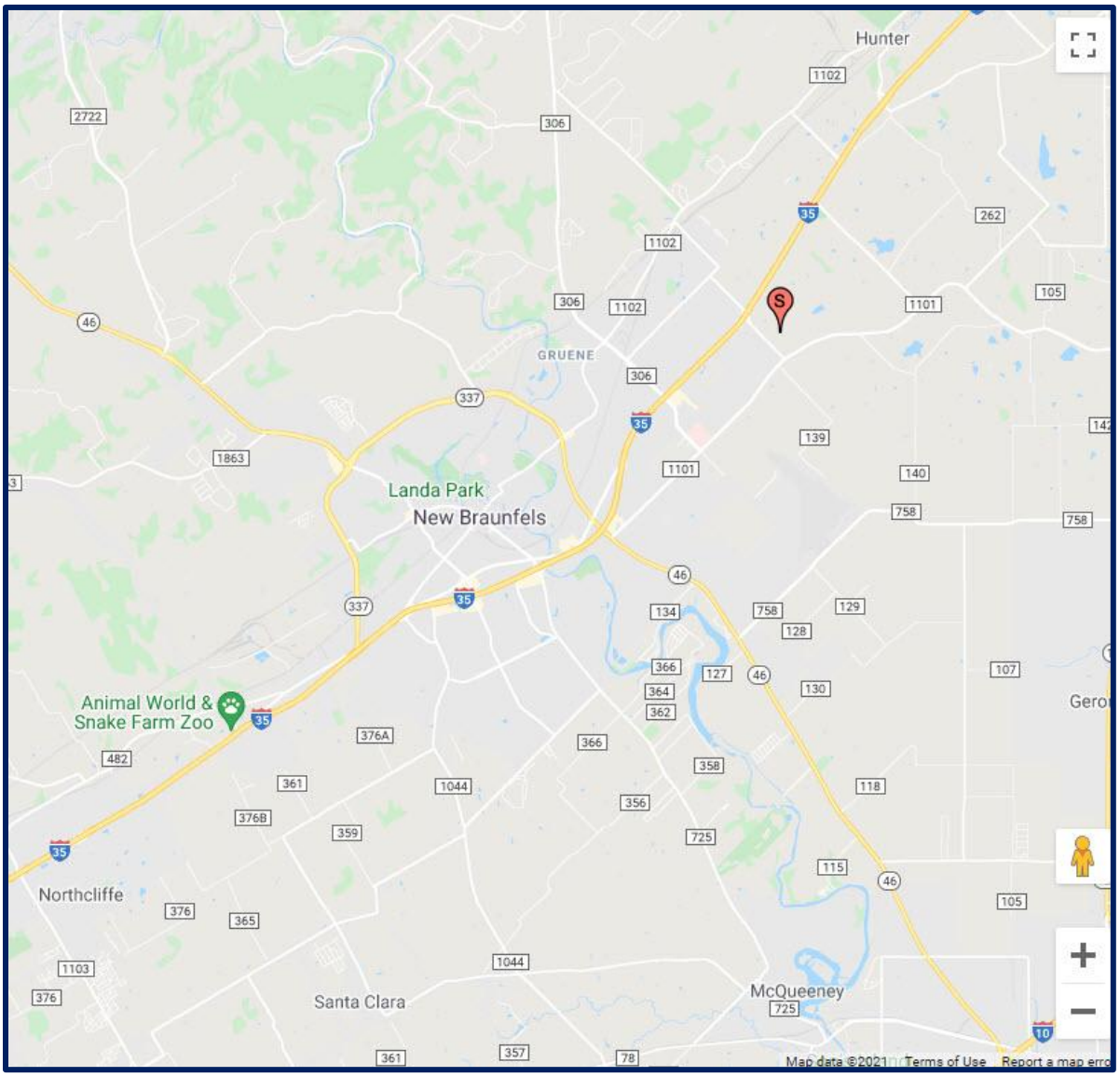
| Area | 2025 Median HH Income | 2025 Average HH Income | 2025 Per Capita Income |
|---|---|---|---|
| United States | $72,233 | $104,831 | $41,000 |
| Texas | $79,964 | $112,832 | $41,787 |
| San Antonio-New Braunfels, TX (MSA) | $78,047 | $105,801 | $39,557 |
| Comal County | $104,395 | $141,633 | $56,403 |
| New Braunfels CCD | $99,528 | $133,740 | $53,098 |
| New Braunfels city | $90,709 | $115,055 | $45,733 |

## Conclusions

San Antonio, the second largest city in the state, enjoys a diverse economy with continued growth in the fields of healthcare, biotechnology, telecommunications, higher education and an expanding tourism market, a developing oil/gas industry and continued job growth. The location of San Antonio at the crossroads of three interstate highways and its proximity to Mexico are expected to increase San Antonio's role in international trade in the future. The economic outlook for San Antonio is for continued above-average growth due to low business costs, a young bilingual workforce and proximity to Mexico.

# City and Neighborhood Analysis

### NEIGHBORHOOD MAP




## Overview

The appraised property is located along the northeast side of Kohlenberg Road, just southeast of the IH-35 North corridor, and just outside the city limits of New Braunfels, in Comal County. Interstate 35 is the primary thoroughfare through the subject property neighborhood.

## Neighborhood Location and Boundaries

The subject neighborhood is located just north of the New Braunfels city limits in Comal County. The area rural in nature. The neighborhood is bounded by the Old Bastrop Road to the north, Loop 337/Highway 46 to the south, FM 306 to the west, and the Comal County line to the east.

## Demographics

The following table depicts the area demographics within a 1, 3, and 5-mile radius from the subject.

**Neighborhood Demographics**

| Radius (Miles) | 1 Mile | 3 Mile | 5 Mile |
|---|---|---|---|
| Trade Area (Sq. Mi.) | 3.14 | 28.27 | 78.54 |
| Trade Density (Pop/Sq. Mi.) | 1,176 | 1,068 | 761 |
| **Population** | | | |
| Census Population (2010) | 447 | 8,905 | 26,788 |
| Census Population (2020) | 806 | 19,179 | 44,908 |
| Current Population (2025) | 3,649 | 29,865 | 57,946 |
| Projected Population (2030) | 5,056 | 37,724 | 71,860 |
| *Compound Annual Growth* | | | |
| 2010 - 2020 | 6.1% | 8.0% | 5.3% |
| 2020 - 2025 | 35.3% | 9.3% | 5.2% |
| 2025 - 2030 | 6.7% | 4.8% | 4.4% |
| **Households** | | | |
| Census Households (2010) | 132 | 3,273 | 10,092 |
| Census Households (2020) | 237 | 7,640 | 17,474 |
| Current Households (2025) | 856 | 12,418 | 23,550 |
| Projected Households (2030) | 1,230 | 16,065 | 29,981 |
| *Compound Annual Growth* | | | |
| 2010 - 2020 | 6.0% | 8.8% | 5.6% |
| 2020 - 2025 | 29.3% | 10.2% | 6.1% |
| 2025 - 2030 | 7.5% | 5.3% | 4.9% |
| Average Household Size (2025) | 4.15 | 2.37 | 2.43 |

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**Neighborhood Demographics (cont.)**

| Radius (Miles) | 1 Mile | 3 Mile | 5 Mile |
|---|---|---|---|
| Trade Area (Sq. Mi.) | 3.14 | 28.27 | 78.54 |
| Trade Density (Pop/Sq. Mi.) | 1,176 | 1,068 | 761 |
| **2025 Housing Units** | | | |
| Median Home Value | $344,479 | $342,474 | $364,556 |
| Median Year Built | 2009 | 2011 | 2006 |
| Total Housing Units | 979 | 14,240 | 26,976 |
| Owner-Occupied Housing % | 56.3% | 49.7% | 53.0% |
| Renter-Occupied Housing % | 31.2% | 37.5% | 34.3% |
| Vacant Housing % | 12.6% | 12.8% | 12.7% |
| **2025 Employment** | | | |
| Total Establishments | 23 | 907 | 2,424 |
| Total Employees | 339 | 11,111 | 26,599 |
| Average Commute Time | n/a | n/a | n/a |
| % College Graduates | 52.5% | 42.2% | 40.5% |
| **2025 Income Summary** | | | |
| Median Household Income | $61,923 | $82,931 | $83,215 |
| Average Household Income | $84,448 | $105,838 | $109,365 |
| Avg Spending/Household | $23,152 | $29,135 | $30,437 |
| Per Capita Income | $33,604 | $43,919 | $44,336 |

## Neighborhood Land Uses

The primary thoroughfares for the neighborhood are the IH-35 corridor as well as State Highway 46/Loop 337. Development along these thoroughfares is primarily commercial in nature. Tourism and recreation are reported to be the second largest producer of income in the New Braunfels area with an estimated annual income exceeding $200 million. The natural water features of the area, to include the Comal River and the Guadalupe River, as well as Schlitterbahn waterpark, draw many tourists during the peak summer months from June to August. Due to the highly seasonal nature of the neighborhood area and New Braunfels overall, land uses primarily include retail and commercial uses to include numerous hotels/motels and restaurants.

In the immediate market area of the subject, there are primarily vacant land tracts along Kohlenberg Road, with scattered rural residential, light industrial, and various commercial uses along IH-35.

## Conclusions

The subject neighborhood is located just north of the city limits of New Braunfels, in Comal County. The subject market area benefits from a growing population base and good access features. Upside is forecast for the subject's neighborhood and the city as well. Overall, the subject neighborhood is in the growth stage of its life cycle.

# Site Description

The appraised property is located off the northeast side of Kohlenberg Road, just southeast of IH-35, in Comal County, Texas. The characteristics of the site are summarized as follows:

## Site Characteristics

| | |
|---|---|
| Gross Land Area: | 10.441 Acres |
| Usable Land Area: | 10.441 Acres |
| Usable Land %: | 100.0% |
| Shape: | Irregular |
| Topography: | Generally level to Gently Sloping |
| Drainage: | Appears adequate |
| Grade: | At street grade |
| Utilities: | Access to public utilities |
| Off-Site Improvements: | Typical road infrastructure |
| Interior or Corner: | Interior |
| Signalized Intersection: | No |
| Excess or Surplus Land: | None |

## Street Frontage / Access

The appraised property has 60' of frontage along Kohlenberg Road

## Flood Zone Data

| | |
|---|---|
| Flood Map Panel/Number: | 48091C0460F |
| Flood Map Date: | 09-02-2009 |
| Portion in Flood Hazard Area: | 0.00% |
| Flood Zone: | Zone X – Outside 100-year floodplain |

## Other Site Conditions

| | |
|---|---|
| Soil Type: | The appraiser has not been provided a soil or subsoil survey of the appraised property. This appraisal assumes that there are no soil or subsoil characteristics, including any sort of environmental contamination, which would adversely impact the site. If environmental contamination is present, the value conclusions contained herein may change. |
| Environmental Issues: | To the knowledge of the appraiser, there are no known environmental issues that adversely affect the value of the appraised site. |

| | |
|---|---|
| Easements/Encroachments: | To the knowledge of the appraiser, there are no other known easements or encroachments that adversely affect the value of the appraised site. |

## Adjacent Land Uses

| | |
|---|---|
| North: | Vacant land / Residential development |
| South: | Vacant land / Industrial / Residential development |
| East: | Vacant land |
| West: | Vacant land / Commercial / Residential development |

## Site Ratings

| | |
|---|---|
| Access: | Fair |
| Visibility: | Fair |

## Zoning Designation

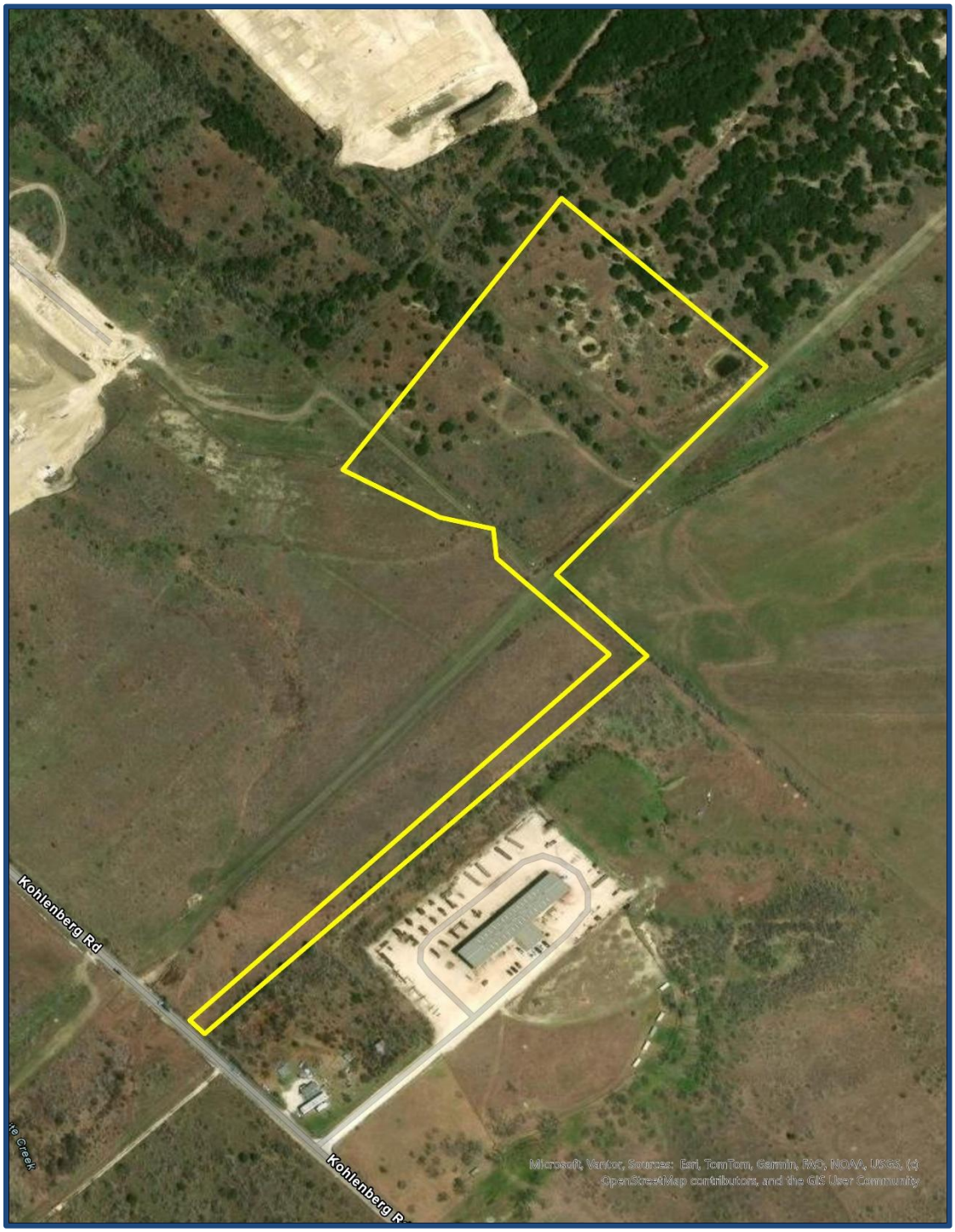
| | |
|---|---|
| Zoning Jurisdiction: | City of New Braunfels |
| Zoning Classification: | OCL; Outside City Limits within the New Braunfels ETJ |
| Zoning Comments: | The subject property is located outside the city limits of New Braunfels within the New Braunfels ETJ in Comal County; the appraised property is therefore not subject to the City of New Braunfels zoning ordinance. |

## Analysis/Comments on Site

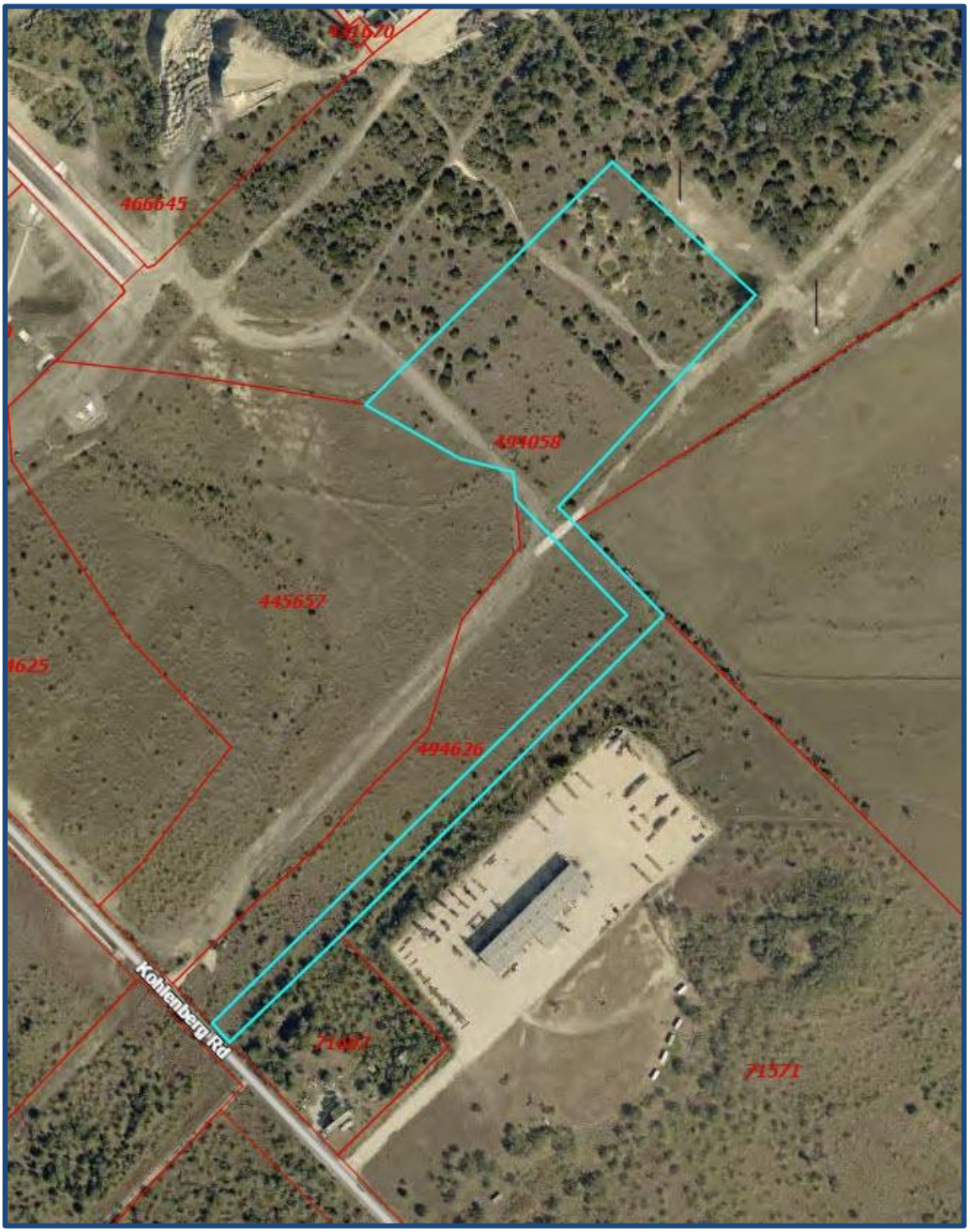
The appraised property is located off the northeast side of Kohlenberg Road, just southeast of the IH-35 corridor in Comal County. The property is an interior parcel which will have access from Kohlenberg Road. The property is irregular in shape, exhibits generally level to gently sloping topography, and is not located in the 100-year floodplain according to FEMA flood maps.

Various exhibits pertaining to the subject site are included on the following pages.

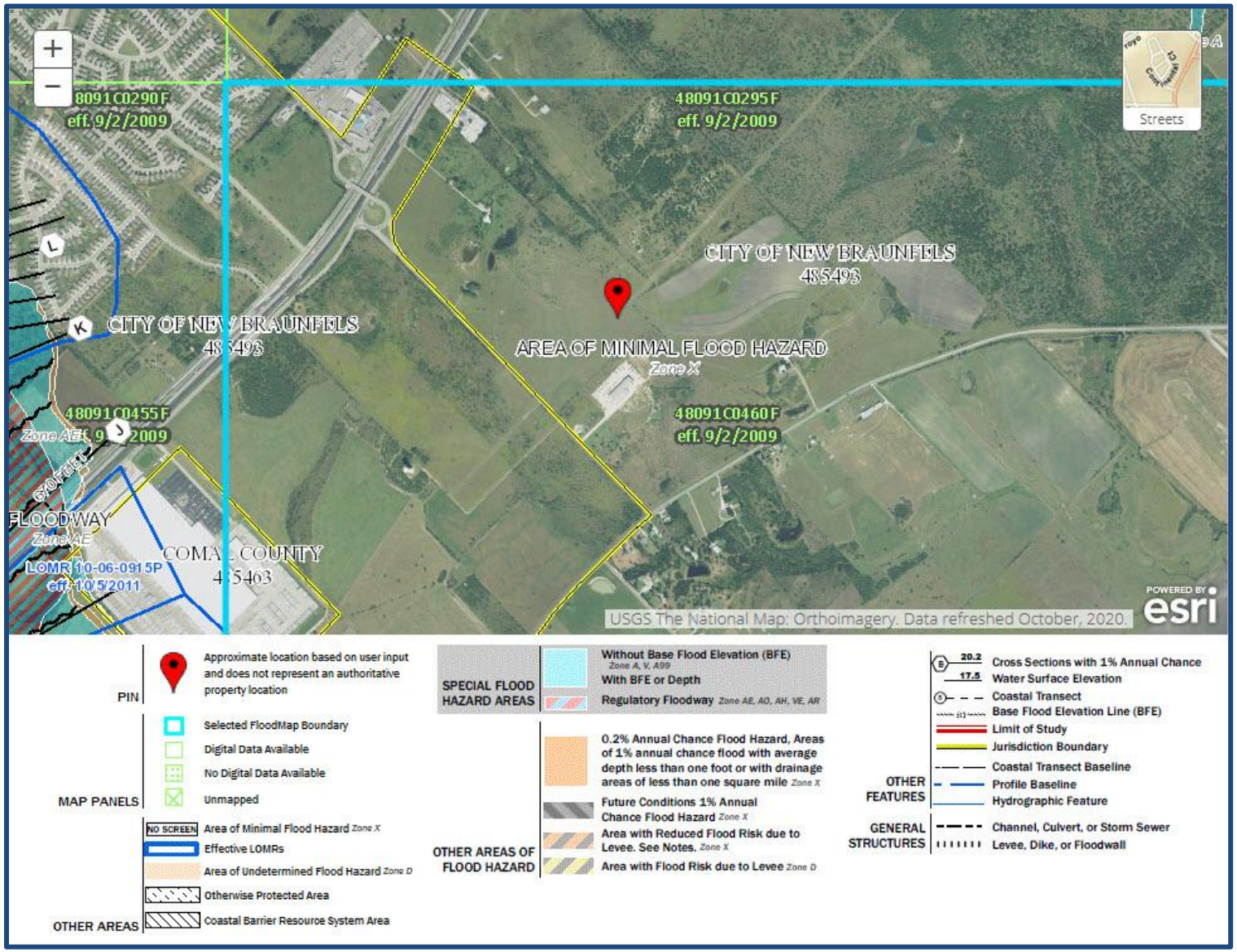
## AERIAL


Kohlenberg Rd
Kohlenberg R
Microsoft, Vantor, Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, (c) OpenStreetMap contributors, and the GIS User Community

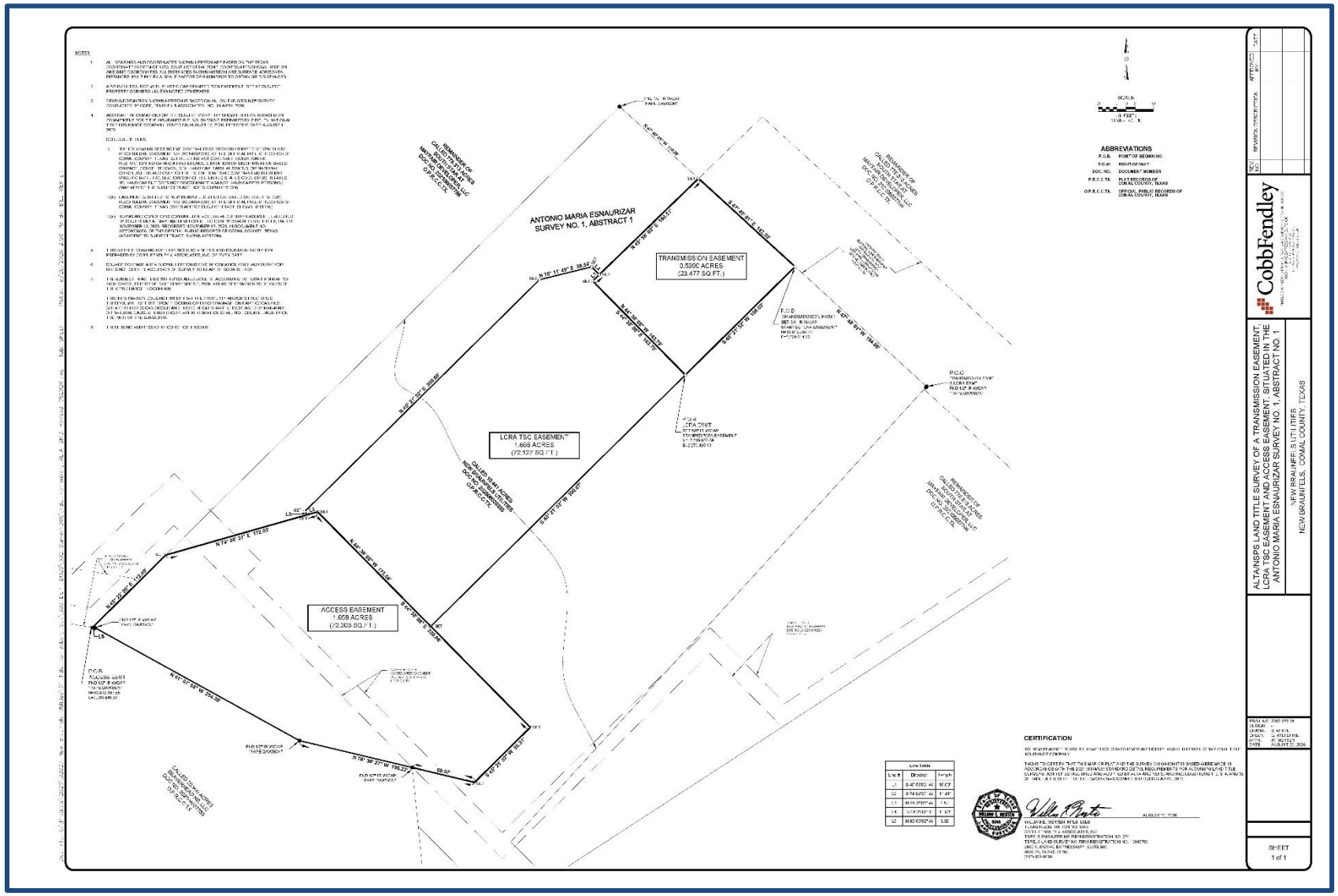
## TAX/PLAT MAP



## FLOOD MAP


8091C0290F
eff. 9/2/2009
48091C0295F
eff. 9/2/2009
CITY OF NEW BRAUNFELS
485493
CITY OF NEW BRAUNFELS
485493
AREA OF MINIMAL FLOOD HAZARD
Zone X
48091C0455F
2009
48091C0460F
eff. 9/2/2009
FLOODWAY
Zone AE
COMAL COUNTY
485463
LOMR 10-06-0915P
eff. 10/5/2011
Streets
USGS The National Map: Orthoimagery. Data refreshed October, 2020.
POWERED BY esri
PIN
Approximate location based on user input and does not represent an authoritative property location
MAP PANELS
Selected FloodMap Boundary
Digital Data Available
No Digital Data Available
Unmapped
NO SCREEN
Area of Minimal Flood Hazard Zone X
Effective LOMRs
Area of Undetermined Flood Hazard Zone D
OTHER AREAS
Otherwise Protected Area
Coastal Barrier Resource System Area
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE) Zone A, V, A99
With BFE or Depth
Regulatory Floodway Zone AE, AO, AH, VE, AR
OTHER AREAS OF FLOOD HAZARD
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
Future Conditions 1% Annual Chance Flood Hazard Zone X
Area with Reduced Flood Risk due to Levee. See Notes. Zone X
Area with Flood Risk due to Levee Zone D
20.2
17.5
Cross Sections with 1% Annual Chance Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
OTHER FEATURES
Profile Baseline
Hydrographic Feature
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall

## SUBSTATION/ TRANSMISSION LINE/ ACCESS EASEMENT EXHIBIT



# Subject Photographs

View looking southwest at subject property from the northeast corner of the subject property.

View of existing transmission line along the eastern property boundary.



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View looking at proposed transmission line easement in the northern portion of the subject property.

View looking at proposed substation site on the middle portion of the subject property.



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# Assessment and Tax Data

## Assessment Methodology

In Texas, the properties are mass appraised by the county appraisal district in each county. The market value is estimated for the subject property. The tax rates are set by the tax collector based on the County's fiscal budget including the school district. Many rural properties in this county are allowed an agricultural or wildlife use exemption, thereby substantially reducing the tax liability. Below is a chart displaying the market value and ag use assessments, if applicable along with the aggregate tax rate and tax liability.

**SUMMARY OF ASSESSED VALUES AND PROPERTY TAXES**

| Account | Acres | Total Market Value | Land Only Value | Land Value Per Acre | Ag Use Value | Improvement | Taxable Value | Aggregate Tax Rate (Per $100) | Taxes |
|---|---|---|---|---|---|---|---|---|---|
| 494058 | 10.440 | $3,457,010 | $3,457,010 | $331,131 | $0 | $0 | $0 | $0.000000 | $0.00 |
| **Totals** | **10.440** | **$3,457,010** | **$3,457,010** | **$331,131** | **$0** | **$0** | **$0** | | **$0.00** |

The property is owned by a public utility and is exempt from taxes.

# Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

## Analysis of Highest and Best Use As Though Vacant

The primary determinants of the highest and best use of the property As Though Vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

### Legally Permissible

The subject site is located outside the New Braunfels city limits, within the New Braunfels ETJ in Comal County; therefore, the property is not subject to the City of New Braunfels zoning ordinance. There are no known easements, encroachments, covenants, or other use restrictions that would unduly limit or impede development.

### Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. There are no items of a physical nature that would materially limit appropriate and likely development.

### Financially Feasible

In the market area of the subject, there are various land uses to include light industrial, rural residential, and various commercial uses along the IH-35 corridor. The probable use of the site for commercial development conforms to the pattern of land use in the market area. A review of published yield, rental and occupancy rates suggest that there is a balanced supply and demand over the long-term is sufficient to support construction costs and ensure absorption of additional inventory in this market. Due to the rate of growth in the New Braunfels market area, near-term speculative development of the subject site is financially feasible.

### Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for industrial development as demand warrants.

## Conclusion of Highest and Best Use As Though Vacant

The conclusion of the highest and best use As Though Vacant is for industrial development as warranted by demand.

## Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is a developer.

# Land Valuation

## Methodology

Site Value is most often estimated using the Sales Comparison Approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

The process of developing the sales comparison approach consists of the following analyses: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject site.

### Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is per gross square foot.

### Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

### Comparable Sales Data

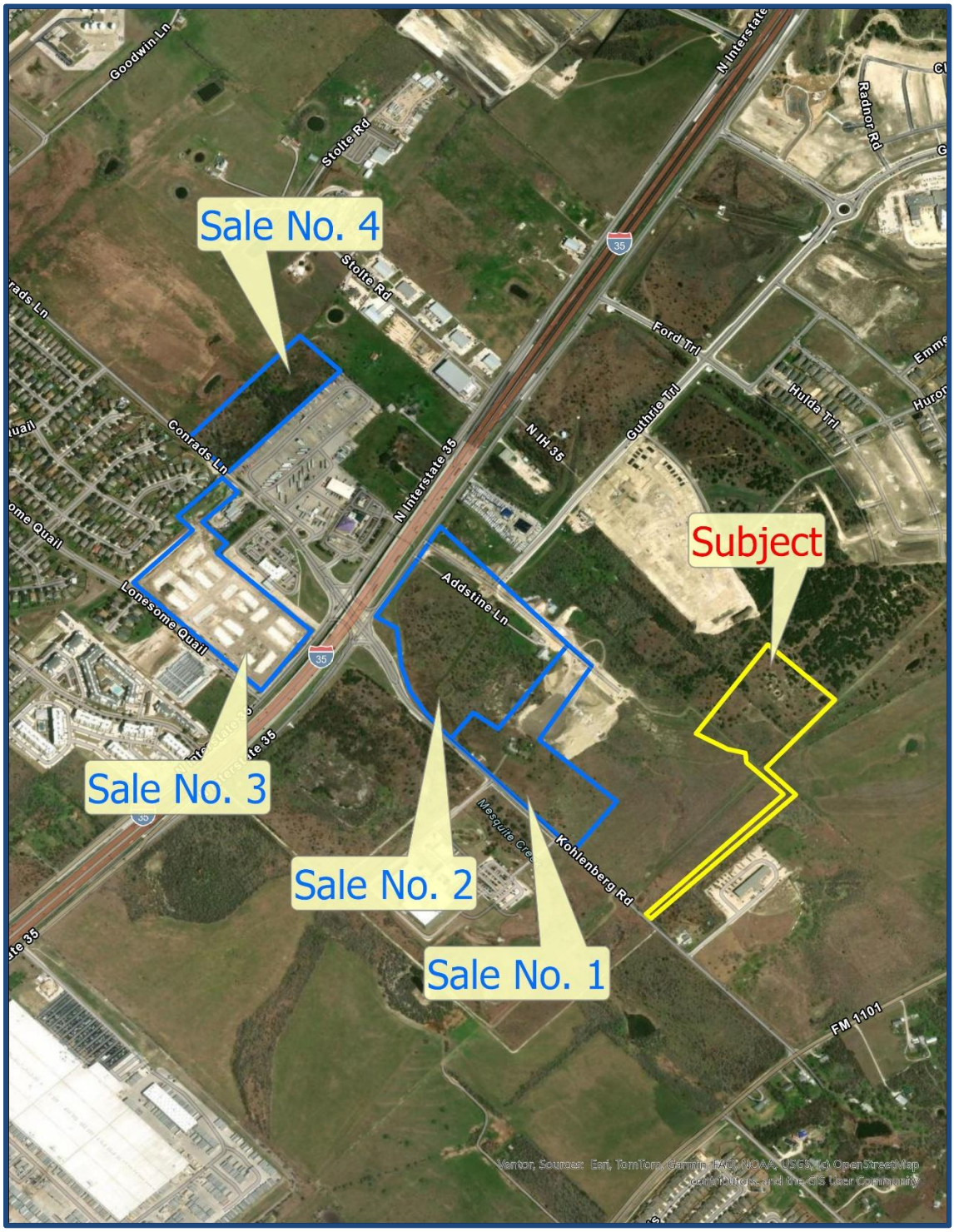
To obtain and verify comparable sales of vacant land properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, and a review of our internal database. We included three sales in our analysis, as these sales were judged to be the most comparable to develop an indication of market value for the subject property.

The following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Details of each comparable follow the location map.

**Land Sales Summary**

| Comp. No. | Date of Sale | Usable Acres | Location | | Zoning | Sale Price | PSF |
|---|---|---|---|---|---|---|---|
| 1 | October-25 | 11.062 | 257 Kohlenberg Road | New Braunfels, TX | New Braunfels ETJ | $5,671,501 | $11.77 |
| 2 | July-25 | 19.990 | 235 Kohlenberg Road | New Braunfels, TX | New Braunfels ETJ | $8,711,270 | $10.00 |
| 3 | July-24 | 16.560 | 128 Lonesome Quail | New Braunfels, TX | M1-A | $7,800,000 | $10.81 |
| 4 | August-22 | 10.000 | 230 Conrads Lane | New Braunfels, TX | New Braunfels ETJ | $2,200,000 | $5.05 |

## COMPARABLE SALES MAP



# LAND COMPARABLE 1

## Property Identification

| | |
|---|---|
| **Address** | 257 Kohlenberg Road |
| **City County State Zip** | New Braunfels, Comal County, Texas 78130 |
| **MSA** | San Antonio |
| **Tax ID** | 491489 |
| **VPA Property/Sale ID** | 11580842/1848037 |

## Transaction Data

| | |
|---|---|
| **Sale Status** | Closed |
| **Sale Date** | October 9, 2025 |
| **Grantor/Seller** | MHB Real Estate Investments, LLC |
| **Grantee/Buyer** | Kohlenberg Partners Retail, LTD |
| **Recording Number** | 202506032698 |
| **Property Rights** | Fee Simple |
| **Financing** | Cash to Seller |
| **Conditions of Sale** | Typical |
| **Sales Price** | $5,671,501 |
| **Adjusted Sales Price** | $5,671,501 |

## Adjusted Sales Price Indicators

| | |
|---|---|
| **Price per Gross Acre** | $512,701 |
| **Price per Gross SF** | $11.77 |
| **Price per Usable Acre** | $512,701 |
| **Price per Usable SF** | $11.77 |
| **Price per Front Foot** | $7,133.96 |

## Verification

| | |
|---|---|
| **Confirmed By** | Lauren Perkins |
| **Confirmation Source** | Appraiser |

## Property Description

| | |
|---|---|
| **Gross Land Area** | 11.062 Acres/481,861 SF |
| **Usable Land Area** | 11.062 Acres/481,861 SF |
| **Frontage Feet** | 795.00 |
| **Visibility** | Average |
| **Shape** | Irregular |
| **Topography** | Gently sloping |
| **Utilities** | All public utilities available |
| **Flood Hazard Zone** | Zone X |
| **% in Flood Hazard** | 0.00% |
| **Zoning Code** | Not Zoned |

## Remarks

The 11.062 acre tract is located along the north side of Kohlenberg Road and the south side of Addstine Lane in New Braunfels in Comal County, Texas. The property is located within the ETJ of New Braunfels and is not zoned. The irregular shaped tract has generally level to gently sloping terrain. According to FEMA, none of the property is located within the 100-year floodplain. All public utilities are available to the site. The property was put under contract in January 2024. Subsequent to the contract, the seller platted the property in March 2025, prior to the acquisition.

# LAND COMPARABLE 2

## Property Identification

| | |
|---|---|
| **Property Name** | Costco Development |
| **Address** | 235 Kohlenberg Road |
| **City County State Zip** | New Braunfels, Comal County, Texas 78130 |
| **MSA** | San Antonio |
| **Tax ID** | 491488 |
| **VPA Property/Sale ID** | 11580851/1848046 |

## Transaction Data

| | |
|---|---|
| **Sale Status** | Closed |
| **Sale Date** | July 29, 2025 |
| **Grantor/Seller** | MNB Real Estate Investments, LLC |
| **Grantee/Buyer** | Costco Wholesale Corporation |
| **Recording Number** | 202506023649 |
| **Property Rights** | Fee Simple |
| **Financing** | Cash to Seller |
| **Conditions of Sale** | Typical |
| **Sales Price** | $8,711,270 |
| **Adjusted Sales Price** | $8,711,270 |

## Adjusted Sales Price Indicators

| | |
|---|---|
| **Price per Gross Acre** | $435,781 |
| **Price per Gross SF** | $10.00 |
| **Price per Usable Acre** | $435,781 |
| **Price per Usable SF** | $10.00 |
| **Price per Front Foot** | $15,752.75 |

## Verification

| | |
|---|---|
| **Confirmed By** | Lauren Perkins |
| **Confirmation Source** | Appraiser |

## Property Description

| | |
|---|---|
| **Gross Land Area** | 19.990 Acres/870,764 SF |
| **Usable Land Area** | 19.990 Acres/870,764 SF |
| **Frontage Feet** | 553.00 |
| **Visibility** | Good |
| **Shape** | Irregular |
| **Topography** | Gently sloping |
| **Utilities** | All public utilities available |
| **Flood Hazard Zone** | Zone X |
| **% in Flood Hazard** | 0.00% |
| **Zoning Code** | Not Zoned |

## Remarks

The 19.99 acre tract is located along the north side of Kohlenberg Road and the east side of Interstate 35 in New Braunfels in Comal County, Texas. The property is located within the ETJ of New Braunfels and is not zoned. The irregular shaped tract has generally level to gently sloping terrain. According to FEMA, none of the property is located within the 100-year floodplain. All public utilities are available to the site. The site was purchased for the development of Costco. The property was put under contract in January 2024. Subsequent to the contract, the seller platted the property in March 2025, prior to the acquisition.

# LAND COMPARABLE 3

## Property Identification

| | |
|---|---|
| **Property Name** | Lonesome Quail Apartment Land |
| **Address** | 128 Lonesome Quail |
| **City County State Zip** | New Braunfels, Comal County, Texas 78130 |
| **MSA** | San Antonio |
| **Tax ID** | 18779-398801 |
| **VPA Property/Sale ID** | 11282401/1820769 |

## Transaction Data

| | |
|---|---|
| **Sale Status** | Closed |
| **Sale Date** | July 17, 2024 |
| **Grantor/Seller** | NB NORTH LP |
| **Grantee/Buyer** | BCP-AR LONESOME QUAIL OWNER LLC |
| **Recording Number** | 202406021552 |
| **Property Rights** | Fee Simple |
| **Sales Price** | $7,800,000 |
| **Adjusted Sales Price** | $7,800,000 |

## Adjusted Sales Price Indicators

| | |
|---|---|
| **Price per Gross Acre** | $471,125 |
| **Price per Gross SF** | $10.82 |
| **Price per Usable Acre** | $471,125 |
| **Price per Usable SF** | $10.82 |
| **Price per Unit** | $20,000 |
| **Price per Front Foot** | $13,000.00 |

## Verification

| | |
|---|---|
| **Confirmation Source** | Colliers Sale Profile - Appraiser |

## Property Description

| | |
|---|---|
| **Proposed Use** | Multifamily |
| **Gross Land Area** | 16.5561 Acres/721,184 SF |
| **Usable Land Area** | 16.5561 Acres/721,184 SF |
| **Frontage Feet** | 600.00 |
| **No. of Lots** | 1 |
| **Proposed Units** | 390 |
| **Density (Units/Acre)** | 23.56 |
| **Street Access** | Good |
| **Rail Access** | No |
| **Water/Port Access** | No |
| **Visibility** | Average |
| **Corner/Interior** | Corner |
| **Shape** | L-Shaped |
| **Topography** | Gently sloping |
| **Utilities** | Access to public utilities |
| **Drainage** | Appears adequate for development |
| **Flood Hazard Zone** | Zone X (unshaded) |
| **% in Flood Hazard** | 0.00% |
| **Zoning Code** | M-1A Light Industrial District |

## Remarks

This comparable includes 18.15 acres of vacant land situated at the I-35 and Lonesome Quail Dr. in New Braunfels, Texas. The site is generally rectangular in shape and is zoned M-1A & C-1B. There is no flood plain on the site. The tract is slated for development with a 390-unit garden-style apartment to be known as Prose Lonesome Quail. The property sold in July 2024 for $7,800,000 or $20,000 per developable unit. The zoning does not allow multifamily use by right. However, there is a 390 units under construction as of September 2025 on the site. The property was listed by Mike Norris of NCG Commercial Real Estate. The site has a drainage easement in the northern portion.

# LAND COMPARABLE 4

## Property Identification

| | |
|---|---|
| **Address** | 230 Conrads Lane |
| **City County State Zip** | New Braunfels, Comal County, Texas 78130 |
| **MSA** | San Antonio |
| **Tax ID** | 30671 |
| **VPA Property/Sale ID** | 11581001/1848143 |

## Transaction Data

| | |
|---|---|
| **Sale Status** | Closed |
| **Sale Date** | August 8, 2022 |
| **Grantor/Seller** | RIP Griffin Truck Service Center, Inc. |
| **Grantee/Buyer** | 230 Conrads Multi Family LLC |
| **Recording Number** | 202206036366 |
| **Property Rights** | Fee Simple |
| **Financing** | Cash to Seller |
| **Conditions of Sale** | Typical |
| **Sales Price** | $2,200,000 |
| **Adjusted Sales Price** | $2,200,000 |

## Adjusted Sales Price Indicators

| | |
|---|---|
| **Price per Gross Acre** | $220,000 |
| **Price per Gross SF** | $5.05 |
| **Price per Usable Acre** | $220,000 |
| **Price per Usable SF** | $5.05 |
| **Price per Front Foot** | $5,555.56 |

## Verification

| | |
|---|---|
| **Confirmed By** | Lauren Perkins |
| **Confirmation Source** | Appraiser |

## Property Description

| | |
|---|---|
| **Gross Land Area** | 10.000 Acres/435,600 SF |
| **Usable Land Area** | 10.000 Acres/435,600 SF |
| **Frontage Feet** | 396.00 |
| **Visibility** | Average |
| **Shape** | Rectangular |
| **Topography** | Level |
| **Utilities** | All public utilities available |
| **Flood Hazard Zone** | Zone X |
| **% in Flood Hazard** | 0.00% |
| **Zoning Code** | ETJ |

## Remarks

This 10.00 acre tract is located along the east side of Conrads Lane in New Braunfels in Comal County, Texas. The property is located within the ETJ of New Braunfels and is not zoned. The rectangular shaped tract has generally level to gently sloping terrain. According to FEMA, none of the property is located within the 100-year floodplain. All public utilities are available to the site. There are no adverse easements or encumbrances.

## Land Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

## Transaction Adjustments

Transaction adjustments include (1) real property rights conveyed, (2) financing terms, (3) conditions of sale and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

### Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a sale comparable. The appraised value and sale comparables all reflect the fee simple interest with no adjustments required.

### Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All the sale comparables involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

### Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value. All the comparable sales are arm's length transactions for which no adjustments are made.

### Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, and/or costs to remediate environmental contamination.

The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller. Unless the sales involved expenditures anticipated upon the purchase date, no adjustments to the comparable sales are required for this element of comparison. The parties to these transactions did not anticipate expenditures were required immediately after purchase; therefore, no adjustments were warranted.

## Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions.

The effective date of appraisal is February 25, 2024. The comparable sales utilized exhibit a range in date of transaction from November 2021 to May 2023. The land market in the general market area has experienced an increase in pricing over the past several years. All the comparable sales are adjusted upward for market conditions (date of sale).

## Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after transaction and market conditions adjustments. Our reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

### Location

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. The subject property is located off the northeast side of Kohlenberg Road, just southeast of the IH-35 corridor, in Comal County (just outside the city limits of New Braunfels). All the comparable sale properties are in the immediate market area of the subject for which no adjustments are made.

### Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. This inverse relationship is due, in part, to the principle of "economies of scale." The subject property consists of a 10.441-acre tract. The sales range in size from 10.00 to 19.99 acres. Sale Nos. 1, 3 and 4 are considered similar and no adjustment is required. Sale No. 3 is larger and an upward adjustment is applied.

### Shape/Configuration

The subject property has a highly irregular shape. All of the comparable sales have superior shapes and configuration; downward adjustments are applied to all of the comparable sales.

### Frontage

The subject site has direct street frontage along Kohlenberg Road. All the comparable sales exhibit superior frontage characteristics than the subject for which downward adjustments are warranted.

Corner Exposure

Tracts with major street influence tend to bring higher prices than otherwise comparable secondary street locations. Additionally, tracts featuring corner influence typically command higher prices in the marketplace, as opposed to interior locations. For retail users, the hard corner of an intersection may be marketed to a fairly large pool of small users (e.g., service stations, fast food restaurants, etc.) for sale.

The subject property is an interior tract. Sale Nos. 2 and 3 have corner influence and a downward adjustment is applied.

Topography

The subject property has generally level to gently sloping terrain. All of the comparable sales are similar and no adjustments are required.

Floodplain

According to FEMA, the subject property is outside the 100-year floodplain. Sale No. 1, 3 and 4 are located outside the 100-year floodplain and no adjustment is required. Sale No. 2 is 15% located in the floodplain and an upward adjustment is applied.

Zoning

The subject property is located outside the city limits of New Braunfels, within the New Braunfels ETJ. All of the comparable sales have similar zoning and no adjustments are required.

Easements/Encumbrances

The subject property has no adverse easements or encumbrances. All of the comparable sales are similar and no adjustments are required.

Entitlements

Sale Nos. 1, 2, and 3 were fully entitled and ready to be developed. As such, downward adjustments are applied.

## Summary of Adjustments

Presented on the following page is a summary of the adjustments made to the sale comparables. As noted earlier, these quantitative adjustments were based on our market research, best judgment, and experience in the appraisal of similar properties.

## LAND SALES ADJUSTMENT GRID

| | Subject | Sale # 1 | Sale # 2 | Sale # 3 | Sale # 4 |
|---|---|---|---|---|---|
| Sale ID | | 1848037 | 1848046 | 2471010 | 1848143 |
| Date of Value & Sale | July-26 | October-25 | July-25 | July-24 | August-22 |
| Unadjusted Sales Price | | $5,671,501 | $8,711,270 | $7,800,000 | $2,200,000 |
| Gross Acres | 10.441 | 11.062 | 19.990 | 16.560 | 10.000 |
| **Unadjusted Sales Price per Gross Sq. Ft.** | | **$11.77** | **$10.00** | **$10.81** | **$5.05** |
| **Transactional Adjustments** | | | | | |
| **Property Rights Conveyed** | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* |
| Adjusted Sales Price | | $11.77 | $10.00 | $10.81 | $5.05 |
| **Financing Terms** | *Cash to Seller* | *Cash to Seller* | *Cash to Seller* | *Cash to Seller* | *Cash to Seller* |
| Adjusted Sales Price | | $11.77 | $10.00 | $10.81 | $5.05 |
| **Conditions of Sale** | *Typical* | *Arm's Length* | *Arm's Length* | *Arm's Length* | *Arm's Length* |
| Adjustment | | - | - | - | - |
| Adjusted Sales Price | | $11.77 | $10.00 | $10.81 | $5.05 |
| **Expenditures after Sale** | | *$0* | *$0* | *$0* | *$0* |
| **Adjusted Sales Price** | | **$11.77** | **$10.00** | **$10.81** | **$5.05** |
| **Market Conditions Adjustments** | | | | | |
| **Elapsed Time from Date of Value** | | *0.80 years* | *1.07 years* | *2.03 years* | *3.99 years* |
| Market Trend Through | July-26 | 2.4% | 3.2% | 6.1% | 12.0% |
| **Analyzed Sales Price** | | **$12.05** | **$10.33** | **$11.47** | **$5.65** |
| **Physical Adjustments** | | | | | |
| **Location** | *NE/S Kohlenberg Road Comal County, TX* | *257 Kohlenberg Road New Braunfels, TX* | *235 Kohlenberg Road New Braunfels, TX* | *128 Lonesome Quail New Braunfels, TX* | *230 Conrads Lane New Braunfels, TX* |
| Adjustment | | - | - | - | - |
| **Size** | *10.441 acres* | *11.062 acres* | *19.990 acres* | *16.560 acres* | *10.000 acres* |
| Adjustment | | - | 5.0% | - | - |
| **Shape/Configuration** | *Highly Irregular* | *Slightly Irregular* | *Slightly Irregular* | *Slightly Irregular* | *Rectangular* |
| Adjustment | | -20.0% | -20.0% | -20.0% | -20.0% |
| **Frontage** | *60' lane from Kohlenberg Road* | *Kohlenberg Road* | *Kohlenberg Road and Interstate 35 Frontage* | *Lonesome Quail and Interstate 35 Frontage* | *Conrads Lane* |
| Adjustment | | -10.0% | -10.0% | -10.0% | -10.0% |
| **Corner Exposure** | *Interior* | *Interior* | *Corner* | *Corner* | *Interior* |
| Adjustment | | - | -10.0% | -10.0% | - |
| **Topography** | *Generally Level to Gently Sloping* | *Gently sloping* | *Gently Sloping* | *Gently Sloping* | *Level* |
| Adjustment | | - | - | - | - |
| **Floodplain** | *Zone X - Outside 100-year floodplain* | *Zone X - Outside 100-year Floodplain* | *Zone X - Outside 100-year Floodplain* | *Zone X - Outside 100-year Floodplain* | *Zone X - Outside 100-year Floodplain* |
| Adjustment | | - | - | - | - |
| **Zoning** | *New Braunfels ETJ* | *New Braunfels ETJ* | *New Braunfels ETJ* | *M1-A* | *New Braunfels ETJ* |
| Adjustment | | - | - | - | - |
| **Easements/Encumbrances** | *None adverse* | *None adverse* | *None adverse* | *Drainage Easement* | *None adverse* |
| Adjustment | | - | - | - | - |
| **Entitlements** | *Not entitled* | *Fully entitled* | *Fully entitled* | *Fully entitled* | *None adverse* |
| Adjustment | | -20.0% | -20.0% | -20.0% | - |
| Net Physical Adjustment | | -50.0% | -55.0% | -60.0% | -30.0% |
| **Adjusted Sales Price per Gross Square Foot** | | **$6.03** | **$4.65** | **$4.59** | **$3.96** |

## Conclusion

From the market data available, we used four land sales in competitive market areas which were adjusted based on pertinent elements of comparison. The following table summarizes the unadjusted and adjusted unit prices:

**Land Sale Statistics**

| Metric | Unadjusted | Adjusted |
|---|---|---|
| Minimum Sales Price per Gross Square Foot | $5.05 | $3.96 |
| Maximum Sales Price per Gross Square Foot | $11.77 | $6.03 |
| Median Sales Price per Gross Square Foot | $10.41 | $4.62 |
| Mean Sales Price per Gross Square Foot | $9.41 | $4.80 |

The adjusted prices for the comparable sales ranged from $3.96 to $6.03 per gross square foot, with an average of $4.80 per gross square foot and a median of $4.62 per gross square foot. All the comparables are considered meaningful indicators of value.

Based on the adjusted prices and the most comparable sales, a unit value for the subject property is near the middle of the adjusted range, or $5.00 per gross square foot. This indicates a market value of $2,270,000, rounded.

Based on this analysis, the land value indication is summarized as follows:

| Land Value Indication | | | | |
|---|---|---|---|---|
| Reasonable Adjusted Comparable Range | | | | |
| 10.441 acres | x | $3.96 psf | = | $1,800,335 |
| 10.441 acres | x | $6.03 psf | = | $2,740,574 |
| **Market Value Opinion** | | | | (Rounded) |
| 10.441 acres | x | **$5.00 psf** | = | **$2,270,000** |

# Description of Part-to-be-Acquired

The right of way acquisition is out of the Whole Property.

## General Data

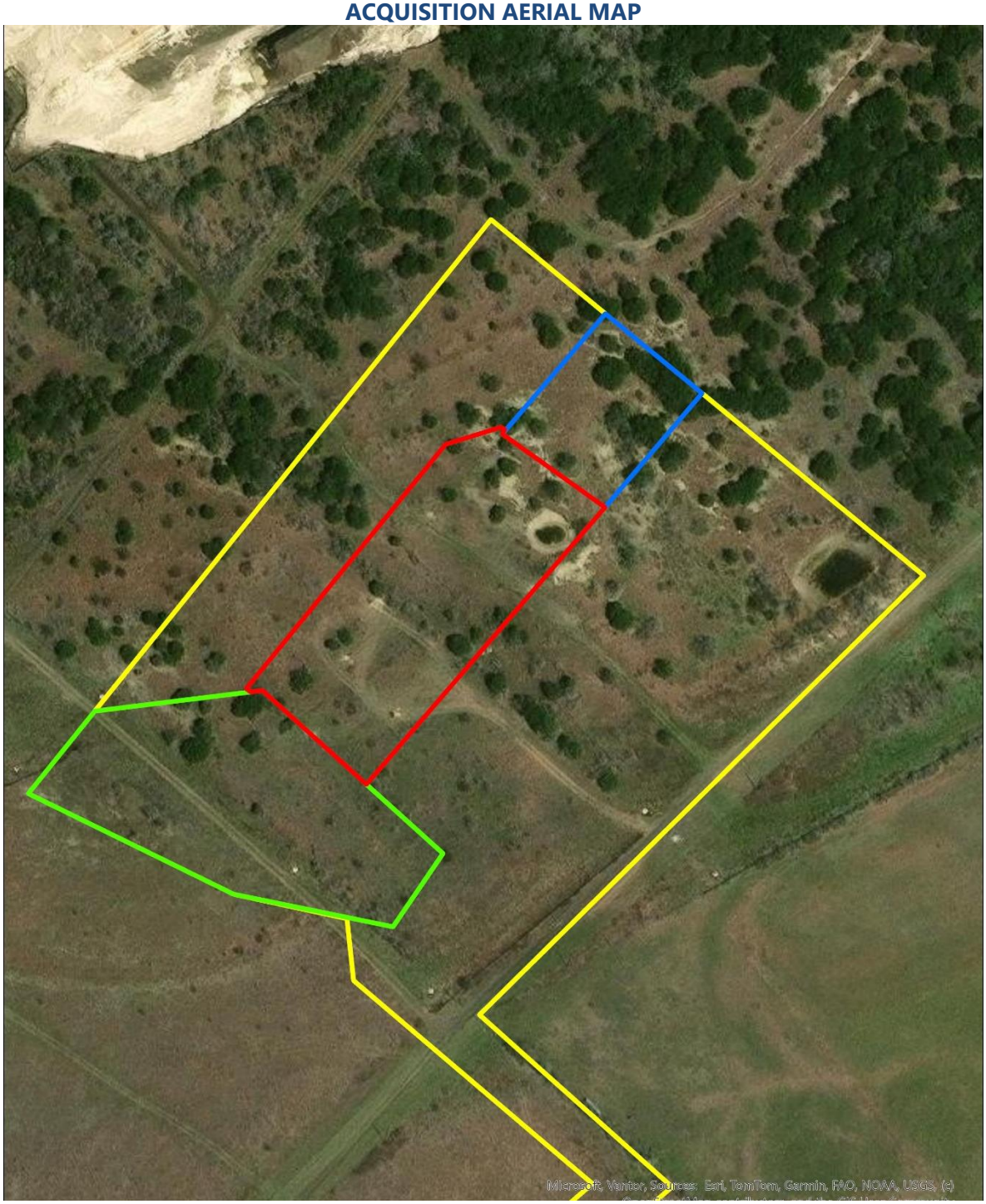
| | |
|---|---|
| Property Rights: | The Part To Be Acquired property rights are in easement form. The easement acquisition is for the construction and maintenance of a new substation and transmission line easement. The full easement is described as those rights which allow for the build and maintenance of the electric transmission line including use of the surface area within the easement. In addition, an access easement is required on the subject property. |
| Location: | The proposed substation easement is in the middle portion of the subject property. The proposed transmission line easement is on the northern end of the property, adjacent to the substation easement. The access easement is in the southern portion of the property, adjacent to the substation easement. |
| Shape and Size: | The proposed acquisitions are generally rectangular. The Access easement is 1.658 acres, or 72,203 square feet. The proposed substation easement is 1.656 acres, or 72,172 square feet. The proposed transmission line easement is 0.5390 acres, or 23,477 square feet. |

An aerial photograph and survey showing the location, shape, and size of the acquisition are provided on the following pages.

## Highest & Best Use:

Given the irregular shape of the acquisition, it is not a stand-alone economic unit. Considering these characteristics, the highest and best use of the part acquired would be to adjoin with adjacent property.

## ACQUISITION AERIAL MAP




The acquisition is outlined in red. The transmission line easement is shown in blue. The access easement is shown in green.

## SUBSTATION EASEMSENT METES AND BOUNDS

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August 20, 2026
Page 1 of 2

**LCRA TSC EASEMENT**
METES AND BOUNDS DESCRIPTION
1.656 ACRES (72,127 SQUARE FEET)
ANTONIO MARIA ESNAURIZAR SURVEY NUMBER 1, ABSTRACT NUMBER 1
COMAL COUNTY, TEXAS

BEING a tract or parcel containing 1.656 acres (72,127 square feet) of land situated in the Antonio Maria Esnaurizar Survey Number 1, Abstract Number 1, Comal County, Texas, and being out of and a part of a called 10.441 acre tract as described in deed to New Braunfels Utilities recorded in Document Number 202506036385 of the Official Public Records of Comal County, Texas. Said 1.656 acre tract being more particularly described as follows:

COMMENCING at a 1/2 inch iron rod with cap stamped "Pape Dawson" found in the common line between the remainder of a called 778.313 acre tract described in a deed to South Star at Mayfair Developer, LLC as recorded in Document Number 202106037786 of the Official Public Records of Comal County, Texas and said 10.441 acre tract, marking the easterly corner of said 10.441 acre tract;

THENCE, North 47° 40' 01" West, with the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, a distance of 194.06 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set, from which a 1/2-inch iron rod with cap stamped "Pape Dawson" found, marking the northerly corner of said 10.441 acre tract bears North 47° 40' 01" West, 258.59 feet;

THENCE, South 45° 21' 52" West, departing the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, over and across said 10.441 acre tract, a distance of 168.03 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the **POINT OF BEGINNING** and easterly corner of the herein described tract, having Grid Coordinates of N=13,819,666.69 and E= 2,270,495.18;

THENCE, over and across said 10.441 acre tract the following (9) nine courses:

1) South 45° 21' 52" West, a distance of 390.07 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the southerly corner of the herein described tract;

2) North 44° 38' 08" West, a distance of 175.58 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point

3) South 74° 06' 37" West, a distance of 11.41 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point;

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4) North 44° 38' 08" West, a distance of 4.52 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the westerly corner of the herein described tract;

5) North 45° 21' 52" East, a distance of 359.80 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point;

6) North 76° 11' 48" East, a distance of 58.54 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the northerly corner of the herein described tract;

7) South 44° 38' 08" East, a distance of 11.90 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point;

8) South 45° 58' 03" West, a distance of 10.00 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking an angle point;

9) South 44° 38' 08" East, a distance of 143.79 feet to the POINT OF BEGINNING and containing 1.656 acres (72,127 square feet) of land.

Notes:

The bearings and distances shown hereon are based on the Texas Coordinate System, South Central Zone (4204), North American Datum of 1983 (NAD 83), 2011 adjustment, Epoch 2010.00. Distances are in US Survey Feet, surface values, and may be converted to grid by multiplying by the surface adjustment factor of 0.999830029.

Field information shown hereon is based on an "On-The-Ground" survey conducted by Cobb, Fendley & Associates, Inc., in April 2026.

Abstract information for the subject property is based on Commitment for Title GF No. 26-2068-C prepared by Fidelity National Title Insurance Company issued on August 17, 2026.

A survey map of even date was prepared in conjunction with this property description.

8/20/26

William E. Merten, RPLS, LSLS — Date

STATE OF TEXAS REGISTERED WILLIAM E. MERTEN 5046 PROFESSIONAL LAND SURVEYOR

Texas Registration No. 5046
Cobb, Fendley & Associates, Inc.
TBPELS Engineering Firm Registration No. 274
TBPELS Land Surveying Firm Registration No. 10046700
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## TRANSMISSION LINE EASEMSENT METES AND BOUNDS

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August 20, 2026
Page 1 of 2

**TRANSMISSION EASEMENT**
METES AND BOUNDS DESCRIPTION
0.5390 ACRES (23,477 SQUARE FEET)
ANTONIO MARIA ESNAURIZAR SURVEY NUMBER 1, ABSTRACT NUMBER 1
COMAL COUNTY, TEXAS

BEING a tract or parcel containing 0.5390 of an acre (23,477 square feet) of land situated in the Antonio Maria Esnaurizar Survey Number 1, Abstract Number 1, Comal County, Texas, and being out of and a part of a called 10.441 acre tract as described in a deed to New Braunfels Utilities recorded in Document Number 202506036385 of the Official Public Records of Comal County, Texas. Said 0.5390 acre tract being more particularly described as follows:

COMMENCING at a 1/2 inch iron rod with cap stamped "Pape Dawson" found in the common line between the remainder of a called 778.313 acre tract described in a deed to South Star at Mayfair Developer, LLC as recorded in Document Number 202106037786 of the Official Public Records of Comal County, Texas and said 10.441 acre tract, marking the easterly corner of said 10.441 acre tract;

THENCE, North 47° 40' 01" West, with the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, a distance of 194.06 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the **POINT OF BEGINNING** and easterly corner of the herein described tract, having Grid Coordinates of N=13,819,784.72 and E=2,270,614.72;

THENCE, departing the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, over and across said 10.441 acre tract the following (3) three courses:

1) South 45° 21' 52" West, a distance of 168.03 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the southerly corner of the herein described tract;

2) North 44° 38' 08" West, a distance of 143.79 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set marking the westerly corner of the herein described tract;

3) North 45° 58' 03" East, a distance of 160.51 feet to a 5/8-inch iron rod with plastic cap stamped "CFA EASEMENT" set in the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, marking the northerly corner of the herein described tract, from which a 1/2-inch iron rod with cap stamped "Pape Dawson" found, marking the northerly corner of said 10.441 acre tract bears North 47° 40' 01" West, 116.29 feet;

THENCE, South 47° 40' 01" East, with the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, a distance of 142.30 feet to the POINT OF BEGINNING and containing 0.5390 of an acre (23,477 square feet) of land.

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August 20, 2026
Page 2 of 2

Notes:

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Abstract information for the subject property is based on Commitment for Title GF No. 26-2068-C prepared by Fidelity National Title Insurance Company issued on August 17, 2026.

A survey map of even date was prepared in conjunction with this property description.

8/20/26

STATE OF TEXAS
REGISTERED
WILLIAM E. MERTEN
5046
PROFESSIONAL
LAND SURVEYOR

William E. Merten, RPLS, LSLS — Date
Texas Registration No. 5046
Cobb, Fendley & Associates, Inc.
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## ACCESS EASEMENT METES AND BOUNDS

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August 20, 2026
Page 1 of 3

**ACCESS EASEMENT**
METES AND BOUNDS DESCRIPTION
1.658 ACRES (72,203 SQUARE FEET)
ANTONIO MARIA ESNAURIZAR SURVEY NUMBER 1, ABSTRACT NUMBER 1
COMAL COUNTY, TEXAS

BEING a tract or parcel containing 1.658 acres (72,203 square feet) of land situated in the Antonio Maria Esnaurizar Survey Number 1, Abstract Number 1, Comal County, Texas, and being out of and a part of a called 10.441 acre tract as described in a deed to New Braunfels Utilities recorded in Document Number 202506036385 of the Official Public Records of Comal County, Texas. Said 1.658 acre tract being more particularly described as follows:

**BEGINNING** at a 1/2 inch iron rod with cap stamped "Pape Dawson" found in the common line between the remainder of a called 778.313 acre tract described in a deed to South Star at Mayfair Developer, LLC as recorded in Document Number 202106037786 of the Official Public Records of Comal County, Texas and said 10.441 acre tract, marking the westerly corner of said 10.441 acre tract and said herein described tract, having Grid Coordinates of N=13,819,391.55 and E=2,269,848.91;

THENCE, North 45° 22' 20" East, with the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, a distance of 112.40 feet to a 5/8-inch iron rod with cap stamped "CFA Easement" set marking an angle point;

THENCE, departing the common line between the remainder of said 778.313 acre tract and said 10.441 acre tract, and over and across said 10.441 acre tract the following (4) four courses:

1. North 74° 06' 37" East, a distance of 172.03 feet to a 5/8-inch iron rod with cap stamped "CFA Easement" set marking the northerly corner of the herein described tract;

2. South 44° 38' 08" East, a distance of 330.06 feet to a 5/8-inch iron rod with cap stamped "CFA Easement" set marking the easterly corner of the herein described tract;

3. South 45° 21' 52" West, a distance of 85.31 feet to a 5/8-inch iron rod with cap stamped "CFA Easement" set for an angle point;

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4. North 76° 36' 27" West, at a distance of 69.97 feet passing a 1/2 inch iron rod with cap stamped "Pape Dawson" found in the northeasterly line of called 20.900 acre tract described in a deed to Beaverhead NB, LLC as recorded in Document Number 202106037785 of the Official Public Records of Comal County, Texas and the southwesterly line of said 10.441 acre tract, and continuing with the northeasterly line of said 20.900 acre tract and the southwesterly line of said 10.441 acre tract, a total distance of 196.22 feet to a 1/2 inch iron rod with cap stamped "Pape Dawson" found marking an angle point;

THENCE, North 61° 07' 58" West, continuing with the northeasterly line of said 20.900 acre tract and the southwesterly line of said 10.441 acre tract, a distance of 254.39 feet to a 1/2-inch iron rod with cap stamped "Pape Dawson" found marking an angle point;

THENCE, North 80° 55' 32" West, continuing with the northeasterly line of said 20.900 acre tract and the southwesterly line of said 10.441 acre tract, a distance of 3.02 feet to the POINT OF BEGINNING and containing 1.658 acres (72,203 square feet) of land.

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Notes:

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A survey map of even date was prepared in conjunction with this property description.

8/20/26

William E. Merten, RPLS, LSLS — Date
Texas Registration No. 5046
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STATE OF TEXAS REGISTERED WILLIAM E. MERTEN 5046 PROFESSIONAL LAND SURVEYOR



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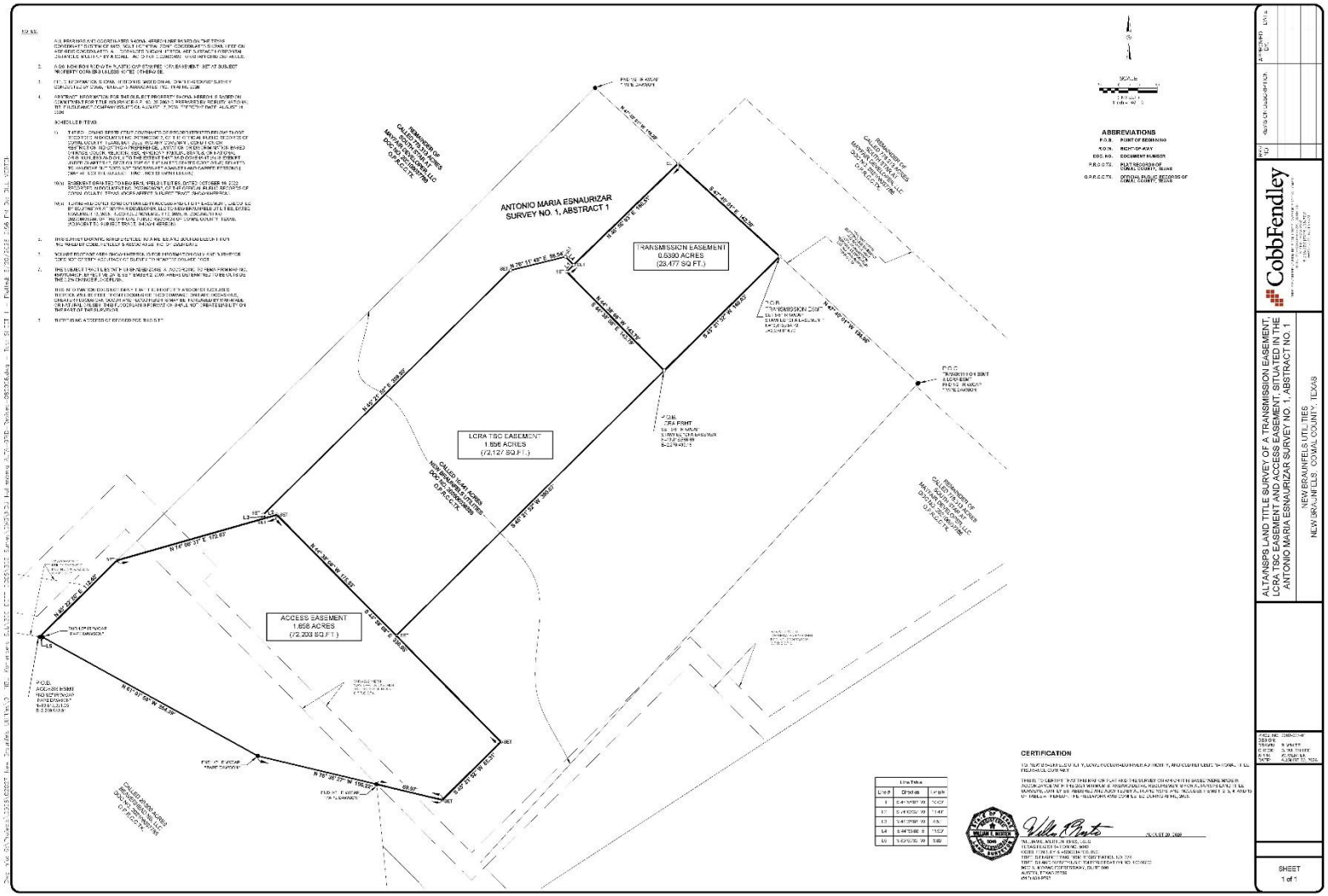
## ACQUISITION SURVEY



# Just Compensation Analysis

The following is a narrative of the just compensation analysis. A summary of the calculations is provided on the following page.

## Value of the Part Acquired

Since the part acquired is not a stand-alone economic unit, the value of the part acquired is based upon a pro-rata share of the whole property value on a per unit basis. In our opinion, 100% of the property rights are acquired for the substation easement, therefore, the part acquired for the substation easement is 100% of the fee value indicated in the whole property valuation on a per square foot basis. In our opinion, 90% of the property rights are acquired for the transmission line and access easement, therefore, the part acquired for the transmission line and access easement are 90% of the fee value indicated in the whole property valuation on a per square foot basis.

## Value of the Remainder *Before* the Acquisition

This is a mathematical calculation. The Value of the Part Acquired is subtracted from the Value of the Whole Property to arrive at the Value of the Remainder Before the Acquisition. This value will be used to compare to the next value (Remainder After the Acquisition) to analyze damages, if any are present.

## Value of the Remainder *After* the Acquisition

Given the size of the remainder property, the remainder property could still be used for a variety of industrial applications. The use of the property will not materially change from the before to the after scenario. Since the property did not materially change from the before to the after, the same comparable sales are used to estimate the value of the remainder after property.

## Damages to the Remainder

The appraised property's highest and best use is a variety industrial applications. The remainder property has not lost any utility in terms of the ability to use the property for industrial applications which is consistent with the property's highest and best use. It is the appraisers opinion that the remainder property is not damaged.

## Just Compensation

The measure of ***just compensation*** is the value of the Part Acquired plus damages, if any, to the remainder property. A summary chart is provided below.

## Just Compensation Summary

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Value of the Whole Before the Taking** | | | | | | | | |
| | 10.441 | Acres @ | $5.00 | per acre | | | $2,274,050 | |
| | Total | | | | | | $2,274,050 | |
| **Value of the Part Taken** | | | | | | | | |
| Transmission Line Easment | 0.539 | Acres @ | $5.00 | X | 90% | $105,655 | | |
| Substation Easement | 1.656 | Acres @ | $5.00 | X | 100% | $360,677 | | |
| Access Easement | 1.658 | Acres @ | $5.00 | X | 100% | $361,112 | | |
| | | | | | | | | $827,444 |
| **Value of the Remainder Before the Taking** | | | | | | | $1,446,606 | |
| **Value of the Remainder After the Taking** | | | | | | | | |
| Transmission Line Easement | 0.539 | Acres @ | $5.00 | X | 10% | $11,739 | | |
| Substation Easememt | 1.656 | Acres @ | $5.00 | X | 0% | $0 | | |
| Access Easement | 1.658 | Acres @ | $5.00 | X | 0% | $0 | | |
| Unencumbered Area | 6.588 | Acres @ | $5.00 | X | 100% | $1,434,866 | | |
| | 10.441 | Acres | | | | $1,446,606 | | |
| **Value of the Remainder After the Taking** | | | | | | | $1,446,606 | |
| **Remainder Damages** | | | | | | | | $0 |
| **Total Just Compensation** | | | | | | | | **$827,444** |
| | | | | | | **Rounded** | | **$830,000** |

# General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | San Antonio will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | San Antonio is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | San Antonio and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | San Antonio.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | San Antonio both agree that any dispute over matters in excess of $5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | San Antonio and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | San Antonio or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | San Antonio for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | San Antonio shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | San Antonio. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | San Antonio and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | San Antonio harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | San Antonio in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | San Antonio. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
41. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

# Certification – Clinton J. Bendele, MAI, ARA

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned Clinton J. Bendele, MAI, ARA has not performed any services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Clinton J. Bendele, MAI, ARA made a personal inspection of the property that is the subject of this report.
10. Justin E. Bruni provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the American Society of Farm Managers and Rural Appraisers relating to review by its duly authorized representatives.
13. As of the date of this report, I, Clinton J. Bendele, MAI, ARA have completed the continuing education program for Designated Members of the Appraisal Institute.

Clinton J. Bendele, MAI, ARA
Senior Managing Director
State Certified General
Real Estate Appraiser
TX-1337546-CG

# Addenda

Glossary

Qualifications

- Clinton J. Bendele, MAI, ARA – Senior Managing Director

Information on Valbridge Property Advisors

Office Locations

# Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

## Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

## Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

## As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

## Base Rent

The minimum rent stipulated in a lease. (Dictionary)

## Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

## Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

## Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

## Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

## Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

## Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

## Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

## Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

## Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

## Debt Coverage Ratio (DCR)
The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

## Deed Restriction
A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

## Depreciation
In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

## Disposition Value
The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

## Double Net (Net Net) Lease
An alternative term for a type of net lease. In some markets, a net net lease is defined as a lease in which the tenant is responsible to pay both property taxes and premiums for insuring the building(s). (Valbridge)

(The market definition of a double net lease varies depending on the market)

## Easement
The right to use another's land for a stated purpose. (Dictionary)

## EIFS
Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

## Effective Date
The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

## Effective Gross Income (EGI)
The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

## Effective Rent
Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

## EPDM
Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

## Escalation Clause
A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause, expense recovery clause or stop clause*. (Dictionary)

## Estoppel Certificate
A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

## Excess Land
Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

## Excess Rent
The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

## Expense Stop
A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

## Exposure Time
The time a property remains on the market.
The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal;

**Comment:** Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

## Extraordinary Assumption
An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

**Comment:** Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

## Fee Simple Estate
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

## Floor Common Area
In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

## Full Service (Gross) Lease
A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full-service lease*. (Dictionary)

## Furniture, Fixtures, and Equipment (FF&E)
Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

## Going-Concern Value
An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business.* (Dictionary)

## Gross Building Area (GBA)
Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

## Gross leasable area plus all common areas.
For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

## Gross Measured Area
The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

## Gross Up Method
A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

## Gross Retail Sellout
The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values, aggregate retail selling price or sum of the retail values.* (Dictionary)

## Ground Lease
A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

## Ground Rent
The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

## HVAC
Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

## Highest and Best Use
The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use of for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

## Hypothetical Condition
A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

**Comment:** Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

## Insurable Value
A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

## Investment Value
The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

## Just Compensation
In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

## Leased Fee Interest
The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

## Leasehold Interest
The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

See also Positive Leasehold and Negative Leasehold.

## Lessee (Tenant)
One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

## Lessor (Landlord)
One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

## Liquidation Value
The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

## Loan to Value Ratio (LTV)
The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

## Major Vertical Penetrations
Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

## Market Rent
The most probable rent that a property should bring in a competitive and open market under all the conditions requisite to a fair lease transaction, the lessee and the lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:
Lessee and lessor are typically motivated;
Both parties are well informed or well advised, and acting in what they consider their best interests;
Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs). (Appraisal Institute)

## Market Value
The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

## Marketing Time
An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

## Master Lease
A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

## Modified Gross Lease
A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease, net net lease, partial net lease, or semi-gross le*ase. (Dictionary)

## Negative Leasehold
A lease situation in which the market rent is less than the contract rent. (Dictionary)

## Operating Expense Ratio
The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

## Option
A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

## Partial Interest
Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

## Pass Through
A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

### Percentage Lease
A lease in which the rent or some portion of the rent represents a specified percentage of the volume of business, productivity, or use achieved by the tenant. (Dictionary)

### Positive Leasehold
A lease situation in which the market rent is greater than the contract rent. (Dictionary)

### Potential Gross Income (PGI)
The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

### Prospective Future Value Upon Completion
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. … The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

### Prospective Future Value Upon Stabilization
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report …The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

### Replacement Cost
The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

### Reproduction Cost
The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

### Retrospective Value Opinion
A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

### Sandwich Leasehold Estate
The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

### Sublease
An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

### Subordination
A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

### Surplus Land
Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

### TPO
Thermoplastic polyolefin, a resilient synthetic roof covering.

### Triple Net (Net Net Net) Lease
An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease, net net net lease, or fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

### Usable Area
The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

### Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

### VTAB

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)

# Qualifications

# Qualifications of Clinton J. Bendele, MAI, ARA
## Senior Managing Director

Valbridge Property Advisors | San Antonio | Austin
cbendele@valbridge.com

### Education

- *Bachelor of Business Administration Degree in Finance*, Southwest Texas State University; December 1999

### Specialized Education

Received credit for and successfully completed the following courses sponsored by the Appraisal Institute and the American Society of Farm Mangers and Rural Appraisers:

- Real Estate Appraisal Principles (110)
- Real Estate Appraisal Procedures (120)
- Highest and Best Use/Market Analyses (520)
- Income Capitalization (310)
- General Market Analyses and Highest and Best Use (400)
- 15 Hour USPAP
- Current Trends in South Texas Land Market
- Report Writing & Valuation Analysis (540)
- Advanced Income Capitalization (510)
- Advanced Applications (550)
- Advanced Sales Comparison and Cost Approach (530)
- Integrated Approaches (A304)

### Experience

Presently and since December 2004, Clinton J. Bendele has been employed by Valbridge Property Advisors | San Antonio | Austin. He is a Partner/Shareholder and acts as a Senior Managing Director in the firms. Experience includes appraisal and consulting assignments related to residential and commercial properties, farm and ranch, and special use. Mr. Bendele has testified as an expert witness in real estate related matters.

### Designations/Certifications

- State Certified General Real Estate Appraiser; State of Texas; Certification No. TX-1337546-G
- Accredited Member, Appraisal Institute, No. 467607, August 2016
- Accredited Member, American Society of Farm Managers and Rural Appraisers (ASFMRA), ARA No. 1146314; 2017

### Professional Affiliations

- State Certified General Real Estate Appraiser (No. TX-1337546-G)
- Member of the Appraisal Institute (No. 467607, August 2016)
- Member, American Society of Farm Managers and Rural Appraisers (ASFMRA), ARA No. 1146314
- IRWA Chapter 39 Board of Directors
- Member IRWA – 2014 – present
- South Texas Chapter of the Appraisal Institute Member
- Member "T" Association – Texas State University
- Texas State Hall of Honor Inductee - 2012 - Football
- President - Texas State "T" Association 2015

Real Estate Specializations

- Commercial properties including convenience stores, hotels, industrial properties, auto dealership, retail properties, office, and mini storage
- Commercial rental studies
- Estate planning and undivided interest valuations
- Ranches ranging from small properties to those in excess of 125,000 acres
- Groundwater and riparian water rights
- Right-of-Way appraisal
- Working, recreational, and game managed ranches
- Rural property partitions
- Yellow Book Appraisals - Uniform Appraisal Standards for Federal Land Acquisition
- Hunting and grazing lease studies
- Commercial acreage valuation in metropolitan areas; transition land
- Appraisals for government entities
- Irrigated and dry farmland
- Undivided interest valuation

CLINTON JAMES BENDELE
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SAN ANTONIO, TX 78230

TALCB
TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

**Certified General Real Estate Appraiser**

**Appraiser: CLINTON JAMES BENDELE**

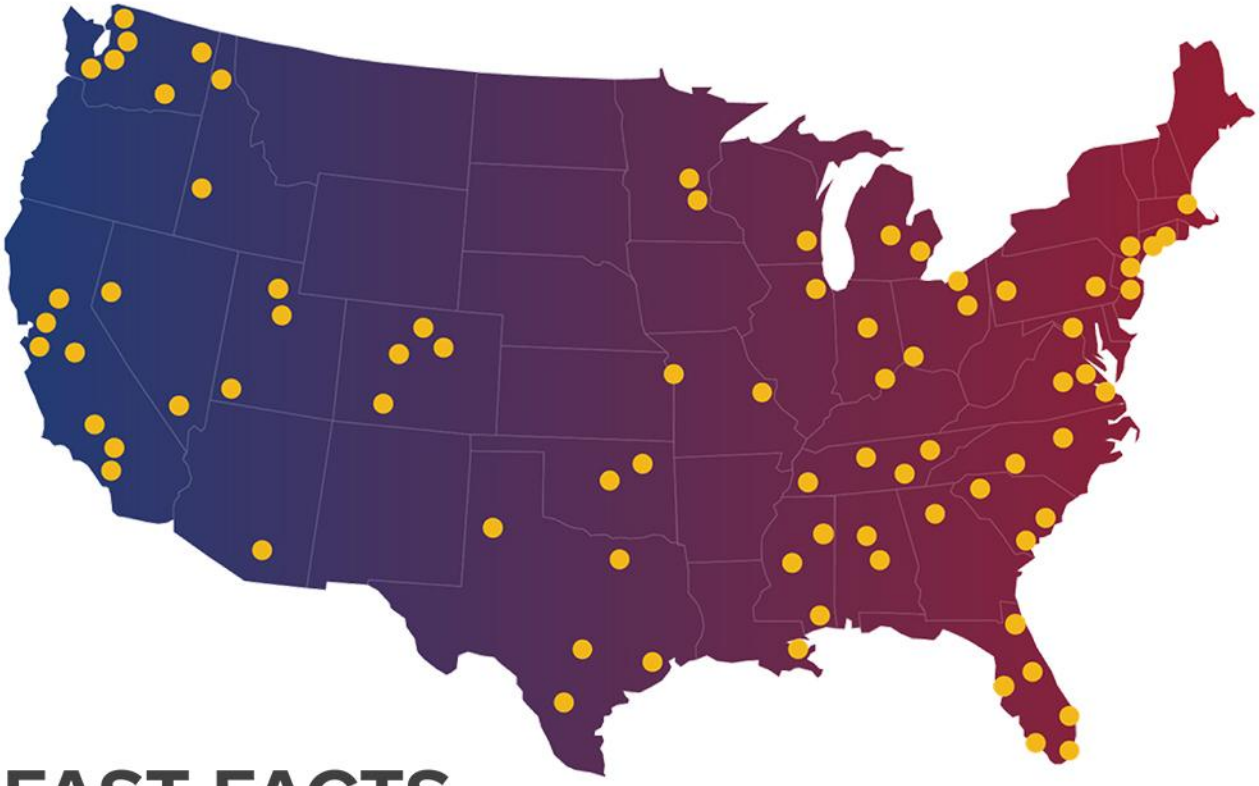
**License #: 1337546-CG** **License Expires: 11/30/2027**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

**Chelsea Buchholtz**
**Executive Director**

Valbridge
PROPERTY ADVISORS



# FAST FACTS

## COMPANY INFORMATION

- Valbridge is the largest independent national commercial real estate valuation and advisory services firm in North America.
    - Total number of MAI-designated appraisers: 200+ on staff
    - Total number of office locations: 70+ across U.S.
    - Total number of staff: 675+ strong
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.

**Valbridge Property Advisors, Inc.**
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*Each Valbridge office is independently owned and operated.*

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Consent Items for Action |
| **From:** | Jessica Coleman<br>Financial Planning and Analysis Manager | **Reviewed by:** | John Warren<br>Director of Financial Planning and Analysis |
| **Submitted by:** | Jessica Williams<br>Chief Financial Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Approve Resolution Amending Authorized Representatives of NBU for Texas Local Government Investment Pool Transactions

## BACKGROUND

NBU's staff reviewed its banking and investment accounts at the various financial institutions in which NBU conducts business. Due to staffing changes in the Finance Department, it was determined that NBU needs to update its authorized representatives for the Texas Local Government Investment Pool ("TexPool") account, which requires NBU Board approval.

NBU Staff recommends that Islam Zaghloul, Financial Analyst II, be added as an authorized representative in order to authorize fund transfers at TexPool. NBU Staff also recommends that the following employees be reaffirmed as authorized representatives in order to authorize fund transfers at TexPool: (i) John Warren, Director of Financial Planning & Analysis; (ii) Jessica Coleman, Financial Planning & Analysis Manager; and (iii) Thomas Varner, Finance and Risk Supervisor. In compliance with internal control best practice, NBU Staff also recommends that Jessica Williams, Chief Financial Officer, be affirmed as inquiry only at TexPool.

NBU's staff recommends that the NBU Board approve the TexPool Resolution Amending Authorized Representatives.

## FINANCIAL IMPACT

None

## LINK TO STRATEGIC PLAN

**Financial Excellence**

## EXHIBITS

1. TexPool Resolution Amending Authorized Representatives

Print Form | Clear Form



# Resolution Amending Authorized Representatives

Please complete this form to amend or designate Authorized Representatives. *This document supersedes all prior Authorized Representative forms.*

*** Required Fields**

## 1. Resolution

**WHEREAS,**

New Braunfels Utilities — Participant Name*

77299 — Location Number*

("**Participant**") is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

**WHEREAS**, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

**WHEREAS**, the Texas Local Government Investment Pool ("**TexPool / Texpool Prime**"), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

**NOW THEREFORE**, be it resolved as follows:

A. That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool / TexPool Prime and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

B. That an Authorized Representative of the Participant may be deleted by a written instrument signed by two remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant's TexPool / TexPool Prime account or (2) is no longer employed by the Participant; and

C. That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant;

List the Authorized Representative(s) of the Participant. Any new individuals will be issued personal identification numbers to transact business with TexPool Participant Services.

**1.** John Warren — Name
Director of Financial Planning & Analysis — Title
8 3 0 6 2 9 8 4 2 6 — Phone
Fax
jwarren@nbutexas.com — Email
Signature

**2.** Jessica Coleman — Name
Financial Planning & Analysis Manager — Title
8 3 0 6 2 9 8 4 1 1 — Phone
Fax
jcoleman@nbutexas.com — Email
Signature

**3.** Thomas Varner — Name
Finance and Risk Supervisor — Title
8 3 0 3 1 2 7 9 1 0 — Phone
Fax
tvarner@nbutexas.com — Email
Signature

Form Continues on Next Page

## 1. Resolution (continued)

4. Islam Zaghloul
Name

Financial Analyst II
Title

8 3 0 6 2 9 8 4 3 9
Phone

Fax

izaghloul@nbutexas.com
Email

Signature

List the name of the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Jessica Coleman
Name

In addition and at the option of the Participant, one additional Authorized Representative can be designated to perform only inquiry of selected information. *This limited representative cannot perform transactions.* If the Participant desires to designate a representative with inquiry rights only, complete the following information.

Jessica Williams
Name

Chief Financial Officer
Title

8 3 0 4 6 0 3 3 3 1
Phone

Fax

jwilliams@nbutexas.com
Email

D. That this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amendment or revocation. This Resolution is hereby introduced and adopted by the Participant at its regular/special meeting held on the 2 2 day of September, 2 0 2 6.

**Note: Document is to be signed by your Board President, Mayor or County Judge and attested by your Board Secretary, City Secretary or County Clerk.**

New Braunfels Utilities
Name of Participant*

**SIGNED**

Signature*

Wayne Peters
Printed Name*

Board President
Title*

**ATTEST**

Signature*

Ryan Kelso
Printed Name*

Board Secretary
Title*

## 2. Delivery Instructions

Please return this document to **TexPool Participant Services**:

**Email:** texpool@dstsystems.com

**Fax:** 866-839-3291



1-866-TEXPOOL (839-7665) • TexPool.com
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*G45340-17 (3/22)*

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NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Action Item |
| **From:** | Adam Willard<br>Chief Engineer of Water Services | **Reviewed by:** | Mike Short, P.E.<br>Director of Engineering |
| **Submitted by:** | Mark Steelman<br>Chief Operating Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Discuss and Consider Adoption of Resolution #R-2026-225 Approving Proposed Amendments to Chapter 130, Article IV, Division 4, Section 130-187 of the Code of Ordinances of the City of New Braunfels That Establish Conditions for (I) Use of a Single Water Meter Serving Multiple Non-Residential Buildings on a Single Lot, and (II) Use of Private Submeters for Multifamily Residential Buildings; Authorizing Presentation of Same to the City Council of the City of New Braunfels for its Consideration and Passage; and Resolving Matters in Connection Therewith

## BACKGROUND

New Braunfels Utilities ("NBU") maintains water service standards and requirements through the City of New Braunfels Code of Ordinances, including Division 4 – Meters, which governs metering, service connections, and related infrastructure. Over time, development patterns within NBU's service area have evolved significantly, particularly with the growth of multifamily communities, build-to-rent neighborhoods, and multi-building commercial campuses. These development patterns often rely on master-metered configurations and private submetering systems that were not contemplated when the existing ordinance was adopted more than 20 years ago.

As a result, several provisions of the current ordinance no longer align with NBU's operational practices or engineering standards. For example, the existing ordinance requires separate meters for each building and does not address private submetering, multi-building non-residential sites, or the engineering review necessary to ensure water quality and system performance. Additionally, the ordinance does not reference applicable state regulations, including those of the Texas Commission on Environmental Quality ("TCEQ"), the Public Utility Commission of Texas ("PUC"), or plumbing code requirements governing submetering and allocation.

The proposed amendments to Section 130-187 modernize the ordinance by clarifying when master meters may be used, establishing rules for private submetering, and aligning local requirements with state

regulatory frameworks. These changes support contemporary development patterns while maintaining NBU's commitment to water quality, system performance, and responsible stewardship.

Board consideration is required because the action involves recommending revisions to an existing City ordinance.

## FINANCIAL IMPACT

There will be no significant operational, financial, or service impacts to NBU as a result of the proposed ordinance revision. There are no existing NBU customers affected, no NBU infrastructure or assets are involved, and no change to NBU's water service or reliability will occur.

## LINK TO STRATEGIC PLAN

**Customers and Community**

**Stewardship**

## EXHIBITS

1. Resolution #R-2026-225
2. Proposed Ordinance – Amending Art IV
3. Existing Ordinance with Edits (Exhibit A)

**R-2026-225**

**A RESOLUTION BY THE BOARD OF TRUSTEES OF NEW BRAUNFELS UTILITIES APPROVING PROPOSED AMENDMENTS TO CHAPTER 130, ARTICLE IV, DIVISION 4, SECTION 130-187 OF THE CODE OF ORDINANCES OF THE CITY OF NEW BRAUNFELS THAT ESTABLISH CONDITIONS FOR (I) USE OF A SINGLE WATER METER SERVING MULTIPLE NON-RESIDENTIAL BUILDINGS ON A SINGLE LOT, AND (II) USE OF PRIVATE SUBMETERS FOR MULTIFAMILY RESIDENTIAL BUILDINGS; AUTHORIZING PRESENTATION OF SAME TO THE CITY COUNCIL OF THE CITY OF NEW BRAUNFELS FOR ITS CONSIDERATION AND PASSAGE; AND RESOLVING OTHER MATTERS IN CONNECTION THEREWITH**

WHEREAS, the City Council of the City of New Braunfels (the "City Council") has established an ordinance containing the rules, regulations, and policies and rate provisions affecting the New Braunfels Utilities water system and its furnishing of services, fixing rates, deposits and providing for collection procedures and for the operations of said system, and said ordinances have been codified in Chapter 130, Article IV of the Code of Ordinances of the City of New Braunfels;

WHEREAS, the Board of Trustees of New Braunfels Utilities is of the opinion that it is now necessary and advisable that Chapter 130, Article IV, Division 4, Section 130-187 of the Code of Ordinances be amended to establish conditions for (i) use of a single water meter serving multiple non-residential buildings on a single lot, and (ii) use of private submeters for multifamily residential buildings; and

WHEREAS, the Board of Trustees has reviewed the proposed amendments and is of the opinion that the same should be approved and submitted to the City Council for its consideration and passage.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF NEW BRAUNFELS UTILITIES THAT:

SECTION 1. The Board of Trustees hereby approves the proposed amendments to Chapter 130, Article IV, Division 4, Section 130-187 of the Code of Ordinances of the City of New Braunfels as set forth in attached Exhibit A to establish conditions for (i) use of a single water meter serving multiple non-residential buildings on a single lot, and (ii) use of private submeters for multifamily residential buildings.

SECTION 2. The Board of Trustees hereby recommends approval of such amendments to the City Council and authorizes and directs the Chief Executive Officer of New Braunfels Utilities to present the proposed ordinance amendments in ordinance form to the City Council for its consideration and passage as provided by law.

SECTION 3. The recitals contained in the preamble hereof are found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board of Trustees.

SECTION 4. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 5. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 6. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board of Trustees hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 7. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

SECTION 8. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, AND ADOPTED, this the ____ day of _____, 20___.

_____
Wayne Peters
President, Board of Trustees
New Braunfels Utilities

ATTEST:

_____
Ryan Kelso
Secretary to the Board
New Braunfels Utilities

# Exhibit A

# *DIVISION 4. METERS*

## Sec. 130-186. Separate charge for each meter.

Each meter installed at a premises shall constitute a separate service and must be paid for as such.

(Ord. No. 2002-29, § 1(Att. A), 7-22-02)

## Sec. 130-187. Establishing new meter connections.

~~(a) Each~~(a) Except as provided in subsections (c) and (d) of this section, each individual residence or building making connection with the NBU water system shall have a separate meter, and no new connection shall be made by NBU unless such ~~individual~~ residence or building is separately metered.

(b) ~~Offices~~All separate non-residential uses in ~~the same~~a single building ~~under one~~ served by a unified piping system may ~~have~~be served by a single meter.

(c) Non-residential uses on a single lot may use a single meter to serve multiple buildings if the following conditions are met:

(1) the system that has been constructed, or that the owner proposes to construct, on such lot to serve the buildings meets all applicable ordinances, codes, and regulations;

(2) the single lot is owned or leased by one entity or person; and

(3) the NBU Chief Engineer of Water Service determines in the Chief Engineer's sole discretion that using the single meter will not contaminate the water supply, affect water quality, or degrade water service levels, giving consideration to sound engineering care and practices.

(d) All multifamily residential uses (e.g., apartments, build-to-rent, condominiums, manufactured home rental communities) located on a single lot may use private submeters to serve individual tenants or buildings if the private submeters meet the following conditions:

(1) they are maintained in accordance with city and state regulations; and

(2) they are connected to an NBU-owned master meter, located in the public right-of-way or a utility easement approved by NBU.

All multifamily residential uses using an NBU master meter must comply with private submetering and allocation requirements established by plumbing code, TCEQ, and the Public Utility Commission of Texas.

(Ord. No. ~~2002-29, § 1(~~2026- (Att. ~~A), 7-22-02~~ ), - -26)

## Sec. 130-188. Control of meter, curb valves, and meter boxes.

All meters, curb valves, and meter boxes connected with the NBU's water mains and service pipes, including those furnished at the expense of the customer or property owners, shall remain under the direct control of NBU or its authorized agents. It shall be unlawful for any unauthorized person to connect, disconnect, move or tamper with any such meter or meter box or to turn the water on or off at the curb valve or meter.

(Ord. No. 2002-29, § 1(Att. A), 7-22-02)

## Sec. 130-189. Ownership and maintenance.

All water meters furnished by NBU shall remain the property of NBU, and shall be maintained and repaired, when rendered unserviceable by fair wear and tear, by the NBU' water division. When replacement, repairs or adjustments on any meter are rendered necessary by the act, neglect or carelessness of the owner or occupant of any premises, any expense caused to the water division thereby shall be charged to the owner of the premises, and, if not paid, service shall be discontinued.

(Ord. No. 2002-29, § 1(Att. A), 7-22-02)

## Sec. 130-190. Fire protection service.

Any person desiring a fire protection line shall cause a separate water line to be installed on the premises. The fire line shall be sized as required by the standards of the State Board of Insurance. The fire marshal of the city must inspect and approve all fire lines. Any person wishing to connect a fire line to the NBU's water system shall cause an appropriate fire line tap to be installed. In addition to any tapping charges for the fire line, NBU shall also apply a fire line demand charge. This fire line demand charge shall be a one-time charge representing a demand potential to the water system. All charges and installation fees shall be defined and paid as per the schedule of construction charges and impact fees as approved by the NBU board of trustees.

(Ord. No. 2002-29, § 1(Att. A), 7-22-02)

## Secs. 130-191—130-205. Reserved.

**ORDINANCE NO. 2026-_____**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NEW BRAUNFELS, TEXAS AMENDING CHAPTER 130, ARTICLE IV, DIVISION 4, SECTION 130-187 OF THE CODE OF ORDINANCES OF THE CITY OF NEW BRAUNFELS TO ESTABLISH CONDITIONS FOR (I) USE OF A SINGLE WATER METER SERVING MULTIPLE NON-RESIDENTIAL BUILDINGS ON A SINGLE LOT, AND (II) USE OF PRIVATE SUBMETERS FOR MULTIFAMILY RESIDENTIAL BUILDINGS; REPEALING ALL ORDINANCES IN CONFLICT; CONTAINING A SAVINGS CLAUSE; AND DECLARING AN EFFECTIVE DATE.**

WHEREAS, the City Council of the City of New Braunfels, Texas (the "City"), owns and operates by and through New Braunfels Utilities its own water system in accordance with the laws of the State of Texas and the charter of said City; and

WHEREAS, the City has adopted ordinances regulating water meters and such ordinances have been codified in Chapter 130, Article IV, Division 4 of the Code of Ordinances of the City; and

WHEREAS, by Resolution R-2026-___, adopted September 22, 2026, the NBU Board of Trustees recommends amending Chapter 130, Article IV, Division 4, Section 130-187 of the Code of Ordinances to establish conditions for (i) use of a single water meter serving multiple non-residential buildings on a single lot, and (ii) use of private submeters for multifamily residential buildings; and

WHEREAS, in order to adopt the amendments recommended by the NBU Board of Trustees, and to regulate the NBU water system in a manner that protects the interests of the City, it is now necessary and advisable that Chapter 130, Article IV, Division 4, Section 130-187 of the Code of Ordinances be amended.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEW BRAUNFELS, TEXAS THAT:**

SECTION 1: **Amendment.**
Chapter 130, Article IV, Division 4, Section 130-87, Code of Ordinances of the City is hereby amended as set forth in Exhibit A, attached hereto and incorporated herein for all purposes, with underlined font indicating added language and strikethrough font indicating deleted language.

SECTION 2: **Repealer.**
All provisions of the New Braunfels Code of Ordinances, or other ordinances, whether codified or uncodified, in conflict with the provisions of this ordinance are hereby repealed, and all other provisions of the Code of Ordinances or other ordinances, codified or uncodified, not in conflict with the provisions of the ordinance shall remain in full force and effect.

SECTION 3: **Severability**
It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences clauses and phrases of this ordinance are severable, and if any phrase, clause, sentence or section of this ordinance shall be declared unconstitutional or invalid by any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any other remaining phrase, clause, sentence paragraph or section of this ordinance.

SECTION 4: **Savings Clause.**
The repeal of any ordinance or part of ordinances effectuated by the enactment of this ordinance shall not be construed as abandoning any action now pending under or by virtue of such ordinance or as discontinuing, abating, modifying or altering any penalty accruing or to accrue, or as affecting any rights of the municipality under any section or provisions at the time of passage of this ordinance.

SECTION 5: **Effective Date.**
This ordinance will take effect upon the second and final reading in accordance with the provisions of the Charter of the City.

**PASSED AND APPROVED:** First reading this _____ day of _____, 2026.

**PASSED AND APPROVED:** Second reading this _____ day of _____, 2026.

**CITY OF NEW BRAUNFELS**

_____
**MICHAEL FRENCH**, Mayor

**ATTEST:**

_____
**GAYLE WILKINSON,** City Secretary

**APPROVED AS TO FORM:**

_____
**NATHAN BROWN,** City Attorney

# Exhibit A

# Amendments to Chapter 130, Article IV, Division 4, Section 130-187 of the Code of Ordinances

# Establishing New Meter Connections

Michael G. Short, P.E.

September 22, 2026

NEW BRAUNFELS UTILITIES

# Overview

- Existing Ordinance
- Proposed Amended Ordinance
- Benefits
- Potential Risks
- Next Steps

# Existing Ordinance

- Separate meter required for each residence or building
- No new connection without separate metering
- Single meter allowed for unified office building

**Sec. 130-187. - Establishing new meter connections.**

(a) Each individual residence or building making connection with the NBU water system shall have a separate meter, and no new connection shall be made by NBU unless such individual residence or building is separately metered.

(b) Offices in the same building under one piping system may have a single meter.

(Ord. No. 2002-29, § 1(Att. A), 7-22-02)

# Proposed Amended Ordinance

- Separate metering still required for most new connections
- Single meter allowed for certain non-residential sites (Master Meter – Single Lot)
- Multifamily may use private submeters (Master Meter – Single Lot)

**Sec. 130-187. Establishing new meter connections.**

(a) Except as provided in subsections (c) and (d) of this section, each individual residence or building making connection with the NBU water system shall have a separate meter, and no new connection shall be made by NBU unless such residence or building is separately metered.

(b) All separate non-residential uses in a single building served by a unified piping system may be served by a single meter.

(c) Non-residential uses on a single lot may use a single meter to serve multiple buildings if the following conditions are met:

(1) the system that has been constructed, or that the owner proposes to construct, on such lot to serve the buildings meets all applicable ordinances, codes, and regulations;

(2) the single lot is owned or leased by one entity or person; and

(3) the NBU Chief Engineer of Water Service determines in the Chief Engineer's sole discretion that using the single meter will not contaminate the water supply, affect water quality, or degrade water service levels, giving consideration to sound engineering care and practices.

(d) All multifamily residential uses (e.g., apartments, build-to-rent, condominiums, manufactured home rental communities) located on a single lot may use private submeters to serve individual tenants or buildings if the private submeters meet the following conditions:

(1) they are maintained in accordance with city and state regulations; and

(2) they are connected to an NBU-owned master meter, located in the public right-of-way or a utility easement approved by NBU.

All multifamily residential uses using an NBU master meter must comply with private submetering and allocation requirements established by plumbing code, TCEQ, and the Public Utility Commission of Texas.

# Benefits

- Aligns policy with modern development
- Clarifies when a master meter is allowed
- Clarifies rules for multifamily submetering
- Balances flexibility with stewardship

# Potential Risks

- Private system integrity and cross connection risk
- Ambiguity in ownership, maintenance and enforcement
- Additional customer service & public relations burden

# Next Steps

- New Braunfels Utilities Board of Trustees – September 22, 2026
  - Discussion and action on a resolution supporting adoption of amendments to Sec. 130-187.

- City Council – October 12, 2026
  - First reading of the ordinance.

- City Council – October 26, 2026
  - Second reading and final adoption

Questions?

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Action Items |
| **From:** | Darrin Jensen<br>Director of Enterprise Project Management Office | **Reviewed by:** | David Hubbard<br>Chief Administrative Officer |
| **Submitted by:** | David Hubbard<br>Chief Administrative Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Discuss and Consider Approval of Changes to the Fiscal Year 2027 Strategic Plan

# Changes to the Fiscal Year 2027 Strategic Plan

## Strategic Plan

## FY 2027 Proposed Changes

ePMO

September 22, 2026

NEW BRAUNFELS UTILITIES

# Strategic Goals – (What We Aim to Do)

- **CUSTOMERS AND COMMUNITY**
  We provide a customer-first focus and commit to innovative solutions to improve the customer experience.

- **PEOPLE AND CULTURE**
  We care for our employees, build on our team-oriented culture, promote ethical behavior and prepare our team to meet the challenges ahead.

- **INFRASTRUCTURE AND TECHNOLOGY**
  We maintain reliable and resilient systems through responsible planning, asset management, and innovative technologies that align with the strategic direction of the organization.

- **FINANCIAL EXCELLENCE**
  We practice sound financial management to be responsible stewards of public funds.

- **SAFETY AND SECURITY**
  We strive to place security and safety as the highest priorities for every employee and customer.

- **STEWARDSHIP**
  We commit to preserve and protect community resources through planning, innovating, collaborating and educating.

# PROPOSED CHANGES FOR FY27

PROPOSED CHANGES FOR FY27

# FY 27 Strategic Measures – (How We Measure It)

| Strategic Goal | Strategic Measure (Lagging Indicator) |
|---|---|
| Customer and Community | Improve the Customer Scores by 7% , and/or reaching the Texas average industry standard benchmark |
| Safety and Security | Achieve a Safety Meeting Compliance Rate ≥ 90% for all Departments |
| Safety and Security | Safeguard an OSHA Incident Rate ≤ 3 Incidents per 100 Employees per year |
| Financial Excellence | Meet or exceed A+/A1 from a minimum of two rating agencies annually |
| People and Culture | Sustain ≥ 89.3% Retention Rate for the Fiscal Year |
| Stewardship | Reduce NBU GPCD by 1% Based off the 2024 10-year Average in both FY26 & FY27 |
| Infrastructure and Technology | Maintain a Three Year Rolling Average SAIDI in top 10% of Texas utilities or three-year rolling average <52.56 minutes (99.99% reliability) |
| Infrastructure and Technology | Ensure Technology System Reliability ≥ 98% uptime for production systems |
| Infrastructure and Technology | Achieve and Maintain an Infrastructure Leakage Index (ILI) ≤ 3.0 over a three-year rolling average |
| Infrastructure and Technology | Wastewater Treatment and Compliance Events- Maintain >98% Compliance |

# FY 27 Strategic Measure – (How We Measure It)

| Strategic Goal | Strategic Measure (Lagging Indicator) |
|---|---|
| Customer and Community | Improve the Customer Scores by 7% , and/or reaching the Texas average industry standard benchmark |

| Strategic Goal | Strategic Measure (Lagging Indicator) |
|---|---|
| Customer and Community | Sustain Real-Time Customer Satisfaction Score (CSAT) of ≥ 90%. |

# FY 27 Strategic Measures – (How We Measure It)

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# FY 27 Strategic Measure – (How We Measure It)

CUSTOMERS & COMMUNITY

## CUSTOMERS AND COMMUNITY

*We provide a customer-first focus and commit to innovative solutions to improve the customer experience.*

**Strategic Measure (Lagging Indicator):**
*Improve the Customer Scores by 7% , and/or reaching the Texas average industry standard benchmark.*

| Q1 |
|---|
| |

**Leading Indicator:**
Speed to Answer:
**Green < 3 min.**
**Yellow 3 - 10 min.**
**Red > 10 min.**

**Leading Indicator:**
First Contact Resolution
**Green ≥ 70%**
**Yellow 69 - 60%**
**Red < 60%**

| | | | Index |
|---|---|---|---|
| Q1: | | | |
| Q2: | | | |
| Q3: | | | |
| Q4: | | | |

# FY 27 Strategic Measure – (How We Measure It)

**Strategic Measure (Lagging Indicator):**
*Improve the Customer Scores by 7% , and/or reaching the Texas average industry standard benchmark.*

**Strategic Measure (Lagging Indicator):**
*Sustain Real-Time Customer Satisfaction Score (CSAT) of ≥ 90%.*

# FY 27 Strategic Measure – (How We Measure It)

CUSTOMERS & COMMUNITY

## CUSTOMERS AND COMMUNITY

*We provide a customer-first focus and commit to innovative solutions to improve the customer experience.*

**Strategic Measure (Lagging Indicator):**
*Sustain Real-Time Customer Satisfaction Score (CSAT) of ≥ 90%.*

| Q1 |
|---|
| |

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|---|---|---|---|
| Q1: | | | |
| Q2: | | | |
| Q3: | | | |
| Q4: | | | |

# FY27 Annual Priorities – (Company Focused Projects)

## Customer Experience

- Implement targeted optimization CS initiatives on Response Time, Quality Assurance, Operations/Technology Efficiencies and Communication Adoption.

## Technology Modernization

- Select Financial System and Begin Implementation
- Select Customer Information System

## Strategic Plan

- Execute Communication Plan
- Select Lagging and Leading Indicators
- Align Strategic Focus Areas with FY28/29 2-year Rate Plan

# FY27 Annual Priorities – (Company Focused Projects)

## Customer Experience

- Implement targeted optimization CS initiatives on Response Time, Quality Assurance, Operations/Technology Efficiencies and Communication Adoption.

## Customer Experience

- Establish Real-Time Automated Data Reporting
- Select Customer Case Management System

# FY27 Annual Priorities – (Company Focused Projects)

## Customer Experience

- Establish Real-Time Automated Data Reporting
- Select Customer Case Management System

## Technology Modernization

- Select Financial System and Begin Implementation
- Select Customer Information System

## Strategic Plan

- Execute Communication Plan
- Select Lagging and Leading Indicators
- Align Strategic Focus Areas with FY28/29 2-year Rate Plan

Questions?

NEW BRAUNFELS UTILITIES

| | | | |
|---|---|---|---|
| **Meeting Date:** | September 22, 2026 | **Agenda Type:** | Presentation Items |
| **From:** | John Warren<br>Director of Financial Planning and Analysis | **Reviewed by:** | Jessica Williams<br>Chief Financial Officer |
| **Submitted by:** | Jessica Williams<br>Chief Financial Officer | **Approved by:** | Ryan Kelso<br>Chief Executive Officer |

**RECOMMENDED ACTION:** Informational Update Regarding the NBU Financial Roadmap and Finance Department Internal Process Initiatives

# Financial Roadmap Phase 2

Jessica Williams, CFO

September 22, 2026

NEW BRAUNFELS UTILITIES

# Glossary

## Strategic Planning & Policy

### Budget Policy
Establishes the principles and framework for developing, adopting, managing, and monitoring the budget.

### Debt Policy
Establishes guidelines for when and how debt is used, structured, and managed to support capital needs and long-term financial stability.

### Financial Roadmap
NBU's coordinated approach to aligning capital funding, rates, budgeting, financial policies, and long-term financial planning.

### Rate Policy
Establishes principles for setting and adjusting utility rates to support cost recovery, financial sustainability, affordability, and rate stability.

### Three-Year Rate Plan
A multi-year rate strategy designed to align revenues with projected operating costs, capital investment, debt requirements, and long-term financial needs.

## Capital & Infrastructure Financing

### Capital Improvement Program (CIP)
A multi-year plan identifying major capital projects, their estimated costs, timing, and funding needs.

### Commercial Paper (CP)
Short-term debt used to provide flexible, interim financing for capital projects before permanent financing is issued.

### Impact Fee
A fee assessed on new development to recover an appropriate share of infrastructure costs necessary to serve growth.

### Impact Fee Study
An analysis of projected growth, infrastructure needs, and eliglble capital costs used to calculate and support impact fees.

### LSLR
Lead Service Line Replacement - A program to identify and replace lead service lines within the water system.

### Principal Forgiveness
Financing assistance under which an eligible portion of borrowed funds does not have to be repaid.

### Reimbursement Resolution
Establishes an organization's intent to reimburse itself with future debt proceeds for eligible capital expenditures paid before the debt is issued.

## Accounting, Reporting & Agencies

### ACFR
Annual Comprehensive Financial Report - NBU's annual audited financial statements and related financial information.

### GASB
Governmental Accounting Standards Board - Establishes accounting and financial reporting standards for U.S. state and local governments.

### GASB 103
A financial reporting standard that updates the financial reporting model, including MD&A; and the presentation of operating and nonoperating revenues and expenses.

### GASB 104
A financial reporting standard that expands disclosures for certain types of capital assets.

### GFOA
Government Finance Officers Association - A professional organization that establishes recognized best practices for public-sector financial management.

### ERCOT (Electric Reliability Council of Texas) -
The organization that manages Texas's electric grid and wholesale electricity market, helping ensure reliable electric service by balancing supply and demand.

# Strategic Roadmap for Financial Excellence

- Organizational Alignment
- Budget Modernization
- Transparency Enhancements
- Capital & Debt Strategy
- Governance
- Liquidity Optimization

**Where We Are. Where We're Going. Why It Matters.**

**Mission**
Supporting our community by providing reliable, essential services.

+

**Vision**
To build lasting customer confidence through dedicated service.

+

**Values**
Safety, Team, Integrity, Responsibility, Service

NBU NEW BRAUNFELS UTILITIES

# Pending Phase 1 Initiatives

## Core Systems Integration

### Enterprise Resource Planning (ERP)
IN PROGRESS

### Fund Accounting
IN PROGRESS

Executed in conjunction with the ERP implementation.

## GFOA Compliance & Awards

### Budget Award
IN PROGRESS

Updating budget documents and creating reports based on GFOA Budget Award criteria in preparation for future award submission

### Popular Annual Financial Report (PAFR)
COMPLETE

Pending award submission results from GFOA.

# Completed Phase 1 Initiatives

## Phase 1 Accomplishments: Strengthening Our Financial Foundation

### Capital & Financing

**Series 2026 Bond Issuance:** Completed long-term financing supporting capital investment and refunding existing obligations.

**TWDB LSLR Series 2026A:** Completed Phase 1 financing. Included **$490K** in zero-interest financing and **$510K** in principal forgiveness.

**Commercial Paper Program:** Increased capacity to provide flexibility for capital funding and short-term liquidity.

**ERCOT LOC:** **$9M** collateral returned to NBU and replaced with a Letter of Credit.

### Policy & Governance

**Financial & Investment Policies:** Updated and received approval, strengthening governance and aligning with current practices.

**Budget Integration:** Incorporated policies directly into the budget document, connecting financial policy, planning, and budgeting.

**Budget in Brief:** created first budget in brief document for the FY2026 - FY2027 Budget.

**Expanded Financing Capacity**

**Reduced Financing Costs**

**Strengthened Liquidity**

**Enhanced Financial Governance**

# Priorities & Timeline

## Strategic Focus

Capital Funding → Reporting → Growth Funding → Rate Strategy → Budget Alignment → Financial Governance

**Sep 2026**

FY 2027 Reimbursement Resolution (based on CIP funding needs)

**NBU Board approval**

**FY2026 Financial Audit**

**December 2026** – Board presentation, including GASB Statement No. 103 and No. 104 updates

**Mar/Apr 2027**

Impact Fee Study

**March 2027** – 1st & 2nd City Council readings and approval

April 2027 – NBU Board approval

**Mar/Apr 2027**

Three-Year Rate Plan

**March 2027 – NBU Board approval**

April 2027 – 1st & 2nd City Council readings and approval

**June 2027**

FY2028 Budget

**June 2027 – NBU Board adoption**

**Policy Updates:** Develop and adopt Debt, Rate and Budget Policies to align with the Financial Road Map and long-range financial planning.

# Bridging Capital: Reimbursement Resolutions

**Available Funds (Immediate Use)**

**Future Bond Proceeds**

**60 Days**

Intent must be declared within 60 days of expenditure.

**18 Months**

Reimbursement generally executed within 18 months.

**CRITICAL GOVERNANCE:**
This resolution **does NOT authorize debt issuance.**
Separate Council approval is strictly required to issue bonds.

# FY 2026 Audit & Reporting Updates

Implementing **GASB 103** & **104** for clearer, more consistent, and transparent governmental financial statements.

**Board Takeaway:** Updates impact reporting presentation and disclosure only.

## GASB 103: Financial Reporting Model Improvements

- Updates financial statement and MD&A presentation.
- Clarifies operating vs. nonoperating revenue/expense definitions.
- Enhances consistency and comparability of financial information.

## GASB 104: Disclosure of Certain Capital Assets

- Expands capital asset disclosures.
- Requires more detail on leases, subscriptions, intangibles, and assets held for sale.
- Improves transparency of capital asset nature and composition.

# What is an Impact Fee?

## The Scales of Equity

### Project.

Forecast future growth and anticipated demand for utility services to identify necessary capacity-building capital projects.

### Calculate.

Determine eligible infrastructure costs that can be recovered and mathematically calculate the maximum allowable impact fee.

### Balance.

Support the development, consideration, and adoption of recommended fees to balance growth-related costs.

# Policy Alignment

| | Debt Policy | Rate Policy | Budget Policy |
|---|---|---|---|
| **Strategic Framework** | Establishes guidelines for when and how debt is structured and managed to support long-term capital needs and financial stability. | Establishes the framework for setting utility rates to ensure sufficient revenues for operations, capital, debt, and sustainability. | Establishes guiding principles for developing, adopting, and monitoring the annual budget while supporting long-term stability. |
| **GFOA Best Practice Mandates** | Adopt a comprehensive, written debt management policy and conduct periodic reviews. | Establish formal policies and strategies for user fees, defining purpose, cost-recovery objectives, and periodic review. | Formally adopt written financial policies guiding operating budgets, structural balance, reserves, revenues, and long-term planning. |

# Financial Roadmap: Status Dashboard

## COMPLETED: Phase 1 Foundation

### Capital & Liquidity Optimization

- Executed Series 2026 Bond issuance and TWDB financing.
- Expanded Commercial Paper capacity; returned $9M in ERCOT collateral.

### Policy & Governance Wins

- Approved updated Financial & Investment Policies.
- Created FY2026-FY2027 Budget in Brief and finalized the PAFR.

## PENDING: Active Initiatives

### Core System Modernization

- Implementing Enterprise Resource Planning (ERP) integration with new Fund Accounting system.

### Ongoing Compliance

- Updating budget documents for GFOA Budget Award submission.

## NEW: Phase 2 Integration

### Regulatory Transparency

- Implementing GASB 103 and 104 for FY2026 audit.
- Executing FY2027 Reimbursement Resolution
- Impact Fee Study
- Debt, Rate, and Budget Policies
- Three-year rate plan
- FY2028 Budget Adoption

**Mission**
Supporting our community by providing reliable, essential services.

+

**Vision**
To build lasting customer confidence through dedicated service.

+

**Values**
Safety, Team, Integrity, Responsibility, Service

NBU NEW BRAUNFELS UTILITIES

Questions?