



**City of Freeport**  
Special Meeting and/or Executive Session Agenda

This meeting will be live streamed via YouTube Live and may be accessed on the City of Freeport Facebook page: <https://www.facebook.com/freeporttexas> or by visiting <https://www.youtube.com/@cityoffreeporttx8375/streams>

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Tuesday, March 31, 2026, 6:00 PM | Council Chamber | 430 North Brazosport Blvd., Freeport, TX 77541

In accordance with Section 551.043 of the Texas Government Code, this agenda has been posted at Freeport City Hall, and distributed to the appropriate news media within the required time frame. All meetings of the Freeport City Council are open to the public. Public participation and written comments are invited on all open session business items.

The Mayor and City Council request that cell phones be turned off or set to vibrate. Members of the audience are requested to step outside to conduct a phone conversation. The Council Chamber is wheelchair accessible and special parking is available outside the building. If special accommodation is required, please contact the City Secretary a minimum of 72 hours in advance at 979-233-3526.

### **1: Call to Order:**

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- 1A. Call to Order - Jerry Cain, Mayor
- 1B. Invocation - Councilman
- 1C. Pledges - Pledge of Allegiance to the United States; Pledge of Allegiance to the State of Texas.
- 1D. Matters Subsequent to Posting.
- 1E. Audience Participation – Anyone who has registered to speak prior to the meeting being called to order and desires to address the City Council will be heard at this time, or during the discussion of an item listed on the agenda. These forms are located by the City Secretary. After completing the form, give it to the City Secretary. She will give it to the Mayor. The Mayor will call on you when that item is presented, once a motion has been made by Council then public participation will not be allowed. You will have four (4) minutes to make your comments regardless of the number of agenda items to be addressed.

### **2: Business**

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- 2A. Consideration and possible action to approve an Agreement for Operation, Maintenance and Management Services with Veolia Water North America-Central, LLC.(Dr. Danielle Kelly)
- 2B. Consideration and possible action approving Resolution No. 2026-3039 to approve Veolia temporary contract extension.(Dr. Danielle Kelly)

### 3: Executive Session

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The City Council may take action on any Executive Session item posted. 551.071. Texas Government Code. Consultation with Attorney. The City Council may convene in executive session to conduct a private consultation with its attorney on any legal posted agenda item, when the City Council seeks advice of its attorney about pending or contemplated litigation, a settlement offer, or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the provisions of Chapter 551, including the following items:

- 3A. Executive Session regarding a.) Texas Government Code, Section 551.071 (Consultation with Attorney) 1.) DOW IDA negotiations update 2.) Surfside Utility Billing Counteroffer.

Legal Consultation and Real Property Deliberations – All City Properties, EDC Lawsuits and ALL Ongoing City Development Agreements (Councilman Pena)

### 4: Reconvene into Open Session:

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- 4A. Take any action resulting from Executive Session.

### 5: Adjournment

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- 5A. Adjournment – Jerry Cain, Mayor

Items not necessarily discussed in the order they appear on the agenda. The Council at its discretion may take action on any or all of the items as listed. This notice is posted pursuant to the Texas Open Meeting Act. (Chapter 551, Government Code).

The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to consult with the city attorney or discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), but cannot vote or take action on any item unless it is set forth above in this agenda. 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

CERTIFICATE I certify the foregoing notice was posted in the official glass case at the front door of the City Hall, with 24 hours a day public access, 1201 North Avenue H., Freeport Texas, 3 business days prior to meeting. in accordance with Open Meetings Act.



Clarisa Fernandez,  
City Secretary, City of Freeport, Texas





## City Council Agenda Item #[2.A]

**Title:** Consideration and possible action to approve an Agreement for Operation, Maintenance and Management Services with Veolia Water North America-Central, LLC.

**Date:** March 31, 2026

**From:** Dr. Danielle Kelly

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**Staff Recommendation:** Discuss and take possible action to approve an Agreement for Operations, Maintenance and Management Services with Veolia Water North America–Central, LLC.

### **Item Summary:**

The City of Freeport contracts for the operation, maintenance, and management of its water and wastewater systems. The prior agreement with Veolia Water North America–Central, LLC has expired, and staff has negotiated a new agreement to ensure continuity of these critical services. The proposed agreement establishes a five-year term and includes enhanced performance expectations, reporting requirements, and accountability measures. It also introduces key operational and technological upgrades intended to improve system reliability, transparency, and long-term planning.

### **Background Information:**

The proposed agreement includes several important updates that strengthen accountability, improve transparency, and modernize operations. Most notably, the agreement introduces a formalized performance accountability structure through a tiered penalty system with progressive escalation for repeat violations, providing the City with clear and enforceable tools to address non-compliance.

Transparency is also significantly enhanced through expanded Monthly Operating Reports (MORs), which will be distributed to City Council and executive leadership and will include detailed operational data, maintenance activities, and system performance metrics. These changes provide greater visibility into contractor performance and overall system operations.

The agreement further requires the installation of a non-proprietary, real-time SCADA system within 2 years, which will allow for continuous monitoring, system alerts, and historical data tracking. Upon completion, the system will become City-owned, improving operational reliability, response times, and long-term control of infrastructure.



From a financial standpoint, the agreement establishes a clear and predictable cost structure, including a fixed annual fee of approximately \$2.9 million, monthly payments, and a defined Maintenance and Repair allowance subject to annual reconciliation. Additional safeguards, such as required notification when expenditures approach established thresholds, further enhance financial transparency and oversight.

City oversight is also strengthened through required monthly site inspections with City staff and a requirement that the contractor present directly to City Council on a regular basis. These provisions ensure direct accountability to both staff and elected officials.

Finally, the agreement improves maintenance tracking and long-term planning by requiring detailed documentation of all maintenance and repair activities, integration of GIS data and field technology, and the development of ongoing capital improvement recommendations. These measures support more informed infrastructure management and reduce the likelihood of unexpected system failures.

**Special Considerations:** N/A

**Financial Impact:**

The agreement establishes:

- Annual Fee: \$2,915,538.36
- Monthly Payment: \$242,961.53

Costs are incorporated within the City's utility operations budget.

**Board or 3rd Party Recommendation:** N/A

**Supporting Documentation:**

1. FINAL Freeport TX Contract Veolia Version 3.27.26

***Agreement for Operations, Maintenance and Management Services***

**THIS AGREEMENT** is entered into this 31<sup>st</sup> day of March, 2026, by and between

**The City of Freeport, Texas**, with its principal address at 1201 North Ave H, Freeport, Texas 77541 (hereinafter the “Owner”)

and

**Veolia Water North America-Central, LLC**, with its principal address at 100 Federal Street, 3rd Floor Boston, MA 02110 (hereinafter “Company”). Each referred to herein individually as a (“Party”) and collectively as the (“Parties”).

**WHEREAS**, Owner owns and provides for the operation of water and wastewater system, including maintenance, repair, expansion administration, billing, collection, Customer service and permitting functions; and,

**WHEREAS**, Company and Owner entered into an Agreement for Operations, Maintenance and Management Services (hereinafter “Prior Agreement”) to commence on October 1, 2015 to perform operation, maintenance, and repair functions of the facilities described therein.

**WHEREAS**, the original Agreement referenced above has expired and the Parties now desire to enter into a new Agreement; and

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, Owner and Company agree as follows:

1. General

- 1.1 Definitions of words and phrases used in this Agreement and the attachments are contained in Appendix A.
- 1.2 All land, buildings, facilities, easements, licenses, rights-of-way, equipment, and vehicles presently or hereinafter acquired or owned by Owner shall remain the exclusive property of Owner unless specifically provided for otherwise in this Agreement.
- 1.3 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas.
- 1.4 This Agreement shall be binding upon the successors and assigns of each of the parties, but neither party shall assign this Agreement without the prior written consent of the other party. Consent shall not be unreasonably withheld.

- 1.5 All notices shall be in writing and transmitted to the party's address stated above. All notices shall be deemed given when delivered, if delivered personally or by courier mail service, e.g., Federal Express or Airborne Express, delivered after such notice has been deposited in the United States mail postage prepaid, or if mailed certified or registered U.S. mail, return receipt requested and by electronic mail addressed as follows:

City of Freeport 1201 North Ave. H Freeport, TX 77541 email –  
CitySecretary@FreeportTx.gov

Veolia Water North America-Central, LLC 100 Federal Street, 3rd Floor Boston,  
MA 02110: email james.carter@veolia.com

- 1.6 This Agreement, including Appendices A through I, is the entire Agreement between the parties. This Agreement may be modified only by written agreement signed by both parties. Wherever used, the terms "Company" and "Owner" shall include the respective officers, agents, directors, elected or appointed officials and employees and, where appropriate, subcontractors or anyone acting on their behalf.
- 1.7 If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- 1.8 It is understood that the relationship of Company to the Owner is that of independent contractor. The services provided under this Agreement are of a professional nature and shall be performed in accordance with good and accepted industry practices for contract operators similarly situated. However, such services shall not be considered engineering services, and nothing herein is intended to imply that Company is to supply professional engineering services to Owner unless specifically stated in this Agreement to the contrary.
- 1.9 If any litigation is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees which are directly attributed to such litigation in addition to any other relief to which it may be entitled.
- 1.10 Nothing in this Agreement shall be construed to create in any third party or in favor of any third party any right(s), license(s), power(s) or privilege(s).
- 1.11 Prior to the commencement of work under this Agreement, each party shall designate in writing an employee or other representative of the designating party who shall have full authority to approve changes in the Scope of Work and compensation therefore, execute written Change Orders reflecting such changes, render decisions promptly, and furnish information expeditiously to the other party when necessary.

- 1.12 This Agreement shall be interpreted in accordance with its plain meaning and not strictly for or against either party hereto.
  - 1.13 There are no warranties which extend beyond those expressed in this Agreement.
2. Company's Services – General
- 2.1 Company shall provide a sufficient number of certified and qualified personnel, including management, administrative, operational, technical, laboratory and clerical, who meet relevant State and permit requirements and certifications regarding water and wastewater treatment operations, maintenance, and management and are capable and demonstrate experience necessary to operate the facilities covered by this Agreement. The Company is required to submit a monthly operating report (“MOR”) electronically to the current City Manager, Assistant City Manager, Public Works Director, Utility Operations Manager, Finance Director, Mayor, City Council, and any City Manager named designee. All MORs are due by the 15th of the following month and must contain all required information as on the sample MOR in Appendix G as stated in this agreement, unless otherwise authorized by the Owner. The Company shall use commercially reasonable efforts promptly and fully respond to all communications from those Owner representatives listed above. All maintenance, repair, and inspection records, as well as all MOR related supporting documents and proof, are to be provided promptly upon request to the Owner or designees for review.
  - 2.2 Company shall provide ongoing training and education for appropriate personnel in all necessary areas of modern water and/or wastewater process control, maintenance, safety, and supervisory skills. Company shall maintain complete and accurate records of all required training and education. Upon request by Owner, Company shall provide documentation sufficient to verify completion of such training, including dates, course descriptions, certifications, and attendee records, within five (5) business days of such request.
  - 2.3 Company shall utilize computerized programs for maintenance, process control, cost accounting, and laboratory quality assurance/quality control. Such programs shall be capable of readily providing historical data and trends. The foregoing notwithstanding,
  - 2.4 Intentionally deleted.
  - 2.5 Within thirty (30) calendar days after Company begins service under this Agreement, Company will provide Owner with a physical inventory of chemicals and other consumables on hand when Company begins services under this Agreement. Company will provide Owner with the same quantity of chemicals or equivalent upon termination of this Agreement. The company shall list the amounts used of all chemicals in the MOR in which was used in its operations.

- 2.6 Company shall be responsible for maintaining all manufacturers' warranties on new equipment purchased by Owner and assist Owner in enforcing existing equipment warranties and guarantees.
- 2.7 Company shall perform all preventive maintenance and provide the Owner with full documentation that preventive maintenance is being performed on Owner's owned equipment in accordance with either manufacturer's recommendations or good industry practice at intervals and in sufficient detail as may be determined by the Owner. Such a maintenance program must include documentation of corrective and preventive maintenance and a spare parts inventory. All repair and maintenance ("R&M") shall be indicated on a R&M report in the month it occurs, along with supporting details, proof, and itemized costs. A monthly inventory of spare parts with a cost of over \$1,000 is to be provided on each MOR.
- 2.8 Company shall operate, maintain and/or monitor the Project on a 24-hour per day, seven day per week schedule, but the facilities will only be staffed Monday through Friday for eight (8) hours a day. To assist in this effort, Company shall install at its cost a new SCADA system within 24 months of the commencement date of this agreement with real-time alerts capable of recording and monitoring all major system components/processes at all managed facilities (to include but not limited to all pump stations, lift stations, water towers, ground water tanks, line pressures, flow rates, chemical feeds, equipment status, water/chemical levels, effluent quality, etc.). The SCADA system shall not be a proprietary system. The SCADA system will be capable of readily providing water/wastewater historical data and trends, as well as capturing and storing pressure readings at all water sample stations. Company will also equip a minimum of three trucks with mobile tablets and at least one truck with a camera feed for all size lines in the wastewater system, particularly one capable of being inserted into six-inch lines, which is the majority of Freeport's mains. All such trucks, including tablets and camera equipment, shall be maintained in good and operable condition at all times. SCADA equipment and related parts, modifications, etc. installed at the Owner's sites shall belong to the Owner upon termination of this agreement.
- 2.9 Visits may be made by Owner's personnel so designated by the Owner's representative Monday through Friday while the Project is staffed. In addition, Company shall coordinate and participate in a monthly site inspection with Owner's Utility Operations Manager, or designee, at a mutually agreed upon date and time. All visitors to the Project shall check in with Company staff upon arrival and comply with Company's operating and safety procedures..
- 2.10 Company will implement and maintain an employee safety program in compliance with all applicable Local, State and Federal laws, rules, and regulations. Company shall promptly notify Owner of any known safety or ADA compliance deficiencies identified in the course of its operations and shall make recommendations to Owner regarding the need, if any, for Owner to rehabilitate, expand, or modify the Project to comply with applicable governmental safety regulations and the Americans with

Disability Act (“ADA”). Any safety or TCEQ violations must be noted in the MOR in the month in which they occur.

- 2.11 Company may modify the process and/or facilities to achieve the objectives of this Agreement and charge the costs to the Maintenance and Repair Limit; provided, however, no modification shall be without Owner’s prior written approval if the complete modification cost is in excess of Ten Thousand Dollars (\$10,000). If prior written approval from the Owner is not obtained first, the Company shall be responsible for all costs related to the modification which exceed \$10,000.
- 2.12 In any emergency affecting the safety of persons or property, Company may act without written amendment or change order, at Company’s discretion, to prevent threatened damage, injury, or loss. Company shall be compensated by Owner for any such emergency work notwithstanding the lack of a written amendment. Such compensation shall include Company’s non-labor direct Costs for the emergency work. Nothing contained in this Section shall impose upon Company a duty to perform any emergency work absent a change order and failure to perform any such emergency work shall not impose upon Company any liability for errors and omissions.
- 2.13 As required by law, permit, or court order, Company will prepare plant performance reports and submit them to Owner for signature and return to Company for transmittal to appropriate authorities.
- 2.14 Company will provide laboratory testing and sampling presently required by plant performance portions of the NPDES permit, the Clean Water Act, the Safe Drinking Water Act, and/or any federal, state, or local rules and regulations, statutes, or ordinances, permit, or license requirements or judicial and regulatory orders and decrees. Company shall additionally provide technical and analytical services to Owner to assist Owner in managing Owner’s Industrial Pretreatment Program including sampling, monitoring, and preparation of the required reports. Company will immediately notify by copying Owner’s representatives listed in Section 2.1, in all correspondences with TCEQ, all other regulatory agencies, and related reports.
- 2.15 Company will provide for the collection and hauling of solid waste, screenings, grit, sludge, and scum (“Waste”) to Owner’s existing or approved disposal sites. It shall be the sole right and responsibility of Owner to designate, approve or select disposal sites to be used by Company for Owner’s waste materials. All Waste and/or byproduct treated and/or generated during Company’s performance of services is and shall remain the sole and exclusive property of Owner. All manifests or other documentation required for disposal of Waste shall be signed by or in the name of the Owner.
- 2.16 Within the first 180 days of this Agreement, Company shall provide Owner with a listing of recommended capital improvements that Company believes will be

required for any of the facilities covered by the Agreement. Subject to the terms of this Agreement, Company shall not be relieved of its responsibilities to perform the services required hereunder if the recommendations are not implemented or implemented by another contractor. This list shall be updated and provided to the Owner Annually thereafter by January 31 of that year. Within this capital improvement list, the Company will include an evaluation of Owner's current capital equipment including a prioritization of necessary capital repairs.

- 2.17 Company shall use reasonable efforts consistent with best industry practices and the Agreement to control odors from the Project so that no disruption of adjacent facilities occurs. Company, in conjunction with Owner, shall develop a program that identifies procedures for certifying and documenting odor complaints, and shall establish procedures to address recurrent failures of the odor control program.
- 2.18 Intentionally omitted.
- 2.19 Company shall provide Owner with a full accounting of all repair and maintenance in the month in which it occurs with sufficient detail supporting each expenditure and assist Owner in the preparation of annual operating budgets.
- 2.20 Company shall perform all Maintenance and Repairs for the treatment plants and lift stations, submit an accounting to Owner with the MOR in which it occurs with sufficient detail, along with a detailed invoice. If any Maintenance and Repair expenditure exceeds \$10,000, the Company will obtain written permission to proceed from the Owner beforehand. If the Company fails to obtain written permission before proceeding with a Maintenance and Repair expenditure that exceeds \$10,000; the Company shall be solely responsible for the Maintenance and Repair expenditure cost over \$10,000.
- 2.21 Company will continue to purchase and supply all required chemicals and electricity for normal operation. Company shall monitor chemical, water, and electricity usage and include all usage in Company's MOR in the month used.
- 2.22 Company shall notify Owner in advance of planned repairs, maintenance, equipment installations, etc., having the likelihood of impacting Owner's normal water/wastewater operations. For unplanned activities having the same impact, the Company's notification to the Owner must be made promptly, once known.
- 2.23 The Company's Project Leader, or designee, must attend the second City Council meeting each month whereby the Project Leader will present to City Council the Company's major activities from the previous month and answer City Council questions. The following day, the Project Leader will meet with the Owner's Public Works Director, Utility Operations Manager, and/or any designees, to discuss operational, communication, etc., issues.
- 2.24 Effective 3-16-2026, and for the term of this Agreement, neither the Owner nor Company will hire or contract with any employee who was employed or contracted

by the other in the previous 12-months without prior written agreement from the other party.

3. Company's Scope of Services - Wastewater

- 3.1 This Article shall apply to Company's services for the Owner's wastewater treatment system.
- 3.2 Within the design capacity and capabilities of the wastewater treatment plant described in Appendix B, Company will manage, operate, and maintain the wastewater treatment plants designed to treat 2.28 million gallons a day so that effluent discharged from the Plant's outfalls meets the requirements specified in Appendix C-1. Company shall monitor all wastewater entering the Plant and treat all such wastewater in accordance with the terms of this Agreement and applicable law.
- 3.3 Subject to the availability of funds within the Maintenance and Repair Limit, Company will perform all Maintenance and Repairs for the Wastewater portion of the Project, and submit a monthly accounting to Owner, along with a detailed invoice, supporting each expenditure on the MOR in the month in which it occurs.
- 3.4 Except as otherwise provided herein, Company will pay all costs incurred in normal Wastewater operations including but not limited to electricity, chemicals, and water.

4. Company's Scope of Services - Wastewater Collection System and Water Distribution System

- 4.1 This Article shall apply to Company's maintenance and repair services for the Owner's wastewater collection system and the water distribution system. The collection system and water distribution system are described in Appendix B. Any additional services or lines, other than what is mentioned herein, will constitute a change of scope. Company shall not be responsible for completing any new service taps, except as provided herein, unless Owner agrees to pay for such service as a Change in Scope hereunder.
- 4.2 Company will exercise water valves throughout the distribution system, determine and report their performance, and track progress with approximately 20% of valves exercised annually. Over the 5-year life of the Agreement, 100% of the water distribution valves shall be exercised. These will be documented in the MOR in the month it occurs.
- 4.3 Company will maintain and repair the wastewater collection system and the water distribution system. Company's responsibility for the wastewater collection system shall end at the Customer's wastewater tap. Company's responsibility for the water distribution system shall end at the Customer's water meter.

- 4.4 Except as otherwise specified, costs associated with the services described in this Article shall be charged to the Maintenance and Repair Limit specified in Section 7.1.
- 4.5 Sewer Back-Up Procedure. From and after the inception of the Term of this Agreement, Company shall establish (i) a routine, normal sewer line preventative maintenance program as described more fully in Appendix E, and (ii) corrective procedures to be implemented in the event of any personal injury or property damage resulting from a sewer back-up which will consist of the following:
- 4.5.1 Upon receipt of a citizen or Owner notice, within 2 hours Company will make commercially reasonable efforts to determine whether the cause of the sewer back-up was an obstruction in Owner's lateral line or the citizen's house line;
- 4.5.2 If the obstruction is in Owner's main line, within 24 hours Company will (i) make commercially reasonable efforts to remove the cause of the sewer line obstruction by implementation of its corrective procedures; (ii) document the approximate date and time of the obstruction; (iii) determine the extent of the personal injury or property damage, if any; (iv) contact a predetermined water remediation company to clean up the sewer back-up and to minimize any damage;
- 4.5.3 If the sewer line back-up is the citizen's house line, Company will advise the citizen to contact a water remediation service company and citizen's homeowner's insurance carrier; and
- 4.5.4 If the citizen files a claim against Owner or Company, Company will immediately notify Owner and Owner's independent insurance carrier who will determine whether or not to pay the claim.

Except as provided in Subsection 10.1 below, after completing the procedure set forth in Subsections 4.5.1 through 4.5.4 above, Company shall have no further responsibility or liability to Owner or the citizen(s) for the personal injury or property damage caused by the sewer back-up or the consequences thereof, unless caused by the negligence of Company.

- 4.6 All required Appendix E routine, normal sewer line preventive maintenance efforts performed by the Company must be detailed with sufficient proof (along with all applicable GIS location data, video, pictures, etc.) in the MOR in the month in which it occurs. Data shall be transferred to Owner's systems by the following month in which it occurs (i.e., email GIS coordinates and all data) to Owner's Property/GIS Manager and any other Owner designee.

- 4.7 All required Appendix F routine, normal water distribution services performed by the Company must be detailed with sufficient proof (applicable GIS location data, video, pictures, etc.) in the MOR in the month in which it occurs. Data shall be transferred to Owner's systems by the following month in which it occurs (i.e., email GIS coordinates and all data) to Owner's Property/GIS Manager and any other Owner designee.
5. Company's Scope of Services – Meter Reading and Related Customer Service
    - 5.1 This Article shall apply to Company's operation, maintenance, and management services for the Owner's Customer service functions.
    - 5.2 On a monthly basis Company shall read the water meter for each Customer of Owner connected to the water or sewer system (hereinafter "Customer").
    - 5.3 Company shall respond to requests for service by Customers or Owner such as turning on service for water, turning off water service, answering questions, rechecking meter readings, meter operation, meter locking, making system or equipment repairs, or dealing with any other routine Customer or Owner inquiry. A local telephone number will be provided to the Customer to call. Requests to turn on service for water must be completed within 24 hours of the request or by the end of the next business day.
6. Owner's Duties
    - 6.1 Subject to the availability of funds and appropriation by the governing body, the Owner is responsible to fund all necessary Capital Expenditures, which will be performed by Company, unless Owner chooses otherwise because of cost savings, bidding requirements, and/or mutual agreement; under a written change order to this Agreement. Priority shall be given to safety and the ADA related expenses described in Section 2.10. Any loss, damage, or injury resulting from Owner's failure to provide capital improvements and/or funds in excess of the Maintenance and Repair Limit when reasonably requested by Company shall be the sole responsibility of Owner. Capital work performed by the Owner that requires Company involvement, the Owner shall reimburse the Company accordingly by mutual agreement of the parties.
    - 6.2 The Owner shall keep in force all Project warranties, guarantees, easements and licenses that have been granted to Owner and are not transferred to Company under this Agreement.
    - 6.3 The Owner shall pay all required sales, excise, *ad valorem*, property, franchise, occupational and disposal taxes, or other taxes associated with the Project other than taxes imposed upon Company's net income and/or payroll taxes for Company employees. In the event Company is required to pay any sales tax or use taxes on the value of the services provided by Company hereunder or the services provided

by any subcontractor of Company, such payments shall be reimbursed by the Owner unless the Owner furnishes a valid and properly executed exemption certificate relieving the Owner and Company of the obligation for such taxes. In the event the Owner furnishes an exemption certificate which is invalid or not applicable to services by Company, the Owner shall indemnify Company for any taxes, interest, penalties, and increment costs, expenses, or fees which it may incur as a result of Company's reliance on such certificate.

- 6.4 The Owner shall provide Company, within a reasonable time after request and on an "as available" basis, with the temporary use of any piece of Owner's heavy equipment that is available so that Company may discharge its obligations under this Agreement in the most cost-effective manner.
- 6.5 If and to the extent that Owner participated in the Aqueous Film-Forming Foam Product Liability Litigation brought against 3M, DuPont, Tyco and any other parties joined therein in the District Court for the District of South Carolina, Master Docket No. 2:18-MN-2873-RMG (the "PFAS Class Actions") and has or will receive settlement funds, Owner covenants to segregate the settlement funds and to use such funds solely to install, operate, and maintain a PFAS treatment system for the Project. To the maximum extent allowed under applicable law, Owner shall indemnify and hold harmless Company from and against any and all losses, liabilities, damages, and expenses (including reasonable attorneys' fees) incurred by Company as a result of Owner's failure to use the settlement funds from the PFAS Class Actions for purposes other than as set forth in this paragraph or for any other matters addressed or resolved through Owner's participation in the PFAS Class Actions.
- 6.6 Owner shall provide Company with exclusive use of all vehicles presently in full-time use at the Project (collectively, "the Vehicles"). Owner shall provide Company with all registrations and licenses for the Vehicles. Title to the Vehicles shall remain at all times in the name of the Owner. The Company shall assume all liability arising from the use of the Vehicles by Company personnel and be responsible for insuring same in accordance with Appendix D. The Company shall not use the Vehicles for any purpose other than to perform the Services to be provided under this Agreement. Maintenance and repair of the Vehicles shall be the Owner's responsibility, however, Owner and Company shall mutually agree on replacement of Vehicles, with cost-sharing if replacement is due to Company negligence or misuse. All maintenance, repair, insurance and operating costs of the Owner's owned vehicles shall be Owner's responsibility. Company is responsible for all costs related to its own vehicles.
- 6.7 Owner shall provide for Company's entry into existing disposal sites for disposal of garbage, screenings, grit, sludge, and scum.

Owner shall continue to purchase and supply all required water for operation of the Facilities. However, Company shall reimburse Owner on a monthly basis for

Company's usage of water which exceeds 1000 gallons per day at the Brazos River Diversion Canal Wastewater Treatment Plant Administrative Building.

- 6.8 Owner shall provide the Project with appropriate security personnel and/or devices to protect against any losses resulting from the theft, damage, or unauthorized use of property owned by Owner and shall accept liability for such losses except to the extent such losses are directly caused by the negligent acts or omissions of Company. Any loss shall be documented in the MOR in which it occurs. Company must immediately notify Owner of any loss estimated to exceed \$5,000. Company shall keep all work sites, when unattended, mowed, enclosed/covered, free of debris, and properly secured to prevent unauthorized entry in compliance with best practices and all applicable laws.
- 6.9 The Owner shall continue to be responsible and pay for the general administration and enforcement of (i) the water, wastewater, collection, and distribution systems, (ii) Owner's Industrial Pretreatment Program, (iii) new water and sewer connections, except as otherwise stated, unless Company is retained to perform such functions as a Change in Scope hereunder, and (iv) long-term Project and service area planning. Typical administration costs associated with the above activities include costs such as the services of the City's auditor, lawyer, and liability insurance.
- 6.10 Owner shall provide Company with full access to the Owner's Project as may be necessary for Company to carry out its obligations under this Agreement.
- 6.11 Influent, effluent, sludge, residuals, biosolids, and other waste that contain Hazardous Substances shall remain the sole responsibility of Owner, and Company shall not be, or be deemed to be, an owner, generator, co-generator, provider, manufacturer, vendor, arranger, or transporter ("arranger") of any Hazardous Substances. If and to the extent, a Company employee signs a waste manifest or other documentation relating to the presence of Hazardous Substances on or for the Project, such act will be deemed solely for the benefit and convenience of Owner, such employee will be deemed an agent of Owner, and such signature shall not subject Company to liability as an arranger or otherwise.
- 6.12 Company shall proactively manage, operate, and maintain the Owner's water distribution system and shall provide all customary water services necessary to ensure the continuous, safe, and compliant operation of the system, including, but not limited to: (1) Replacing defective meters within the system containing approximately 3,800 meters; (2) Reading water meters for Owner's Customers in accordance with the established billing cycle; (3) Responding to service requests from Owner or Owner's Customers, including but not limited to turning water service on or off, answering routine service inquiries, rechecking meter readings, and addressing other routine Customer matters; (4) Proactively monitoring, detecting, and promptly repairing leaks within the Owner's water distribution system in accordance with industry best practices, which may include field

inspections and necessary coordination with Customers and Owner for access; and (5) Installing new three-quarter inch (¾”) and one-inch (1”) water taps, including service line, valves, and meter set. Larger tap sizes shall be priced accordingly and paid for by the Owner, and the Owner may, at its election, invoice its Customer.

6.13 Owner shall purchase and supply all required water for operation of the Facilities. However, Company shall reimburse Owner on a monthly basis for Company’s usage of water which exceeds 1000 gallons per day at the Brazos River Diversion Canal Wastewater Treatment Plant Administrative Building.

## 7. Compensation

7.1 Company’s compensation under this Agreement shall consist of an Annual Fee of \$2,991,951.00, payable in twelve (12) equal monthly installments of \$249,329.25. Included within the Annual Fee is a budgeted Maintenance and Repair allowance of \$30,509.83 per month (annualized at \$366,118.00). This allowance represents the estimated maximum amount available for eligible Maintenance and Repair expenditures and does not constitute a guaranteed expenditure. Actual Maintenance and Repair expenditures shall be reconciled annually in accordance with Section 7.3.

7.2 On each annual anniversary date of this Agreement, the Annual Fee (and Maintenance and Repair Limit included therein) will be adjusted by multiplying the existing Annual Fee by the percentage increase in the Consumer Price Index for all Urban Consumers (U.S. City Average) as published by the U. S. Department of Labor Statistics for the twelve (12) months prior to the beginning of the period for which an adjusted Annual Fee is being calculated.

7.3 If actual Maintenance and Repair expenditures are less than the Maintenance and Repair Limit for any Agreement year, Company will rebate the entire difference to Owner in accordance with Section 8.3. If actual Maintenance and Repair expenditures exceed the Maintenance and Repair Limit, Owner will pay the excess to Company in accordance with Section 8.3. Company will notify Owner when actual Maintenance and Repair expenditures equal eighty percent (80%) of Maintenance and Repair Limit. This notification will be indicated in the MOR in the month the threshold is reached.

7.4 The services being provided under this Agreement are based on reasonably expected overtime for normal breakdowns or services required after hours. Any additional expenses including straight or overtime wages caused by severe weather, a disaster or unplanned event that may be recovered through billing any third party including the State or Federal Government FEMA funds will be billed to the Owner for reimbursement. The Owner will notify the Customer if, and when, these circumstances exist. No additional billing will occur unless permitted by Owner.

7.5 Company's Annual Fee also contains a line item of \$32,400 for Oyster Creek Agreement ("2025 Oyster Creek Budget"). The 2025 Oyster Creek Budget shall be increased (estimated by the City of Oyster Creek in October) and finalized in September 2025 and annually thereafter by the City of Oyster Creek. Owner is responsible, annually, for the 2025 Oyster Creek Budget amount and any amount attributable to the Oyster Creek Agreement in excess of the 2025 Oyster Creek Budget. For sake of clarity the intent of this Section is for the Owner to pay for the Oyster Creek Agreement, which is being administered by the Company on Owner's behalf.

## 8. Payment of Compensation

8.1 One-twelfth (1/12) of the Annual Fee for the current year shall be due and payable on the first of the month for each month that services are provided.

8.2 All other compensation to Company is due upon receipt of Company's invoice and payable within thirty (30) calendar days.

8.3 Any monies payable pursuant to Section 7.3 will be paid within thirty (30) calendar days after the end of each Agreement year. Section 8.4 will apply to amounts the Owner's Customers owe Owner if not paid/repaid by the same deadlines.

8.4 Owner shall pay interest at an annual rate equal to the prime rate as published in the Wall Street Journal plus two percent (2%), said rate of interest not to exceed any limitation provided by law, on payments not paid and received within thirty (30) calendar days of the due date, such interest being calculated from the due date of the payment. In the event the charges hereunder might exceed any limitation provided by law, such charges shall be reduced to the highest rate or amount within such limitation.

8.5 Upon the expiration or earlier termination of this Agreement, Company will prepare and submit to Owner a final invoice for all services performed by and amounts due to Company through the termination or expiration of this Agreement, such final invoice will be submitted to Owner after the termination or expiration of this Agreement, and Owner's obligation to pay said invoice shall survive the expiration or termination of this Agreement.

## 9. Scope Changes

9.1 A Change in Scope of services shall occur when and as Company's costs of providing services under this Agreement change (must be documented in the MOR in the month the change takes effect) as a result of:

9.1.1 any change in Project operations, personnel qualifications or staffing or other cost which is a result of an Unforeseen Circumstance;

9.1.2 increases or decreases in the user base of not less than ten percent (10%)

- 9.1.3 increases or decreases of not less than ten percent (10%) in the influent flow or loadings as demonstrated by a twelve-month floating average compared to the twelve-month period ending on the effective date of this Agreement (baseline flow and loading information is located in Appendix C-1). Increases or decreases under this paragraph shall be reviewed and adjusted annually, on the agreement anniversary date, with any adjustment to be applied for the following 12-month period.
  - 9.1.4 increases or decreases in rates or other related charges (including taxes) imposed upon Company by a taxing authority - excluding taxes based on Company's net income; and/or
  - 9.1.5 Owner's request of Company and Company's consent to provide additional services.
  - 9.2 For Changes in Scope described in Sections 9.1.1 through, and including, 9.1.3, the Annual Fee shall be increased (or decreased) by an amount equal to Company's additional (reduced) Cost associated with the Change in Scope plus fifteen percent (15%). Modifications of the Annual Fee as a result of conditions described in Section 9.1.3 shall be effective for the following 12-month period until the next review that shall occur on the annual anniversary date.
  - 9.3 For Changes in Scope described in Section 9.1.4, the Annual Fee shall be increased (or decreased) by an amount equal to Company's additional (reduced) cost associated with such Change in Scope.
  - 9.4 Owner and Company shall negotiate an increase in Company's Annual Fee for Changes in Scope based on Section 9.1.5.
10. Indemnity, Liability, and Insurance
- 10.1 Company hereby agrees to indemnify and hold Owner harmless from any liability or damages for bodily injury, including death, property damages and pollution damages which may arise from Company's negligence or willful misconduct under this Agreement; provided, Company shall be liable only for that percentage of total damages that corresponds to its percentage of total negligence or fault.
  - 10.2 Owner agrees to indemnify and hold Company harmless from any liability or damage or bodily injury, including death, property damages and pollution damages which may arise from all causes of any kind other than Company's negligence or willful misconduct, including, but not limited to, breach of an Owner representation or warranty.
  - 10.3 It is specifically agreed and understood that neither party will be responsible to the other for any indirect, special, punitive, incidental, or consequential loss or damage

whatsoever or lost profits, arising out of this Agreement or anything done in connection herewith. This section shall apply whether any such indirect, special, punitive, incidental, or consequential loss or damage is based on a claim brought or made in contract, in tort (including negligence and strict liability), under any warranty, or otherwise.

- 10.4 Company shall be liable for those fines or civil penalties imposed by a regulatory or enforcement agency for violations occurring on or after December 1, 2025, of the effluent quality requirements provided for in Appendix C-1. Owner will assist Company to contest any such fines in administrative proceedings and/or in court prior to any payment by Company. Company shall pay the cost of any such contest.
- 10.5 Owner shall be liable for those fines or civil penalties imposed by any regulatory or enforcement agencies on Owner and/or Company that are not a result of Company's negligence or are otherwise directly related to the ownership of the Project and shall indemnify and hold Company harmless from the payment of any such fines and/or penalties. Company shall pay in a timely manner all fines or civil penalties directly to the regulatory or enforcement agency and make notice of claim for reimbursement from Owner. Owner shall have 30 calendar days to investigate and reimburse any such fine or civil penalty that is the responsibility of Owner under this paragraph. Owner's failure to reimburse is not a material breach of this agreement and Company's claims for reimbursement under this paragraph is severable from the other terms of this agreement.
- 10.6 Each party shall obtain and maintain insurance coverage of a type and in the amounts described in Appendix D. Each party shall provide the other party with satisfactory proof of insurance.
- 10.7 To the fullest extent permitted by law and notwithstanding any other provision of this Agreement, Company's liability for performance or non-performance of any obligation arising under the Agreement (whether arising under breach of contract, tort, strict liability, or any other theory of law or equity) including, but not limited to its indemnity obligations specified in Section 9 .1 of the Agreement, shall not exceed \$2,915,540.28 cumulatively for the duration of the Agreement, provided that the foregoing limitation shall not apply to any losses resulting from the gross negligence, intentional or willful misconduct of Company or Company's subcontractors, employees or agents in breach of Company's obligations under this Agreement.
- 10.8 Owner's indemnification obligations in Section 10.7 above shall include, without limitation, (i) claims for personal injury, property damage, damage to natural resources, or remediation costs attributable to the presence or alleged presence of any Hazardous Substances, regardless of whether such Hazardous Substances originated on or from the Project; and (ii) all obligations, liabilities, and costs incurred by the Company to investigate, remediate, or otherwise respond to the

actual or alleged presence of Hazardous Substances in accordance with applicable laws and regulations.

- 10.9 Nothing set forth in this Agreement shall be deemed to waive or limit rights or remedies of Company and Owner under common law or applicable laws, rules, orders, or regulations, including, without limitation, common law indemnity, contribution, or impleader.
- 10.10 The provisions of Sections 10.1 through 10.9 above shall survive the expiration or termination of the Agreement.

## 11. Term, Termination and Default

- 11.1 The initial term of this Agreement shall be five (5) years commencing on the Commencement Date (“Initial Term”). Thereafter, this Agreement may be renewed by mutual agreement of the parties (each a “Renewal Term” and the Initial Term and each Renewal Term shall be collectively referred to herein as the “Term”).
- 11.2 The Owner may terminate this Agreement immediately upon written notice if Company fails to perform its material obligations in accordance with the terms of this Agreement, including but not limited to Section 14.3 A. For other failures by the Company to perform in accordance with the terms of this agreement, the City shall provide written notice and Company shall have thirty (30) calendar days to cure, and the City shall have the option to terminate this Agreement upon such failure to cure. City does not waive its ability to terminate or demand cure under this Agreement due to any delay to seek these remedies. The Company may terminate this Agreement in case of a breach by Owner for nonpayment of Company’s invoices, upon written notice to City and a thirty (30) calendar day opportunity to cure.
- 11.3 In the event that this Agreement is terminated for any reason prior to the ending date of the Term, Owner shall pay to Company any funds identified in Section 8.2 that have not been paid to Company through the date of termination, including, but not limited to, the amounts owed for installation of the SCADA system, as provided in Exhibit I - SCADA Implementation Termination Schedule.
- 11.4 Upon notice of termination by Owner, Company shall assist Owner in assuming operation of the Project. If additional Cost is incurred by Company at request of Owner, Owner shall pay Company such Cost within thirty (30) calendar days of invoice receipt.
- 11.5 Upon termination of this Agreement and any renewals and extensions of it, Company will return the Project to Owner in the same condition as it was upon the effective date of this Agreement, ordinary wear and tear excepted. Equipment and other personal property purchased by Company for use in the operation or maintenance of the Project shall remain the property of Company upon termination

of this Agreement unless the property was directly paid for by Owner or Owner specifically reimbursed Company for the cost incurred to purchase the property.

## 12. Disputes and Force Majeure

- 12.1 In the event that a dispute under the Agreement arises between the parties, the disputing party shall provide the other party with written notice of the dispute and within twenty (20) days after receipt of said notice, the receiving party shall submit to the other a written response. The notice and response shall include a statement of each party's position and a summary of the evidence and arguments supporting its position. Each party shall designate a high-level executive or officer to work together in good faith to resolve the dispute; the name and title of said executive shall also be included in the notice and response. The executives shall meet at a mutually acceptable time and place within thirty (30) calendar days of the date of the disputing party's notice and thereafter as they reasonably deem necessary to resolve the dispute
- 12.2 In the event activities by employee groups or unions cause a disruption in Company's ability to perform at the Project, Owner, with Company's assistance or Company at its own option, may seek appropriate injunctive court orders. During any such disruption, Company shall operate the facilities on a best-efforts basis until any such disruptions cease.
- 12.3 Neither party shall be liable to the other for any loss, damage, delay, default, or failure to perform its obligations under this Agreement to the extent it results from an Unforeseen Circumstance. However, this Section may not be used by either party to avoid, delay, or otherwise affect any payments due to the other party. If and to the extent that Unforeseen Circumstances interfere with, delay or increase the cost of the Company's performing the agreement services in accordance herewith, the Company shall be entitled to relief from its performance obligations, an increase in the Annual Fee, or an extension of schedule which properly reflects the interference with performance, the amount of the increased cost, or the time lost as a result thereof.
- 12.4 Changes in law, standard industry practices relating to any Hazardous Substances, or the levels of Hazardous Substances on, at, under, or affecting the Project shall warrant and require Owner to: (i) grant an equitable adjustment to the Annual Fee and Company's time for performance for increases in performance times, resource requirements, financial requirements, costs, or other increases, and (ii) make capital expenditures and increase operating expenses as such changes require. Prior to implementing fee increases under this Section, the Company shall inform the Owner by documenting the required change in the MOR with all supporting evidence in the month the new law is effective.

## 13. Notice

Owner shall provide written notice to Company of violations by Company of this Agreement with a 30-day deadline to cure. Company is responsible for all costs to cure. City's does not waive its ability to terminate or demand cure under this Agreement due to any delay to seek these remedies.

#### 14. Penalties

14.1 Owner is authorized to assess the penalties set forth below and to withhold such amounts from the Company's monthly fee. If Owner elects to assess a penalty for any of the violations contained in Section 14, the assessed penalty shall be the sole and exclusive remedy for that violation. If Owner elects not to assess a penalty for any of the violations contained in Section 14, Owner shall give notice to Company of the violation and its intent to reserve its right to seek any and all available remedies in equity or at law for the violation, including termination of the Agreement under Section 11. Company shall have to opportunity to cure and avoid payment of penalty for only the "first violation" of a specific item below. Any amounts withheld for a "first violation" shall be released and paid to Company within thirty (30) days after the violation has been cured. Penalties contained in this Section 14, are in addition to and severable for all other remedies available for breach of this Agreement by Company. Penalties assessed by Owner may not exceed Thirty Thousand Dollars (\$30,000) in any given contract year (October 1 through September 30 of the applicable year).

A. MODERATE LEVEL PENALTIES: Each of following violations in Section 14.1 A shall result in a penalty of \$500 in the month it occurs. If there is a separate and distinct violation of the same subsection in a subsequent month, the penalty shall be increased by an additional \$250 in the month of the subsequent violation. (For example, the first failure to produce a compliant MOR results in a \$500 penalty, the second separate and distinct failure to produce a compliant MOR for a subsequent month results in a violation \$750 etc.). Owner may assess penalties for violations by Company:

1. Failure to produce a MOR by the 15th of the following month as provided in Section 2.1 and Appendix G by .
2. Failure to provide Owner with a physical inventory of chemicals and other consumables on hand within 60 days from when Parties execute this Agreement.
7. Failure to comply with 2.15 regarding the handling of waste products within a commercially reasonable amount of time.
8. Failure to comply with Section 5.3 within 48 hours of Customer or Owner service requests.
- 9.
10. Failure to make meter readings of at least 95% of all meters in a given month.

B. MEDIUM LEVEL PENALTIES: Owner is authorized to charge the below penalties, and withhold such amounts from the Company's next monthly fee

following notice of a violation listed in Section 14.1 B. Each of following violations shall result in a penalty of \$1000 in the month it occurs. If there is a separate and distinct violation of the same subsection in a subsequent month, the penalty shall be increased by an additional \$500 in the month of the subsequent violation. Owner may assess penalties for violations by Company:

1. Failure to install 2.8 described SCADA system within 24-months of execution of this Agreement.
2. Failure to immediately notify Owner of communications with TCEQ and other regulatory agencies.
4. Failure to attend specified council meetings, the next day internal meeting, or to provide council the update report under 2.23.
6. Failure to exercise approximately 20% of water valves annually as provided by Section 4.2.
  
9. Failure to repair, replace, or restore non-operational fire hydrants within the ninety (90) day timeframe required under Section F.7, absent documented circumstances beyond Company's control.

C. SEVERE LEVEL PENALTIES: Owner is authorized to charge the below penalties, and withhold such amounts from the Company's next monthly fee following notice of a violation listed in Section 14.1 C. Each of following violations shall result in a penalty of \$5,000 in the month if occurs. If there is a separate and distinct violation of the same subsection in a subsequent month, the penalty shall be increased by an additional \$1,000 in the month of the subsequent violation.

6. Directly causes a condition that creates an imminent threat to public health, safety, or welfare via gross negligence, willful misconduct, or intentional conduct.

#### 14.4 A. SPECIFIC PERFORMANCE AND COST TO CURE PENALTIES.

1. If Company fails to maintain manufacturer's warranties on Owner's new equipment under Section 2.6, Company will be required to pay for or perform repairs, but only to the extent that such repair would have been covered by the original manufacturer's warranty. This Section does not apply if there is no warranty, or if Owner's warranty has elapsed or expired. Owner shall provide all of the warranties of the associated equipment before taking effect.
2. If Company fails to perform preventive maintenance, that directly results in equipment down time (other than down time caused by maintenance itself), Company shall pay all necessary costs to remediate damage caused by the Company's failure to perform preventive maintenance of that equipment or part thereof.

15. Representations and Warranties

The Company hereby represents and warrants to Owner as follows:

- 15.1 Company has full power and authority to perform and observe its covenants contained in this Agreement, has taken all action necessary for the execution, delivery and performance of this Agreement and to carry out and consummate all transactions contemplated hereby, and this Agreement has been duly authorized, executed and delivered by Company and constitutes the legal, valid and binding obligation of Company, enforceable against it in accordance with its terms.
- 15.2 The authorization, execution, and delivery by the Company of this Agreement do not and will not (i) violate any laws or any regulation, order, injunction or decree of any court, governmental body, agency or other instrumentality or (ii) result in a breach of any of the terms and conditions or, or constitute a default under, or result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties of assets of Company pursuant to the terms of any agreement or other instrument to which Company is a party or by which Company or any of its properties is bound.
- 15.3 There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or threatened in writing against or affecting Company or any basis thereof, wherein an unfavorable decision ruling or finding would materially adversely affect the transactions contemplated hereby or which, in any way, would adversely affect the validity of enforceability of this Agreement.

The Owner hereby represents and warrants to Company as follows:

- 15.4 The Owner has full power and authority to perform and observe its covenants contained in this Agreement, has taken all action necessary for the execution, delivery and performance of this Agreement and to carry out and consummate all transactions contemplated hereby, and this Agreement has been duly authorized, executed and delivered by the Owner and constitutes the legal, valid and binding obligation of the Owner, enforceable against it in accordance with its terms.
- 15.5 The authorization, execution, delivery and performance of this Agreement, the compliance with the terms and conditions hereof and the consummation of the transactions herein contemplated on part of the Owner do not and will not (i) violate any laws or any regulation, order, injunction or decree of any court, governmental body, agency or other instrumentality or (ii) result in a breach of any of the terms and conditions or, or constitute a default under, or result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties of assets of the Owner pursuant to the terms of any

agreement or other instrument to which the Owner is a party or by which the Owner or any of its properties is bound.

- 15.6 There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or threatened in writing against or affecting the Owner on any basis thereof, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby or that in any way would adversely affect the validity or enforceability of this Agreement.
  - 15.7 The Owner has obtained and is in compliance in all respects with all permits and approvals that are necessary to operate the Project.
  - 15.8 Except as has been disclosed by Owner to Company, Owner has not entered into, and is not subject to, any agreement, consent order, decree, judgment, license, permit condition, notice of violation, or other directive of any Governmental Entity in existence as of the date hereof that relates to the operation of the Project.
  - 15.9 To Owner's knowledge, there are no actual or suspected past or present Hazardous Substances, or Releases of Hazardous Substances on, at, or otherwise affecting the Project, the operation of the Project, any facilities associated with the Project, or those persons who operate or otherwise are expected to have access to the Project.
16. Rev. Proc. 2017-13 Compliance. It is the intent of the Owner and Company that this Agreement shall be construed and applied so as to constitute a management contract that does not result in private business use of property financed by the Owner within the meaning and intent of the applicable provisions of the Internal Revenue Code and related regulations, rulings and revenue procedures (including without limitation Rev. Proc. 2017-13, as amended and supplemented). Accordingly, Company agrees that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the qualified user with respect to the managed property. In the event this Agreement results in the private business use of the managed property by either the Internal Revenue Service or a court of competent jurisdiction, the parties shall attempt, in good faith, to renegotiate the terms of this Agreement so as to bring this Agreement into compliance with the Internal Revenue Code.

[The signatures of the parties appear on the following page.]

Both parties indicate their approval of this Agreement by their signatures below, and each party warrants that all corporate or governmental action necessary to bind the parties to the terms of this Agreement has been and will be taken.

City of Freeport, Texas

Veolia Water North America-Central, LLC

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**CERTIFICATE OF COUNSEL**

The undersigned, as counsel for the \_\_\_\_\_ (“Owner”) in this transaction, hereby certifies that (s)he has examined the circumstances surrounding the selection of Veolia Water North America-Central, LLC (“Company”) and the award and letting of the foregoing contract to Company by Owner and has found that said selection and award process comply with the procurement laws of the State of Texas and Owner.

\_\_\_\_\_  
Counsel for Owner

Date: \_\_\_\_\_

## APPENDIX A

### DEFINITIONS

- A.1 “Adequate Nutrients” means plant influent nitrogen, phosphorus and iron contents proportional to BOD<sub>5</sub> in the ratio of five (5) parts nitrogen, one (1) part phosphorus, and one-half (0.5) part iron for each one hundred (100) parts BOD<sub>5</sub>.
- A.2 “Annual Fee” means a predetermined, fixed sum for Company’s services. The Annual Fee includes Cost and profit.
- A.3 “Biologically Toxic Substances” means any substance or combination of substances contained in the plant influent in sufficiently high concentration so as to interfere with the biological processes necessary for the removal of the organic and chemical constituents of the wastewater required to meet the discharge requirements of Owner’s Certificate of Approval. Biologically toxic substances include, but are not limited to, heavy metals, phenols, cyanides, pesticides and herbicides.
- A.4 “Capital Expenditures” means any expenditures for (1) the purchase of new equipment or facility items that cost more than One Thousand Dollars (\$1,000); or (2) major repairs which significantly extend equipment or facility service life and cost more than Two Thousand Dollars (\$2,000) or (3) expenditures that are planned, nonroutine and budgeted by Owner.
- A.5 “Commencement Date” shall mean March 25, 2026.
- A.6 “Cost” means all Direct Cost and indirect cost determined on an accrual basis in accordance with generally accepted accounting principles.
- A.7 “Direct Cost” means the actual cost incurred for the direct benefit of the Project including, but not limited to, expenditures for project management and labor, employee benefits, chemicals, lab supplies, repairs, repair parts, maintenance parts, safety supplies, gasoline, oil, equipment rental, legal and professional services, quality assurance, travel, office supplies, other supplies, uniforms, telephone, postage, utilities, tools, memberships and training supplies.
- A.8 “Emerging Contaminants” means a chemical or compound identified by the U.S. Environmental Protection Agency or other governmental authority, for which a national primary drinking water regulation has not been promulgated, and that may have an adverse effect on the health of individuals or the environment, and specifically including, without limitation, perfluoroalkyl and polyfluoroalkyl substances (“PFAS”) such as perfluorooctanoic acid (“PFOA”) and perfluoro octane sulfonate (“PFOS”).
- A.# “Hazardous Substance” means any waste, substance, object, or material deemed hazardous under applicable law, including (a) “hazardous substances” as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as

amended; (b) “hazardous waste” as defined in the “hazardous waste” under the Resource, Conservation and Recovery Act; and (c) “emerging contaminants” as identified by the U.S. Environmental Protection Agency or other governmental authorities due to their potential for adverse impacts to human health or the environment, specifically including, without limitation, perfluoroalkyl and polyfluoroalkyl substances (“PFAS”) such as perfluorooctanoic acid (“PFOA”) and perfluoro octane sulfonate (“PFOS”). As used herein, “Hazardous Substances” also means materials, equipment, physical property, soil, groundwater or stormwater that are contaminated with Hazardous Substances.

- A.8 “Maintenance” means those routine and/or repetitive activities required or recommended by the equipment or facility manufacturer or by Company to maximize the service life of the equipment, sewer, vehicles and facilities.
- A.9 “Maintenance and Repair Limit” means the total Maintenance and Repair expenditures that Company has included in the Annual Fee. Such expenditures exclude any labor costs for Company’s staff assigned to the Project. Company’s specialized maintenance personnel, not assigned at the Project, who provide such specialized services such as, but not limited to, vibration, thermographic and electrical analyses, instrumentation maintenance and repair will be charged to the Maintenance and Repair Limit.
- A.10 “Material Breach” means any failure by the Company to perform in accordance with the terms of this agreement, in which the Owner provided written notice of the Company’s failure, and was not properly cured within thirty (30) calendar days of such notice.
- A.11 “Project” means all equipment, vehicles, grounds, rights of way, sewers and facilities described in Appendix B and, where appropriate, the management, operations and maintenance of such.
- A.12 “Release” means as any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment.
- A.13 “Repairs” means those nonroutine/nonrepetitive activities required for operational continuity, safety and performance generally due to failure or to avert a failure of the equipment, sewer, vehicles or facilities or some component thereof.
- A.14 “State” means the State or Commonwealth of Texas.
- A.15 “Unforeseen Circumstances” shall mean any event or condition which has an effect on the rights or obligations of the parties under this Agreement, or upon the Project, which is beyond the reasonable control of the party relying thereon and constitutes a justification for a delay in or non-performance of action required by this Agreement, including but not limited to (i) an act of God, landslide, lightning, earthquake, tornado, fire, explosion, flood, failure to possess sufficient property rights, acts of the public enemy, war, blockade, sabotage, insurrection, riot, epidemic, pandemic, or civil disturbance, (ii) preliminary or final order of any local, province, administrative agency or governmental body of competent jurisdiction, (iii) any change in law, regulation, rule, requirement, permit,

interpretation or statute adopted, promulgated, issued or otherwise specifically modified or changed by any local, province or governmental body, (iv) labor disputes, strikes, work slowdowns or work stoppages, but excluding labor disputes, strikes, work slowdowns or work stoppages by employees of Company; and (v) loss of or inability to obtain service from a utility necessary to furnish power for the operation and maintenance of the Project.

## APPENDIX B

### DESCRIPTION OF PROJECT

Owner owns:

A 2.25 MGD wastewater treatment plant entitled the Brazos River Diversion Canal Wastewater Treatment Plant (the "Central WWTP"), together with the new wastewater treatment facilities currently under construction at the same location. Upon certification and authorization for operation by TCEQ, the design capacity and operational scope of the Central WWTP shall be deemed to include the full permitted capacity of all such facilities without the need for further amendment to this Agreement. A 0.03 MGD wastewater treatment plant entitled the Slaughter Road Treatment Plant (the "Slaughter Road WWTP");

- A corresponding collection system;
- A series of 34 wastewater lift stations listed below;
- Three (3) operational water wells; and
- A potable water distribution system including meters, pump stations and storage tanks. (collectively the wastewater systems and water system are referred to as the "Project").

Company agrees to provide the services necessary for the management, operation and maintenance of the following:

- a) All equipment, vehicles, grounds and facilities now existing within the present property boundaries of or being used to operate Freeport's Central Wastewater Treatment Plant (Central WWTP) immediately south of State Highway 288 on the east bank of the Brazos River Diversion Canal and the Slaughter Road-Wastewater Treatment Plant (Slaughter Road WWTP) located at 123 Slaughter Road, north of State Highway 36. Both of the plants are located in Brazoria County, Texas. The existing service area of the Central Plant is bounded by the Brazos River on the west, the Missouri- Pacific Railroad on the north, the Old Brazos River on the east and State Highway 288 on the South. The existing service area of the Slaughter Road Plant is as indicated in the Engineering Report prepared by Joy, Mercer & Associates dated December, 1993.
- b) All equipment, grounds, lines, meters, manholes, storage tanks, and facilities now existing within the present property boundaries, including but not limited to 34 sewage lift stations (scope of work in accordance with Appendix E & F), 3 water pumping stations and three ground wells described as follows:

**Sewage Lift Stations:**

<b>Number</b>	<b>Designation</b>	<b>Address</b>
1.	Slaughter Rd WWTP L.S	123 SLAUGHTER ROAD
2.	Kelly Lane L.S	528 KELLY LANE
3.	Lift Station	401 EAST 4TH
4.	Lift Station	103 CHERRY STREET
5.	Lift Station	431 WEST 4 <sup>TH</sup> STREET
6.	Lift Station	1002 WEST 5 <sup>TH</sup> STREET
7.	Lift Station	1103 WEST 11 <sup>TH</sup> STREET
8.	Lift Station	1624 WEST 11 <sup>TH</sup> STREET
9.	Lift Station Central	1931 WEST 11 <sup>TH</sup> STREET
10.	Lift Station	508 DIXIE DRIVE
11.	Lift Station	1607 WEST4TH STREET
12.	Lift Station	402 SOUTH GULF BLVD
13.	Lift Station	22 NORTH AVENUE "D"
14.	Lift Station	602 NORTH AVENUE "F"
15.	Lift Station	1303 NORTH AVENUE "O"
16.	Lift Station	1824 NORTH AVENUE "I"
17.	Riverside L.S	1205 NORTH GULF BLVD
18.	Lift Station	1902 WEST 2 <sup>ND</sup> AVENUE
19.	Lift Station	226 SOUTH AVENUE "I"
20.	Lift Station	1702 NORTH VELASCO

21.	Lift Station	702 NORTH AVENUE "J"
22.	Lift Station	300 BRAZOS LANDING
23.	Central Plant L. S	931 FLOOD GATE
24.	Lift Station	HWY 523 & 332
25.	Lift Station	STATE HWY 332 3329
26.	Lift Station	1605 STATE HWY 332
27.	Lift Station	STATE HWY 332 1513
28.	Lift Station	100 SWORDFISH LANE
29.	Lift Station	MARLIN ROAD 325
30.	Lift Station	1129 MARLIN
31.	Seamans Center	1123 CHERRY STREET
32.	RiverPlace Lift Station	733 MYSTERY HARBOR
33.	T-Docks Lift Station	1300 WEST 2 <sup>ND</sup>
34.	Williams Lift Station	1406 Avenue S

Three ground wells:

1. 8<sup>th</sup> St Well
2. Ave F Well
3. Slaughter Rd. Well

**APPENDIX C-1**

**NPDES PERMIT AND  
WASTEWATER TREATMENT CHARACTERISTICS**

- C-1.1 Company will operate so that effluent will meet the requirement of TCEQ TPDES Permit No. WQ0010882-001 (EPA ID No. TX0033332) issued on May 8, 2020 for the Central WWTP, and TCEQ TPDES Permit No. WQ0010882-002 (EPA ID No. TX003341) issued on September 8, 2025 for Slaughter Road WWTP, a full and complete copy of which is adopted by reference herein as of the date hereof. Such permits shall include any amendments, renewals, reissuances, modifications, or successor permits issued by TCEQ, all of which are incorporated herein by reference without the need for further amendment to this Agreement. Company shall be responsible for meeting the effluent quality requirements of the Permit unless one or more of the following occurs: (1) the wastewater influent does not contain Adequate Nutrients to support operation of Project biological processes and/or contains Biologically Toxic Substances, Hazardous Substances, and/or Emerging Contaminants which cannot be removed by the existing process and facilities; (2) dischargers into Owner’s sewer system violate any or all regulations as stated in Owner’s Industrial Water and Sewer Ordinance(s) or as required by law; (3) the flow or influent BOD<sub>5</sub> and/or suspended solids exceeds the Project design parameters which are 2.25 million gallons of flow per day, 375 pounds of BOD<sub>5</sub> per day monthly average, 375 pounds of suspended solids per day on a monthly average and a daily peaking factor of 3.56 times flow; (4) if the wastewater treatment facility and/or associated appurtenances is inoperable or can operate only at a reduced capacity on account of construction activities, fire, flood, adverse weather conditions, labor disputes or other causes beyond Company’s control.
- C-1.2 In the event any one of the Project influent characteristics, suspended solids, BOD<sub>5</sub> or flow, exceeds the design parameters stated above, Company shall return the plant effluent to the characteristics required by NPDES in accordance with the following schedule after Project influent characteristics return to within design parameters.

<u>Characteristics Exceeding Design Parameters By</u>	<u>Recovery Period Maximum</u>
10% or Less	5 days
Above 10% Less than 20%	10 days
20% and Above	30 days

Notwithstanding the above schedule, if the failure to meet effluent quality limitations is caused by the presence of Biologically Toxic Substances, Emerging Contaminants or the lack of Adequate Nutrients in the influent, then Company will have a thirty (30) calendar day recovery period after the influent is free from said substances or contains Adequate Nutrients.

C-1.3 Company shall not be responsible for fines or legal action as a result of discharge violations within the period that influent exceeds design parameters, does not contain Adequate Nutrients, contains Biologically Toxic Substances or Emerging Contaminants or is inoperable, and the subsequent recovery period.

C-1.4 The Annual Fee for services under this Agreement is based upon the following:

Project influent characteristics are as follows:

Parameter	Central WWTP	Slaughter WWTP	Units
Flow	0.93	0.0095	MGD
BODs	1,004.98	2.6	Lbs/day
TSS	1,972.93	2.43	Lbs/day

Any change of 10 percent (10%) or more in any of these characteristics, based upon a twelve (12) month moving average, will constitute a Change in Scope (See Article 9 ).

Solids disposal characteristics:

Company’s Annual Fee includes compensation for hauling by truck and disposing of solid waste, screenings, grit, sludge and scum in an amount based on its paying (existing fee) per (cubic yard) of eligible material at the Brazoria County Recycling facility which is approximately 15 road miles from the Project. Should these costs change, such event shall be a Change in Scope (See Section 2.15).

Whenever Company is excused from meeting the requirements of the TECQ permits, it will nevertheless use commercially reasonable efforts to meet those requirements.

## APPENDIX D

### INSURANCE COVERAGE

Company SHALL MAINTAIN:

1. Statutory workers' compensation for all Company employees at the Project as required by the State.
2. Commercial general liability insurance, insuring Company' negligence, in an amount of \$5,000,000 combined single limits for bodily injury and/or property damage.
3. Automobile liability insurance for all owned (if any), non-owned and hired automobiles in an amount of \$1,000,000.

Owner SHALL MAINTAIN:

1. Statutory workers' compensation for all of Owner's employees associated with the Project as required by the State.
2. Property insurance on a "special form causes of loss" form or its equivalent for Owner's owned, leased, rented or personal property at replacement cost with business interruption coverage.
3. Automobile liability insurance for all owned (if any), non-owned and hired automobiles in an amount of \$1,000,000.

Each party shall cause the other party to be included as additional insured on the above insurance policies (except workers' compensation) and shall provide the other party at least thirty (30) days' notice of the cancellation of required policies. Each Party shall waive subrogation in favor of the other Party. Additionally, each Party's insurance policies shall waive, or be endorsed to waive, rights of recovery by subrogation in favor of the other Party.

Company shall maintain a performance bond equal to at least one year of Annual Fees and Maintenance and Repair issued in favor of Owner.

## APPENDIX E

### WASTEWATER COLLECTION SYSTEM AND LIFT STATIONS SCOPE OF SERVICES

Company must provide Owner proof of the Company's performance of services listed below and it be detailed on/with the Owner's MOR in the month actually performed including, but not limited to:

- E.1 Inspect and clean manholes for condition and provide a list of manholes for rehabilitation to Owner annually. These efforts shall be in an amount that is 20% annually so that in a 5-year period 100% of the Owner's nearly 600 manholes are inspected. All inspections will be detailed on the MOR in the month they occurred and document efforts by data transfer (i.e., email GIS coordinates of all inspected manholes) to Owner's Property/GIS Manager and any other Owner designee .
- E.2 RESERVED.
- E.3 Perform wastewater collection line cleaning on an annual basis for approximately twenty percent (20%) of the main lines and document efforts by data transfer (i.e., email GIS coordinates of all beginning and end points of line cleaning) to Owner's Property/GIS Manager and any other Owner designee. Over the 5-year life of the agreement, 100% of the main lines shall be cleaned by the Company.
- E.4 Perform digitally televised inspection of approximately twenty percent (20%) of the main lines annually, and document inspections by data transfer (i.e., email GIS coordinates of all televised beginning and end points) to Owner's Property/GIS Manager and any other Owner designee. Over the 5-year life of the agreement, 100% of the main lines shall be televised inspected.
- E.5 Assess main line segment conditions from televised inspections and provide a prioritized list of line repairs or replacements to Owner annually. These efforts shall be reported on the MOR in the month they occurred.
- E.6 Perform lift station fixed asset technical assessment on all lift stations and provide a recommended moving two-year fixed assets repair and replacement to Owner annually.
- E.7 Conduct a public awareness program in discharge of fats, oils and greases to the sanitary sewer system. These efforts shall be reported on the MOR in the month they occurred.
- E.8 Monthly, Company's Project Leader will attend the first City Council meeting and present the Company's activities for the prior month. The

Project Leader will meet monthly with the Owner's Utility Operations Manager, or designee, to discuss upcoming activities, any issues, concerns, or matters of interest to each party.

- E.9 Conduct a root control program in all main line segments identified with root intrusions during digitally televised inspections. These efforts shall be reported on the MOR in the month they occurred.
- E.10 Company shall take all reasonable efforts to keep all work area/sites cleaned, secured, properly protected and safe when left unattended.
- E.11 Company will promptly work to remove bypass pumps as soon as practical by managing and ensuring the progress of equipment repairs and replacements.
- E.12 All of the above in conformance with Texas Commission on Environmental Quality's agreements with the owner dated May 19, 2020, and renewal letter agreement, which has not been received at this time.

## APPENDIX F

### WATER DISTRIBUTION SCOPE OF SERVICES

Company must provide Owner proof of the Company's performance of services listed below and it be detailed on/with the Owner's MOR in the month actually performed including, but not limited to:

- F.1 Flush distribution system and all dead-end mains, listed below, on a monthly basis following all TCEQ regulations.
- F.2 Ground Wells to be kept in compliance with TCEQ regulations.
- F.3 Chlorine systems to be kept in working order at all water sites for emergency use on wells or booster system.
- F.4 Find and repair leaks on distribution system including but not limited to mains, fire hydrants, valves, service lines, and on meters to the Customer spud.
- F.5 Map location, size, material of pipe, fire hydrants, and valves for GIS purposes and transfer this data (i.e., email GIS coordinates and other information) to Owner's Property/GIS Manager and any other Owner designee.
- F.6 Provide list of current inventory and supplies of materials and equipment with a cost over \$1,000 on the MOR
- F.7 Test operation of fire hydrants throughout the distribution system while tracking progress. Approximately twenty percent (20%) of fire hydrants shall be tested annually so that one hundred percent (100%) of hydrants are exercised over the five (5) year term of the Agreement. GIS location data for all tested hydrants, including operational status and condition, shall be transferred (i.e., email GIS coordinates and related data) to Owner's Property/GIS Manager and any other Owner designee. All out-of-service, repaired, or replaced hydrants shall be reported in the MOR in the month identified and shall be properly marked or bagged when not operational. All fire hydrants identified as non-operational as of the Effective Date, as listed in Appendix H, shall be repaired, replaced, or restored to service within ninety (90) calendar days of the Effective Date. Thereafter, any hydrant identified as non-operational during the term of this Agreement shall be repaired, replaced, or restored to service within ninety (90) calendar days of identification. Restoration of non-operational hydrants shall be treated as a priority life-safety matter. The list in Appendix H reflects hydrants identified as non-operational as of the Effective Date and does not relieve Company of responsibility for identifying and addressing additional non-operational hydrants discovered thereafter. If circumstances beyond

Company's control prevent timely completion, Company shall document the cause of delay in the MOR and provide a corrective action schedule acceptable to Owner.

- F.8 Capping or removal of old/unused water lines if needed and data emailed to Property/GIS Manager and any other Owner designee for mapping purposes.
- F.9 Responsible for all sampling in the distribution system.
- F.10 Responsible for meter reading and replacement of meters when requested.
- F.11 Responsible for water main shut-downs when necessary.
- F.12 Install at no charge 3/4" ad 1" water taps with service line, valves, and set meter with box.
- F.13 Respond to service requests and emergency call-out by the Owner, to include but not limited to turning on/off service for water, answering questions, rechecking meter readings, and dealing with any other routine Customer inquiry.
- F.14 Keep all booster pumps in working order with maintenance records.
- F.15 All process, repairs, and maintenance must follow TCEQ rules and regulations.
- F.16 All dead-end Mains/Lines are to be flushed monthly per TCEQ/EPA requirements and approved methods. The current monitoring plan/SOP must be updated to reflect current flushable dead-ends. Currently, there are an estimated 33 that are flushable and 28 that are not flushable. The Company will have up to two (2) years to convert the non-flushable to flushable at the Owner's expense.

## **APPENDIX G**

### **MOR SAMPLE**

The attached MOR sample (October, 2025) does not contain all required monthly information detailed in the agreement and what is listed below. The data listed below, along with data mentioned in this agreement and October MOR must be included in the December MOR and all those thereafter unless mutually agreed to in writing by both parties.

G-1. Boil water notice information – date issued, rescinded, and likely cause with any proof/evidence.

G-2. A list and proof of lift station pump cleanings, particularly lift station #27 weekly cleaning of wet well in work orders because of sand/grit buildup.

G-3. Work orders included in the MOR need to only focus on key city assets and issues relevant to owner. Items such as inspection of ladders, fire extinguishers, oil changes on Company vehicles, etc. are not needed. Furthermore, the necessary work orders are only needed to appear once in the MOR, not twice as in the sample MOR. Work Orders included in the MOR must reflect actual work performed and completed during the reporting period and shall not include scheduled, pending, or unfulfilled Work Orders.

## APPENDIX H

### NON-OPERATIONAL FIRE HYDRANTS AS OF EFFECTIVE DATE

1. SOUTH AVE F AND ARCHER
2. GULF BLVD. AND DEZAVALA
3. AVE A AND DIVISION
4. 3403 EAST HWY 332
5. 1122 MARLIN
6. #1306 MARLIN
7. #1307 MARLIN
8. SAILFISH AND TARPON
9. BRIDGE HARBOR CONDO
10. BRIDGE HARBOR DOCK
11. EAST 2ND AND POPLAR
12. EAST 5TH AND EAST PARK

**APPENDIX I**

**SCADA Termination Schedule**

Pursuant to Agreement Sections 11.3, the below SCADA Termination Schedule indicates the amount of money Owner is obligated to repay to Company as a result of its \$300,000 investment in the City’s SCADA system if the Agreement is terminated for any reason prior to the initial five-year term.

	City of Freeport
If Terminated at end of:	Payment Obligation
Month 1	294,804
Month 2	289,568
Month 3	284,292
Month 4	278,976
Month 5	273,619
Month 6	268,221
Month 7	262,781
Month 8	257,300
Month 9	251,778
Month 10	246,212
Month 11	240,605
Year 1	234,954
Month 13	229,260
Month 14	223,523
Month 15	217,742
Month 16	211,916
Month 17	206,046
Month 18	200,131
Month 19	194,171
Month 20	188,166
Month 21	182,114
Month 22	176,016

Month 23	169,871
Year 2	163,679
Month 25	157,440
Month 26	151,154
Month 27	144,819
Month 28	138,436
Month 29	132,003
Month 30	125,522
Month 31	118,991
Month 32	112,410
Month 33	105,779
Month 34	99,097
Month 35	92,364
Year 3	85,579
Month 37	78,743
Month 38	71,854
Month 39	64,912
Month 40	57,918
Month 41	50,870
Month 42	43,768
Month 43	36,611
Month 44	29,400
Month 45	22,134
Month 46	14,812
Month 47	7,434
Year 4	0



## City Council Agenda Item #[2.B]

**Title:** Consideration and possible action approving Resolution No. 2026-3039 to approve Veolia temporary contract extension.

**Date:** March 31, 2026

**From:** Dr. Danielle Kelly

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**Staff Recommendation:** Approve the one-month extension of the existing agreement with Veolia Water North America-Central, LLC for continued operations, maintenance, and management of the City's water utility through April 30, 2026, under the same scope of work and rates of compensation.

**Item Summary:** The City of Freeport and Veolia entered into a contract on September 14, 2015, for operations, maintenance, and management of the City's water utility. Due to administrative turnover, the agreement has been extended several times during the negotiation process. Because of the City's prior notice of termination, the contract was not automatically renewed for an additional ten years. This amendment provides for a one-month extension to allow additional time to negotiate a new long-term agreement.

**Background Information:** The existing Veolia agreement has governed the City's water utility operations since 2015. As the expiration date approached, the City provided a notice of termination, preventing an automatic ten-year renewal. To ensure continuity of water utility services during ongoing negotiations, both parties agreed to extend the contract until April 30, 2026, with no changes to scope, rates, or other terms.

**Special Considerations:**

- The extension maintains uninterrupted water utility operations while protecting the City from a long-term commitment during negotiations.
- No changes to service scope, rates, or conditions are included in this amendment.
- The short-term extension provides flexibility for the City to finalize terms in the best interest of residents.

**Financial Impact:** There is no increase in cost to the City, as the extension continues under the same rates and terms as the existing agreement. All financial obligations remain consistent with prior contract provisions.

**Board or 3rd Party Recommendation:** No outside board action is required. Staff and legal counsel support this short-term extension as prudent to ensure service continuity while negotiations for a revised or new agreement proceed.



**Supporting Documentation:**

1. RESOLUTION VEOLIA 3 EXTENSION DUNCAN 032526
2. Veolia Extension 032526

**RESOLUTION NO. 2026-3039**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT APPROVING AN EXTENSION OF THE CONTRACT WITH VEOLIA WATER NORTH AMERICA-CENTRAL, LLC TO CONTINUE TO PROVIDE OPERATIONS, MAINTENANCE, AND MANAGEMENT SERVICES RELATED TO THE CITY'S WATER UTILITY AND AUTHORIZING THE MAYOR OR CITY MANAGER TO SIGN SAID EXTENSION AGREEMENT ON BEHALF OF THE CITY.**

**WHEREAS**, the City entered into an agreement on September 14, 2025 with the Contractor for Operations, Maintenance, and Management Services related to the City's water utility; and

**WHEREAS**, the existing agreement was for a ten (10) year term commencing on October 1, 2015 and expiring on September 30, 2025; and

**WHEREAS**, the parties agreed that, based upon a prior notice of termination by the City, the existing agreement is not automatically extended for another ten (10) year period; and

**WHEREAS**, the parties entered into a three (3) month extension of the existing agreement on September 15, 2025 for Operations, Maintenance, and Management Services related to the City's water utility expiring on December 31, 2025; and

**WHEREAS**, the parties subsequently entered into a two (2) month extension of the existing agreement for Operations, Maintenance, and Management Services related to the City's water utility expiring on February 28, 2026; and

**WHEREAS**, the parties subsequently entered into a one (1) month extension of the existing agreement for Operations, Maintenance, and Management Services related to the City's water utility expiring on March 31, 2026; and

**WHEREAS**, the parties now seek an additional (1) month extension of the existing agreement expiring on April 30, 2026, with the same scope of work and rates of compensation, for the specific purpose of negotiating either a new agreement or a modified extension of the existing agreement.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT THAT:**

**Section 1.** The City Council hereby finds that the facts set forth in the above preamble are true and correct.

**Section 2.** The City Council authorizes the Mayor or City Manager to execute the “Amendment to Contract for Operations, Maintenance, and Management Services” agreement attached to this Resolution as Exhibit A and incorporated herein for all purposes.

**READ, PASSED AND APPROVED** this \_\_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
Jerry Cain, Mayor  
City of Freeport, Texas

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Clarisa Fernandez, City Secretary  
City of Freeport

\_\_\_\_\_  
Chris Duncan, City Attorney  
City of Freeport

**AMENDMENT TO CONTRACT FOR  
OPERATIONS, MAINTENANCE, AND MANAGEMENT SERVICES  
BETWEEN THE CITY OF FREEPORT AND  
VEOLIA WATER NORTH AMERICA-CENTRAL, LLC**

This Amendment to Agreement is made as of the 31st day of March, 2026, by and between the CITY OF FREEPORT, TEXAS (hereinafter referred to as "City"), VEOLIA WATER NORTH AMERICA-CENTRAL, LLC, (hereinafter referred to as "Contractor").

**Whereas**, the City entered into an agreement on September 14, 2015 with the Contractor for Operations, Maintenance, and Management Services related to the City's water utility; and

**Whereas**, the existing agreement was for a 10-year term commencing on October 1, 2015 and expiring on September 30, 2025; and

**Whereas**, the parties agree that, based upon a prior notice of termination by the City, the existing agreement is not automatically extended for another ten (10) year period; and

**Whereas**, the parties entered into a three (3) month extension of the existing agreement on September 15, 2025 with the Contractor for Operations, Maintenance, and Management Services related to the City's water utility expiring on December 31, 2025; and

**Whereas**, the parties entered into a two (2) month extension of the existing agreement on December 15, 2025 with the Contractor for Operations, Maintenance, and Management Services related to the City's water utility expiring on February 28, 2026; and

**Whereas**, the parties entered into a one (1) month extension of the existing agreement on February 17, 2025 with the Contractor for Operations, Maintenance, and Management Services related to the City's water utility expiring on March 31, 2026; and

**Whereas**, the parties seek a one (1) month extension of the existing agreement, under with the same scope of work and rates of compensation, for the specific purpose of negotiating either a new agreement or a modified extension of the existing agreement.

**Now therefore**, in consideration of the mutual covenants and promises contained herein, the City and the Contractor agree as follows:

**SECTION 1 -TERM**

The existing Agreement shall be extended until April 30, 2026.

**SECTION 2 -PRICES, TERMS AND CONDITIONS**

All other prices, terms and conditions of the Agreement, not specifically amended herein, are unchanged and shall remain in full force and effect.

**SECTION 3- SEVERABILITY**

Should any part, term, or provision of this amendment be by the courts decided to be illegal or in conflict with any law of the state, the validity of the remaining portions or provisions shall not be affected hereby.

**SECTION 4- NOTICES**

All notices and other communications required or permitted under this Agreement shall be in writing and given to:

**CITY:**

City of Freeport, Texas City Manager  
Attn: Danielle Kelly  
City of Freeport  
1201 N. Avenue H  
Freeport, Texas 77541

**CONTRACTOR:**

Veolia Water North America-Central, LLC

\_\_\_\_\_  
\_\_\_\_\_

In Witness Whereof, the parties have made and executed this Amendment on behalf of the parties on the day and year above written.

Contractor:

Veolia Water North America-Central, LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

City:

City of Freeport, Texas

By: \_\_\_\_\_

Jerry Cain, Mayor  
City of Freeport, Texas