

INTERLOCAL AGREEMENT BETWEEN THE CITY OF BOERNE AND THE CITY OF FAIR OAKS RANCH SHARED PIPELINE PROJECT

This Interlocal Agreement ("Agreement") is entered into pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, by and between the City of Boerne, Texas ("Boerne") and the City of Fair Oaks Ranch, Texas ("Fair Oaks Ranch"), collectively referred to as the "Parties."

- WHEREAS, the Parties desire to jointly participate in the Guadalupe-Blanco River Authority ("GBRA") regional water delivery project to extend a shared transmission pipeline to adjacent, independently owned and operated water facilities along Ammann Road; and
- WHEREAS, Boerne and Fair Oaks Ranch have agreed to split the costs for the shared portion of the pipeline extending along Ammann Road and into the respective water facilities (the "Shared Pipeline Project"); and
- WHEREAS, subject to the provisions herein, Boerne has agreed to serve as the lead agency and will fund Shared Pipeline Project costs in the first instance, with Fair Oaks Ranch to reimburse Boerne for its share, as outlined herein;
- WHEREAS, after Boerne had substantially completed design drawings for the Shared Pipeline Project, dated April 17, 2025 (the "Original Design Drawings"), Fair Oaks Ranch announced plans to widen and/or realign Ammann Road in a manner that will require modifications to the Original Design Drawings and will result in additional project costs beyond those originally contemplated, which additional costs shall be the sole financial responsibility of Fair Oaks Ranch as provided herein;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions, and promises set forth herein, the Parties agree as follows:

ARTICLE I – PURPOSE AND SCOPE

1.01 The purpose of this Agreement is to define the financial and operational responsibilities of Boerne and Fair Oaks Ranch in connection with the Shared Pipeline Project that will facilitate the delivery of GBRA water to both cities.

1.02 This Agreement covers only those project components that are shared infrastructure, including the pipeline along Ammann Road up to and including the branch point identified on Exhibit A attached hereto and incorporated herein (the "Branch Point"), where the shared pipeline diverges into infrastructure owned and operated exclusively by each respective Party. Each Party shall be solely responsible for the cost, installation, and maintenance of its own individual branch pipeline and any metering facilities required by GBRA beyond the branch point where the shared pipeline diverges into property owned by the individual Party.

ARTICLE II – RESPONSIBILITIES OF THE PARTIES

2.01 Boerne Responsibilities. Boerne agrees to:

- Serve in an administrative capacity as the fiscal agent for the Shared Pipeline Project. Such role shall not be construed as requiring Boerne to fund or otherwise be financially responsible for Fair Oaks Ranch's share of the Shared Pipeline costs;
- Manage and contract for the acquisition, design, permitting, and construction of the Shared Pipeline Project;
- Advance payment for fees and other costs related to the Shared Pipeline Project, subject to the reimbursement obligations of Fair Oaks Ranch as provided for herein; and
- Provide Fair Oaks Ranch with regular project updates and itemized statements of expenditures.

2.02 Fair Oaks Ranch Responsibilities. Fair Oaks Ranch agrees to:

- Reimburse Boerne for actual costs incurred on the Shared Pipeline Project as described in Section 3.01;
- Make reimbursement payments within 45 days of receipt of invoice and supporting documentation from Boerne as described in Section 3.03. Boerne may suspend further work on the Shared Pipeline Project if payment from Fair Oaks Ranch is not received within the allotted time;
- Coordinate and fund the design and construction of its own branch pipeline and metering facilities inside the shared site;
- Payment of 100% of any additional project design fees and construction costs beyond Boerne's completed design drawings, dated April 17, 2025, due to Fair Oaks Ranch's proposed widening/realignment of Ammann Road; and
- Payment of 100% of additional easement GBRA easement acquisition costs for Fair Oaks Ranch's roadway project into previously acquired GBRA project easement area(s).

ARTICLE III – COSTS AND REIMBURSEMENT

3.01 The following categories of expenses are considered shared costs and shall be split: 31% Fair Oaks Ranch and 69% Boerne (per completed design drawings dated April 17, 2025).

- GBRA easement acquisition costs for project as originally designed;
- Relocation of conflicting electric utility facilities (e.g., PEC poles/guys);
- Design and engineering document preparation, including Subsurface Utility Engineering (SUE) and surveying;
- Professional engineering services for design, bid and construction phase services for the Shared Pipeline Project;
- County and local permitting and development fees (including Fair Oaks Ranch permitting and tree giveaway event costs);
- Construction costs for the shared pipelines;
- Construction management, inspection, and testing services;
- Any other mutually agreed upon shared costs associated with the Shared Pipeline Project.

3.02 The total cost of the Shared Pipeline Project is currently estimated at \$2.2 million. This estimate shall not be construed as a cost cap or commitment to a particular project budget. If

actual costs exceed \$2.2 million, such increase must be approved in writing by both Parties prior to further advancement of the Shared Pipeline Project. Boerne shall promptly provide notice to Fair Oaks Ranch of any such increase and Fair Oaks Ranch shall provide its approval or objections to the increase, if any, within thirty (30) days of receipt of such notice.

3.03 Boerne shall submit detailed invoices to Fair Oaks Ranch quarterly (or more frequently if agreed) and include sufficient documentation to support all expenditures claimed. Related invoices and receipts from consultants, contractors, vendors, fees, and any other proof of payment shall constitute sufficient documentation.

3.04 Fair Oaks Ranch shall remit payment to Boerne within 45 days of invoice receipt. Late payments may bear interest at the statutory rate under the Texas Prompt Payment Act.

ARTICLE IV – TERM AND TERMINATION

4.01 This Agreement shall become effective upon execution by both Parties and shall remain in effect until all shared project work is completed and final payments are made, unless earlier terminated by mutual agreement.

4.02 Each Party shall have the right to terminate the Agreement by written notice to the other Party within thirty (30) days of receipt of final bid award price. In the event Fair Oaks Ranch exercises its termination right under this Section, Fair Oaks Ranch shall be solely responsible for all costs associated with obtaining a separate water delivery connection from GBRA, and Boerne shall have no obligation to provide Fair Oaks Ranch access to any portion of the Shared Pipeline infrastructure.

4.03 Regardless of which Party exercises the termination right, Fair Oaks Ranch shall remain obligated to reimburse Boerne for its thirty-one percent share of all allowable costs incurred prior to the effective date of termination. Boerne's right to invoice and collect such pre-termination costs shall survive the expiration or termination of the Agreement.

ARTICLE V – MISCELLANEOUS

- This Agreement is made pursuant to Chapter 791 of the Texas Government Code. No joint venture or agency relationship is created. In performing its duties and obligations hereunder, each Party assures that it will be carrying out one or more governmental functions or services which it is authorized to perform.
- Each Party represents that its governing body has approved execution of this Agreement and that it has obtained all necessary approvals to enter into this Agreement.
- This Agreement constitutes the entire agreement between the Parties relating to the Shared Pipeline Project. Any amendments must be in writing and signed by both Parties.
- Venue for any dispute arising under this Agreement shall lie in Kendall County, Texas.
- Each Party to this Agreement shall pay for the performance of obligation arising from this Agreement through current revenues available to the Party. If applicable, any payments provided to be made hereunder by one Party to the other shall be such amounts as to fairly compensate the other Party for the services or functions performed hereunder.

EXECUTED this ___ day of _____, 2026.

CITY OF BOERNE, TEXAS

By: _____

Name: Ben Thatcher

Title: City Manager

CITY OF FAIR OAKS RANCH, TEXAS

By: _____

Name: Scott M. Huizenga

Title: City Manager

