



Learning to be
Water Wise & Energy Efficient™

An Education Conservation Program

Tuesday, June 08, 2004

Kelly Covey
Fulbright & Jaworski
1301 McKinney, Suite 5100
Houston, Texas 77010-3095

RE: Harris County M.U.D. No. 136

Dear Ms. Covey:

Enclosed is the Interlocal Agreement between the Subsidence District and Harris County M.U.D. No. 136 for the the 2004-'05 school term. Your District's sponsorship will earn Series B Groundwater Credits equal to 84,000 for every student sponsored. Sponsorship cost remains at \$32.75 per student. To continue your District's sponsorship of Wilson Elementary, please execute and forward one copy. Should Wilson Elementary decline participation, your District does have the option to select another available school to earn Groundwater Credits.

The new program format was received favorably by our area teachers and we look forward to another year of continued growth! The program's success would not be possible without the support and dedication of your District! Please convey our thanks to Harris County M.U.D. No. 136 for their continued commitment to conservation education. Together we are making a difference as partners in education.

Sincerely,

Handwritten signature of Susan Brown.

Susan Brown
Program Coordinator
The Subsidence District
1660 West Bay Area Boulevard
Friendswood, Texas 77546
Phone: 281-486-1105 ext. 327
Email: sbrown@subsidence.org
Website: getwise.org & hgsubsidence.org

THE STATE OF TEXAS §
COUNTY OF HARRIS §

INTERLOCAL AGREEMENT

This Interlocal Agreement ("Agreement") entered into by and between the Harris-Galveston Coastal Subsidence District, a body corporate and politic under the laws of the State of Texas ("Subsidence District") and Harris County M.U.D. No. 136, also a body corporate and politic under the laws of the State of Texas ("Sponsor").

WITNESSETH:

THAT WHEREAS, the Subsidence District is the regulatory agency responsible for preventing subsidence through reduction of groundwater withdrawals, and Section 151.079, Water Code, specifically provides that the Subsidence District may cooperate with "any local government to establish water conservation goals, guidelines, and plans to be used within the district."; and

WHEREAS, the Subsidence District cannot achieve water conservation goals without the cooperation and assistance of the public water supply systems; and

WHEREAS, the Subsidence District has designed a project to achieve water conservation through the retrofit of plumbing fixtures combined with a strong educational component administered through the public schools; and

WHEREAS, this project, "Learning to be Water Wise and Energy Efficient" has been tested in several area schools; and

WHEREAS, the plumbing retrofit devices used as part of this Project have been tested in the Municipal Utility District No. 55 Project, jointly sponsored by that District, the Texas Water Development Board, and the Subsidence District, and have demonstrated an average savings of 1,400 gallons of water per month; and

WHEREAS, the Sponsor is also dedicated to conserving water supplies and providing outstanding service to their customers and taxpayers; and

WHEREAS, the governing bodies of the Subsidence District and the Sponsor have duly authorized this Agreement; and

WHEREAS, this Agreement is made pursuant to the TEX. GOV. CODE §791.001, et seq, the Interlocal Cooperation Act (Vernon 1994);

NOW THEREFORE, for and in consideration of the mutual promises and representations herein contained, the parties hereby agree as follows:

I.

PROJECT ADMINISTRATION

1.01 The Subsidence District will coordinate the Project by doing the following tasks:

(A) Purchase and distribute the school curriculum kits, including the teacher's guide, teaching aids, and plumbing retrofit kits.

(B) Provide in-service training to teachers and provide all support functions such as slide presentations, video presentations, publications, and program outlines.

(C) Conduct an evaluation of the program, collecting and analyzing evaluation forms from teachers, students, administrators and parents, and provide the evaluation results to the Sponsor.

(D) Provide all necessary documentation to the Texas Education Agency, Texas Water Development Board, and Texas Commission on Environmental Quality.

1.02 The Subsidence District will maintain a Groundwater Bank and shall provide water conservation credits as follows:

(A) The Sponsor shall receive a Certificate of Deposit water conservation credit equal to 84,000 gallons of groundwater (which equals 1,400 gallons per month for five years) for each student sponsored.

(B) The Sponsor may hold, transfer, sell or redeem the Certificates of Deposit at any time, provided however, that the Certificates of Deposit will be honored by the District for no longer than 20 years after the date the Certificate of Deposit is issued.

(C) Redemption of the Certificate of Deposit requires the Subsidence District to increase the redeemer's groundwater allocation by the amount of the water conservation credit, provided however, that Certificates of Deposit issued beginning with the 2001-2002 school year (Series B) may only be applied to a maximum of 30% of the permittee's total water demand. This absolute right to increase the groundwater

allocation by up to 30% of the permittee's total water demand does not in any way affect the other terms and conditions of the groundwater permit and all groundwater withdrawals will be subject to the permit fees and other rules of the District in effect at the time of the permit.

1.03 The Subsidence District shall perform all coordination activities without charge to the Sponsor. The Sponsor may assist in any coordination activities and may participate in any phase of the Project at its own discretion.

II. PAYMENT

2.01 The sponsor agrees to cosponsor one-half of the students at the following school in Cypress-Fairbanks ISD, which had a total 2003-04 fifth grade enrollment of 65 of 130:

Wilson Elementary

2.02 The Sponsor hereby agrees to pay to the Subsidence District, promptly upon receipt of an invoice from the Subsidence District, the total amount due, which is equal to \$32.75 per student sponsored. The above payment shall provide sponsorship for the above listed school(s) for one year. The amount of the invoice shall be calculated using the actual enrollment in the named schools for each year of the Project.

2.03 From time-to-time the Sponsor may seek to adjust the number of students sponsored by providing a written request to the Subsidence District, subject to the availability of schools willing to participate in the project.

2.04 The Sponsor agrees to pay a similar amount, adjusted for the actual cost of the sponsorship kit and the number of students sponsored, each year for the term of this Agreement.

2.05 This cost represents the sole monetary obligation of the Sponsor in exchange for and in consideration of the Subsidence District's obligations hereunder.

III.

TERM AND TERMINATION

3.01 The term of this Agreement shall be from the effective date hereof until termination of the 2004-05 school year. This agreement may be renewed annually with written authorization of the Sponsor and approval of that authorization by the General Manager of the Subsidence District.

3.02 The Certificates of Deposit in the Groundwater Bank shall be transferred to the custody of the Sponsor at the end of each project year, and shall be honored by the Subsidence District for no longer than 20 years after the date the Certificate of Deposit is issued.

IV.

MISCELLANEOUS

4.01 Subsidence District is engaged as an independent contractor, and all of the services provided for herein shall be accomplished by Subsidence District in such capacity. The Sponsor will have no control or supervisory powers as to the detailed manner or method of the Subsidence District's performance of the subject matter of this Agreement. All personnel supplied or used by the Subsidence District shall be deemed employees or subcontractors of the Subsidence District and will not be considered employees, agents or subcontractors of the Sponsor for any purpose whatsoever.

4.02 This Agreement merges the prior negotiations and understandings of the parties hereto and embodies the entire agreement of the parties, and there are not other agreements, assurances, conditions, covenants (expressed or implied) or other terms with respect to the Project, whether written or verbal, antecedent or contemporaneous with the execution hereof.

4.03 The Subsidence District shall not assign or delegate any portion of its performance under this Agreement without the written consent of the Sponsor.

4.04 The Subsidence District shall remain obligated under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement, including the obligation to honor Certificates of Deposit in the Groundwater Bank as provided in Section 1.02.

IN WITNESS WHEREOF, the parties put their hands to this Agreement on the dates indicated below. This Agreement shall be effective on the date of the last signature hereto.

SPONSOR

By: _____
(Title)

ATTEST:

By: _____
(Title)

Date: _____

HARRIS-GALVESTON COASTAL SUBSIDENCE DISTRICT



Ronald J. Neighbors, General Manager

ATTEST:



By: Jace A. Houston, General Counsel

Date: 6/10/2004