

5. In construing this Agreement, neither of the parties hereto shall have any term or provision, or any uncertainty or ambiguity as to any provisions herein, construed against such party solely by reason of such party having drafted the same.
6. The parties to this Contract are Independent Contractors. No party shall exercise control over either the performance of the other party or the employees of any other party; and no party shall be deemed to be the agent, employee or representative of any other party.
7. The parties designate the following persons as their respective representatives for any communications pertaining to this Agreement:

RIVERBEND WATER
RESOURCES DISTRICT
Attn: Executive Director/CEO
228 Texas Avenue, Suite "A"
New Boston, Texas 75570


TEXAMERCIAS CENTER
Attn: Executive Director/CEO
107 Chapel Lane
New Boston, Texas 75570

8. Should any portion of this Agreement be determined or declared invalid, illegal, or unenforceable for any reason, the remaining portions hereof shall remain in full force and effect as though the invalid, illegal or unenforceable portions were not contained herein.
9. This Agreement may be amended only by a written document signed by the duly authorized representatives of the parties hereto.
10. This Agreement and/or the rights and obligations of the parties may not be assigned by either party without the written consent of the other party which consent shall not be unreasonably withheld.
11. In the event of a dispute arising under this Agreement, the parties agree to meet informally in a good faith effort to negotiate a resolution of the dispute. If the parties are unable to resolve the dispute, in accordance with the Interlocal Cooperation Act, Section 791.015, the parties shall submit any disputes arising under this Agreement to the alternative dispute resolution procedures authorized by Chapter 2009 of the Texas Government Code. Each party shall pay its own costs and expenses, including attorney's fees, incurred during any facet of dispute resolution.
12. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.
13. This Agreement shall be effective upon the date first above-written.

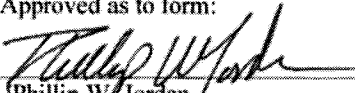
TEXAMERICAS CENTER

BY: 
Scott Norton,
Executive Director & CEO

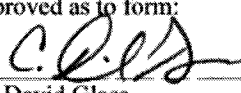
**RIVERBEND WATER RESOURCES
DISTRICT**

BY: 
Elizabeth A. Fazio Hale,
Executive Director & CEO

Approved as to form:


Phillip W. Jordan
JORDAN LAW FIRM, L.L.P.
Retained Legal Counsel

Approved as to form:


C. David Glass
SMITH WEBER, L.L.P.
Retained Legal Counsel

NO. _____

**TEXAMERICAS CENTER
&
RIVERBEND WATER RESOURCES DISTRICT

INTERLOCAL LICENSE AGREEMENT**

TEXAMERICAS CENTER, a political subdivision of the State of Texas, acting by and through its duly authorized Executive Director and CEO, (hereinafter referred to as "GRANTOR" and/or "TAC"), hereby grants to the **Riverbend Water Resources District**, a conservation and reclamation district of the State of Texas, (hereinafter referred to as the "Grantee" and/or "Riverbend"), a license for ingress and egress over, across, in and upon the public and provide roadways and utility easements of TAC located in Bowie County, Texas on property composing the current and former portions of the Red River Army Depot, and the portions of the former Lone Star Army Ammunition Plant previously conveyed to TAC by the United States of America.

This license is issued in conjunction with an agreement between Grantor and Grantee entitled *Agreement for Purchase and Sale of Assets and Assignment and Assumption of Liabilities* dated May 26, 2015 (hereinafter called the "Purchase Agreement") and is to facilitate the implementation and performance of said contract. All capitalized terms used herein that are not otherwise defined herein shall have the meaning, if any, assigned to them in the Purchase Agreement.

This license shall neither expand nor reduce any rights nor shall it modify any obligations of the parties as set out in the Purchase Agreement.

THIS LICENSE is granted subject to the following conditions.

1. TERM

This license is granted for a term of thirty (30) years, beginning May 1, 2016 at 12:00:00 A.M., the effective date of the closing of the transaction contemplated by the Purchase Agreement, and shall end on April 30, 2046, and, provided that Grantee is not then in default hereunder, may be renewed by Grantee for successive periods of ten years each upon written notice to Grantor of Grantees intent to do so. Any such notice must be delivered at least six months prior to the expiration of the then-current term, and not more than one (1) year before the expiration of the then-current term.

2. CONSIDERATION

- a. The Grantee shall pay cash consideration to the Grantor as follows:
- i. A Franchise Fee of three percent (3.00%) of the gross revenues generated from the operation of any utility system now or hereafter owned by Riverbend (or any subsidiary, affiliated organization, and any permitted assigns of the same) which is located on any real property previously owned, now owned, or which is hereafter owned by TAC in the future, and on any property which constitutes any or all of the current or former Red River Army Depot and Lone Star Army Ammunition Plant property (and their respective successor installations); provided, however, that "gross revenues" for purposes of the foregoing shall not be deemed to include any revenues classified as "Facility Charge #1" or "Facility Charge #2" under the Army Wet Utilities Contract.
 - ii. The Franchise Fee shall be paid monthly, in arrears, based upon the amount of billed charges for the preceding month. On or before the 10th day of each month, Grantee shall provide a monthly billing report to Grantor of its billings for Wet Utility Services for the preceding month. Grantee shall then have until the last day of each month to pay the Franchise Fee due for services provided during the previous month. Any Franchise Fee payment not paid in full by said date each month shall be deemed delinquent
 - iii. In the event that any monthly installment of the Franchise Fee is not paid in full prior to delinquency, the Grantee shall pay to the Grantor as a late fee the sum of five percent (5.00%) of the unpaid amount of each such delinquent payment to offset Grantors expense and time spent in collecting said delinquent payment.
 - iv. All past due amounts shall bear interest at the maximum rate allowed by law until paid in full.
 - v. All payments received will be applied first to any accumulated interest, administrative and penalty charges and then to the discharge of any unpaid Franchise Fee balance. Interest will not accrue on any late payment penalty charge.
 - vi. In the event that any Franchise Fee payment(s) shall become more than 180 days past due, Grantor, at Grantor's sole option, may revoke this License Agreement upon written notice to Grantee.
 - vii. If Grantor is required to obtain the services of a collection agency or attorney to collect any sums due hereunder, Grantee shall reimburse Grantor for its legal and collection expenses actually incurred, including costs of court, costs of litigation, and other expenses incurred incident thereto.

- b. Grantee shall at all times while this Agreement is in effect provide potable water and sanitary sewer service to Grantor pursuant to an Interlocal Agreement at the lowest rate for said services provided to any other customer of Grantee other than the United States federal government.

3. NOTICES

All notices and correspondence to be given pursuant to this license shall be addressed, if to the Grantor, to TexAmericas Center, Attn: Executive Director and CEO, 107 Chapel Lane, New Boston, Texas 75570; and if to Grantee, to Riverbend Water Resources District, Attn: Executive Director and CEO, 228 Texas Avenue Suite "A", New Boston, TX 75570; or as may from time to time otherwise be directed by the parties. Notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or upon actual personal delivery to the incumbent officer of each respective party named above.

4. SUPERVISION BY THE EXECUTIVE DIRECTOR

The use and occupation of the premises by Grantee shall be subject to the general supervision and approval of the Executive Director and CEO, TexAmericas Center, who is sometimes referred to herein as the "officer", and to such rules and regulations as may be prescribed from time to time by said officer.

5. APPLICABLE LAWS AND REGULATIONS

The Grantee shall comply with all applicable federal, state, county and municipal laws, ordinances and regulations wherein the premises are located. Access shall be governed by the requirements of Grantor relating to security of the Premises and by agreements between Grantor and the United States of America.

6. CONDITIONAL USE BY GRANTEE

The exercise of the privileges herein granted shall be:

- a. without cost or expense to the Grantor;
- b. subject to the right of the Grantor to improve, use or maintain the premises, provided such improvements, use or maintenance does not unreasonably impair the rights of the Grantee under the Army Wet Utilities Contract.
- c. subject to other grants of the Grantor affecting the premises;
- d. personal to the Grantee, and this license, or any interest therein, may not be transferred or assigned without the prior written consent of Grantor, which may be withheld, conditioned, delayed or refused, in the sole and absolute discretion of Grantor.

7. CONDITION OF PREMISES

The Grantee acknowledges that it has inspected the premises, knows its condition, and understands that the same is granted without any representations or warranties whatsoever and without any obligation on the part of the Grantor.

8. COST OF UTILITIES

The Grantee shall pay the cost, as determined by the officer having immediate supervision over the premises, of producing and/or supplying any utilities and other services furnished by the Grantor or through Grantor-owned facilities for the use of the Grantee, including the Grantee's proportionate share of the cost of operation and maintenance of the Grantor-owned facilities by which such utilities or services are produced or supplied. The Grantor shall be under no obligation to furnish utilities or services. Payment shall be made in the manner prescribed by the officer having such jurisdiction.

9. PROTECTION OF PROPERTY

The Grantee shall keep the premises in good order and in a clean, safe condition by and at the expense of the Grantee. The Grantee shall be responsible for any damage that may be caused to property of the Grantor by the activities of the Grantee under this license, and shall exercise due diligence in the protection of all property located on the premises against fire or damage from any and all other causes. Any property of the Grantor damaged or destroyed by the Grantee incident to the exercise of the privileges herein granted shall be promptly repaired or replaced by the Grantee to a condition satisfactory to the executive director of the Grantor, or at the election of said officer, reimbursement made therefore by the Grantee in an amount necessary to restore or replace the property to a condition reasonably satisfactory to said officer. Grantee shall use its best efforts to minimize damage to roads, streets, and other pavement structures, including using directional boring rather than trenching through the paving material, if permitted.

10. INDEMNITY

The Grantor shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the exercise of the privileges herein granted, or for damages to the property of the Grantee, or for damages to the property or injuries to the person of the Grantee's officers, agents, or employees or others who may be on the premises at their invitation or the invitation of any one of them, and the Grantee shall, to the extent of liability provided in the Texas Tort Claims Act, hold the Grantor harmless from any and all such claims not including damages due to the fault or negligence of the Grantor or its contractors. Any limitation of liability which may be provided in the Texas

Tort Claims Act shall be personal to the Grantee only and shall not inure to its agents, assigns, or contractors.

11. RESTORATION

Subject to the limitations contained in Paragraph 9 above, on or before the expiration of this license or its termination by the Grantee, the Grantee shall vacate the premises, remove the property of the Grantee, and restore the premises to a condition satisfactory to said officer. If, however, this license is revoked, the Grantee shall vacate the premises, remove said property and restore the premises to the aforesaid condition within such time as the officer may designate. In either event, if the Grantee shall fail or neglect to remove said property and restore the premises, then, at the option of said officer, the property shall either become the property of the Grantor without compensation therefore, or said officer may cause the property to be removed and no claim for damages against the Grantor or its officers or agents shall be created by or made on account of such removal and restoration work. The Grantee shall also pay the Grantor on demand any sum, which may be expended by the Grantor after the expiration, revocation, or termination of this license in restoring the premises to the required condition.

12. NON-DISCRIMINATION

The Grantee shall not discriminate against any person or persons or exclude them from participation in the Grantee's operations, programs or activities because of race, color, religion, sex, age, handicap or national origin in the conduct of operations on the premises. The Grantee will comply with the Americans with Disabilities Act and attendant Americans with Disabilities Act Accessibility Guidelines (ADAAG) published by the Architectural and Transportation Barriers Compliance Board.

13. ENVIRONMENTAL PROTECTION

a. Within the limits of their respective legal powers, the parties to this license shall protect the premises against pollution of its air, ground and water. The Grantee shall comply with any laws, regulations, conditions, or instructions affecting the activity hereby authorized if and when issued by the Environmental Protection Agency, or any Federal, state, interstate or local governmental agency having jurisdiction to abate or prevent pollution, and shall further comply with the terms of the Army Title Conveyance Documents relating thereto. The disposal of any toxic or hazardous materials within the premises is specifically prohibited. Such regulations, conditions, or instructions in effect or prescribed by said Environmental Protection Agency, or any Federal, state, interstate or local governmental agency are hereby made a condition of this license. The Grantee shall not discharge waste or effluent from the premises in such a manner that the discharge will contaminate streams or other bodies of water or otherwise become a public nuisance.

b. The Grantee will use all reasonable means available to protect the environment and natural resources, and where damage nonetheless occurs from the Grantee's activities, the Grantee shall be liable to restore the damaged resources.

c. The Grantee must obtain approval in writing from said officer before any pesticides or herbicides are applied to the premises.

14. HISTORIC PRESERVATION

The Grantee shall not remove or disturb, or cause or permit to be removed or disturbed, any historical, archeological, architectural or other cultural artifacts, relics, remains or objects of antiquity. In the event such items are discovered on the premises, the Grantee shall immediately notify said officer and protect the site and the material from further disturbance until said officer gives clearance to proceed.


15. DISCLAIMER

This license is effective only insofar as the rights of the Grantor in the premises are concerned; and the Grantee shall obtain any permit or license which may be required by federal, state, or local statute, rule, regulation, order, decree, judgment or agreement in connection with the use of the premises. It is understood that the granting of this license does not preclude the necessity of obtaining a Department of the Army permit for activities which involve the discharge of dredge or fill material or the placement of fixed structures in the waters of the United States, pursuant to the provisions of Section 10 of the Rivers and Harbors Act of 3 March 1899 (33 USC 403), and Section 404 of the Clean Waters Act (33 USC 1344).


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IN WITNESS WHEREOF, the undersigned parties have executed this agreement to be effective as of the date and time set forth in Section 1 hereof.

**RIVERBEND WATER
RESOURCES DISTRICT**

By: 
Elizabeth A. Fazio Hale
Executive Director & CEO
Riverbend Water Resources District

TEXAMERICAS CENTER

By: 
Scott Norton
Executive Director & CEO
TexAmericas Center

MEMORANDUM OF AGREEMENT
Riverbend Water Resources District & TexAmericas Center

Article I. Background and Purpose

1.01 Riverbend Water Resources District (RWRD) and TexAmericas Center (TAC) entered into an Agreement for Purchase and Sale of Assets and Assignment and Assumption of Contract Rights ("Agreement for Purchase and Sale") on or about May 26, 2015.

1.02 RWRD and TAC, together referred to as the Parties, mutually desire and agree to supplement and/or amend the terms of the Agreement for Purchase and Sale as reflected herein, but not otherwise. To the extent the Terms and Conditions set forth herein modify or alter the provisions of the Agreement for Purchase and Sale, the Terms and Conditions set forth herein shall control; and the Terms and Conditions set forth herein shall become a part of the Agreement for Purchase and Sale as if originally stated therein.

Article II. Terms and Conditions

Closing

2.01 The Time and Place for Closing is scheduled for Thursday, April 28, 2016, with an Effective Date of the transfer of the Wet Utility Systems, its operations and its employees being May 1, 2016, ("Effective Date"). RWRD's obligations as it relates to Key Employees, as defined in the Agreement for Purchase and Sale, shall not commence until the aforementioned Effective Date of the transfer; and its assumption of duties, obligations, covenants, liabilities, terms and conditions relative to the operation of the Wet Utility Systems as set forth in the Agreement for Purchase and Sale shall not commence until said Effective Date.

Audit Costs

2.02 RWRD shall pay its own audit costs for periods prior to the transfer with existing funds from its FY 2015-2016 budget. Audit costs for periods from the Effective Date of Closing forward following the transfer shall be paid by the Wet Utilities Enterprise Fund.

2.03 TAC's audit costs for the current fiscal year through the Effective Date of Closing shall be paid from the Wet Utilities Enterprise Fund. The audit for the period running from the Effective Date of the Closing to the end of the fiscal year shall be paid by TAC's General Fund for FY 2015-2016 Budget.

Profit Split

2.04 At the end of FY 2015-2016, TAC shall receive seven-twelfths (7/12^{ths}) of the profits from the operation of the Wet Utilities Systems budgeted by TAC for FY 2015-2016 from the Enterprise Fund. RWRD shall receive the remainder of the profits for said period. ~~All Expenses, as further defined herein below, shall be paid from the Enterprise Fund through FY 2015-2016.~~ ②
CAEH

2.05 Intentionally Deleted.

Ongoing Projects & Operations

2.06 The Parties shall endeavor to keep all current and ongoing projects moving forward and work together to make sure any interest in services transferred to RWRD continues to be pursued and maintained. By way of example, said provision shall apply to any discussions on providing wastewater treatment for the City of Redwater.

2.07 TAC and its employees shall reasonably cooperate in the transition of the Wet Utility Systems to RWRD and for a period of six (6) months thereafter by being accessible to RWRD and its employees, agents and board of directors to respond to questions, inquiries and/or concerns as to the operation of the Wet Utility Systems and matters relevant thereto.

Reserve Funds

2.08 RWRD acknowledges that in order to secure private financing, the bond writers may require reserve funds to secure the bonds. RWRD agrees to be pay for and be accountable for all such necessary reserves.

2.09. Performance Bond.

A. As a condition to the granting of the Novation of TAC from the Wet Utilities Contract as contemplated in the Agreement for Purchase and Sale, the United States of America is requiring that RWRD post a performance bond in the amount of \$3,000,000.00, for a period of two (2) years from the date of transfer of the Wet Utilities Systems, in the form attached hereto as Exhibit "A" (hereinafter the "Performance Bond"), and is further requiring that TAC serve as surety under said Performance Bond, and post certain property as security for the Performance Bond.

B. In the event that TAC is called upon by the United States of America (or any of its agencies, departments, or subdivisions) to perform RWRD's obligations under the Performance Bond due to RWRD's failure to do so, TAC may require RWRD to re-convey to TAC all or part of the assets conveyed to RWRD pursuant to the Agreement for Purchase and Sale, and any additions thereto, replacements thereof, or proceeds derived from the sale or other disposition of said assets, and TAC may declare a default under any documents executed in connection with the Closing of the transactions contemplated by the Agreement for Purchase and Sale, and may further demand immediate payment in cash of all sums due under any such agreements.

2.10. RWRD acknowledges that TAC has previously conveyed portions of the water systems located on the TAC-EAST campus to the City of Texarkana, Texas, along with the rights to the Certificate of Convenience & Necessity for potable water service incident thereto. The City of Texarkana, Texas never filed for the Certificate of Convenience & Necessity on any portion of the TAC-EAST campus. As part of the transaction contemplated by the *Agreement for Purchase and Sale*, all portions of the TAC-CENTRAL and TAC-EAST

campus CCNs (No. 13210 and No. 21067) were included in the transfer application filed by the parties. Affidavits of Notice were properly sent to all required entities and such notice was filed by the parties on September 28, 2016. All deadlines for any interested party or entity and the Commission to comment, intervene, or request a hearing have passed. On January 5, 2016, the Public Utility Commission approved the sale and transfer of the transaction to proceed (Order No. 5) conditioned upon the completion and filing of closing documents evidencing the transaction.

RWRD is presently negotiating with the City of Texarkana to purchase said portions of the water system on TAC-EAST. RWRD hereby agrees to and does release and discharge TAC from any liability arising as a result of the transfer to RWRD of the applicable CCN relating thereto, and any subsequent claims or actions asserted or instituted by the City of Texarkana, Texas relating thereto should RWRD's purchase negotiations with the City of Texarkana fail to consummate.

2.11. All parties agree that all covenants, promises, duties and obligations contemplated by this Memorandum of Agreement, the Agreement of Purchase and Sale, and all documents executed in connection with the closing of the transactions contemplated thereby shall survive the closing thereof, and shall not be merged therein and shall be fully enforceable by the parties following closing of said transactions and the execution of the documents incident thereto.

2.12. Provided that RWRD:

- a. delivers to TAC a written request for an extension of the maturity date of the Promissory Note to be executed pursuant section 23.01 of the Purchase Agreement until April 30, 2017,
- b. delivers to TAC a duly adopted resolution of RWRD's board of directors authorizing an extension of the indebtedness and the liens securing the same which has been adopted on or after October 1, 2016;
- c. delivers to TAC evidence that the payment of the then outstanding indebtedness owned under the Promissory Note has been budgeted to be paid from then current revenues of RWRD; and
- d. has not defaulted under and is not then in default under any provision or term of any of the documents and agreements executed in connection with the Closing of the transactions contemplated by the Purchase Agreement;

TAC shall agree to execute a modification, renewal and extension agreement extending the maturity date of the Promissory Note to April 30, 2017, and renewing and extending the liens securing the same. Said agreement shall be in a form acceptable to TAC.

2.13. RWRD agrees that at all times it shall provide water and sewer services to TAC at the lowest rate offered to any other customer of Riverbend other than the United States federal government.

Article III. Effective Date

This Agreement shall become effective upon the date of the last signature affixed hereto. This Agreement may be executed in duplicate original documents which shall become the Agreement.

Article IV. Authorization / Approval

This Agreement was approved by the governing boards of the respective parties at meetings that were posted and held in accordance with applicable Open Meetings laws. The individuals signing herein below are authorized to do so by the respective Parties to this Agreement.

Riverbend Water Resources District

By: 
Elizabeth A. Fazio Hale,
Executive Director/CEO

Date: April 28, 2016

TexAmericas Center

By: 
Scott Norton,
Executive Director/CEO

Date: 4/28/16

Novation Agreement

TexAmericas Center, a political subdivision of the State of Texas, with its principal office located at #7 Chapel Lane, New Boston, Bowie County, Texas ("Transferor"); Riverbend Water Resources District, a conservation and reclamation district of the State of Texas ("Transferee"), with its principal office located at 3930 Galleria Oaks, Texarkana, Bowie County, Texas; and the United States of America ("Government") enter into this Agreement dated and effective as of the 14th day of March, 2016.

(a) The parties agree to the following facts:

- (1) The Government, represented by various Contracting Officers of the Department of the Army, has entered into certain contracts with the Transferor, as shown in the attached list marked 'Exhibit A' and incorporated in this Agreement by reference. The term "the contracts," as used in this Agreement, means the above contracts and purchase orders and all other contracts and purchase orders, including all modifications, made between the Government and the Transferor before the effective date of this Agreement (whether or not performance and payment have been completed and releases executed if the Government or the Transferor has any remaining rights, duties, or obligations under these contracts and purchase orders). Included in the term "the contracts" are also all modifications made under the terms and conditions of these contracts and purchase orders between the Government and the Transferee, on or after the effective date of this Agreement.
- (2) As of May 1, 2016, (the "Transfer Date") the Transferor has transferred to the Transferee all the personal property assets of the Transferor used in the performance of the contracts by virtue of an *Agreement for Purchase and Sale of Assets and Assignment and Assumption of Contract Rights* between the Transferor and the Transferee.
- (3) The Transferee has acquired all of the personal property assets of the Transferor used in the performance of the contracts by virtue of the above transfer.
- (4) The Transferee has assumed all obligations and liabilities of the Transferor under the contracts by virtue of the above transfer.
- (5) The Transferee is in a position to fully perform all obligations that may exist under the contracts.

- (6) It is consistent with the Government's interest to recognize the Transferee as the successor party to the contracts.
- (7) Evidence of the above transfer has been filed with the Government.

(b) In consideration of these facts, the parties agree that by this Agreement –

(1) The Transferor confirms the transfer to the Transferee, and waives any claims and rights against the Government that it now has or may have in the future in connection with the contracts, other than claims for payments for services rendered and materials provided under the contracts prior to the closing date, which remain outstanding as of the date hereof. The Government consents to the transfer to the Transferee, and waives any claims and rights against the Transferor that it now has or may have in the future in connection with the contracts, other than claims for repayment of overpaid fees and charges arising under the contracts for periods prior to the Transfer Date.

(2) The Transferee agrees to be bound by and to perform each contract in accordance with the conditions contained in the contracts. The Transferee also assumes all obligations and liabilities of, and all claims against, the Transferor under the contracts as if the Transferee were the original party to the contracts.

(3) The Transferee ratifies all previous actions taken by the Transferor with respect to the contracts, with the same force and effect as if the action had been taken by the Transferee.

(4) The Government recognizes the Transferee as the Transferor's successor in interest in and to the contracts. The Transferee by this Agreement becomes entitled to all rights, titles, and interests of the Transferor in and to the contracts as if the Transferee were the original party to the contracts, other than for rights for payments for services rendered and materials provided under the contracts prior to the closing date, which remain outstanding as of the date hereof, which are retained by Transferor. Following the effective date of this Agreement, the term "Contractor," as used in the contracts, shall refer to the Transferee. The Government hereby novates, releases and discharges Transferor from further liability for performance of Transferor's obligations under the contracts effective as of the Transfer Date.

(5) Except as expressly provided in this Agreement, nothing in it shall be construed as a waiver of any rights of the Government against the Transferor.

(6) All payments and reimbursements previously made by the Government to the Transferor, and all other previous actions taken by the Government under the

contracts, shall be considered to have discharged those parts of the Government's obligations under the contracts. All payments and reimbursements made by the Government after the date of this Agreement in the name of or to the Transferor shall have the same force and effect as if made to the Transferee, and shall constitute a complete discharge of the Government's obligations under the contracts, to the extent of the amounts paid or reimbursed. Any such discrepancy shall be resolved directly between Transferor and Transferee as set forth in their transactional documents.

(7) The Transferor and the Transferee agree that the Government is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer or this Agreement, other than those that the Government in the absence of this transfer or Agreement would have been obligated to pay or reimburse under the terms of the contracts.

(8) In lieu of Transferor guaranteeing the performance of Transferee under the contracts, Transferee shall provide to the Government a Performance Bond in the amount of \$3,000,000.00 for a period of two years to allow Transferee to demonstrate its ability to perform the contract. Transferor shall be the surety upon the Performance Bond and shall provide a lien upon real property to secure the same in accordance with applicable federal regulations.

(9) The contracts shall remain in full force and effect, except as modified by this Agreement. Each party has executed this Agreement as of the day and year first above written.

United States of America,

By Paula G. Tidwell

Printed Name: Paula G. Tidwell

Title Contracting Officer

**TexAmericas Center, a political subdivision of
the State of Texas**

By Denis Washington
**Denis Washington,
Chairman of the Board**

Riverbend Water Resources District, a
conservation and reclamation district of the
State of Texas

By 

Sean Rommel,
President of the Board

Certificate

I, Boyd W. Sartin, certify that I am the Secretary of TexAmericas Center, a political subdivision of the State of Texas; that Denis Washington, who signed this Agreement for this political subdivision, was then Chair of the Board of this political subdivision; and that this Agreement was duly signed for and on behalf of this political subdivision by authority of its governing body and within the scope of its powers.

Witness my hand this 14 day of March, 2016.

By Boyd W. Sartin

Certificate

I, Fred Milton, certify that I am the Secretary of Riverbend Water Resources District, a conservation and reclamation district of the State of Texas; that Sean Rommel, who signed this Agreement for this entity, was then President and Chairman of the Board of this entity; and that this Agreement was duly signed for and on behalf of this entity by authority of its governing body and within the scope of its powers.

Witness my hand this 14th day of March, 2016.

By Fred E. Milton

PERFORMANCE BOND FOR OTHER THAN CONSTRUCTION CONTRACTS <i>(See instructions on reverse)</i>	DATE BOND EXECUTED <i>(Must be same or later than date of contract)</i> 28 April 2016	OMB No.: 9000-0045 Expires: 6/30/2016
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Public reporting burden for this collection of information is estimated to average 25 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the FAR Secretariat (MVR), Federal Acquisition Policy Division, GSA, Washington, DC 20405.

PRINCIPAL <i>(Legal name and business address)</i> Riverbend Water Resources District 228 Texas Ave., Suite A New Boston, Texas 75570	TYPE OF ORGANIZATION <i>(X one)</i>			
	<input type="checkbox"/> INDIVIDUAL	<input type="checkbox"/> PARTNERSHIP	Special District	
	<input type="checkbox"/> JOINT VENTURE	<input type="checkbox"/> CORPORATION		
	STATE OF INCORPORATION Texas			
SURETY(IES) <i>(Name(s) and business address(es))</i> TexAmericas Center 107 Chapel Lane New Boston, Texas 75570	PENAL SUM OF BOND			
	MILLION(S) 3	THOUSAND(S) 000	HUNDRED(S) 000	CENT'S 00
	CONTRACT DATE 14 May 2002		CONTRACT NUMBER DAAE 32-02-D-008	
	OPTION DATE		OPTION NUMBER	

OBLIGATION:

We, the Principal and Surety(ies), are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally. However, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal for the payment of the sum shown opposite the name of the Surety. If no limit of liability is indicated, the limit of liability is the full amount of the penal sum.


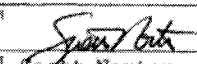
CONDITIONS:

The principal has entered into the contract identified above, as assignee by Novation Agreement pursuant to FAR 42.1203(h) THEREFORE, This Bond is secured by a lien on real property.

The above obligation is void if the Principal: (1) Performs and fulfills all the undertakings, covenants, terms, conditions, and agreements of the contract during either the base term or an optional term of the contract and any extensions thereof that are granted by the Government, with or without notice to the Surety(ies), and during the life of any guaranty required under the contract, and (2) performs and fulfills all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of the contract that hereafter are made. Notice of those modifications to the Surety(ies) is waived. The guaranty for a base term covers the initial period of performance of the contract and any extensions thereof excluding any options. The guaranty for an option term covers the period of performance for the option being exercised and any extensions thereof. The failure of a surety to renew a bond for any option term shall not result in a default of any bond previously furnished covering any base or option term. This Bond expires and terminates on April 30, 2018.

WITNESS:

The principal and Surety(ies) executed this performance bond and affixed their seals on the above date.

PRINCIPAL						
SIGNATURE(S)	1				NO SEAL Corporate Seal	
	2					
NAME(S) & TITLE(S) <i>(Typed)</i>	1	Sean Rommel President				
	2					
INDIVIDUAL SURETY(IES)						
SIGNATURE(S)	1					
	2					
NAME(S) <i>(Typed)</i>	1					
	2					
DISTRICT CORPORATE SURETY(IES)						
SURETY A	NAME & ADDRESS	TexAmericas Center		STATE OF INC. Texas	LIABILITY LIMIT \$ 3,000,000.00	NO SEAL Corporate Seal
	SIGNATURE(S)	1				
	NAME(S) & TITLE(S) <i>(Typed)</i>	1	Scott Norton Executive Director			

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Previous edition not usable

STANDARD FORM 1418 (REV. 2-89)
Prescribed by GSA-FAR (48 CFR) 53.226(b)

COPY

PROMISSORY NOTE

\$900,000.00

New Boston, Texas

May 1, 2016

FOR VALUE RECEIVED, the undersigned maker, jointly and severally, if more than one, (hereinafter sometimes called "Borrower" and or "Maker") promises to pay to the order of TexAmericas Center, a political subdivision of the State of Texas (the "Payee") at 107 Chapel Lane, New Boston, Texas, 75570 the principal sum of Nine Hundred Thousand and NO/100 Dollars (\$900,000.00), with interest at the rate hereinafter provided on the principal balance from time to time remaining unpaid until this Note shall have been paid in full.

Interest Rate. Interest shall accrue on the unpaid principal from date of advancement until maturity at the rate of three and one-half percent (3.50%) per annum.

Default Interest. All past due principal and, if permitted by applicable law, all past due interest, shall bear interest at the Maximum Lawful Interest Rate permitted by applicable law, as that term is defined herein. Default Interest shall be due and payable from time to time on demand. Interest provided for in this paragraph shall be calculated at the daily rate equal to 1/365ths (1/366ths during leap years) of the applicable annual percentage rate.

Maximum Lawful Interest Rate. The Term "Maximum Lawful Interest Rate" means the maximum rate of interest that is permissible under applicable state or federal law for the type of loan evidenced by this Real Estate Lien Note and the other Loan Documents executed contemporaneously herewith. To the extent of the applicability of Article 303 of the Texas Finance Code *et sec.*, the Maximum Lawful Interest Rate shall be the highest permitted rate based on the Weekly Rate Ceiling determined as of the applicable time provided for in said statute. If the Maximum Lawful Interest Rate is increased by statute or other governmental action subsequent to the date of this Note, then the new Maximum Lawful Interest Rate shall be applicable to this Note from the effective date thereof, unless otherwise prohibited by applicable law.

Payment Terms. The principal and accrued interest shall be payable as follows:

The entire unpaid principal balance is payable on September 30, 2016, and the accrued but unpaid interest is also payable on September 30, 2016; provided, however, that if Borrower is not then in default hereunder or under any other agreement between Borrower and Lender, and further provided that Borrower delivers a duly authorized and executed modification and extension agreement in a form acceptable to Lender supported by a current appropriation for payment of the indebtedness evidenced hereby on or before April 30, 2017, Lender will agree to renew and extend this Note to a final maturity date of April 30, 2017.

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Prepayment. The principal or interest of this Note may be prepaid from time to time and at any time, in whole or in part, without premium or penalty. All prepayments shall be applied first to accrued but unpaid interest and then to installments on principal in the inverse order of maturity so that they will pay the last maturing installments first, and such prepayments shall not reduce the amount or time of payment of the remaining installments.

Advancement of Funds. This Note represents and is given for the sum of Nine Hundred Thousand and NO/100th Dollars (\$900,000.00) this day advanced and paid in cash by the Payee to or for the benefit of the undersigned at their special insistence and request.

Default. The occurrence of any of the following events shall be considered a default hereunder.

- a. failure to pay any principal or interest when due hereunder;
- b. a default in the performance of any covenant or provision of any deed of trust, mortgage, security agreement or other instrument securing the payment hereof or in the performance of any covenant or provision of any loan agreement or other instrument governing or pertaining to the indebtedness represented hereby or the occurrence of a default or an event of default under any such instrument;
- c. the termination, judicial or legislative reorganization, liquidation or dissolution, as the case may be, of any party liable for the payment of this Note whether as maker, endorser, guarantor, surety or otherwise;
- d. the bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver, special master, special administrator or other fiduciary of the Borrower or for any of the property of any party liable for the payment of this Note whether as maker, endorser, guarantor, surety or otherwise, and not dismissed within sixty (60) days; or
- e. a default in the payment of any other indebtedness due the holder hereof or a default in the performance of any other obligation to the holder hereof by the undersigned or any other party liable for the payment thereof, whether as endorser, grantor, surety or otherwise, and whether contained in this agreement or in any other agreement between Borrower and the Payee.

At the option of the holder of this Note, upon the occurrence of any default, the entire principal balance and all accrued interest shall at one become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration, or notice of grace, all of which as specifically waived by the maker herein.

The failure to exercise the foregoing option upon the happening of one or more of the foregoing defaults shall not constitute a waiver of the right to exercise the same at any subsequent time in respect of the same default or any other default. The acceptance by a holder

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of this Note of any payment hereunder which is less than the payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise the foregoing option at that time or any subsequent time or nullify any prior exercise of such option.

Attorney's Fees. If this Note is not paid when due, whether at maturity or by acceleration, or if it is collected through a bankruptcy, or other court, whether before or after maturity, the undersigned agrees to pay all costs of collection incurred by the holder hereof, including but not limited to reasonable attorney's fees.

Waiver of Notice and Consent. The undersigned and all other parties now or hereafter liable for the payment hereof, whether as endorser, guarantor, surety, or otherwise, severally waive demand, presentment, notice of dishonor, notice of intention to accelerate the maturity hereof, notice of acceleration of the maturity hereof, diligence in collection, grace, notice and protest, and consent to all extensions, renewals or modifications which from time to time may be granted by the holder hereof and to all partial payments hereof whether before or after maturity.

Legal Interest Limitations. All agreements between the maker hereof and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof, or otherwise, shall the amount paid, or agreed to be paid to the holder hereof for the use, forbearance, or detention of the money to be loaned hereunder or obligation contained herein or in any other document evidencing, securing, or pertaining to the indebtedness evidenced hereby, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or of such other documents, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance the holder hereof shall ever receive as interest or otherwise an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal indebtedness of the undersigned to the holder hereof, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the undersigned. All sums paid or agreed to be paid by the undersigned for the use, forbearance or detention of the indebtedness of the undersigned to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full in such manner that there will be no violation of applicable laws pertaining to the maximum rate or amount of interest which may be contracted for, charged or received with respect to such indebtedness. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between the undersigned and the holder hereof.

APPLICABLE LAW. THIS NOTE WAS SOLICITED IN TEXAS, WAS NEGOTIATED IN TEXAS, WAS APPROVED IN TEXAS, IS FUNDED IN TEXAS, IS PAYABLE IN TEXAS, AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

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Security. This Note is secured by a Security Agreement of even date herewith, from Riverbend Water Resources District to TexAmericas Center,

Special Provisions.

- 1) In the event that the Maker pays all outstanding principal due hereunder on or before the Maturity Date, The Payee shall forgive the accrued interest due pursuant to the terms hereof;
- 2) In the event that the Maker does not pay all sums dues hereunder on or prior to the Maturity Date, and Maker is not otherwise in default hereunder, Payee agrees to forbear from exercising its rights under the Security Agreement until on or after the 24th month anniversary of the execution of this Note. If upon said 24th month anniversary, Maker has not paid all sums due hereunder, Payee shall be entitled to 1) elect to accept assignable credits for water and/or wastewater services from Maker, redeemable as set forth in section 23.01 and 7.01 of that certain *Agreement for Purchase and Sale of Assets and Assignment and Assumption of Contract Rights*, dated May 26, 2015, by and between Maker and Payee, or 2) exercise any and all remedies provided at law or in equity, including but not limited to foreclosure and/or other execution on the collateral described in the Security Agreement to be executed simultaneously herewith.

Interest will continue to accrue at the Default Interest Rate during said post-maturity forbearance period. The aforesaid forbearance provisions shall not apply to any maturity or acceleration that is the result of a non-monetary default by Maker, and shall Payee shall not be required to forbear from exercising its rights in the event of a default under the terms hereof that is non-monetary in nature.

NO OBLIGATION TO RENEW OR EXTEND MATURITY. EXCEPT AS SPECIFICALLY SET FORTH HEREIN, THE UNDERSIGNED DOES HEREBY ACKNOWLEDGE THAT THE INDEBTEDNESS REPRESENTED BY THIS DOCUMENT IS DUE AND PAYABLE AS STATED HEREIN AND SPECIFICALLY ACKNOWLEDGES THAT THE PAYEE HAS NO OBLIGATION OR DUTY TO MODIFY, RENEW OR EXTEND THE PAYMENT TERMS OF INDEBTEDNESS. ANY AGREEMENT TO MODIFY, RENEW, OR EXTEND THE PAYMENT TERMS OF THIS NOTE MUST BE IN WRITING SIGNED BY AN OFFICER OF THE PAYEE.

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THIS LOAN IS PAYABLE IN FULL ON SEPTEMBER 30, 2016, UNLESS SUBSEQUENTLY EXTENDED IN WRITING AS SET FORTH HEREIN. AT MATURITY, YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE.

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EXCEPT AS SPECIFICALLY SET FORTH HEREIN, THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT ANY TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE MADE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Riverbend Water Resources District executes this Note conditioned on the fact that it shall use its best efforts to obtain and appropriate funds during each budget year for payment of the sums payable hereunder by Riverbend Water Resources District. This contract is a commitment of current revenues only.

In Witness Whereof, this Note has been signed and delivered to the Payee herein on the date first written above.

MAKER:

RIVERBEND WATER RESOURCES DISTRICT

BY: Elizabeth A. Fazio Hale
Elizabeth A. Fazio Hale,
Executive Director & CEO

COPY

PAYEE:

TEXAMERICAS CENTER

BY: Scott Norton
Scott Norton,
Executive Director & CEO

Security Agreement

Basic Information

Effective Date: May 1, 2016 at 12:00:00 A.M.

Debtor: Riverbend Water Resources District,
a conservation and reclamation district of the State of Texas.

Debtor's Mailing Address: 228 Texas Avenue, Suite "A", New Boston, TX 75570

Secured Party: TexAmericas Center, a political subdivision of the State of Texas

Secured Party's Mailing Address: 107 Chapel Lane, New Boston, TX 75570

Classification of Collateral: Accounts/Chattel paper/General intangibles/Accounts Receivable

Collateral:

All of Debtor's interest in the following personal property and all supporting obligations and proceeds of such property: accounts; banking and investment accounts, accounts receivable, chattel paper; general intangibles; and all after-acquired collateral of the same classification.

Obligation

Note:

Date: May 1, 2016
Original principal amount: \$900,000.00
Borrower (Obligor): Riverbend Water Resources District
Secured Party: TexAmericas Center
Maturity date: September 30, 2016, subject to extension as set forth therein

Other debt/Future advances: The security interest also secures all other present and future debts and liabilities of Debtor and/or Obligor to Secured Party, including future advances.

A. Debtor's Representations Concerning Debtor and Locations

- A.1. All chattel paper collateral, if any, is located at 228 Texas Avenue, Suite "A", New Boston, TX 75570.
- A.2. Debtor's chief executive office is located at 228 Texas Avenue, Suite "A", New Boston, TX 75570.
- A.3. Intentionally Deleted.
- A.3. Debtor's state of organization is Texas, and Debtor's name, as shown in its public

record, as amended, is exactly as set forth above.

A.4. Debtor's records concerning the Collateral are located at 228 Texas Avenue, Suite "A", New Boston, TX 75570.

B. Granting Clause

Debtor grants to Secured Party a security interest in the Collateral and all its proceeds to secure the Obligation and all renewals, modifications, and extensions of the Obligation. Debtor authorizes Secured Party to file a financing statement describing the Collateral.

C. Debtor Represents the Following:

C.1. No financing statement covering the Collateral is filed in any public office.

C.2. Debtor owns the Collateral and has the authority to grant this security interest, free from any setoff, claim, restriction, security interest, or encumbrance except liens for taxes not yet due.

C.3. All information about Debtor's financial condition is or will be accurate when provided to Secured Party.

C.4. Each account and chattel paper in the Collateral is and will be the valid, legally enforceable obligation of a third-party account debtor or obligor.

C.5. If any Collateral or proceeds include obligations of third parties to Debtor, the transactions creating those obligations conform and will conform in all respects to applicable state and federal consumer credit law.

C.6. The chattel paper Collateral is in tangible, not electronic, form and has only one original counterpart. No person, other than Debtor or Secured Party, has actual or constructive possession of any chattel paper Collateral.

D. Debtor Agrees to—

D.1. Defend the Collateral against all claims adverse to Secured Party's interest; pay all taxes imposed on the Collateral; keep the Collateral free from liens, except for liens in favor of Secured Party or for taxes not yet due; and keep the Collateral in Debtor's possession and ownership except as otherwise provided in this agreement.

D.2. Pay all Secured Party's expenses, including reasonable attorney's fees and legal expenses, incurred to (a) obtain, preserve, perfect, defend, or enforce this agreement; (b) retake, hold, prepare for disposition, dispose, collect, or enforce the Collateral; or (c) collect or enforce the Obligation. These expenses will bear interest from the date of advance at the rate stated in the Note for matured, unpaid amounts and are payable on demand at the place where the Obligation is payable. These expenses and interest are part of the Obligation and are secured by this agreement.

D.3. Sign and deliver to Secured Party any documents or instruments that Secured Party considers necessary to obtain, maintain, and perfect this security interest in the Collateral.

D.4. Notify Secured Party immediately of any event of default and of any material change (a) in the Collateral, (b) in Debtor's Mailing Address, (c) in the location of any Collateral, (d) in any other representation or warranty in this agreement, or (e) that may affect this security interest, or of any change (f) in Debtor's name or (g) of any location set forth above to another state.

D.5. Use the Collateral primarily according to the stated classification.

D.6. Maintain accurate records of the Collateral at the address set forth above; furnish Secured Party any requested information related to the Collateral; and permit Secured Party to inspect and copy all records relating to the Collateral.

D.7. Preserve the liability of all obligors on the Collateral and preserve the priority of all security for the Collateral.

D.8. On Secured Party's demand, hold payments, including instruments, items, and money received as proceeds of the Collateral, separate and in an express trust for Secured Party and deposit all such payments received as proceeds of the Collateral in a special bank account designated by Secured Party, who alone will have power of withdrawal.

D.9. Inform Secured Party immediately of the rejection of property, a delay in delivery or performance, or a claim made in regard to any Collateral.

D.10. As trustee for Secured Party, keep returned property segregated from Debtor's other property until Secured Party has been paid the amount loaned against the related account and deliver the property on demand to Secured Party.

D.11. Pay Secured Party the unpaid amount of an account in the Collateral under any of the following conditions: if the account is not paid when due; if a purchaser rejects the property or services covered by the account; or if Secured Party rejects the account as unsatisfactory. Secured Party may retain the account in the Collateral and may charge any deposit account of Debtor with the unpaid amount.

D.12. Cause each chattel paper in the Collateral to have only one original counterpart and, at the request of Secured Party, (a) immediately deliver to Secured Party all current and after-acquired chattel paper Collateral in Debtor's possession and either endorse it to Secured Party's order or give Secured Party appropriate executed powers, (b) obtain the acknowledgment of any other person in possession of chattel paper Collateral of Secured Party's security interest in the Collateral, or (c) mark each chattel paper in the Collateral with a legend indicating that it is subject to a security interest under this agreement.

E. Debtor Agrees Not to—

E.1. Sell, transfer, or encumber any of the Collateral, except in the ordinary course of Debtor's business; provided, however, Debtor may grant one or more security interests in favor of the Texas Water Development Board and Regions Bank to secure bond financing for the purchase, maintenance and operation of water, wastewater and industrial wastewater system on the current and former Red River Army Depot and Lone Star Army Ammunition Plant properties located in Bowie County, Texas.

E.2. Change its name or jurisdiction of organization, merge or consolidate with any person, or convert to a different entity without notifying Secured Party in advance and taking action to continue the perfected status of the security interest in the Collateral.

E.3. Change the state in which Debtor's place of business (or chief executive office if Debtor has more than one place of business) is located, change its name, or convert to a different entity without notifying Secured Party in advance and taking action to continue the perfected status of the security interest in the Collateral.

E.4. Change Debtor's name or state of residence without notifying Secured Party in advance and taking action to continue the perfected status of the security interest in the Collateral.

E.5. Modify any agreement related to the Collateral.

E.6. Commingle the Collateral or any proceeds with any of Debtor's other funds or property.

F. Insurance and Risk of Loss

F.1. Debtor will insure the Collateral in accordance with Secured Party's reasonable requirements regarding choice of carrier, risks insured against, and amount of coverage. Policies must be written in favor of Debtor, be endorsed to name Secured Party as an additional insured or as otherwise directed in writing by Secured Party, and provide that Secured Party will receive at least ten days' notice before cancellation. Debtor must provide copies of the policies or evidence of insurance to Secured Party.

F.2. COLLATERAL PROTECTION INSURANCE NOTICE

In accordance with the provisions of section 307.052(a) of the Texas Finance Code, the Secured Party hereby notifies the Debtor as follows:

(A) the Debtor is required to:

- (i) keep the collateral insured against damage in the amount the Secured Party specifies;**
- (ii) purchase the insurance from an insurer that is authorized to do business in the state of Texas or an eligible surplus lines insurer; and**

(iii) name the Secured Party as the person to be paid under the policy in the event of a loss;

(B) the Debtor must, if required by the Secured Party, deliver to the Secured Party a copy of the policy and proof of the payment of premiums; and

(C) if the Debtor fails to meet any requirement listed in Paragraph (A) or (B), the Secured Party may obtain collateral protection insurance on behalf of the Debtor at the Debtor's expense.

F.3. Debtor assumes all risk of loss to the Collateral.

F.4. Debtor appoints Secured Party as attorney-in-fact to collect any returned unearned premiums and proceeds of any insurance on the Collateral and to endorse and deliver to Secured Party any payment from such insurance made payable to Debtor. Debtor's appointment of Secured Party as Debtor's agent is coupled with an interest and if Debtor is an individual will survive any disability of Debtor.

G. Default and Remedies

G.1. A default exists if—

- a. Debtor, Obligor, or any secondary obligor fails to timely pay or perform any obligation or covenant in any written agreement between Secured Party and any of Debtor, Obligor, or secondary obligor;
- b. any representation in this agreement or in any other written agreement between Secured Party and any of Debtor, Obligor, or secondary obligor is materially false when made;
- c. a receiver, special master, administrator, special administrator or any other third party is appointed to control or manage the assets of Debtor for Debtor, Obligor, any secondary obligor, or any Collateral;
- d. any Collateral is assigned for the benefit of creditors;
- e. a bankruptcy or insolvency proceeding is commenced by Debtor, a partnership in which Debtor is a general partner, Obligor, or any secondary obligor;
- f. a bankruptcy or insolvency proceeding is commenced against Debtor, a partnership in which Debtor is a general partner, Obligor, or any secondary obligor, and the proceeding continues without dismissal for sixty days, the party against whom the proceeding is commenced admits the material allegations of the petition against it, or an order for relief is entered;
- g. any of the following parties is terminated, begins to wind up its affairs, is

authorized to terminate or wind up its affairs by its governing body or persons, or any event occurs or condition exists that permits the termination or winding up of the affairs of any of the following parties: Debtor; a partnership of which Debtor is a general partner; Obligor; or any secondary obligor; or

- h. any Collateral is impaired by loss, theft, damage, levy and execution, issuance of an official writ or order of seizure, or destruction, unless it is promptly replaced with collateral of like kind and quality or restored to its former condition.

G.2. If a default exists, Secured Party may—

- a. demand, collect, convert, redeem, settle, compromise, receipt for, realize on, sue for, and adjust the Collateral either in Secured Party's or Debtor's name, as Secured Party desires, or take control of any proceeds of the Collateral and apply the proceeds against the Obligation;
- b. take possession of any Collateral not already in Secured Party's possession, without demand or legal process, and for that purpose Debtor grants Secured Party the right to enter any premises where the Collateral may be located;
- c. without taking possession, sell, lease, or otherwise dispose of the Collateral at any public or private sale in accordance with law;
- d. exercise any rights and remedies granted by law or this agreement;
- e. notify obligors on the Collateral to pay Secured Party directly and enforce Debtor's rights against such obligors; or
- f. as Debtor's agent, make any endorsements in Debtor's name and on Debtor's behalf.
- g. Direct any third parties who owe receivables to Debtor to pay the same directly to Secured Party for credit on their accounts.

G.3. Foreclosure of this security interest by suit does not limit Secured Party's remedies, including the right to sell the Collateral under the terms of this agreement. Secured Party may exercise all remedies at the same or different times, and no remedy is a defense to any other. Secured Party's rights and remedies include all those granted by law and those specified in this agreement.

G.4. Secured Party's delay in exercising, partial exercise of, or failure to exercise any of its remedies or rights does not waive Secured Party's rights to subsequently exercise those remedies or rights. Secured Party's waiver of any default does not waive any other default by

Debtor. Secured Party's waiver of any right in this agreement or of any default is binding only if it is in writing. Secured Party may remedy any default without waiving it.

G.5. Secured Party has no obligation to clean or otherwise prepare the Collateral for sale.

G.6. At any time Secured Party may contact obligors on the Collateral directly to verify information furnished by Debtor.

G.7. Secured Party has no obligation to collect any of the Collateral and is not liable for failure to collect any of the Collateral, for failure to preserve any rights pertaining to the Collateral, or for any act or omission on the part of Secured Party or Secured Party's officers, agents, or employees, except willful misconduct.

G.8. Secured Party has no obligation to satisfy the Obligation by attempting to collect the Obligation from any other person liable for it. Secured Party may release, modify, or waive any collateral provided by any other person to secure any of the Obligation. If Secured Party attempts to collect the Obligation from any other person liable for it or releases, modifies, or waives any collateral provided by any other person, that will not affect Secured Party's rights against Debtor. Debtor waives any right Debtor may have to require Secured Party to pursue any third person for any of the Obligation.

G.9. If Secured Party must comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, such compliance will not be considered to adversely affect the commercial reasonableness of a sale of the Collateral.

G.10. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of a sale of the Collateral.

G.11. If Secured Party sells any of the Collateral on credit, Debtor will be credited only with payments actually made by the purchaser and received by Secured Party for application to the indebtedness of the purchaser. If the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor will be credited with the proceeds of the sale.

G.12. If Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting the purchase price against the Obligation.

G.13. Secured Party has no obligation to marshal any assets in favor of Debtor or against or in payment of the Note, any of the Other Obligation[s], or any other obligation owed to Secured Party by Debtor or any other person.

G.14. If the Collateral is sold after default, recitals in the bill of sale or transfer will be prima facie evidence of their truth and all prerequisites to the sale specified by this agreement and by law will be presumed satisfied.

H. General

H.1. Secured Party may at any time—

- a. take control of proceeds of insurance on the Collateral and reduce any part of the Obligation accordingly or permit Debtor to use the funds to repair or replace the Collateral and
- b. purchase single-interest insurance coverage that will protect only Secured Party if Debtor fails to maintain insurance, and premiums for the insurance will become part of the Obligation.

H.2. Notice is reasonable if it is mailed, postage prepaid, to Debtor at Debtor's Mailing Address at least ten days before any public sale or ten days before the time when the Collateral may be otherwise disposed of without further notice to Debtor.

H.3. This security interest will attach to an after-acquired commercial tort claim only to the extent permitted by law.

H.4. This security interest will neither affect nor be affected by any other security for any of the Obligation. Neither extensions of any of the Obligation nor releases of any of the Collateral will affect the priority or validity of this security interest.

H.5. This agreement binds, benefits, and may be enforced by the successors in interest of Secured Party and will bind all persons who become bound as debtors to this agreement. Assignment of any part of the Obligation and Secured Party's delivery of any part of the Collateral will fully discharge Secured Party from responsibility for that part of the Collateral. If such an assignment is made, Debtor will render performance under this agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses, or setoffs that Debtor could assert against Secured Party except defenses that cannot be waived. All representations and obligations are joint and several as to each Debtor.

H.6. This agreement may be amended only by an instrument in writing signed by Secured Party and Debtor.

H.7. The unenforceability of any provision of this agreement will not affect the enforceability or validity of any other provision.

H.8. This agreement will be construed according to Texas law, without regard to choice-of-law rules of any jurisdiction. This agreement is to be performed in, and has been signed by Debtor in the county of Secured Party's Mailing Address.

H.9. Interest on the Obligation secured by this agreement will not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal of the Obligation or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess will be canceled automatically as of the acceleration or

prepayment or, if already paid, credited on the principal of the Obligation or, if the principal of the Obligation has been paid, refunded. This provision overrides any conflicting provisions in this and all other instruments concerning the Obligation.

H.10. In no event may this agreement secure payment of any debt that may not lawfully be secured by a lien on real estate or create a lien otherwise prohibited by law.

H.11. When the context requires, singular nouns and pronouns include the plural.


H.12. Any term defined in sections 1.101 to 9.709 of the Texas Business and Commerce Code and not defined in this agreement has the meaning given to the term in the Code.

DEBTOR:

RIVERBEND WATER RESOURCES DISTRICT

BY: 
Elizabeth A. Fazio Hale,
Executive Director & CEO

Approved as to form:


C. David Glass
SMITH WEBER, L.L.P.
Retained Legal Counsel