

3. District Responsibilities. The District represents that the System is in good working order, does not contain any known defective equipment or facilities, is suitable and adequate for the needs of its customers and that all of its facilities are, or shall be, built in accordance with local, state and federal regulations. The District shall provide:

- a. All utilities, plant facilities, improvements and modifications necessary to operate the System in a manner required to meet applicable regulations; and
- b. A complete set of "As Built" drawings of the System and any improvements thereto, water and wastewater tap standards, rate schedules and any other information necessary for the administration of the System.

B. RELATIONSHIP OF THE DISTRICT AND AQUA TEXAS

AQUA TEXAS shall serve in the capacity of an independent contractor for the District during the period of this Agreement. Neither AQUA TEXAS, nor any of its employees, representatives or agents, are or shall be considered employees, representatives or agents of the District in any respect or for any purpose.

C. MONETARY AUTHORITY

If at any time a condition exists or arises which, in the opinion of AQUA TEXAS, requires repairs or replacements in the System and the estimated cost thereof exceeds the sum of \$2,500, AQUA TEXAS shall obtain the consent of a member of the Board of Directors of the District or its designated representative prior to making such repair or replacement. Notwithstanding the foregoing, however, if at any time a condition exists or arises which, in the opinion of AQUA TEXAS, is of an emergency nature and requires the immediate repair or replacement of equipment regardless of the amount, AQUA TEXAS, after reasonable attempts to obtain consent, shall proceed with such repair or replacement without the necessity of obtaining the consent of the Board of Directors of the District. The failure to obtain such consent prior to the making of such emergency repair or replacement shall not affect the obligation of the District to compensate AQUA TEXAS for any work performed.

D. FORCE MAJEURE

In the event that AQUA TEXAS or the District is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, it is agreed that each Party shall give written notice of such force majeure to the other Party as soon as possible after the occurrence of the cause relied on and shall, therefore, be relieved of its obligations, so far as they are affected by such force majeure, during the continuance of any disabilities so caused, but for no longer. In the event that the period of suspension shall extend longer than one hundred and eighty (180) days, either Party shall have the right to terminate this Agreement pursuant to the provisions of Article VI.B.2. hereunder. In such event, the District shall pay AQUA TEXAS compensation pursuant to this Agreement up to the date of termination. The term "force majeure," as employed herein,

shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or of the state or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the Party claiming such inability.

B. NON-COMPENSABLE ITEMS

The compensation to be paid to AQUA TEXAS herein is exclusive of any tax, assessment, regulatory expense or other charge which may be imposed upon AQUA TEXAS by any governmental authority as a result of performing its obligations pursuant to this Agreement. In the event AQUA TEXAS is required by applicable law or regulation to pay or collect any such tax, assessment or regulatory expense or other charge on account of this Agreement or its performance hereunder, then the amount thereof shall be reimbursed to AQUA TEXAS by the District (in addition to the compensation provided herein). However, AQUA TEXAS shall be responsible at its own expense for all corporate income and franchise taxes arising out of its operations. AQUA TEXAS shall indemnify and hold the District harmless from any liability for any and all such taxes or contributions or interest or penalties for failure to pay same.

F. AMENDMENT

No alteration, modification or amendment of this Agreement shall be made except in writing and signed by the District and AQUA TEXAS.

G. NOTICE

Whenever the provisions of this Agreement require notice to be given, such notice shall be given in writing by certified or registered mail and addressed to the Party for whom intended at its then address of record and such notice shall be deemed to have been given when the notice is mailed.

Notices required to be given to AQUA TEXAS shall be addressed to:

Aqua Texas, Inc.
1106 Clayton Lane, Suite 400W
Austin TX 78723
Attention: Robert L. Laughman, President

Notices required to be given to AQUA DEVELOPMENT shall be addressed to:

Aqua Development, Inc.
1106 Clayton Lane, Suite 400W
Austin, TX 78723
Attention: Robert L. Laughman, President

Notices required to be given to Hendricks shall be addressed to:

David B. Hendricks
14405 Walters Road, Suite 800
Houston, TX 77014

Notices required to be given to HITC shall be addressed to:

Houston Intercontinental Trade Center
c/o RBVISTA, Inc.
14405 Walters Rd., Suite 800
Houston, TX 77014
Attention: Michael P. Barsi, President

Notices required to be given to the District shall be addressed to:

Board of Directors
Montgomery County Municipal Utility District No. 126
c/o Schwartz, Page & Harding, L.L.P.
1300 Post Oak Boulevard, Suite 1400
Houston, Texas 77056
Attention: Abraham Rubinsky

H. ASSIGNMENT TO DISTRICT

Following the successful confirmation of the District by an election held within the boundaries of the District, this Agreement shall be assigned by Developer, or its legal successors or assigns, to the District, which assignment shall automatically be deemed to have been approved by AQUA TEXAS without further action on its part.

I. TEXAS LAW VENUE

This Agreement shall be construed under and governed by the laws of the State of Texas and venue shall be in a court of appropriate jurisdiction in Montgomery County, Texas.

J. CAPTIONS

The section headings or paragraph captions herein are used for convenience of reference only and not intended to define, extend or limit any provision of this Agreement.

ARTICLE VI. TERM AND TERMINATION; ACCELERATED PAYMENT

A. TERM

The initial term of this Agreement shall be for a period of twenty-five (25) years beginning upon the "Effective Date" defined below (the "Initial Term"). The term of this Agreement shall be automatically renewed from year to year after the Initial Term, unless

terminated in the manner set forth in B. 3 below. The "Effective Date" of this Agreement shall be deemed to be the earlier of (i) the date on which the District's Board of Directors accepts the assignment of this Agreement from Developer pursuant to Article V.H. above, or (ii) the date on which the first tap is made into the District's System. The Parties agree that they shall provide formal written notification to each other of the occurrence of either of such events, which written notification shall serve to formally establish the Effective Date of this Agreement.

B. TERMINATION

1. During Initial Term Without Cause. During the Initial Term of this Agreement, the District may terminate the Agreement without cause by giving written notice of termination to AQUA TEXAS by certified or registered mail, return receipt requested, or by fax with proof of receipt by AQUA TEXAS, at least ninety (90) days prior to termination, subject to the District's payment to AQUA TEXAS of the "Accelerated Payment" described in C. below.
2. During Initial Term With Cause. During the Initial Term of this Agreement, if the District determines that AQUA TEXAS has committed a material breach of this Agreement, the District may provide written notice of said breach ("Notice of Breach") to AQUA TEXAS by certified or registered mail, return receipt requested, or by fax with proof of receipt, setting forth a reasonable description of the purported material breach. AQUA TEXAS shall commence curing such purported material breach within fifteen (15) calendar days after receipt of such Notice of Breach and shall diligently pursue and complete such cure without unreasonable cessation of activities within sixty (60) days from the date of said Notice. In the event that AQUA TEXAS fails to cure the purported material breach within such sixty (60) day period, the District shall have the right to declare AQUA TEXAS in default of this Agreement and to proceed with the termination of same provided, however, if the breach is not reasonably susceptible to cure by AQUA TEXAS within such sixty (60) day period, the District agrees that it will not declare AQUA TEXAS in default of this Agreement and will not proceed with the termination of this Agreement so long as AQUA TEXAS has diligently pursued such cure within the foregoing sixty (60) days and diligently completes the work, without unreasonable cessation, within a reasonable time thereafter. The time authorized by this Agreement to cure the breach is the "Cure Period." The District shall provide written notice to AQUA TEXAS immediately upon acceptance of the cure of any such breach. Conversely, in the event that AQUA TEXAS fails to cure a material breach of this Agreement within the Cure Period provided for herein, the District shall have the right to declare AQUA TEXAS in default of this Agreement and to proceed with the termination of this Agreement, in which event the District shall not be required to make the Accelerated Payment to AQUA TEXAS as described in C. below.

As supplemental and additional means of termination of this Agreement during the Initial Term, the occurrence of any of the following events shall cause AQUA

TEXAS to be deemed a "habitual violator", in which event the District shall be authorized to proceed with the termination of this Agreement as provided below:

- (a) From January 1 to December 31 of any year, AQUA TEXAS has received four (4) separate Notices of Breach from the District pursuant to the immediately preceding paragraph that have not been cured as provided above or legitimately protested as determined by an arbitrator pursuant to this Article; or
- (b) From January 1 to December 31 of any year, AQUA TEXAS has received four (4) separate notices of violation from the TCEQ or its successor relative to its operations, maintenance or management activities within the District; or
- (c) AQUA TEXAS files for protection and/or requests its dissolution under the United States Bankruptcy laws; or, a final non-appealable order issued by a United States Bankruptcy Court appointing a receiver is entered against AQUA TEXAS; or AQUA TEXAS fails to maintain throughout the term of this Agreement any necessary licenses, certifications or other credentials legally required under applicable state law to provide appropriate operations, maintenance or management services to the District relative to the District's System.

In the event that AQUA TEXAS is deemed to be a "habitual violator" as defined above, the District shall thereupon issue AQUA TEXAS a final warning citing the circumstances therefore, and any single breach of this Agreement by AQUA TEXAS of whatever nature, including receipt of an additional notice of violation from the TCEQ, subsequent to the occurrence of the last of said cumulative breaches or notices referenced above, shall constitute a default by AQUA TEXAS of this Agreement and be grounds for immediate termination of the Agreement by the District, in which event the District shall not be required to make the Accelerated Payment to AQUA TEXAS as described in C. below.

Notwithstanding anything to the contrary set forth herein, in the event that the District declares AQUA TEXAS to be in default of this Agreement during the Initial Term and issues a notice of termination of the Agreement to AQUA TEXAS, and AQUA TEXAS contests said notice of termination in writing in accordance with the notice provisions of this Agreement, the District and AQUA TEXAS agree to meet, within thirty (30) days of receipt by AQUA TEXAS of said notice of termination, to negotiate in good faith and attempt to resolve any conflicts. In the event that that the District and AQUA TEXAS are not able to resolve such conflict to their mutual satisfaction, the District and AQUA TEXAS agree that AQUA TEXAS' sole and exclusive remedy shall be to submit the controversy to arbitration proceedings as described in Article VII below.

Following the conclusion of any arbitration proceedings initiated under Article VII of this Agreement, if the District's position is upheld, the District shall have

the choice to either (i) require AQUA TEXAS to cure any outstanding breaches in accordance with the decision of the arbitration panel and to maintain this Agreement in force and effect, in which case AQUA TEXAS shall be responsible for paying all reasonable and verifiable costs incurred by the DISTRICT in connection with said arbitration proceedings, or (ii) terminate this Agreement thirty (30) days following the conclusion of such proceedings, or such other date as may be agreed to by the Parties or as specified in the proceedings, in which event the District shall not be required to pay AQUA TEXAS the Accelerated Payment described in C. below.

Conversely, if the District's position is not upheld, AQUA TEXAS shall have the choice to either (i) maintain this Agreement in force and effect for the remainder of the Initial Term, in which case the District shall be responsible for paying all reasonable and verifiable costs incurred by AQUA TEXAS in connection with said arbitration proceedings, or (ii) consent to the termination of this Agreement by the District and require that the District pay AQUA TEXAS the Accelerated Payment described in C. below, as and in the same manner as would be required if the Agreement was terminated without cause as described in B. 1. above. After the expiration of the Initial Term, the Accelerated Payment provisions in C. below shall no longer apply or be of any force or effect.

3. After the Initial Term. After the expiration of the Initial Term, either Party may terminate this Agreement at any time and for any reason, with or without cause, by giving written notice of termination by certified or registered mail, return receipt requested, or by fax with proof of receipt to the other Party, at least sixty (60) days prior to the effective date of termination.

C. ACCELERATED PAYMENT

In the event that the District elects to terminate this Agreement during the Initial Term (i) without cause, or (ii) with cause, but does not obtain a favorable ruling to support such termination in arbitration proceedings initiated by AQUA TEXAS pursuant to the provisions of Article VII hereunder, the District shall be required to pay AQUA TEXAS the "Accelerated Payment" described herein. The "Accelerated Payment" is intended to compensate AQUA TEXAS for the remaining value of the CCN rights assigned to Developer relative to the CCN Property to be included within the District, and equates to AQUA TEXAS' projected stream of net revenues remaining through the Initial Term of this Agreement, as described herein, discounted back to the effective date of said termination. The "Accelerated Payment" may be paid by the District from any lawfully available funds of the District.

The Accelerated Payment shall be calculated by multiplying the number of then-current Connections within the District, plus the number of Remaining Projected Connections (as defined herein), by 50% of the then-current Base Rate calculated under Article III above, and then multiplying said figure by the number of months remaining under the Initial Term of this Agreement, and discounting said total sum back to the effective date of

termination. The "Remaining Projected Connections" shall be calculated by subtracting the number of then-current Connections from the total number of projected Connections within the District, which shall be the greater of the actual number of platted lots within the District when the calculation is performed or the projected ultimate number of platted lots within the District based upon the most recent engineering report submitted by the District to the TCEQ. For purposes of this calculation, the Remaining Projected Connections shall be assumed to become active Connections, in equal amounts, over the next five (5) year period, commencing on January 1 of the year following the year of termination. In other words, if 300 Remaining Projected Connections then exist, it shall be assumed that said Remaining Projected Connections will become active Connections for the purpose of calculating the Accelerated Payment hereunder at the rate of sixty (60) Connections per year, commencing on January 1 of the year following the year of termination.

The total projected net revenues remaining through the Initial Term of this Agreement as calculated herein shall then be discounted back to the effective date of termination using bankers days and the yield of the U.S. Treasury Bill, Note or Bond that is commonly quoted by a nationally recognized publication or website and which is of a maturity that most closely matches the remaining number of years of the Initial Term of this Agreement (the "Discount Rate"). The Discount Rate shall be established as of the first day of the month in which the Parties determine that the calculation of the Accelerated Payment must be performed.

Since the District may be required to sell bonds to generate the funds required to pay the Accelerated Payment, the District shall have one (1) year from the effective date of the termination of this Agreement to make such payment to AQUA TEXAS. AQUA TEXAS shall be entitled to earn interest on the unpaid amount of the Accelerated Payment from the effective date of the termination of the Agreement to the date of full and final payment of the Accelerated Payment at the Discount Rate established above.

The Payment to AQUA TEXAS of the Accelerated Payment, plus any other compensation due to AQUA TEXAS pursuant to this Agreement up to the effective date of termination, shall constitute full and final payment of any and all amounts owed to AQUA TEXAS by the District pursuant to this Agreement, and AQUA TEXAS hereby agrees to execute any reasonable documentation requested by the District to evidence same, including a mutual termination of this Agreement or an appropriate release relative thereto.

ARTICLE VII. DISPUTE RESOLUTION, REMEDIES

A. ARBITRATION

The Parties hereby agree that any controversy, dispute or claim arising out of or relating solely to the termination of this Agreement pursuant to Article VI above shall be settled by arbitration in accordance with the Commercial Rules of Arbitration of the American Arbitration Association; provided, however, that three (3) arbitrators shall be selected by the Parties, one (1) by each Party within five (5) days of submission by either Party of a

controversy for arbitration, who shall, in turn, within five (5) days of their appointment select a third arbitrator. Failure of either Party or both Parties to timely select the required arbitrators shall result in their appointment, without selection from a panel, in accordance with the Commercial Rules of Arbitration of the American Arbitration Association. Failure of the two arbitrators to timely select a third arbitrator shall be resolved by selection from a panel of arbitrators in accordance with the Commercial Rules of Arbitration of the American Arbitration Association, with the Party instituting arbitration striking first from the panel. The arbitrators to whom any controversy which is subject to arbitration under the terms of this Agreement shall be submitted, in accordance with the provisions hereof, shall have jurisdiction and authority to determine the relevant facts and to interpret and apply the applicable provisions of this Agreement in accordance with the laws of the State of Texas. Such application or interpretation of the provisions of this Agreement must conform to the spirit and letter of this Agreement. No arbitrators shall have the jurisdiction or authority to add to, take from, nullify or modify any of the terms of this Agreement, either directly or indirectly, under the guise of interpretation. The arbitrators shall be bound by the evidence submitted to them in the hearing and may not go beyond the terms of this Agreement in rendering their decision. It is further understood and agreed that the power of the arbitrators shall be strictly limited to determining the relevant facts and the meaning and interpretation of the explicit terms of this Agreement, as relate only to the termination provisions, as herein expressly set forth, and that no arbitrators shall have the power to base any decision on any alleged practices or oral understandings not incorporated herein. This provision for arbitration is made pursuant to and in accordance with Chapter 171, Texas Civil Practice and Remedies Code, as amended, and subject to the limitations described in B, below, any decision shall be subject to judicial review, as therein provided. Within their power as herein limited and upon the concurrence of any two (2) of the three (3) arbitrators, the arbitrators may enter a decision based upon any remedy available to the parties pursuant to this Agreement. All arbitration proceedings hereunder, and all judicial proceedings to enforce any of the provisions hereof, shall take place in Montgomery County, Texas, unless otherwise mutually agreed by the Parties. Any expenses incurred by either Party in connection with any such arbitration proceedings shall be adjudged equitably among the Parties by the decision of the arbitrators. The arbitrators may, within their discretion, enter a decision or award requiring the provision of deposits or security by either Party in order to insure continued compliance with the terms of this Agreement.

B. FINALITY OF DECISION; APPEAL

A decision made by the arbitrators shall be final, conclusive and binding on the Parties, except that judicial review may be sought by any Party based solely on any claim by a Party that the decision or award of the arbitrators exceeds their power and authority herein, provides for a remedy not available to the Parties under the terms of this Agreement or requires a Party to take any action not authorized or permitted by the Act or other law.

C. REMEDIES

Except with regard to the termination provisions of this Agreement, which shall be referred to arbitration in the event of a dispute as provided above, it is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all remedies, existing at law or in equity, including specific performance and mandamus, may be availed of by either Party and shall be cumulative.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

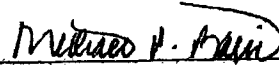
IN WITNESS WHEREOF, Developer (on behalf of the District), AQUA TEXAS and AQUA DEVELOPMENT have each caused this Agreement to be executed by their duly authorized officers in multiple counterparts, each of which shall be deemed an original, effective as of the date first written above.



DAVID B. HENDRICKS

HOUSTON INTERCONTINENTAL TRADE CENTER, a Texas limited partnership

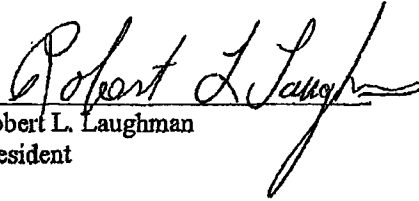
By: REVISTA, Inc., a Texas corporation and its General Partner

By: 

Name: Michael P. Barsi

Title: President

AQUA OPERATIONS, INC., a Delaware corporation, doing business as AQUA TEXAS, INC.

By: 
Name: Robert L. Laughman
Title: President

AQUA DEVELOPMENT, INC., a Texas corporation

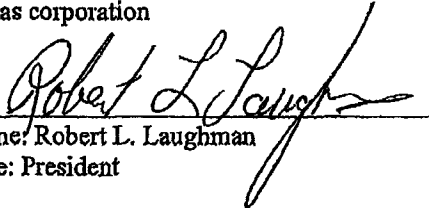
By: 
Name: Robert L. Laughman
Title: President

EXHIBIT "A"

SCHEDULE OF FEES

The following fees or charges shall be paid to AQUA TEXAS for services provided to the District in accordance with the terms of this Agreement:

Sanitary Sewer Inspection	\$ 50.00 each
Customer Service Inspections	
Residential	\$ 50.00 each
Commercial	Per written quote based upon size and nature of construction and extent of services required
Backflow Prevention Device Inspections	\$ 50.00 each

*The fees or charges set forth on this Exhibit "A" may be adjusted from time to time throughout the term of this Agreement, upon the mutual written consent of AQUA TEXAS and the District, to ensure that AQUA TEXAS is compensated fairly for the services provided consistent with the general industry standards in the Conroe, Texas area.

ATTACHMENT

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PUC Docket No. 45656 – Transfer of Portion of CCN from Aqua Texas to Montgomery County MUD 126

Entities within 2 Miles/Notice list:

City of Conroe (CCNs 10339, 20135)
Crystal Springs Water Co., Inc. (CCN 11373)
Diamond Head WSC (CCN 12626)
Lake South WSC (CCNs 12700, 20772)
Algonquin Water Resources of TX (CCNs 13131, 20815)
Montgomery County MUD 42 (District 5857995, PWS 1700320)
Montgomery County MUD 124 (District 5857539 Inactive/Dormant)
Montgomery County MUD 128 (District 5867542)
Montgomery County MUD 138 (District 5857899)
Far Hills Utility District (District 3023000)
San Jacinto River Authority (District 7490000, PWS 1700197)

ATTACHMENT

5

Municipal Operations & Consulting, Inc. Licensed Operators

Last Name	First Name	Water Cert.	Exp.	Waste Cert.	Exp.	Cust Svc Insp.	Exp.	Backflow Prev. Ass. Tester	Exp.	Landscape Irrigator	Exp.
Wright	Lonnie	WG0009156	C 10/18/16	WW0027245	B 08/18/16						
Montgomery	John	WO0005831	A 10/21/18	WW0004154	A 12/22/17	CI0005480	09/08/18				
Dubiel	Greg	WG0001487	B 08/31/16	WW0017751	B 04/24/17						
KATY OFFICE											
Destrosiers	Jeff	WO0033776	D 09/12/16	WW0050737	D 03/21/17						
Dubiel	Brian	WG0014429	B 06/04/16	WW0046372	B 06/08/18	CI0008377	06/17/16	BP0015554	12/16/16		
Garcia	Abel	WG0014734	C 12/05/16	WW0048703	C 08/05/16						
Sanchez	Chris	WO0033264	D 06/04/16	WW0049680	D 09/26/16						
Shepherd	David	WG0014882	C 04/16/17	WW0051392	C 07/08/17						
SPRING OFFICE											
Ahmad	Troy	WO0039214	D 08/16/16	WW0040512	C 11/24/18						
Aikens	Joseph	WO0031351	D 04/12/18	WW0051652	B 01/06/18						
Arriant	Keith	WG0014852	C 03/06/17	WW0050485	C 02/14/17						
Brewer	Bo	WG0015260	B 11/10/17	WW0051916	B 10/13/17	CI0009751	02/11/18				
Brown	Ron	WG0015346	C 03/26/18	WW0048598	D 09/17/16						
Colson	Steve	WO0035400	D 08/22/17	WW0045360	B 06/07/18						
Conley	Brian	WG0011911	C 05/06/18	WW0038515	C 02/03/18						
Crawford	Mitch	WG0012534	C 02/10/19	WW0052055	B 10/27/17	CI0009897	07/17/18				
Eggert	Daniel	WG0007942	B 03/29/17	WW0007378	B 01/11/17	CI0004094	03/29/17	BP0012014	03/17/18	LJ0007868	03/31/18
Garcia	Frankie	WO0035943	D 10/02/17	WW0052644	C 01/27/18						
Gilson	Rick	WG0010003	C 03/17/18	WW0052431	B 12/08/17						
Hebert	Pat	WG0012079	C 03/17/19	WW0037472	C 07/29/17						
Journey	Henry	WG0013067	C 08/08/17	WW0043170	C 03/28/17	CI0008614	07/15/17				
King	Cameron	WG0015000	B 11/10/17	WW0049677	B 09/25/16	CI0009127	10/25/18				
King	Coy	WG0003856	B 12/11/17	WW0006936	B 02/08/17						
Martin	Jared	WG0014858	B 05/15/17	WW0047021	B 10/17/18						
Missildine	Bradley	WG0012797	B 05/26/16	WW0027481	B 10/08/16	CI0004627	07/19/16				
Obot	Elkedeme	WG0015242	C 01/06/18	WW0052440	B 03/19/18						
Overstreet	Tony	WO0030686	D 11/15/17	WW0052846	B 03/18/18						
Peralez	Rene	WG0015210	B 10/24/17	WW0051759	B 11/12/17	CI0009757	03/16/18				
Ritter	David	WG0012218	C 10/28/18	WW0047753	B 03/04/19						
Shelnuitt	Scott	WO0014214	A 06/28/17	WW0016611	A 09/15/17	CI0003972	09/26/17	BP0007691	04/01/17		
Taylor	John	WO0035581	A 12/11/17	WW0051815	A 01/21/18						
Williams	Mike	WG0007082	C 11/07/17	WW0032339	B 10/17/18						

Revised May 2016