



Filing Receipt

Received - 2021-07-20 04:22:44 PM

Control Number - 50569

ItemNumber - 58

DOCKET NO. 50569

APPLICATION OF MSEC WASTE WATER, INC. FOR AUTHORITY TO CHANGE RATES §
 § **BEFORE THE**
 § **PUBLIC UTILITY COMMISSION**
 § **OF TEXAS**

MSEC WASTE WATER, INC.'S SECOND SUPPLEMENT TO APPLICATION

COMES NOW, MSEC Waste Water, Inc. (MSEC WW or Applicant) and files this Second Supplement to its Application. This Supplement is timely filed.

This filing supplements the Application filed herein on March 6, 2020, and as supplemented on November 24, 2020. Specifically, attached as supplemental information are the following:

1. The Affidavit of Andrew Dallmeyer, Secretary-Treasurer of MSEC WW.
2. The Master Service Agreement between MSEC WW and Mid-South Electric Cooperative Association, D/B/A Midsouth Electric Co-op and attachments (already provided in the Application but provided here for ease of reference).
3. The Master Service Agreement between MSEC Enterprises, Inc. and Mid-South Electric Cooperative Association, D/B/A Midsouth Electric Co-op.
4. The MSEC Enterprises, Inc. Customer Service and Billing Agreement.
5. The MSEC Enterprises, Inc. Lease Agreement.

MSEC Waste Water, Inc. respectfully requests that its application be deemed administratively complete.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800
(512) 472-0532 (Fax)
jmauldin@lglawfirm.com

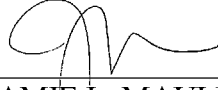


JAMIE L. MAULDIN
State Bar No. 24065694

ATTORNEY FOR MSEC WASTE WATER, INC.

CERTIFICATE OF SERVICE


I certify that notice of the filing of this document was provided to all parties of record via electronic mail on July 20, 2021, in accordance with the Order Suspending Rules, issued in Project No. 50664.



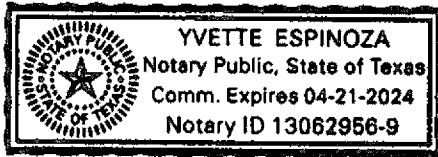
JAMIE L. MAULDIN

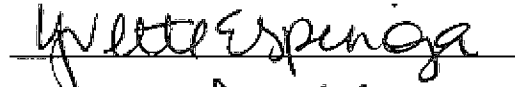
- 9. Based on the above, the affiliated transactions included with MSEC WW's application meet the requirements of Texas Water Code § 13.185(e) including that they are reasonable and necessary in providing service to customers and the amounts charged to MSEC Waste Water by affiliated entities are no higher than the prices the affiliated entity charges to other affiliated entities for the same item or items.

I swear or affirm that all of the statements and representations made in this affidavit are true and correct. I also swear or affirm that MSEC WW understands and will comply with all requirements of law applicable to an Application.


 Andrew Dallmeyer
 Secretary-Treasurer

SWORN TO AND SUBSCRIBED before me on the 20th day of July, 2021.




 Notary Public In and For the State of Texas

My commission expires: 4-21-2024

MASTER SERVICE AGREEMENT

**MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION,
D/B/A MIDSOUTH ELECTRIC CO-OP
AND
MSEC WASTE WATER, INC.**

Effective March 5, 2020

This Master Service Agreement (“Agreement”) is made and entered into by and between Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op, a Texas electric cooperative corporation (“Cooperative”), and MSEC Waste Water, Inc., a Texas for-profit corporation (“MSEC WW”), each individually may be referred to herein as “Party” and collectively as “Parties”.

In consideration for the mutual promises contained herein the Parties agree as follows:

I. Provision of Goods and Services to MSEC WW. For the consideration expressed in Section II herein, Cooperative agrees to provide to MSEC WW the following goods and services using persons employed by Cooperative:

A. Administrative Services. Cooperative shall at all times during the Term of this Agreement, through its managers and employees or otherwise, perform or cause to be performed all administrative services required by MSEC WW in the ordinary course of MSEC WW’s business, at Cooperative’s cost, with no mark-up. Administrative Services will include, without limitation:

- a. Purchasing professional and consulting services;
- b. Accounting services;
- c. Engineering services;
- d. Communication services;
- e. Tax consulting services;
- f. Management services, including

- i. Human resources, and
- ii. Employment safety management; and
- g. General administrative services.

B. Customer Service and Billing Customer Accounts. Cooperative shall at all times during the Term of this Agreement provide to MSEC WW all customer service and billing customer accounts required and requested by MSEC WW in the ordinary course of MSEC WW's business in accordance with the terms of the Agreement on Exhibit "A," attached hereto and incorporated herein by reference.

C. Transportation Service. Cooperative shall at all times during the Term of this Agreement provide to MSEC WW all transportation service required and requested by MSEC WW in the ordinary course of MSEC WW's business. Transportation Services will be billed at Cooperative's cost, with no mark-up. Transportation Services include:

- a. Vehicles/Machinery;
- b. Repairs/Routine fleet maintenance;
- c. Fuel; and
- d. Parts, labor, and supplies related to "a" and "b" above.

D. Office Space and Equipment. Cooperative shall at all times during the Term of this Agreement provide to MSEC WW such office space, on-site storage, parking facilities, and general access as well as all necessary office equipment required by MSEC WW in the ordinary course of MSEC WW's business in accordance with the terms of the Lease on Exhibit "B," attached hereto and incorporated herein by reference.

E. Goods, Tools, Equipment, and Supplies. Cooperative shall at all times during the Term of this Agreement provide to MSEC WW all goods, tools, equipment, and supplies required and requested by MSEC WW in the ordinary course of MSEC WW's business.

II. Consideration. Cooperative shall provide such goods and services to MSEC WW at Cooperative's cost, with no mark-up. MSEC WW shall timely pay for such goods and services provided by Cooperative in such amounts as may be invoiced by Cooperative.

III. Specific Provisions Applicable to each Service. The goods and services for which provision is herein made are subject to the specific terms and conditions set forth on the Exhibits attached hereto and incorporated herein by reference for all purposes.

IV. General Provisions. This Agreement is subject to the following general provisions, which are applicable to the type of goods and/or services delivered:

A. Books and Records. Cooperative shall keep proper books of account showing all goods and/or services supplied to MSEC WW and the price to be charged therefor.

B. Insurance. Cooperative currently maintains insurance covering its operations, employees, and subsidiaries. Cooperative shall continue to maintain such insurance throughout the Term of this Agreement

C. Standard of Care. All services shall be of good quality and shall be performed in a professional manner. The standard of care for all professional and related services performed or furnished pursuant to this Agreement will be the care and skill ordinarily used by members of the profession, practicing under similar conditions at the same time and in the same general locality.

D. Compliance with Applicable Laws. The Parties will operate in compliance with all applicable local, state, and federal laws, rules and regulations.

E. Term. The term of this Agreement shall commence on March 1, 2020, and continue until March 1, 2021 ("Term"), and automatically renew annually thereafter unless terminated earlier by either Party as provided herein.

F. Termination. This Agreement may be terminated by either Party upon thirty (30) business days' prior written notice.

G. Assignability. Neither Party may assign its interest in this Agreement without the prior written consent of the other Party, except that either Party may assign its interest to its parent or other affiliated entity and may subcontract its duties and obligations.

H. Independent Contractor. Neither Party is an employee or agent of the other Party except as expressly stated in this Agreement. Cooperative serves MSEC WW solely as an independent contractor.

I. Notice. Any notice required under this Agreement will be in writing and personally delivered to the other Party, sent by certified mail, return receipt requested, or by facsimile to the intended Party's address of record. Notice will be deemed given when mailed to the following addresses:

- a. Cooperative: 7625 Highway 6, Navasota, Texas 77868; or Facsimile: (936) 825-5179 (Attention General Manager / CEO);
- b. MSEC WW: 7625 Highway 6, Navasota, Texas 77868; or Facsimile: (936) 825-5179 (Attention CEO).

J. Third Party Beneficiaries. Except as otherwise provided in this Agreement, this Agreement is intended to benefit only the Parties and may be enforced solely by the Parties, its successors in interest or permitted assigns. It is not intended to, and shall not, create rights, remedies or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, except as provided herein.

K. Severability. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law, and wherever there is any conflict between any provision of this Agreement and any law, such law shall prevail. In such event, however, the provisions of this Agreement so affected shall be curtailed and limited only to the extent necessary to permit

compliance with the minimum legal requirement, and no other provisions of this Agreement shall be affected thereby and all such other provisions shall continue in full force and effect.

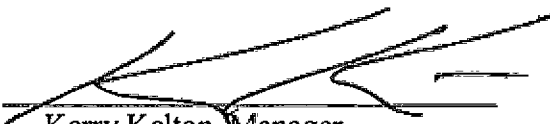
L. Venue. Venue shall be in Grimes County, Texas.

M. Entire Agreement. This Agreement embodies the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes any and all prior and/or contemporaneous agreements entered into by and between the Parties, written or oral, and all subsequent oral agreements by and between the Parties with respect to that subject matter.

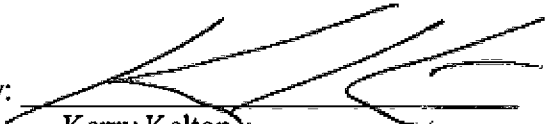
N. Facsimile and Electronic Signatures; Counterparts. This Agreement may be executed using facsimile or electronic signatures and such facsimile or electronic version of the Agreement shall have the same legally binding effect as an original paper version. This Agreement may be executed in counterparts, each of which shall be deemed an original.

SIGNED AND AGREED TO this 5 day of March, 2020.

Mid-South Electric Cooperative Association
d/b/a MidSouth Electric Co-op

By: 
Kerry Kelton, Manager
General Manager/CEO

MSEC Waste Water, Inc.

By: 
Kerry Kelton
President/CEO

CUSTOMER SERVICE AND BILLING SERVICE AGREEMENT

This Customer Service and Billing Service Agreement ("Agreement") is executed by and between Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Co-op, a Texas electric cooperative corporation, located at 7625 Highway 6, Navasota, Texas 77868 (referred to in this Agreement as "Cooperative"), and MSEC Waste Water, Inc., a Texas for-profit corporation, located at 7625 Highway 6, Navasota, Texas 77868 (referred to in this Agreement as "MSEC WW"), for the sale and purchase of customer and billing services. Cooperative and MSEC WW may be individually referred to herein as "Party" and as "Parties."

RECITALS

WHEREAS, MidSouth Electric Co-op is an electric cooperative providing retail electric distribution service, and as such maintains a customer service and billing system through which it bills electric customers for electric power usage and collects revenues derived from such billing.

WHEREAS, MSEC WW is an independently owned utility, a subsidiary of MidSouth Electric Co-op, providing retail public wastewater service to its customers, and requires customer service for its customers and a billing system to bill its wastewater customers for their usage of that service and to collect the income generated therefrom.

WHEREAS, the purpose of this Agreement is to state the terms and conditions under which MidSouth Electric Co-op will act as the Billing Agent for MSEC WW to provide customer and billing services to MSEC WW's customers.

NOW THEREFORE, in consideration of the mutual promises contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, MidSouth Electric Co-op and MSEC WW agree as follows:

Services Provided

1. Cooperative will perform the following services for the wastewater operations of MSEC WW ("Customer Service and Billing and Collection Services"), including;
 - a. MSEC WW's customer account set up;
 - b. reading meters;
 - c. preparing monthly billing;
 - d. issuing monthly billing to MSEC WW's customers, in addition to Cooperative electric customers and other entity customers for which MidSouth Electric Co-op acts as billing agent;
 - e. collection of customer payments;
 - f. customer service via telephone access on a 24/7 basis via toll-free calling;
 - g. customer service via office access at Cooperative various locations;
 - h. customer service related to billing and collection;
 - i. payment record-keeping;
 - j. acceptance of payments;
 - k. collection of delinquent accounts in the normal course of business;

- l. preparation of financial information in a form agreeable to the parties;
- m. deposit of MSEC WW payments;
- n. maintenance of bank accounts and reconciliations;
- o. distribution of revenues to MSEC WW;
- p. information storage and retrieval;
- q. computer programming related to billing and collection;
- r. data transmission;
- s. systems controls; and
- t. all of the data entry and verifying related to billing and collections and reasonably necessary for the business operations of MSEC WW.

Billing Process

- 2. Cooperative's billing process will include the following procedures and provisions:
 - a. Monthly billing may be issued in multiple cycles per month.
 - b. Billing Due Dates and Delinquent Accounts –
 - i) Due Date is the 16th day following the Billing Date;
 - ii) Account balances not paid by the Due Date are deemed delinquent ("Delinquent Account");
 - iii) Late charge is due on a Delinquent Account; and
 - iv) Delinquent Accounts for which payment is not made by the Customer and received by Cooperative by the 10th day following the 16th day are subject to disconnection per agreement of the parties and as provided by applicable law.

Adjustments

- 3. Cycles and schedules will be predicated on normal working conditions and are subject to adjustment at any time in the event of any cause or causes beyond the control of the Cooperative.

Property of Cooperative

- 4. All computer programs, written procedures, and other supporting items used in the work performed for MSEC WW are the property of Cooperative and shall remain the property of Cooperative.

Property of MSEC WW

- 5. All data, customer lists, and billing and collection information related to MSEC WW's customers are and shall remain the property of MSEC WW or MSEC WW's customers.

Confidentiality

- 6. All statistical, financial, and customer data relating to the business of MSEC WW shall be confidential and will be kept in the strictest confidence by Cooperative and its employees. However, this obligation does not apply to any data that have become publicly available or that are rightfully obtained from third parties through

Cooperative's own billing system, as in many instances MSEC WW's customers and Cooperative's customers overlap.

Cooperative's Responsibility

7. Cooperative will use due care in processing the work of MSEC WW, but it will be responsible only to the extent of correcting any errors that are due to the machines, operators, or personnel of Cooperative; such errors will be corrected at no additional charge to MSEC WW. The liability of Cooperative with respect to this Agreement shall in any event be limited to the total compensation for the services provided under this Agreement and shall not include any contingent liability.

Compensation

8. Cooperative shall provide the goods and services hereunder at Cooperative's cost, with no mark-up. MSEC WW shall timely pay for the services provided by Cooperative in the amounts invoiced by Mid-South Synergy.

Term of Agreement

9. The term of this Agreement shall begin on March 1, 2020, and shall continue in full force and effect from that date until it is terminated by thirty (30) days' prior written notice from either Party to the other Party.

Miscellaneous Provisions

10. As follows:

Texas Law to Apply

- a. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the Parties created in this Agreement are performable in Grimes County, Texas.

Parties Bound

- b. This Agreement shall be binding on and inure to the benefit of the Parties and its respective legal representatives, successors, and assigns.

Legal Construction


- c. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability shall not affect any other provision in this Agreement, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

Entire Agreement


- d. This Agreement constitutes the sole and only agreement of the Parties and supersedes any and all prior and contemporaneous understandings, whether written or oral, and all oral subsequent agreements between the Parties respecting the subject matter of this Agreement.

EXECUTED at Navasota, Texas, on March 5, 2020.

Mid-South Electric Cooperative Association
d/b/a MidSouth Electric Co-op

By: 
Kerry Kelton, General Manager / CEO

MSEC Waste Water, Inc.

By: 
Kerry Kelton, President/CEO

LEASE

This Lease is entered into on March 5, 2020, between MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION, doing business as MidSouth Electric Co-op ("Cooperative"), and MSEC WASTE WATER, INC. ("MSEC WW"), collectively the "Parties." MidSouth Electric Co-op leases to MSEC WW and MSEC WW leases from MidSouth Electric Coop the premises ("the Leased Premises" or "the Premises"), being office and work area space located within the improvements owned by MidSouth Electric Co-op situated at MidSouth Electric Co-op's headquarters in Navasota, Grimes County, Texas, and such office equipment as may be required by MSEC WW or the proper conduct of MSEC WW's business. The Premises are described as follows:

Being sufficient portions of MidSouth Electric Co-op's office, yard, and storage space located either at MidSouth Electric Co-op's headquarters, 7625 State Highway 6, Navasota, Grimes County, Texas, or at any of its District Offices or operational facilities (currently in Montgomery and Walker Counties), including without limitation work space, parking space, yard space, and storage space, as may be agreed upon by and between the parties hereto, and such office equipment, including without limitation office furniture, furnishings, fixtures, computers, Internet connection, phones and phone lines, copiers, scanners, fax machines, and such other equipment as may be agreed upon by the Parties, and all being reasonably necessary to conduct the business operations of MSEC WW.

Additionally, for the same rental set forth below, MidSouth Electric Co-op agrees to provide MSEC WW such office supplies as are reasonably required by MSEC WW in the conduct of its business operations. The cost of the office supplies shall be included in the rental amount.

Term

1. The Lease term will begin on March 1, 2020, and will continue from year to year until either party terminates this Lease by giving written notice at least thirty (30) days in advance of termination.

Rent

2. MSEC WW will pay the Cooperative at 7625 State Highway 6, Navasota, Grimes County, Texas 77868 - without deduction or offset of any kind - as rent for the Premises, including office space and office equipment, as well as a reasonable supply of office supplies needed to conduct MSEC WW's business, the amounts as may be invoiced by Cooperative under such terms as the parties may agree. The price paid by MSEC WW to Cooperative for the lease will be Cooperative's actual cost of providing and maintaining the Leased Premises for use by MSEC WW.

Use

3. MSEC WW may use the Premises only for its business operations and may not permit the Premises or any part of them to be used for: (a) conducting any offensive, noisy, or dangerous activity that would increase the premiums for fire insurance on the Premises; (b) creating or maintaining a public nuisance; (c) anything that is against public regulations or rules of any public authority at any time applicable to the Premises; or (d) any purpose or in any manner that will obstruct, interfere with, or infringe on, the rights of Cooperative.

Utilities

4. Cooperative will pay promptly as they become due all charges for furnishing water, electricity, garbage service, and other public utilities to the Premises during the lease term.

Condition of Premises

5. MSEC WW stipulates that MSEC WW has examined the Premises as well as all buildings and improvements located on them and that they are all, at the date of this Lease, in good order and repair and in a safe and clean condition.

Maintenance

6. During the Lease Term, Cooperative will provide all maintenance of the Leased Premises and weekly general cleaning services. In addition to the agreement to provide weekly maintenance and cleaning, MSEC WW must maintain the Leased Premises in good order and repair and in a safe and clean condition.

Alterations and Improvements

7. MSEC WW will make no alterations to the buildings on the Premises or construct any buildings or other improvements on the Premises without Cooperative's prior written consent.

Ownership of Improvements

8. All alterations, changes, and improvements built, constructed, or placed on the Premises by MSEC WW, other than movable personal property, will, unless otherwise provided by written agreement between both parties, be Cooperative's property and remain on the Premises when the Lease expires or terminates earlier. But nothing contained in this paragraph authorizes MSEC WW to make or place any such alterations, changes, or improvements on the Premises without first obtaining Cooperative's written consent.

Destruction of Premises

9. If any buildings or improvements on the Premises are damaged or destroyed by fire, the elements, acts of God, or by other causes not the fault of MSEC WW or any person in or about the Premises with MSEC WW's express or implied consent, Cooperative will repair or replace them at Cooperative's own cost and expense, and the rent payable by MSEC WW under this Lease will be abated to the extent such damage

or destruction renders the Premises uninhabitable by MSEC WW. But if the cost of repairing or restoring any buildings or improvements so damaged or destroyed exceeds 50% percent of the replacement cost of all buildings and improvements now located on the Premises, Cooperative may either repair and restore the damaged buildings and improvements or cancel this Lease and return any unearned rent previously paid by MSEC WW under this Lease.

Protection of Persons and Property

10. MSEC WW agrees and obligates itself to protect persons and property of Cooperative while a tenant of Cooperative and while using Cooperative's property. In that regard:

- a. MSEC WW represents that it is fully knowledgeable of and capable of complying with all safety provisions and standards established by OSHA (Occupational Safety and Health Act of 1970 and its amendments and all regulations thereunder).
- b. MSEC WW is solely responsible for the safety of its own employee(s), supervisor(s), agent(s), subcontractor(s), and any other person(s) while on the Leased Premises. MSEC WW shall at all times take all reasonable precautions for the safety of employees while on the Leased Premises and of the public, and shall give all notices and comply with all applicable provisions of Federal, State, and Municipal safety laws and safety rules and regulations of Cooperative.
- c. MSEC WW shall immediately notify Cooperative of any fire, unusual incident, or Injury to any MSEC WW employee or any third party and will provide a copy of the First Report of Injury to the Safety & Loss Control Officer for Cooperative.
- d. All work areas shall be maintained by MSEC WW in a neat and orderly manner.

- e. MSEC WW shall be responsible for providing drug-free employees on the Leased Premises, and compliance with the tobacco, drug and alcohol policy of Cooperative.
- f. MSEC WW agrees to defend and to be solely responsible for all citations, assessments, fines, or penalties which may be received or incurred by reason of MSEC WW's failure or the failure of MSEC WW's employees, agents, suppliers, transporters, or subcontractors to comply with applicable Federal, State, and local safety standards, rules, regulations and requirements.

Insurance

11. Cooperative currently maintains insurance covering its operations, employees, and subsidiaries. Cooperative shall continue to maintain such insurance coverage throughout the Term of the Lease.

Assignment and Subletting

12. MSEC WW may not assign this Lease or sublet the Premises or any interest in them without first obtaining Cooperative's written consent. Cooperative's consent to one assignment or subletting will not be considered a consent to any subsequent assignment or subletting. An assignment or subletting without Cooperative's written consent, or an assignment or subletting by operation of law, will be void and will, at Cooperative's option, terminate this Lease.

Insolvency, Default, Other Grounds; Right To Terminate

13. Cooperative may, if it so elects, with or without notice, immediately terminate this Lease or, without terminating it, immediately terminate MSEC WW's right to possess the Premises, under the following circumstances:

- a. MSEC WW defaults in paying rent or in promptly and fully performing any provision of this Lease;
- b. MSEC WW's leasehold interest is levied on or attached by process of law;

- c. MSEC WW makes an assignment for the benefit of creditors;
- d. A receiver is appointed for any of MSEC WW's property; or
- e. MSEC WW abandons the Premises.

If, in any such case, Cooperative terminates the Lease, Cooperative is entitled to recover from MSEC WW an amount equal to the rent currently in effect under this Lease that has not been theretofore paid by MSEC WW.

Repossessing Leased Premises

14. On any termination of this Lease, or on any termination of MSEC WW's right to possession without termination of the lease, Cooperative may enter and repossess the Premises and remove any property from MSEC WW, without being considered guilty of trespass, eviction, forcible entry, or detainer.

Abandoned Property

15. Cooperative may handle, dispose of, or remove - at MSEC WW's risk and expense - any of MSEC WW's property left in the Premises or the building after this Lease or MSEC WW's right of possession terminates for any reason, and Cooperative will in no event be responsible for any property MSEC WW leaves in the Premises or the building. MSEC WW will pay Cooperative, on demand, all expenses incurred in such disposition, including a reasonable charge for storage, but Cooperative shall have no obligation to provide storage, and MSEC WW expressly consents to Cooperative's sale, removal, discard, or any other disposition of such property.

Subordination of Lease

16. This Lease and MSEC WW's leasehold interest under it are and will be subject, subordinate, and inferior to any lien or encumbrance placed on the Premises by Cooperative now or in the future, to all advances made under any such lien or encumbrance, to the interest payable on any such lien or encumbrance, and to any renewal and extension of such liens or encumbrances.

Right of Inspection

17. Cooperative or Cooperative's agents may, at all reasonable times during the lease term, enter the Premises to inspect them and all buildings and improvements on them.

Holdover

18. If MSEC WW remains in possession of the Premises with Cooperative's consent after this Lease expires, a new, week-to-week tenancy will be created between both parties. The new tenancy will be subject to all terms of this Lease but will be terminable by ten (10) days' written notice served by either party on the other. If such holding over is without consent, MSEC WW shall be deemed to be a tenant at sufferance.

Notices

19. All notices or other communication required or permitted by this Lease to be served on or given to either party by the other must be in writing and will be considered duly served and given when personally delivered to the party to whom it is directed or, in lieu of such personal service, when deposited in the mail, postage prepaid, addressed to MSEC WW at the address of the Premises or to MidSouth Electric Co-op at P. O. Box 970, Navasota, Texas. Either party may change the address for the purpose of this paragraph by giving written notice of the change to the other party as provided in this paragraph.

Waiver of Breach

20. Cooperative's waiving any breach of any lease provision does not constitute a continuing waiver or a waiver of any subsequent breach of the same or a different lease provision.

Time of Essence

21. Time is of the essence in this Lease.

Binding on Successors and Assigns

22. Subject to the provisions of this Lease against assignment of MSEC WW's interest under this Lease, all lease provisions extend to and bind, or Inure to the benefit of, the Parties to this Lease and to the respective successors and assigns of each party.

Rights and Remedies Cumulative

23. The rights and remedies under this Lease are cumulative, and either party's using any one right or remedy will not preclude or waive that party's right to use any other. These rights and remedies are in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

Texas Law To Apply

24. This agreement is to be construed under Texas law, and all obligations of the parties created under this Lease are performable in Grimes County, Texas,

Legal Construction

25. If any one or more of the lease provisions are for any reason held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision of this Lease, which will construed as if it had never included the invalid, illegal, or unenforceable provision.

Prior Agreements Superseded

26. This agreement constitutes the only agreement of the parties and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter.


Amendment

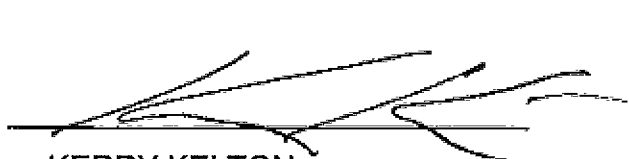
27. No amendment, modification, or alteration of this Lease is binding unless in writing, dated subsequent to the date of this Lease, and duly executed by the parties.

IN WITNESS OF THIS AGREEMENT, MidSouth Electric Co-op and MSEC Waste Water execute this agreement as of the day and year first written above.

MID-SOUTH ELECTRIC COOPERATIVE
ASSOCIATION

MSEC WASTE WATER, INC.

By: 
KERRY KELTON
General Manager/CEO

By: 
KERRY KELTON
President/CEO

MASTER SERVICE AGREEMENT

**MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION,
D/B/A MIDSOUTH ELECTRIC COOP
AND
MSEC ENTERPRISES, INC.**

Effective March 5, 2020

This Master Service Agreement (“Agreement”) is made and entered into by and between Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Coop, a Texas electric cooperative corporation (“Cooperative”), and MSEC Enterprises, Inc., a Texas for-profit corporation (“MSEC Enterprises”), each individually may be referred to herein as “Party” and collectively as “Parties”.

In consideration for the mutual promises contained herein the Parties agree as follows:

I. Provision of Goods and Services to MSEC Enterprises. For the consideration expressed in Section II herein, Cooperative agrees to provide to MSEC Enterprises the following goods and services using persons employed by Cooperative:

A. Administrative Services. Cooperative shall at all times during the Term of this Agreement, through its managers and employees or otherwise, perform or cause to be performed all administrative services required by MSEC Enterprises in the ordinary course of MSEC Enterprises, Inc. business, at Cooperative’s cost, with no mark-up. Administrative Services will include, without limitation:

- a. Purchasing professional and consulting services;
- b. Accounting services;
- c. Engineering services;
- d. Communication services;
- e. Tax consulting services;
- f. Management services, including

- i. Human resources, and
- ii. Employment safety management; and
- g. General administrative services.

B. Customer Service and Billing Customer Accounts. Cooperative shall at all times during the Term of this Agreement provide to MSEC Enterprises all customer service and billing customer accounts required and requested by MSEC Enterprises, in the ordinary course of MSEC Enterprises business in accordance with the terms of the Agreement on Exhibit "A," attached hereto and incorporated herein by reference.

C. Transportation Service. Cooperative shall at all times during the Term of this Agreement provide to MSEC Enterprises all transportation service required and requested by MSEC Enterprises in the ordinary course of MSEC Enterprises, Inc. business. Transportation Services will be billed at Cooperative's cost, with no mark-up. Transportation Services include:

- a. Vehicles/Machinery;
- b. Repairs/Routine fleet maintenance;
- c. Fuel; and
- d. Parts, labor, and supplies related to "a" and "b" above.

D. Office Space and Equipment. Cooperative shall at all times during the Term of this Agreement provide to MSEC Enterprises such office space, on-site storage, parking facilities, and general access as well as all necessary office equipment required by MSEC Enterprises in the ordinary course of MSEC Enterprises business, in accordance with the terms of the Lease on Exhibit "B," attached hereto and incorporated herein by reference.

E. Goods, Tools, Equipment, and Supplies. Cooperative shall at all times during the Term of this Agreement provide to MSEC Enterprises all goods, tools, equipment, and supplies required and requested by MSEC Enterprises in the ordinary course of MSEC Enterprises business.

II. Consideration. Cooperative shall provide such goods and services to MSEC Enterprises at Cooperative's cost, with no mark-up. MSEC Enterprises shall timely pay for such goods and services provided by Cooperative in such amounts as may be invoiced by Cooperative.

III. Specific Provisions Applicable to each Service. The goods and services for which provision is herein made are subject to the specific terms and conditions set forth on the Exhibits attached hereto and incorporated herein by reference for all purposes.

IV. General Provisions. This Agreement is subject to the following general provisions, which are applicable to the type of goods and/or services delivered:

A. Books and Records. Cooperative shall keep proper books of account showing all goods and/or services supplied to MSEC Enterprises and the price to be charged therefor.

B. Insurance. Cooperative currently maintains insurance covering its operations, employees, and subsidiaries. Cooperative shall continue to maintain such insurance throughout the Term of this Agreement

C. Standard of Care. All services shall be of good quality and shall be performed in a professional manner. The standard of care for all professional and related services performed or furnished pursuant to this Agreement will be the care and skill ordinarily used by members of the profession, practicing under similar conditions at the same time and in the same general locality.

D. Compliance with Applicable Laws. The Parties will operate in compliance with all applicable local, state, and federal laws, rules and regulations.

E. Term. The term of this Agreement shall commence on March 1, 2020, and continue until March 1, 2021 ("Term"), and automatically renew annually thereafter unless terminated earlier by either Party as provided herein.

F. Termination. This Agreement may be terminated by either Party upon thirty (30) business days' prior written notice.

G. Assignability. Neither Party may assign its interest in this Agreement without the prior written consent of the other Party, except that either Party may assign its interest to its parent or other affiliated entity and may subcontract its duties and obligations.

H. Independent Contractor. Neither Party is an employee or agent of the other Party except as expressly stated in this Agreement. Cooperative serves MSEC Enterprises, Inc. solely as an independent contractor.

I. Notice. Any notice required under this Agreement will be in writing and personally delivered to the other Party, sent by certified mail, return receipt requested, or by facsimile to the intended Party's address of record. Notice will be deemed given when mailed to the following addresses:

- a. Cooperative: 7625 Highway 6, Navasota, Texas 77868; or Facsimile: (936) 825-5179 (Attention General Manager / CEO);
- b. MSEC Enterprises, Inc.: 7625 Highway 6, Navasota, Texas 77868; or Facsimile: (936) 825-5179 (Attention CEO).

J. Third Party Beneficiaries. Except as otherwise provided in this Agreement, this Agreement is intended to benefit only the Parties and may be enforced solely by the Parties, its successors in interest or permitted assigns. It is not intended to, and shall not, create rights, remedies or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, except as provided herein.

K. Severability. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law, and wherever there is any conflict between any provision of this Agreement and any law, such law shall prevail. In such event, however, the provisions of this Agreement so affected shall be curtailed and limited only to the extent necessary to permit

compliance with the minimum legal requirement, and no other provisions of this Agreement shall be affected thereby and all such other provisions shall continue in full force and effect.

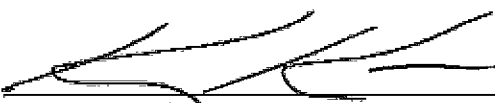
L. Venue. Venue shall be in Grimes County, Texas.

M. Entire Agreement. This Agreement embodies the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes any and all prior and/or contemporaneous agreements entered into by and between the Parties, written or oral, and all subsequent oral agreements by and between the Parties with respect to that subject matter.

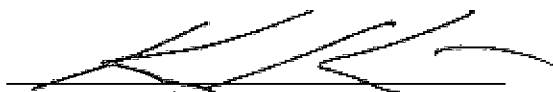
N. Facsimile and Electronic Signatures; Counterparts. This Agreement may be executed using facsimile or electronic signatures and such facsimile or electronic version of the Agreement shall have the same legally binding effect as an original paper version. This Agreement may be executed in counterparts, each of which shall be deemed an original.

SIGNED AND AGREED TO this 9 day of March, 2020.

Mid-South Electric Cooperative Association
d/b/a MidSouth Electric Coop

By: 
Kerry Kelton, Manager
General Manager/CEO

MSEC Enterprises, Inc.

By: 
Kerry Kelton
President and CEO

CUSTOMER SERVICE AND BILLING SERVICE AGREEMENT

This Customer Service and Billing Service Agreement ("Agreement") is executed by and between Mid-South Electric Cooperative Association, d/b/a MidSouth Electric Coop, a Texas electric cooperative corporation, located at 7625 Highway 6, Navasota, Texas 77868 (referred to in this Agreement as "Cooperative "), and MSEC Enterprises, Inc., a Texas for-profit corporation, located at 7625 Highway 6, Navasota, Texas 77868 (referred to in this Agreement as "MSEC Enterprises") for the sale and purchase of customer and billing services. Cooperative and MSEC Enterprises may be individually referred to herein as "Party" and as "Parties."

RECITALS

WHEREAS, MidSouth Electric Coop is an electric cooperative providing retail electric distribution service, and as such maintains a customer service and billing system through which it bills electric customers for electric power usage and collects revenues derived from such billing.

WHEREAS, MSEC Enterprises is an independently owned utility, a subsidiary of MidSouth Electric Coop, providing retail public water service to its customers, and requires customer service for its customers and a billing system to bill its water customers for their usage of that service and to collect the income generated therefrom.

WHEREAS, the purpose of this Agreement is to state the terms and conditions under which MidSouth Electric Coop will act as the Billing Agent for MSEC Enterprises to provide customer and billing services to MSEC Enterprises, Inc.'s customers.

NOW THEREFORE, in consideration of the mutual promises contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, MidSouth Electric Coop and MSEC Enterprises, Inc. agree as follows:

Services Provided

1. Cooperative will perform the following services for the water operations of MSEC Enterprises ("Customer Service and Billing and Collection Services"), including:
 - a. MSEC Enterprises customer account set up;
 - b. reading meters;
 - c. preparing monthly billing;
 - d. issuing monthly billing to MSEC Enterprises customers, in addition to Cooperative electric customers and other entity customers for which MidSouth Electric Coop acts as a billing agent;
 - e. collection of customer payments;
 - f. customer service via telephone access on a 24/7 basis via toll-free calling;
 - g. customer service via office access at Cooperative various locations;
 - h. customer service related to billing and collection;
 - i. payment record-keeping;
 - j. acceptance of payments;
 - k. collection of delinquent accounts in the normal course of business;

- l. preparation of financial information in a form agreeable to the parties;
- m. deposit of MSEC Enterprises payments;
- n. maintenance of bank accounts and reconciliations;
- o. distribution of revenues to MSEC Enterprises;
- p. information storage and retrieval;
- q. computer programming related to billing and collection;
- r. data transmission;
- s. systems controls; and
- t. all of the data entry and verifying related to billing and collections and reasonably necessary for the business operations of MSEC Enterprises.

Billing Process

- 2. Cooperative's billing process will include the following procedures and provisions:
 - a. Monthly billing may be issued in multiple cycles per month.
 - b. Billing Due Dates and Delinquent Accounts –
 - i) Due Date is the 16th day following the Billing Date;
 - ii) Account balances not paid by the Due Date are deemed delinquent ("Delinquent Account");
 - iii) Late charge is due on a Delinquent Account; and
 - iv) Delinquent Accounts for which payment is not made by the Customer and received by Cooperative by the 10th day following the 16th day are subject to disconnection per agreement of the parties and as provided by applicable law.

Adjustments

- 3. Cycles and schedules will be predicated on normal working conditions and are subject to adjustment at any time in the event of any cause or causes beyond the control of the Cooperative.

Property of Cooperative

- 4. All computer programs, written procedures, and other supporting items used in the work performed for MSEC Enterprises are the property of Cooperative and shall remain the property of Cooperative.

Property of MSEC Enterprises, Inc.

- 5. All data, customer lists, and billing and collection information related to MSEC Enterprises, Inc.'s customers are and shall remain the property of MSEC Enterprises or MSEC Enterprises customers.

Confidentiality

- 6. All statistical, financial, and customer data relating to the business of MSEC Enterprises shall be confidential and will be kept in the strictest confidence by Cooperative and its employees. However, this obligation does not apply to any data that have become publicly available or that are rightfully obtained from third

parties through Cooperative's own billing system, as in many instances MSEC Enterprises, Inc.'s customers and Cooperative's customers overlap.

Cooperative's Responsibility

7. Cooperative will use due care in processing the work of MSEC Enterprises, but it will be responsible only to the extent of correcting any errors that are due to the machines, operators, or personnel of Cooperative; such errors will be corrected at no additional charge to MSEC Enterprises. The liability of Cooperative with respect to this Agreement shall in any event be limited to the total compensation for the services provided under this Agreement and shall not include any contingent liability.

Compensation

8. Cooperative shall provide the goods and services hereunder at Cooperative's cost, with no mark-up. MSEC Enterprises shall timely pay for the services provided by Cooperative in the amounts invoiced by the Cooperative.

Term of Agreement

9. The term of this Agreement shall begin on March 1, 2020, and shall continue in full force and effect from that date until it is terminated by thirty (30) days' prior written notice from either Party to the other Party.

Miscellaneous Provisions

10. As follows:

Texas Law to Apply

- a. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the Parties created in this Agreement are performable in Grimes County, Texas.

Parties Bound

- b. This Agreement shall be binding on and inure to the benefit of the Parties and its respective legal representatives, successors, and assigns.

Legal Construction

- c. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability shall not affect any other provision in this Agreement, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.


Entire Agreement

- d. This Agreement constitutes the sole and only agreement of the Parties and supersedes any and all prior and contemporaneous understandings, whether written or oral, and all oral subsequent agreements between the Parties respecting the subject matter of this Agreement.


EXECUTED at Navasota, Texas, on March 5, 2020.

Mid-South Electric Cooperative Association

d/b/a MidSouth Electric Coop

By: 
Kerry Kelton, General Manager / CEO

MSEC Enterprises, Inc.

By: 
Kerry Kelton, President / CEO

LEASE

This Lease is entered into on March 5, 2020, between MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION, doing business as MidSouth Electric Coop ("Cooperative"), and MSEC ENTERPRISES, INC. ("MSEC Enterprises"), collectively the "Parties." MidSouth Electric Coop leases to Enterprises, Inc. and Enterprises, Inc. leases from MidSouth Electric Coop the premises ("the Leased Premises" or "the Premises"), being office and work area space located within the improvements owned by MidSouth Electric Coop situated at MidSouth Electric Coop's headquarters in Navasota, Grimes County, Texas, and such office equipment as may be required by MSEC Enterprises, Inc. or the proper conduct of MSEC Enterprises, Inc.'s business. The Premises are described as follows:

Being sufficient portions of MidSouth Electric Coop's office, yard, and storage space located either at MidSouth Electric Coop's headquarters, 7625 State Highway 6, Navasota, Grimes County, Texas, or at any of its District Offices or operational facilities (currently in Montgomery and Walker Counties), including without limitation work space, parking space, yard space, and storage space, as may be agreed upon by and between the parties hereto, and such office equipment, including without limitation office furniture, furnishings, fixtures, computers, Internet connection, phones and phone lines, copiers, scanners, fax machines, and such other equipment as may be agreed upon by the Parties, and all being reasonably necessary to conduct the business operations of MSEC Enterprises, Inc.

Additionally, for the same rental set forth below, MidSouth Electric Coop agrees to provide MSEC Enterprises such office supplies as are reasonably required by MSEC Enterprises in the conduct of its business operations. The cost of the office supplies shall be included in the rental amount.

Term

1. The Lease term will begin on March 1, 2020, and will continue from year to year until either party terminates this Lease by giving written notice at least thirty (30) days in advance of termination.

Rent

2. MSEC Enterprises will pay the Cooperative at 7625 State Highway 6, Navasota, Grimes County, Texas 77868 - without deduction or offset of any kind - as rent for the Premises, including office space and office equipment, as well as a reasonable supply of office supplies needed to conduct MSEC Enterprises, Inc.'s business, the amounts as may be invoiced by Cooperative under such terms as the parties may agree. The price paid by MSEC Enterprises to Cooperative for the lease will be Cooperative's actual cost of providing and maintaining the Leased Premises for use by MSEC Enterprises.

Use

3. MSEC Enterprises may use the Premises only for its business operations and may not permit the Premises or any part of them to be used for: (a) conducting any offensive, noisy, or dangerous activity that would increase the premiums for fire insurance on the Premises; (b) creating or maintaining a public nuisance; (c) anything that is against public regulations or rules of any public authority at any time applicable to the Premises; or (d) any purpose or in any manner that will obstruct, interfere with, or infringe on, the rights of Cooperative.

Utilities

4. Cooperative will pay promptly as they become due all charges for furnishing water, electricity, garbage service, and other public utilities to the Premises during the lease term.

Condition of Premises

5. MSEC Enterprises stipulates that MSEC Enterprises has examined the Premises as well as all buildings and improvements located on them and that they are all, at the date of this Lease, in good order and repair and in a safe and clean condition.

Maintenance

6. During the Lease Term, Cooperative will provide all maintenance of the Leased Premises and weekly general cleaning services. In addition to the agreement to provide weekly maintenance and cleaning, MSEC Enterprises must maintain the Leased Premises in good order and repair and in a safe and clean condition.

Alterations and Improvements

7. MSEC Enterprises will make no alterations to the buildings on the Premises or construct any buildings or other improvements on the Premises without Cooperative's prior written consent.

Ownership of Improvements

8. All alterations, changes, and improvements built, constructed, or placed on the Premises by MSEC Enterprises, other than movable personal property, will, unless otherwise provided by written agreement between both parties, be Cooperative's property and remain on the Premises when the Lease expires or terminates earlier. But nothing contained in this paragraph authorizes MSEC Enterprises to make or place any such alterations, changes, or improvements on the Premises without first obtaining Cooperative's written consent.

Destruction of Premises

9. If any buildings or improvements on the Premises are damaged or destroyed by fire, the elements, acts of God, or by other causes not the fault of MSEC Enterprises or any person in or about the Premises with MSEC Enterprises, Inc.'s express or implied consent, Cooperative will repair or replace them at Cooperative's own cost and expense, and the rent payable by MSEC Enterprises under this Lease will be abated to the extent

such damage or destruction renders the Premises uninhabitable by MSEC Enterprises. But if the cost of repairing or restoring any buildings or improvements so damaged or destroyed exceeds 50% percent of the replacement cost of all buildings and improvements now located on the Premises, Cooperative may either repair and restore the damaged buildings and improvements or cancel this Lease and return any unearned rent previously paid by MSEC Enterprises under this Lease.

Protection of Persons and Property

10. MSEC Enterprises agrees and obligates itself to protect persons and property of Cooperative while a tenant of Cooperative and while using Cooperative's property. In that regard:

- a. MSEC Enterprises represents that it is fully knowledgeable of and capable of complying with all safety provisions and standards established by OSHA (Occupational Safety and Health Act of 1970 and its amendments and all regulations thereunder).
- b. MSEC Enterprises is solely responsible for the safety of its own employee(s), supervisor(s), agent(s), subcontractor(s), and any other person(s) while on the Leased Premises. MSEC Enterprises shall at all times take all reasonable precautions for the safety of employees while on the Leased Premises and of the public, and shall give all notices and comply with all applicable provisions of Federal, State, and Municipal safety laws and safety rules and regulations of Cooperative.
- c. MSEC Enterprises shall immediately notify Cooperative of any fire, unusual incident, or Injury to any MSEC Enterprises employee(s) or any third party and will provide a copy of the First Report of Injury to the Safety & Loss Control Officer for Cooperative.
- d. All work areas shall be maintained by MSEC Enterprises in a neat and orderly manner.

- e. MSEC Enterprises shall be responsible for providing drug-free employees on the Leased Premises, and compliance with the tobacco, drug and alcohol policy of Cooperative.
- f. MSEC Enterprises agrees to defend and to be solely responsible for all citations, assessments, fines, or penalties which may be received or incurred by reason of MSEC Enterprises failure or the failure of MSEC Enterprises, Inc.'s employees, agents, suppliers, transporters, or subcontractors to comply with applicable Federal, State, and local safety standards, rules, regulations and requirements.

Insurance

11. Cooperative currently maintains insurance covering its operations, employees, and subsidiaries. Cooperative shall continue to maintain such insurance coverage throughout the Term of the Lease.

Assignment and Subletting

12. MSEC Enterprises may not assign this Lease or sublet the Premises or any interest in them without first obtaining Cooperative's written consent. Cooperative's consent to one assignment or subletting will not be considered a consent to any subsequent assignment or subletting. An assignment or subletting without Cooperative's written consent, or an assignment or subletting by operation of law, will be void and will, at Cooperative's option, terminate this Lease.

Insolvency, Default, Other Grounds; Right To Terminate

13. Cooperative may, if it so elects, with or without notice, immediately terminate this Lease or, without terminating it, immediately terminate MSEC Enterprises right to possess the Premises, under the following circumstances:

- a. MSEC Enterprises defaults in paying rent or in promptly and fully performing any provision of this Lease;

- b. MSEC Enterprises leasehold interest is levied on or attached by process of law;
- c. MSEC Enterprises makes an assignment for the benefit of creditors;
- d. A receiver is appointed for any of MSEC Enterprises, Inc.'s property; or
- e. MSEC Enterprises abandons the Premises.

If, in any such case, Cooperative terminates the Lease, Cooperative is entitled to recover from MSEC Enterprises an amount equal to the rent currently in effect under this Lease that has not been theretofore paid by MSEC Enterprises.

Repossessing Leased Premises

14. On any termination of this Lease, or on any termination of MSEC Enterprises right to possession without termination of the lease, Cooperative may enter and repossess the Premises and remove any property from MSEC Enterprises without being considered guilty of trespass, eviction, forcible entry, or detainer.

Abandoned Property

15. Cooperative may handle, dispose of, or remove - at MSEC Enterprises, Inc.'s risk and expense - any of MSEC Enterprises, Inc.'s property left in the Premises or the building after this Lease or MSEC Enterprises, Inc.'s right of possession terminates for any reason, and Cooperative will in no event be responsible for any property MSEC Enterprises leaves in the Premises or the building. MSEC Enterprises will pay Cooperative, on demand, all expenses incurred in such disposition, including a reasonable charge for storage, but Cooperative shall have no obligation to provide storage, and MSEC Enterprises expressly consents to Cooperative's sale, removal, discard, or any other disposition of such property.

Subordination of Lease

16. This Lease and MSEC Enterprises, Inc.'s leasehold interest under it are and will be subject, subordinate, and inferior to any lien or encumbrance placed on the Premises

by Cooperative now or in the future, to all advances made under any such lien or encumbrance, to the interest payable on any such lien or encumbrance, and to any renewal and extension of such liens or encumbrances.

Right of Inspection

17. Cooperative or Cooperative's agents may, at all reasonable times during the lease term, enter the Premises to inspect them and all buildings and improvements on them.

Holdover

18. If MSEC Enterprises remains in possession of the Premises with Cooperative's consent after this Lease expires, a new, week-to-week tenancy will be created between both parties. The new tenancy will be subject to all terms of this Lease but will be terminable by ten (10) days' written notice served by either party on the other. If such holding over is without consent, MSEC Enterprises shall be deemed to be a tenant at sufferance.

Notices

19. All notices or other communication required or permitted by this Lease to be served on or given to either party by the other must be in writing and will be considered duly served and given when personally delivered to the party to whom it is directed or, in lieu of such personal service, when deposited in the mail, postage prepaid, addressed to MSEC Enterprises, Inc. at the address of the Premises or to MidSouth Electric Coop at P. O. Box 970, Navasota, Texas. Either party may change the address for the purpose of this paragraph by giving written notice of the change to the other party as provided in this paragraph.

Waiver of Breach

20. Cooperative's waiving any breach of any lease provision does not constitute a continuing waiver or a waiver of any subsequent breach of the same or a different lease provision.

Time of Essence

21. Time is of the essence in this Lease.

Binding on Successors and Assigns

22. Subject to the provisions of this Lease against assignment of MSEC Enterprises, Inc.'s interest under this Lease, all lease provisions extend to and bind, or Inure to the benefit of, the Parties to this Lease and to the respective successors and assigns of each party.

Rights and Remedies Cumulative

23. The rights and remedies under this Lease are cumulative, and either party's using any one right or remedy will not preclude or waive that party's right to use any other. These rights and remedies are in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

Texas Law To Apply

24. This agreement is to be construed under Texas law, and all obligations of the parties created under this Lease are performable in Grimes County, Texas,

Legal Construction

25. If any one or more of the lease provisions are for any reason held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision of this Lease, which will construed as if it had never included the invalid, illegal, or unenforceable provision.

Prior Agreements Superseded

26. This agreement constitutes the only agreement of the parties and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter.

Amendment

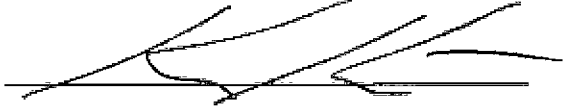
27. No amendment, modification, or alteration of this Lease is binding unless in writing, dated subsequent to the date of this Lease, and duly executed by the parties.

IN WITNESS OF THIS AGREEMENT, MidSouth Electric Coop and MSEC Enterprises, Inc. execute this agreement as of the day and year first written above.

MID-SOUTH ELECTRIC COOPERATIVE
ASSOCIATION

MSEC ENTERPRISES, INC.

By: 
KERRY KELTON
General Manager/CEO

By: 
KERRY KELTON
President/CEO