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PUC DOCKET NO. 51979

PETITION BY SIG MAGNOLIA LP	§	BEFORE THE
FOR EXPEDITED RELEASE	§	
FROM WATER CCN NO. 11052	§	PUBLIC UTILITY COMMISSION
HELD BY DOBBIN PLANTERSVILLE	§	
WATER SUPPLY CORPORATION	§	OF TEXAS

DOBBIN PLANTERSVILLE WATER SUPPLY CORPORATION'S
MOTION FOR REHEARING

Dobbin Plantersville Water Supply Corporation (“Dobbin Plantersville” or “CCN holder”) files this Motion for Rehearing pursuant to PUC Rule 22.264 and Texas Government Code Chapter 2001 requesting that the Public Utility Commission of Texas (the “Commission”) reconsider its Order granting SIG Magnolia LP’s (“SIG Magnolia” or “Petitioner”) Petition for Expedited Release from Water CCN No. 11052 held by Dobbin Plantersville and deny the Petition. In support thereof, Dobbin Plantersville would respectfully show as follows:

I. INTRODUCTION

On January 31, 2022, the Commissioners signed an Order in the above-referenced docket granting the Petition (the “Order”) (AIS 51979 at Item 51), which amended Dobbin Plantersville’s water CNN No. 11052 to remove an approximately 665.8-acre tract of land (“Release Property” or “Tract of Land”). This Motion for Rehearing is timely filed pursuant to PUC Rule 22.264 and Texas Government Code§ 2001.146.

Dobbin Plantersville respectfully requests the Commission to reconsider the Order and deny SIG Magnolia's Petition. Specifically, Dobbin Plantersville requests the Commission to reconsider the Findings of Fact and Conclusions of Law set forth below in Arguments and Authorities.

The Release Property identified in SIG Magnolia's Petition is receiving water service from Dobbin Plantersville under applicable law and the Order should be reconsidered and SIG Magnolia's Petition denied. Under Texas Water Code section 13.2541(b) a petition for streamlined expedited release may only be filed by a person whose property “is not receiving water or sewer service.” Tex. Water Code § 13.2541(b). The Water Code defines “service” broadly as including “*any* act performed, anything furnished or supplied, and *any* facilities or lines *committed or used* by a retail public utility in the performance of its duties [under

Chapter 13] . . .” Tex. Water Code § 13.002(21) (emphasis added). Dobbin Plantersville’s evidence demonstrates that it has water facilities committed to the Release Property showing that the Release Property is receiving water service. SIG Magnolia has presented no credible evidence disputing the facts presented by Dobbin Plantersville. The undisputed evidence demonstrated that Dobbin Plantersville has committed or dedicated facilities or lines for providing service to the area that SIG Magnolia seeks to decertify.

Dobbin Plantersville specifically requests the Commission to reconsider Finding of Fact Nos. 13, 22, 23, 25, 26, 27, and 28; the addition of Dobbin Plantersville’s proposed Nos. 30 and 31; Conclusion of Law Nos. 12, 13, and 14; the addition of proposed No. 19; and deletion of Nos. 15 through 18; and replacement of all Ordering Paragraphs with Dobbin Plantersville’s proposed Ordering Paragraph No. 1 denying the petition.

II. EVIDENCE

In support of this Motion for Rehearing and for the convenience of the Commission, Dobbin Plantersville attaches copies of the following documents, which were made part of the record¹:

<u>Exhibit No.</u>	<u>Document</u>
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1. The Affidavit of Steve Duncan executed June 2021, which was attached as Exhibit A to Dobbin Plantersville’s Response to Petition and Motion to Dismiss filed June 17, 2021.
2. A site drawing identifying the Release Property and location of Dobbin Plantersville’s existing waterlines and facilities and future expansion, which was attached to the June 2021, Duncan affidavit (referenced in Item 1, above), as Attachment 2.
3. A site drawing identifying the Release Property in reference to the Dobbin Plantersville certificated area in Montgomery County, which was attached to the June 2021, Duncan affidavit (referenced in Item 1, above), as Attachment 3.
4. The Affidavit of Janie Legge executed January 2021, which was attached as Exhibit B to Dobbin Plantersville’s Response to Petition and Motion to Dismiss filed June 17, 2021.
5. The Second Affidavit of Janie Legge executed June 25, 2021, which was attached as Exhibit C to the Dobbin Plantersville Water Supply Corporation’s Supplement to its Motion to Dismiss filed June 25, 2021.
6. CoBank loan documents, which were attached to the January 2021, Legge affidavit (referenced in Item 4, above), as Attachment 3.

¹Exhibit 8, the Federal Complaint, was not officially noticed as requested by Dobbin Plantersville, as discussed below. Therefore, it was not made part of the record.

7. USDA loan documents, which were attached to the June 25, 2021, Second Legge affidavit (referenced in Item 5, above), as Attachments 1 and 2.
8. The Federal Complaint initiating Dobbin Plantersville v. Peter Lake, Will McAdams, et al., Case 1:21-cv-00612 (W.D. Texas) (“Federal Lawsuit”).

III. ARGUMENT AND AUTHORITY

A. The SIG Magnolia Property Cannot be Released Because the Property Does Not Qualify for Expedited Release.

Dobbin Plantersville proved that the SIG Magnolia Property cannot be released from its territory and its Certificate of Convenience and Necessity (CCN) No. 11052 cannot be amended under Texas Water Code section 13.2541 because the Release Property is receiving water “service” as defined by state law. The Order states incorrect facts and law regarding Dobbin Plantersville’s “service” to the Release Property. The Order disregards that Dobbin Plantersville’s facilities and waterlines are serving the Release Property and are committed or dedicated to providing water service. The Order also disregards evidence provided by Dobbin Plantersville that it is performing acts to supply water to the Release Property. For these reasons, the Commission must amend its Order to deny release of the SIG Magnolia Property.

B. The Commission Erred in Several Regards Resulting in an Improper and Illegal Order Granting Release.

The Commission's actions will be reversed on appeal under Texas Government Code Section 2001.174(2), which states that a court:

- (2) shall reverse or remand the case for further proceedings if substantial rights of the appellant have been prejudiced because the administrative findings, inferences, conclusions, or decisions are:
 - (A) in violation of a constitutional or statutory provision;
 - (B) in excess of the agency's statutory authority;
 - (C) made through unlawful procedure;
 - (D) affected by other error of law;
 - (E) not reasonably supported by substantial evidence considering the reliable and probative evidence in the record as a whole; or
 - (F) arbitrary or capricious or characterized by abuse of discretion or clearlyunwarranted exercise of discretion.

Tex. Gov’t Code. Section 2001.174(a)(A)–(F). The Commission made erroneous findings of fact and conclusions of law; erroneously denied Dobbin Plantersville’s due process rights by disregarding its evidence; and erroneously refused to take judicial notice of the pending Federal Lawsuit or to dismiss this action. By these actions or inaction, the Commission violated each category in sections (A) through (F) as described in more detail below. Therefore, the

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Commission must reverse its decision and deny release of the SIG Magnolia Property.

1. Dobbin Plantersville's Recommended Changes to Findings of Fact Must Be Adopted in the Commission's Final Order.

The Order includes incorrect Findings of Fact regarding Dobbin Plantersville's water service to the Release Property. Read together, they purport to support the "ultimate finding" that "[t]he CCN holder has not performed any acts for or supplied anything to the tract of land." See Finding of Fact No. 28. Not only is the meaning of this finding vague and unclear – it supports no legal standard or conclusion of law applicable to this docket. Finding of Fact No. 28 must be changed as follows:

28. The CCN holder has ~~not~~ performed various acts ~~for or supplied anything and acquired funds in furtherance of providing service~~ to the tract of land- including:

(a) Planning for service to the area, including the SER Property to include Water Plant 9 dedicated during platting in 2019 and water lines to connect to the existing 6-inch water lines on Jackson Road and FM 1486 with 6-inch and 8-inch interior lines.

(b) Applying for a \$1,250,000.00 loan from CoBank loan so that the Water Plant 9 Project could be started to meet SIG Magnolia's development timeline.

(c) Obtaining approval from the Texas Commission on Environmental Quality (TCEQ) of the plans and specs for the public water supply well.

(d) Obtaining bids and awarding contracts for construction of the Water Plant 9 Project.

(e) Obtaining groundwater permits from Lonestar Groundwater Conservation District.

Dobbin Plantersville provided sufficient evidence that it has committed and dedicated facilities and lines, has facilities and lines, and has performed acts in furtherance of providing water service to the Release Property. The Order ignores or misconstrues the evidence. Dobbin Plantersville requests a rehearing on its proposed changes to the findings of fact misconstruing that evidence. The findings in the Commission Order are provided with the changes required using track changes, as follows:

22. The tract of land is not receiving actual water service from the CCN holder-; however, the CCN holder has invested in nearby facilities that can provide service to the release property.

23. The petitioner has not requested water service from the CCN holder for the tract of land, nor has it paid any fees or charges to initiate or maintain such service-; however, if the petitioner requests service from the CCN holder, all facilities are in place to deliver water to active water

taps located on the release property once petitioner pays for the improvements needed to hook up its water service taps to the 6-inch and 8-inch water lines described in Finding of Fact No. 25.

25. There are no water or sewer meters, lines, or other facilities owned by the CCN holder located within the tract of land. Existing 6-inch and 8-inch water lines are available near the SER Property (Magnolia Crossing); two 6-inch lines terminate just prior to the SER Property with easements in place for the future extension to the SER Property; another 6-inch line stops at the parcel to the east of the SER Property and is planned to continue through that property to the SER Property when that property develops. There is a 6-inch water line owned by the CCN holder located on a public right-of-way running next to, but outside of, the tract of land. An 8-inch line south of the SER Property running roughly parallel to the southern property line was planned to be extended into the Magnolia Crossing subdivision with routing to be determined by the High Meadows and Magnolia Crossing subdivision layouts.

26. The CCN holder has not committed or dedicated any facilities or lines to the tract of land for water service. Water Plant 9 was dedicated during platting in 2019 to serve Magnolia Crossing, which is a subpart of the High Meadows area.

27. The CCN holder has no facilities or lines that provide water service to the tract of land; ~~however,~~ Water Plant 9 provides additional water system capacity that is not currently needed by Dobbin Plantersville if the SER Property is released and there are no outstanding requests for service from the undeveloped portions of the subject CCN area that will use the remainder of the existing capacity. Water Plant 9 will include a public water supply well, ground storage tank, booster pumps, and a pressure tank that will tie into the existing distribution system. The plant design includes components for a minimum capacity of 500 connections and an alternate capacity of 750 connections. Water Plant 9 was specifically located and sized to serve the High Meadows/Magnolia Crossing subdivision areas.

Only property “that is not receiving water service” may be released under Texas Water Code section 13.2541. A determination of whether the Release Property receives water service from the CCN holder is a fact-specific inquiry and the lack of active water taps or facilities on the Release Property itself is not determinative.² An analysis of the facts begins with the definitions

² See *Tex. Gen. Land Office v. Crystal Clear Water Supply Corp.*, 449 S.W.3d 130, 140 - 141 (Tex. App.- Austin 2014, pet. denied).

of “service” and “facilities” in the Texas Water Code. “Service” is defined as:

[A]ny act performed, anything furnished or supplied, and any facilities or lines committed or used by a retail public utility in the performance of its duties...to its patrons, employees, other retail public utilities, and the public, as well as the interchange of facilities between two or more retail public utilities.

Tex. Water Code § 13.002(21); *see also*, 16 TAC § 24.3(33) (same definition). The term “facilities” is defined as:

[T]he plant and equipment of a retail public utility, including all tangible and intangible real and personal property without limitation, and any and all means and instrumentalities in any manner owned, operated, leased, licensed, used, controlled, furnished, or supplied for, by, or in connection with the business of any retail public utility.

Tex. Water Code § 13.002(9); *see also*, 16 Tex. Admin. Code § 24.3(15) (same definition).

Although the Release Property is not receiving actual water service from the CCN holder, the CCN holder has adequate facilities to provide service to the Release Property. Under the quoted statutory definitions, a property can “receive water service” even before development and delivery of water to active water taps.³ In the *Crystal Clear* decision, the court stated that facilities or lines “used” or “committed” to providing such service might cause a property to “receive service” under the statutory and regulatory definition.⁴ Dobbin Plantersville has constructed infrastructure and developed water supply “committed” to the SIG Magnolia Property; therefore, the SIG Magnolia Property is “receiving service.”

The record supports a conclusion of law that the Release Property receives water service from the CCN holder as summarized here. As stated by Mr. Duncan, the SER Property was originally part of the land area owned by the developer of High Meadows, the development of which began a few years ago. Dobbin Plantersville began water system planning for the entire High Meadows area at that time. During platting, the site plan of an additional water plant, No. 9, was dedicated in 2019. As it developed, water lines were sized and sited for their future extension into the adjoining undeveloped tracts of the High Meadows area, ultimately connecting the 6-inch existing water lines on Jackson Road and FM 1486 with 6-inch and 8-inch interior lines.⁵

³ *See Tex. Gen. Land Office v. Crystal Clear Water Supply Corp.*, 449 S.W.3d 130, 140–41 (Tex. App.- Austin 2014, pet. denied).

⁴ *See Id.*

⁵ Exhibit 1, Duncan Affidavit at Item 6.

While Water Plant 9 was originally planned to be part of a larger system-wide project, because of development pressure within the High Meadows original tracts, primarily Sig Magnolia's, the water plant 9 project was prioritized. As a result, Dobbin Plantersville applied to CoBank for a smaller loan than was needed for service to the entire High Meadows area; Dobbin Plantersville wanted to be ready for the SIG Magnolia development under SIG Magnolia's stated timeline. Plantersville could not wait for financing of the entire system-wide plan; therefore, it applied for a \$1,250,000.00 loan from CoBank, which they hoped to later roll into a USDA loan to finance the entire system-wide plan.⁶

Referring to a site drawing he had prepared, Mr. Duncan explained that existing lines are shown in blue and their proposed future extensions to serve SIG Magnolia are shown in green on the site drawing. Two 6-inch lines terminate just prior to the SER Property with easements in place for the future extension to the SER Property. Another 6-inch line stops at the parcel to the east of the SER Property and is planned to continue through that property to the SER property when that property develops. The 8-inch line south of the SER Property running roughly parallel to the southern property line was planned to be extended into the Magnolia Crossing subdivision with routing to be determined by the High Meadows and Magnolia Crossing subdivision layouts. The location of Water Plant 9 was selected for its ability to serve the High Meadows/Magnolia Crossing area. The plans and specs for the public water supply well have been approved by the Texas Commission on Environmental Quality (TCEQ). The project has been bid and awarded and Dobbin Plantersville is awaiting the availability of the water well driller to begin construction. The plans and specs for Water Plant 9 are currently under review by the TCEQ.⁷

In summary, Mr. Duncan's testimony lists ways in which Dobbin Plantersville has provided for water service to SIG Magnolia SER Property. The testimony shows how Dobbin Plantersville has performed acts and supplied funds to permit, plan, design, construct, own, and operate the facilities described in his testimony; to obtain and maintain the water CCN No. 11052 service area covering the SER Property; and to obtain and maintain permits and approvals for PWS No. 1700178 and groundwater permits from Lonestar Groundwater Conservation District and construction approval from TCEQ, so that it may be used to serve the SER Property and CCN No. 11052 area that includes the SER Property.⁸

The record shows that the CCN holder has performed various acts and supplied funds in furtherance of service to the Release Property and its CCN No. 11052 area that includes the

⁶ Exhibit 1, Duncan Affidavit at Item 7; Exhibit 4, Legge Affidavit at Item 8.

⁷ Exhibit 1, Duncan Affidavit at Item 9 and Attachment 2.

⁸ Exhibit 1, Duncan Affidavit at Item 15.

Release Property, including the acts and funding that are detailed in the record in Mr. Duncan's affidavit summarized above. The CCN holder's facilities--and the acts planning, funding, installing, and maintaining them--are all plainly "committed" or "used" by the CCN holder in the performance of its duties to supply water service to the Release Property. The Release Property "receives water service" from the CCN holder through its commitments to serve, and its existing facilities and capacity sized to serve, the Release Property. Ms. Legge's Affidavit in attached Exhibit 4, described the funding obtained and sought for such service. Exhibit 7 contains the USDA loans already in place.⁹ Under these facts, the Commission must deny the Petitioner's request to release the SIG Magnolia Property from Dobbin Plantersville's CCN No. 11052 because such a release would violate Tex. Water Code § 13.2541.

Juanita Orsak's contention about the size of the planned development and the associated needed water capacity is premised on speculation. Her affidavit states, "By January of 2021, SIG Magnolia finalized its development plans for the first approximate 300 of the 665 acres. At full build out of the 665 acres, approximately 1500 homes will be constructed. It is anticipated that the full build out will take approximately 7 to 10 years, with the first approximately 550 lots being developed by 2023."¹⁰ The development of the property will begin on the western end of the property. The eastern portion of the property will not likely be developed for another 5 to 10 years. Because the SIG Magnolia development will be a dense development, the water system must be capable of providing fire flows in addition to potable water service."¹¹ See Orsak Affidavit executed on June 23, 2021 (AIS Docket 51979 at Item 19).

It is pure speculation that SIG Magnolia will actually build 550 homes (connections) all at once by 2023 or build 1500 homes at full build out in 7 to 10 years. Although SIG Magnolia contends it "intends" to do so, there is no evidence that SIG Magnolia has the financial ability to actually construct the residences as stated. Ms. Orsak, who is not an engineer, uses these dates to conclude that water service to these speculative 1500 homes would exceed Dobbin Plantersville's ability to satisfy the water demand "within a reasonable period of time." SIG Magnolia's Ms. Orsak is making predictions that may never come true. Most residential developments are "phased," so the developer does not have too large of an investment in infrastructure (water and sewer lines, etc.) up front, in case lot sales do not occur as predicted. SIG Magnolia's prediction is merely a wish without evidentiary support and may never come true, and the Commissioners should not release the SIG Magnolia Property on the basis of wishes and

⁹ See also Exhibit 4, Legge Affidavit, at 9.

¹⁰ See Orsak Affidavit at 5.

¹¹ See Orsak Affidavit at 6.

guesswork. It is common for developers to exaggerate anticipated water needs as a means to attempt to remove SIG Magnolia Property from a CCN. On information and belief, this case is no different.

Moreover, if the Commission decertifies based exclusively on the speculative assertions by a landowner about their future water needs, such a decision will effectively make the decertifying landowner the judge in its own case, and reward bad behavior. All a landowner will need for decertification to do is assert an outrageous future need for water beyond what any CCN holder can meet. And since the Commission does not permit CCN landowner's a hearing, the Commission is robbed of any opportunity to evaluate the credibility of the landowner's assertion. The Commission's reliance on the Juanita Orsak affidavit would violate Dobbin Plantersville's due process rights and place the decertification procedure under Tex. Water Code § 13.2541 in constitutional jeopardy. For these reasons, the Commission must reverse its decision and deny release of the SIG Magnolia Property, issuing an order including the findings of fact as recommended by Dobbin Plantersville.

2. Dobbin Plantersville's Recommended Changes to the Order's Conclusions of Law Must Be Adopted in the Commission's Final Order.

Based on the erroneous findings of fact discussed in section III.B.1, above, the Commission issued its Order with erroneous conclusions of law. These errors resulted in an Order releasing the SIG Magnolia Property from CCN No. 11052. This Motion for Rehearing provides the Commission with the opportunity to correct these errors as discussed here. The erroneous conclusions in the Commission Order are provided with the changes required using track changes, as follows:

12. The tract of land is considered to be ~~not~~ receiving water service under TWC §§ 13.002(21) and 13.2541(b) and 16 TAC § 24.245(h), as interpreted in *Texas General Land Office v. Crystal Clear Water Supply Corporation*, 449 S.W.3d 130 (Tex. App.-Austin 2014, pet denied).

13. The petitioner is not entitled under TWC § 13.2541(6) to the release of the tract of land from the CCN holder's certificated service area.

14. After the date of this Order, the CCN holder continues to be obliged ~~has no obligation~~ under TWC §13.254(h) to provide retail water service to the petitioner's tract of land.

Further, Conclusion of Law Nos. 15 through 18 must be deleted because they are unsupported by findings of fact as proposed by Dobbin Plantersville.

Based on the evidence in the record and the corrected findings of fact as recommended by Dobbin Plantersville in Section III.B.1, above, the Commission must reverse its decision and deny release of the SIG Magnolia Property, issuing an order including the conclusions of law as recommended by Dobbin Plantersville.

3. The Commission erred in denying Dobbin Plantersville's Motion to Take Official Notice of the Pending 7 U.S.C. § 1926(b) Federal Lawsuit.

The Commission's Order releasing the SIG Magnolia Property fails to mention Dobbin Plantersville's Motion to Take Official Notice filed on July 13, 2021, and Order No. 8 denying it on the basis that Docket 51979 is not a contested case. *See* AIS Docket 51979 at Items 26 and 36, respectively. Thus, the Order fails to provide the court, on appeal, sufficient information for its review. In order to facilitate such a review, the Commission's Order must include the additional Finding of Fact Nos. 30 and 31, as follows.

30. On July 13, 2021, the CCN holder filed a Motion to Take Official Notice of its lawsuit filed in the United States District Court for the Western District of Texas, Austin Division, in Case 1:21-cv-00612. A copy of the Original Complaint was attached as Exhibit A. The suit challenges the PUC's authority to release the release property due to the protections under 7 United States Code section 1926(b).

31. On August 13, 2021, in Order No. 8, the ALJ denied the Motion to Take Official Notice on the basis Docket 51979 is not a contested case.

Likewise, the Commission's Order must include the additional Conclusion of Law No. 19, as follows:

19. It was error for the Administrative Law Judge to deny the CCN holder's Motion to Take Official Notice of its lawsuit filed in the United States District Court for the Western District of Texas in Case 1:21-cv-00612.

While 16 Texas Administrative Code section 24.45(h)(7) states that "no hearing will be held" in streamlined expedited release cases, section 24.45 painstakingly sets up a process during DOCKET 51979 Motion for Rehearing

which evidence is produced and evaluated by the Commission in order to make a decision. It is error for the administrative law judge to accept into the record affidavits, maps, loan documents, and other evidence, and then to refuse to take official notice because this “is not a contested case.” For this reason, the Commission must take official notice of the federal lawsuit so that the record will be complete on appeal, issuing an order including the Finding of Fact Nos. 30 and 31 and Conclusion of Law No. 19 as recommended by Dobbin Plantersville.

4. The Commission erred in denying Dobbin Plantersville’s Motion to Dismiss.

With its Response to the Petition, Dobbin Plantersville filed a Motion to Dismiss. *See* Dobbin Plantersville’s Response to Petition and Motion to Dismiss. On June 25, 2021, the CCN holder filed a supplement to the motion to dismiss. (AIS Docket 51979 at Items 15 and 21, respectively). Quoting Texas Water Code section 13.2541, Order No. 7 denied the motion concluding that “possession of a federal loan is immaterial to the determination to be made in this case.” (AIS Docket 51979 at Item 27.) In the Commission Order releasing the SIG Magnolia Property, the Commission failed to include a finding of fact and conclusion of law that would provide the court, on appeal, sufficient information for its review of this erroneous decision. In order to facilitate such a review, the Commission’s Order must include the following changes to Finding of Fact No. 13 and Conclusion of Law No. 12 (as set out above).

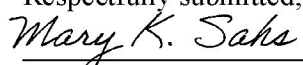
Finding of Fact 13. On June 17, 2021, the CCN holder filed a motion to dismiss. The CCN holder argued that the petition must be dismissed because petitioner is receiving water service from the CCN holder and, in the alternative, that the CCN holder has provided or made service available and enjoys protection under Title 7 United States Code section 1926(b). The motion to dismiss was supported by the affidavits described in Finding of Fact No. 12.

The question of whether the release property is receiving water service has been discussed above in section III.B.1. The Petitioner has never requested service from the CCN holder; however, Dobbin Plantersville has shown that it has adequate facilities to provide service and could provide water service to the Release Property as soon as Petitioner requests water service. After such a request is received, the next step would be for Petitioner to pay for improvements needed to hook up its water service taps to the nearby lines. The CCN holder has adequate facilities to provide service to the area upon request. For this reason, the Commission must reverse its decision and deny release of the SIG Magnolia Property, issuing an order including Finding of Fact No. 13 and Conclusion of Law No. 12 as recommended by Dobbin Plantersville.

ENGLAND RESERVATION: Dobbin Plantersville reserves all of its federal rights and claims (both statutory under 7 U.S.C. § 1926(b)) and constitutional rights under the Supremacy Clause Art. VI, cl. 2. – (challenging Tex. Water Code § 13.2541 as preempted by 7 U.S.C. § 1926(b) and therefore rendering § 13.2541 null and void), and Dobbin Plantersville’s entitlement to have all such federal rights, claims and remedies resolved and adjudicated in a federal forum in accordance with *England v. Louisiana State Bd. of Medical Examiners*, 375 U.S. 411, 421 (1964). Dobbin Plantersville is merely informing this Court of Dobbin Plantersville’s federal rights, claims and pending federal proceedings, and is not seeking an adjudication of such federal rights or claims in this case. Rather, Dobbin Plantersville maintains its right to have its federal rights and claims adjudicated in a federal forum. Dobbin Plantersville has in fact first sought adjudication of its federal rights and claims in the Dobbin Plantersville Federal Case pending in the United States District Court for the Western District of Texas (Civil Action No.: 1:21-cv-00612-RP).

IV. PRAYER

THEREFORE, Dobbin Plantersville respectfully requests that the Commission reconsider its January 31, 2022, Order, deny SIG Magnolia's Petition and amend its Order, or alternatively, set this matter for rehearing and abate the proceeding until Dobbin Plantersville's federal protections are fully adjudicated by the federal court system.

Respectfully submitted,


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**ATTORNEY FOR DOBBIN
 PLANTERSVILLE WATER
 COMPANY**

CERTIFICATE OF SERVICE

Pursuant to Docket No. 50664, Second Order Suspending Rules (July 16, 2020) the undersigned hereby certifies that a copy of foregoing Motion for Rehearing was served on all parties of record in this proceeding on February 25, 2022, by electronic mail.

Mary K. Sahs

Mary K. Sahs

EXHIBIT 1

DOCKET NO. 51979

**PETITION BY SIG MAGNOLIA LP
FOR EXPEDITED RELEASE
FROM WATER CCN NO. 11052
HELD BY DOBBIN PLANTERSVILLE
WATER SUPPLY CORPORATION**

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§
§
§

**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

AFFIDAVIT OF STEVE DUNCAN

THE STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

BEFORE ME, the undersigned official, on this day personally appeared Steve Duncan, who is personally known to me and first being duly sworn according to law, upon his oath deposed and said:

1. My name is Steve Duncan. I am over the age of 18 years and reside in Brazos County, Texas. I am of sound mind and fully competent to make this affidavit. I have personal knowledge of the facts stated herein, and they are true and correct.
2. I am an engineer and the employee of Bleyl Engineering ("Bleyl"). The company serves as the engineering consultant for Dobbin Plantersville Water Supply Corporation ("Dobbin Plantersville"), the Intervenor in this matter, and I am the engineer for the utility. I have been in that position for over 15 years, first with Pledger Kalkomey, Inc, then with Jones & Carter, Inc. and now with Bleyl. A copy of my resume is attached as Attachment 1.
3. I am authorized to make this affidavit on behalf of Dobbin Plantersville in Docket 51979 in support of its response to Sig Magnolia, LP's ("Petitioner") request for a streamlined expedited release ("SER") of approximately 665.8 acres in Montgomery County, Texas ("the SER Property") from Dobbin Plantersville water certificate of convenience and necessity ("CCN") No. 11052.
4. The attached map, Attachment 2, shows the SER Property that the Petition in Docket No. 51979 seeks to remove through SER from water CCN No. 11052. I prepared Attachment 2 as part of this affidavit.
5. Through the work that I and my employers have done for Dobbin Plantersville, I am familiar with Dobbin Plantersville's facilities designed to serve the SER Property and the vicinity and their location in relation to the SER Property and the service area under CCN No. 11052. Attachment 2 shows the SER

Property and the location of Dobbin Plantersville's water facilities built and sized to provide water to the SER Property, some of which traverse the SER Property in a utility easement. These are part of Dobbin Plantersville's water system (PWS ID No. 1700178).

6. The SER Property was originally part of the land area owned by the developer of High Meadows, the development of which began a few years ago. Dobbin Plantersville began water system planning for this entire High Meadows area at that time. An additional water plant was to be constructed in the area once development pressure required it. The Water Plant 9 site was dedicated with the Section 7 plat in 2019. With each section of development, the water lines were planned for their future extension into the adjoining undeveloped tracts of the High Meadows area, ultimately connecting the 6-inch existing water lines on Jackson Road and FM 1486 with 6-inch and 8-inch interior lines.

7. Water Plant 9 was originally planned to be part of a larger system-wide project, but because of development pressure within the High Meadows original tracts, primarily Sig Magnolia's, part of the plan was brought forward. This part is referred to as the Water Plant 9 project which was designed to serve the High Meadows original tracts which includes the Sig Magnolia tract. To be ready to serve Sig Magnolia under its stated timeline, Dobbin Plantersville could not wait for financing of the entire system-wide plan and therefore had to obtain a \$1,250,000.00 loan from CoBank which they hope to later roll into a USDA loan to finance the entire system-wide plan.

8. The Water Plant 9 Project called for building infrastructure in the service area where growth and development were anticipated, beginning with service to Sig Magnolia. The CCN boundary map, Attachment 3, shows the area addressed by the Water Plant 9 Project in reference to the entire CCN No. 11052 service area; and shows the SER Property in reference to both. I prepared Attachment 3 as part of this affidavit. The base map, the boundary of CCN No. 11052, is from the records of the Public Utility Commission.

9. As is clearly shown on the site drawing map attached as Attachment 2, existing 6-inch and 8-inch water lines are available near the SER Property (Magnolia Crossing). The existing lines are shown in blue and their proposed future extensions are shown in green on the attachment. Two 6-inch lines terminate just prior to the SER Property with easements in place for the future extension to the SER Property. Another 6-inch line stops at the parcel to the east of the SER Property and is planned to continue thru that property to the SER property when that property develops. The 8-inch line south of the SER Property running roughly parallel to the southern property line was planned to be extended into the Magnolia Crossing subdivision with routing to be determined by the High Meadows and Magnolia Crossing subdivision layouts. The location of Water Plant 9 was selected for its ability to serve the High Meadows

/Magnolia Crossing area. The plans and specs for the public water supply well have been approved by the Texas Commission on Environmental Quality (TCEQ). The project has been bid and awarded and Dobbin Plantersville is awaiting the availability of the water well driller to begin construction. The plans and specs for Water Plant 9 are currently under review by the TCEQ.

10. If the SER Petition is granted, the three 6-inch lines described in No. 9, above, must be permanently capped-off making three dead-ends in the distribution system. These dead-end 6-inch lines increase maintenance costs and water loss; to prevent contamination to the system, the lines must be periodically flushed requiring use of water that would otherwise be provided to customers. By introducing dead-ends into the system at these locations, Dobbin Plantersville also loses other benefits of a looped distribution system in this area, such as flexibility with maintenance and operations.

11. Water Plant 9 provides additional water system capacity that is not currently needed by Dobbin Plantersville if the SER Property is released.

12. An existing 6-inch line is shown on Attachment 2 as a blue line from north to south running through the SER Property on its western boundary along FM 1486. That line traverses the SER Property within a utility easement.

13. Water Plant 9 will include a public water supply well, ground storage tank, booster pumps, and a pressure tank that will tie into the existing distribution system. The plant design includes components for a minimum capacity of 500 connections and an alternate capacity of 750 connections. Water Plant 9 was specifically located and sized to serve the High Meadows/Magnolia Crossing subdivision areas.

14. To respond quickly to the SER Property and other areas in the vicinity, the facilities described in Item 13, above, were designed and built with capacity that exceeds immediate need. There are no outstanding requests for service from the undeveloped portions of the subject CCN area that will use the remainder of the existing capacity.


15. Dobbin Plantersville has provided for water service to the SER Property in several ways: (1) performing acts and supplying funds to permit, plan, design, construct, own, and operate the facilities described in Items 8 - 14, above; (2) performing acts and supplying funds necessary to obtain and maintain the water CCN No. 11052 service area covering the SER Property under prevailing regulations; and (3) performing acts and supplying funds necessary to obtain and maintain permits and approvals for PWS No. 1700178 including groundwater permits from Lonestar Groundwater Conservation District and construction approval from TCEQ, so that it may be used to serve the SER Property and CCN No. 11052 area that includes the SER Property.

16. CCNs, groundwater permits, and TCEQ approvals have value that purchasers of utilities will pay for when acquiring a utility because of the rights to serve the public that they provide and because the time and expense to acquire the CCNs and permits has already been spent.

17. Dobbin Plantersville is incurring legal and professional expenses and is likely to incur other legal and professional expenses because of the decertification and Petition.

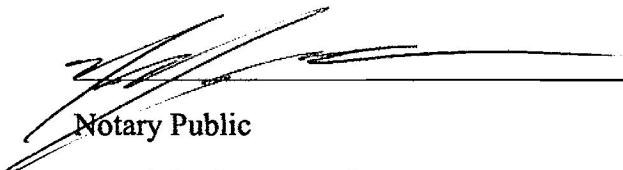
18. If the decertification is approved, Dobbin Plantersville will be compelled to spend time and resources to make the filing required by Texas Water Code section 13.257(r)-(s), which requires it to file in county records a description and maps of its certificated area after its amendment.

FURTHER AFFIANT SAYETH NOT.



Steve E. Duncan

SUBSCRIBED AND SWORN TO BEFORE ME the undersigned authority on this the ____ day of June 2021 to certify which witness my hand and seal of office.



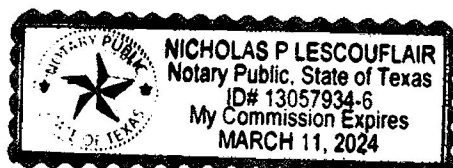
Notary Public

In and for the State of Texas

Nicholas P Lescouflair

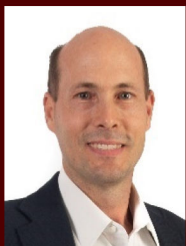
Printed Name of Notary Public

SEAL:



My Commission Expires: March 11, 2024

Steve Duncan, PE, LEED AP



Senior Director
Bryan Office

EXPERTISE

- Water Systems
- Wastewater Systems
- Streets
- Drainage
- Grant Funding
- Public Works Engineering

QUALIFICATIONS

B.S., Civil Engineering 1993

Texas A&M University
magna cum laude

Licensed Professional Engineer

Texas No. 83252

Oklahoma No. 23360

LEED AP

AFFILIATIONS

TSPE Brazos Chapter

2013 Engineer of the Year

2000 Past President

1998 Young Engineer of the Year

**Project Management Institute
WEAT**

Chi Epsilon

Tau Beta Pi

COMMUNITY SERVICE

Family Promise Brazos Valley

Board Member, 2017 to present

Lions Club of Bryan

Member, 2003 to present
Club President, 2015-16

KOR Educational School

Coach, 2009 to Present

Board President, 2014-2016

Parkway Baptist Church

Member, 1989 to present

Deacon, 1998 to present

Trustee, 2010 to present

SUMMARY

With **over 25 years of experience**, Steve has garnered invaluable insight in the field of civil engineering with a focused emphasis on public works projects. He has generated numerous comprehensive plans, feasibility reports, and specialized civil engineering studies. His fields of expertise include project design, project management, and construction management for public water systems, wastewater systems, street paving and drainage systems. Steve has also worked with numerous grant funding agencies.

EMPLOYMENT

Pledger Kalkomey, Inc.- Brenham

- Graduate Engineer, 1993-1998

Pledger Kalkomey, Inc. - Bryan

- Principal, Bryan Office Manager, 1998-2007

Pledger Kalkomey, Inc., a Jones & Carter Company - Bryan

- Vice President, Bryan Office Manager, 2008

Jones & Carter, Inc - Bryan/College Station

- Vice President, Bryan/College Station Office Manager, 2008-2015
- Vice President, Municipal & District Services, 2015-2019
- Vice President, Water Services, 2019-2020

Bleyl Engineering - Bryan/College Station

- Senior Director, 2020-Current

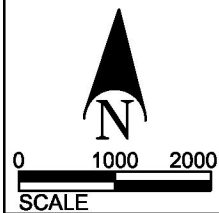
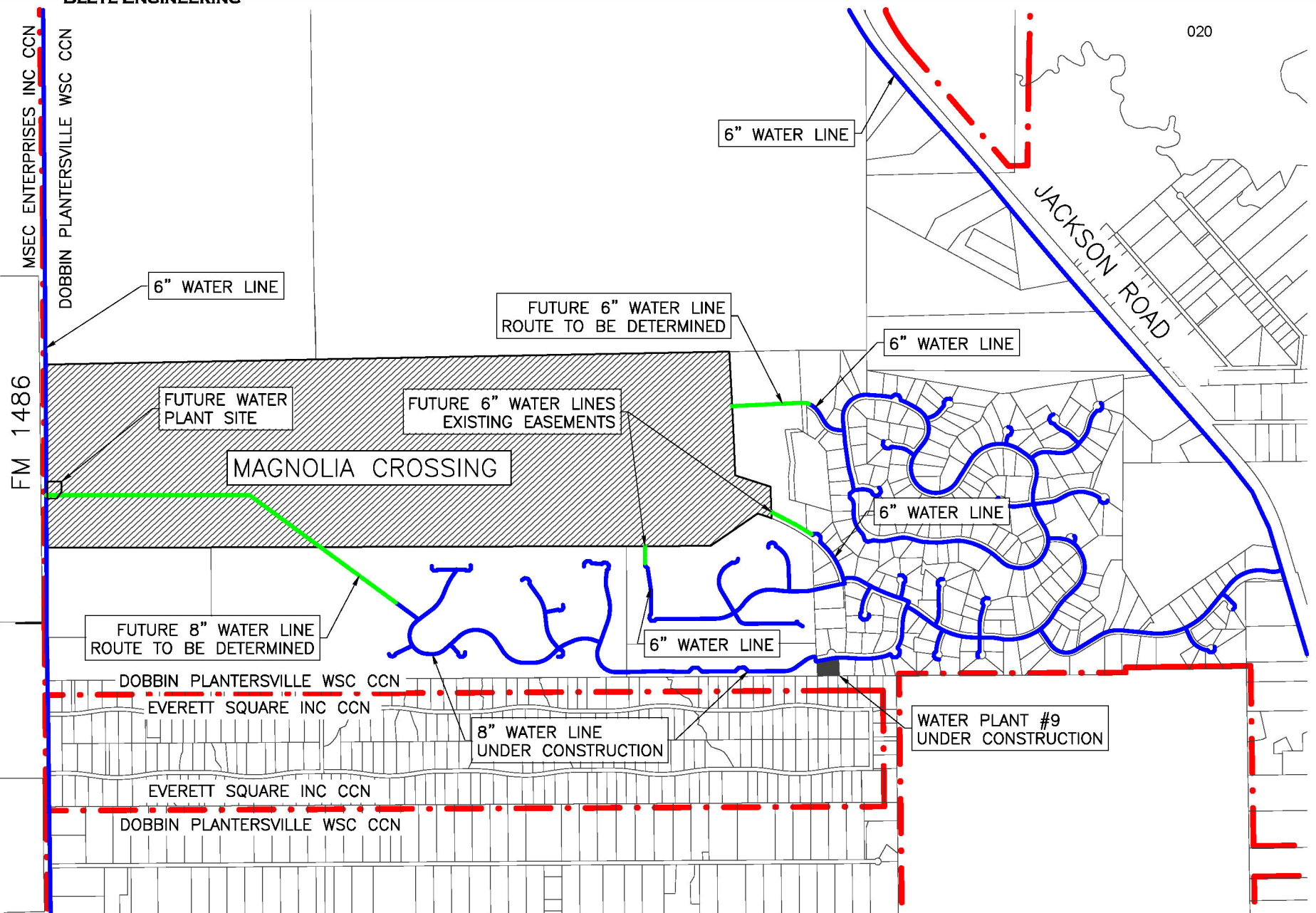
DOBBIN-PLANTERSVILLE WSC EXPERIENCE

- Water Plant 5 Upgrade, Dacus
- Water Plant 7, CR 331
- Water Well 8, Catahoula, Mount Mariah Cut Off
- Water Plant 8, Mount Mariah Cut Off
- Water Well 9, Jasper, High Meadows
- Water Plant 9, High Meadows
- 2015 CDBG Water Line Addition
- TxDOT Water Line Relocations
- Various Individual TxDOT Road Bores
- Various Subdivision Reviews

OTHER PUBLIC WATER SYSTEM CLIENTS

- City of Bryan
- City of Calvert
- City of College Station
- City of Franklin
- City of Navasota
- Anderson Water Company
- Cooks Point WSC
- North Zulch MUD

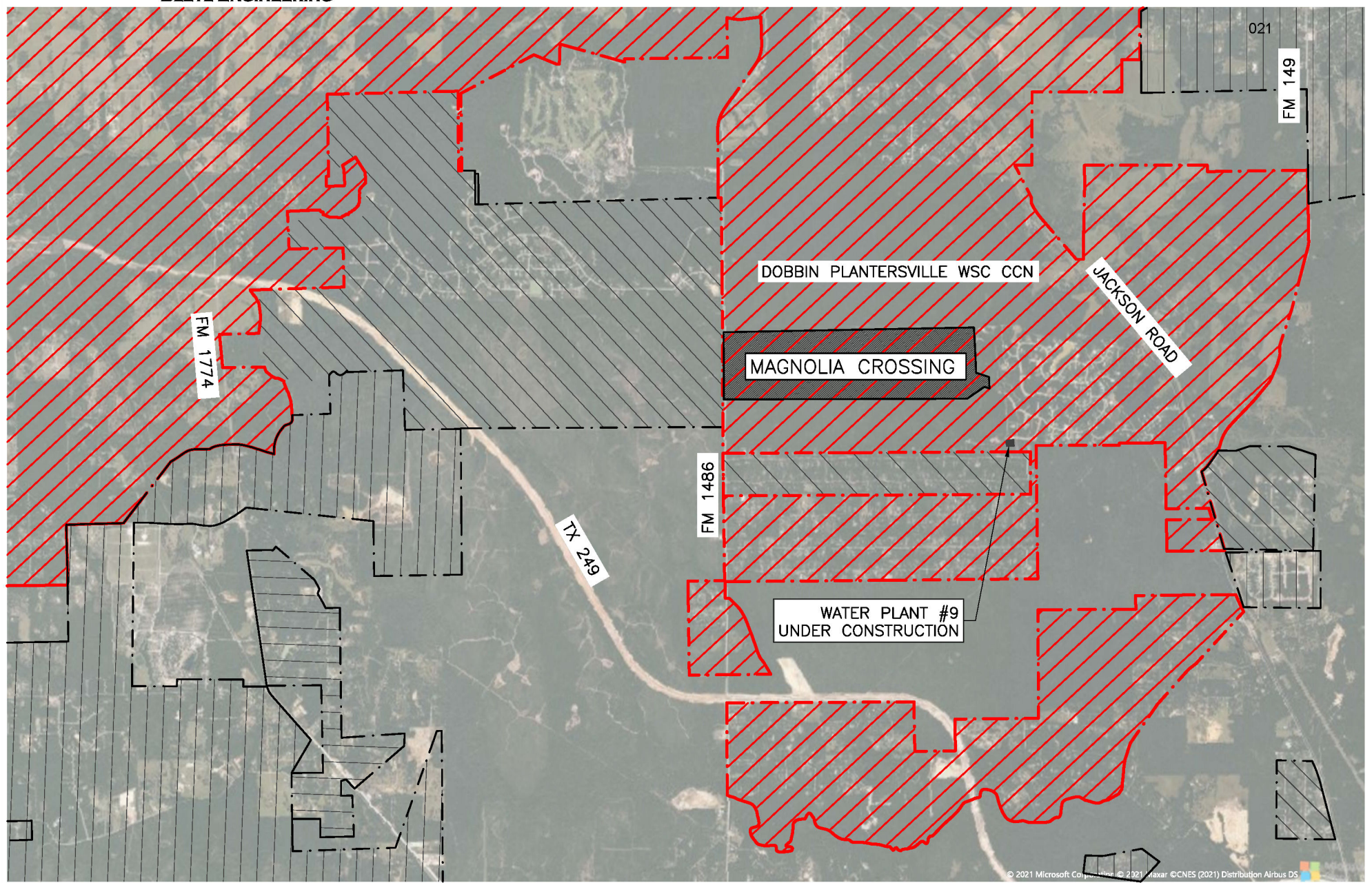
BLEYL ENGINEERING

PROJECT NAME: **MAGNOLIA CROSSING**PROJECT NUMBER: **12707**PREPARED FOR: **DOBBIN PLANTERSVILLE WSC**DATE: **JUNE 16, 2021****DOBBIN PLANTERSVILLE WSC FACILITIES****BLEYL ENGINEERING**TEXAS FIRM REGISTRATION NO. F-678
WWW.BLEYLEENGINEERING.COM

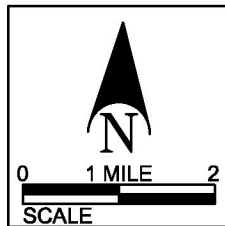
1722 BROADMOOR, STE 210

BRYAN TEXAS 77802

PHONE 979-268-1125



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PROJECT NAME:	MAGNOLIA CROSSING
PROJECT NUMBER:	12707
PREPARED FOR:	DOBBIN PLANTERSVILLE WSC
DATE:	JUNE 16, 2021

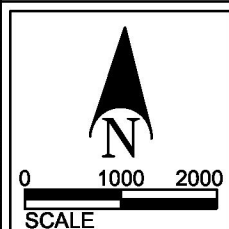
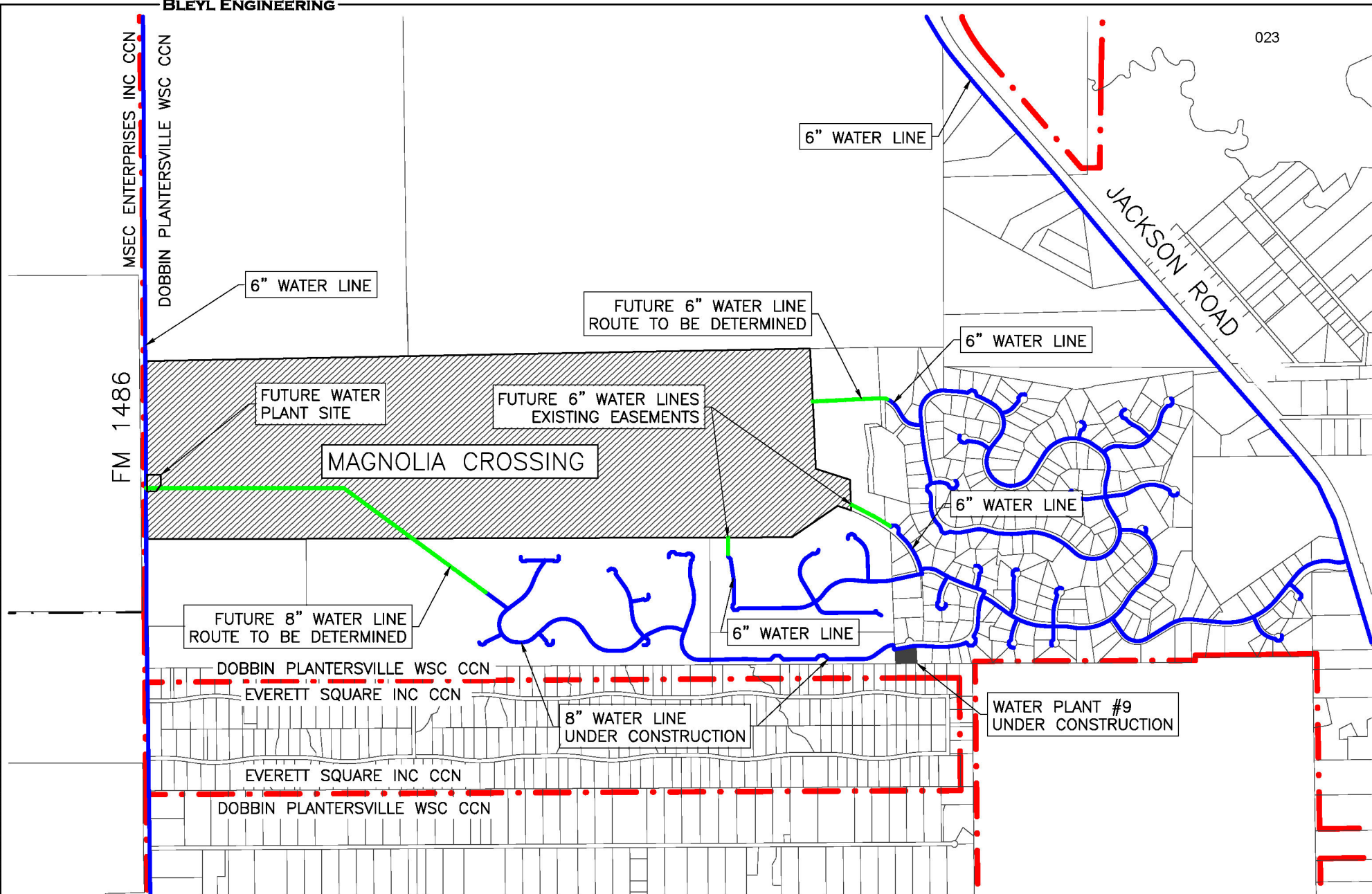


DOBBIN PLANTERSVILLE WSC CCN MAP

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 TEXAS FIRM REGISTRATION NO. F-678
 WWW.BLEYLENGINEERING.COM

1722 BROADMOOR, STE 210
 BRYAN TEXAS 77802
 PHONE 979-268-1125

EXHIBIT 2



PROJECT NAME:	MAGNOLIA CROSSING
PROJECT NUMBER:	12707
PREPARED FOR:	DOBBIN PLANTERSVILLE WSC
DATE:	JUNE 16, 2021

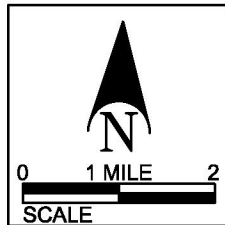
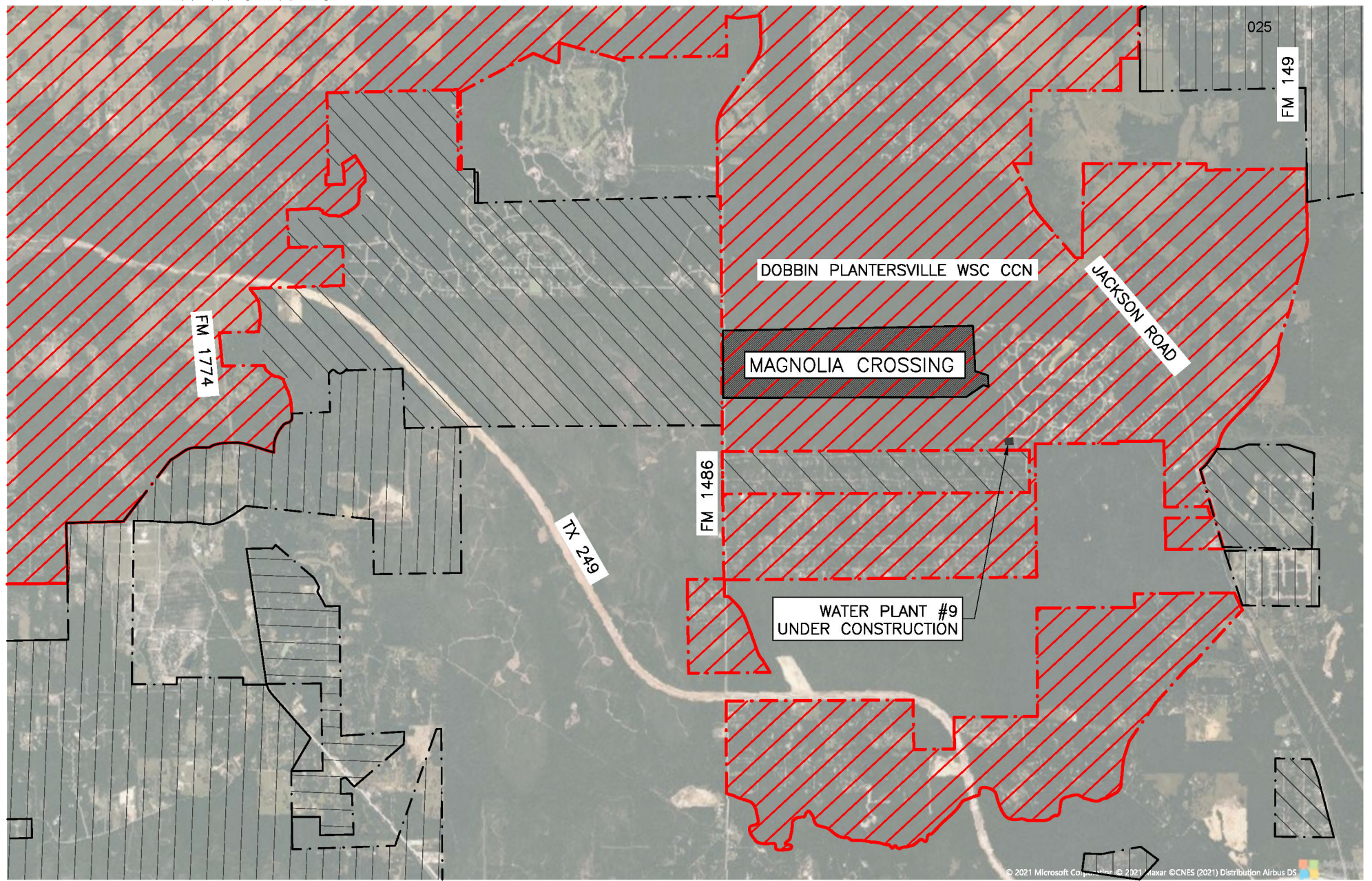


DOBBIN PLANTERSVILLE WSC FACILITIES

BLEYL ENGINEERING
TEXAS FIRM REGISTRATION NO. F-678
WWW.BLEYLENGINEERING.COM

1722 BROADMOOR, STE 210
BRYAN TEXAS 77802
PHONE 979-268-1125

EXHIBIT 3



PROJECT NAME:	MAGNOLIA CROSSING
PROJECT NUMBER:	12707
PREPARED FOR:	DOBBIN PLANTERSVILLE WSC
DATE:	JUNE 16, 2021



DOBBIN PLANTERSVILLE WSC CCN MAP

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TEXAS FIRM REGISTRATION NO. F-678
WWW.BLEYLENGINEERING.COM

1722 BROADMOOR, STE 210
BRYAN TEXAS 77802
PHONE 979-268-1125

EXHIBIT 4

DOCKET NO. 51979

**PETITION BY SIG MAGNOLIA LP
FOR EXPEDITED RELEASE
FROM WATER CCN NO. 11052
HELD BY DOBBIN PLANTERSVILLE
WATER SUPPLY CORPORATION**

§
§
§
§
§

**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

AFFIDAVIT OF JANIE LEGGE

THE STATE OF TEXAS

§

§

COUNTY OF MONTGOMERY

§

BEFORE ME, the undersigned official, on this day personally appeared Janie Legge, who is personally known to me and first being duly sworn according to law, upon her oath deposed and said:

1. My name is Janie Legge. I am over the age of 18 years and reside in Grimes County, Texas. I am of sound mind and fully competent to make this affidavit. I have personal knowledge of the facts stated herein, and they are true and correct.

2. I am the general manager of Dobbin Plantersville Water Company also known as Dobbin Plantersville Water Supply Corporation. Dobbin Plantersville holds certificate of convenience and necessity No. 11052 for water service in Montgomery County and parts of Grimes County. As stated on our website, Dobbin Plantersville provides water service to areas that are or historically have been rural.

3. On January 13, 2021, the Sig Magnolia LP developer contacted Dobbin Plantersville by email to set up a meeting to discuss service to a planned subdivision called Magnolia Crossing located within Dobbin Plantersville's CCN area. A copy of the email communication, which includes a site plan, is attached as Attachment 1. The Sig Magnolia developers and Dobbin Plantersville development staff met the next day and discussed Sig Magnolia's proposed plans and the level of service needed. Dobbin Plantersville offered options for their development and stated they were able to meet the demands of the water service needs of the development. Plans were underway for a new water plant that would supply the demand in the area and the surrounding area. We also discussed alternatives for their

wastewater needs. Communications continued for a couple of months back and forth on providing service to the development, often by telephone.

4. Before the monthly scheduled meeting in March, Sig Magnolia sent an email asking that decertification of the subdivision be put on the agenda for that meeting. This was the first time they mentioned decertification. At the March 24, 2021, Dobbin Plantersville's Board of Directors' meeting, Sig Magnolia informed the Board that it intended to file with the Public Utility Commission a petition for release of its property from Dobbin Plantersville CCN.

5. On April 6, 2021, I received a copy of the petition.

6. The attached map, Attachment 2, shows the streamlined expedited release property ("SER Property") that the Petition in Docket No. 51979 seeks to remove through SER from water CCN No. 11052. Attachment 2 was prepared by Dobbin Plantersville's engineer, Steve Duncan.

7. Several years ago, the Board of Directors approved a plan developed with our consulting engineer firm, Bleyl Engineering, for facilities upgrades, replacements, and additions throughout our entire water system. This included water system planning for the entire High Meadows area, including the area that is now called "Magnolia Crossing." Dobbin Plantersville intended to seek a U.S.D.A. loan to finance these activities and infrastructure.

8. The Water Plant #9 Project, which was part of the overall plan described in Item 7, above, would provide service to the High Meadows area, including Magnolia Crossing. In November 2020, the Board approved going forward with a CoBank loan to pay for the Water Plant #9 Project so it could be started sooner rather than waiting for financing of the entire upgrade, replacement, and addition plan. Dobbin Plantersville has applied for a loan of \$ 1,250,000.00 from CoBank to finance the Water Plant #9 Project, which later will be rolled into a U.S.D.A. loan to finance the entire plan described in No. 7, above. We have not yet closed on this loan. A copy of some of the CoBank loan documents are attached as Attachment 3. These are true and correct copied of the original documents.

9. Dobbin Plantersville currently has two outstanding U.S.D.A. loans and an outstanding CoBank loan. It expects to apply for an additional U.S.D.A. loan by the end of the year.

10. The Water Plant #9 Project was designed and built with capacity that exceeds immediate need to respond quickly to the SER Property and other areas in the vicinity. There are no outstanding requests for service from other undeveloped portions of the subject CCN area that will use the remainder of the existing capacity.


11. Dobbin Plantersville believed that Sig Magnolia would seek water service to Magnolia Crossing (the SER Property) because of the email shown in Attachment 1, the meeting with Dobbin Plantersville development staff, and other conversations. Dobbin Plantersville relied on that impression to move forward with the Water Plant #9 Project construction so it would be ready when a service application was received.

12. CCNs and Lone Star Groundwater Conservation District groundwater permits have value that purchasers of utilities will pay for when acquiring a utility because of the rights to serve the public that they provide and because the time and expense to acquire the CCNs and permits has already been spent.

13. Dobbin Plantersville is incurring legal and professional expenses and is likely to incur other legal and professional expenses because of the decertification and Petition.

14. If the decertification is approved, Dobbin Plantersville will be compelled to spend time and resources to make the filing required by Texas Water Code section 13.257(r)-(s), which requires it to file in county records a description and maps of its certificated area after its amendment.

FURTHER AFFIANT SAYETH NOT.

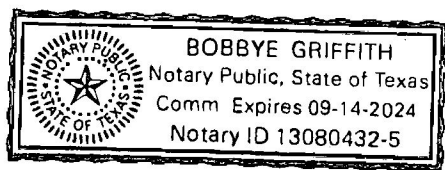

Janie Legge

SUBSCRIBED AND SWORN TO BEFORE ME the undersigned authority on this the ____ day of January 2021 to certify which witness my hand and seal of office.

Bobbie Griffith

Notary Public

In and for the State of Texas



Bobbie Griffith

Printed Name of Notary Public

SEAL:

My Commission Expires: 09-14-2024

From: Janie Legge
To: Mary Sahs
Subject: FW: Magnolia Springs
Date: Thursday, May 27, 2021 2:24:23 PM
Attachments: Magnolia Springs Overall Land Plan.pdf

The original email

Janie Legge

Dobbin-Plantersville WSC
PO Box 127
8829 Phillips Road
Plantersville, Texas 77363-0127
Office:(936) 894-2506
Fax: (936) 894-3152
Emergency: (936) 672-3734

From: Juanita Orsak <jorsak@signorellicompany.com>
Sent: Wednesday, January 13, 2021 9:49 AM
To: Janie Legge <janie@dpwater.com>
Cc: Mitch Watkins <mwatkins@elevationlandsolutions.com>; Ryan Wade <rwade@elevationlandsolutions.com>
Subject: Magnolia Springs

Janie:

Attached please find the overall exhibit of our 665 acre parcel located on the east side of FM 1486 north of Magnolia and South of the Crown Ranch Blvd.

We look forward to meeting you tomorrow.

Juanita Orsak

Development Manager
Direct: 713.452.1705
jorsak@signorellicompany.com

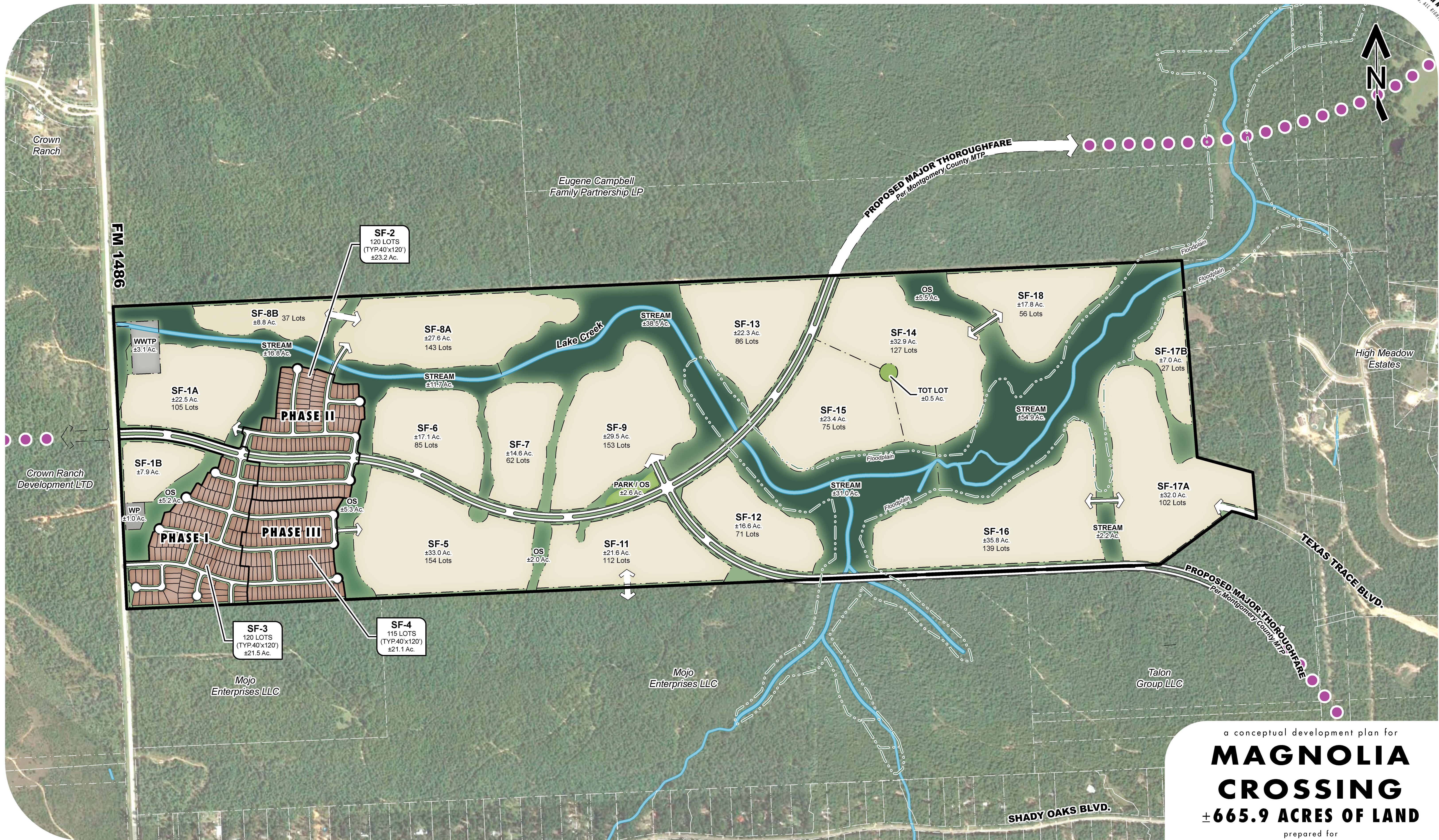


1401 Woodlands Parkway

ATTACHMENT 1

The Woodlands, Tx. 77380
713.452.1700
www.signorellicompany.com

<https://pages.lls.org/ltn/txg/montcty20/jorsak>



TOTAL NUMBER OF HOMES = 1,889

a conceptual development plan for
MAGNOLIA CROSSING
± 665.9 ACRES OF LAND
prepared for
SIGNORELLI COMPANY



24275 Katy Freeway, Ste. 200
Katy, Texas 77494
Tel: 281-810-1422

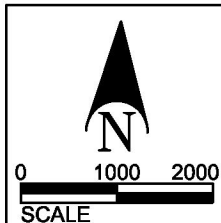
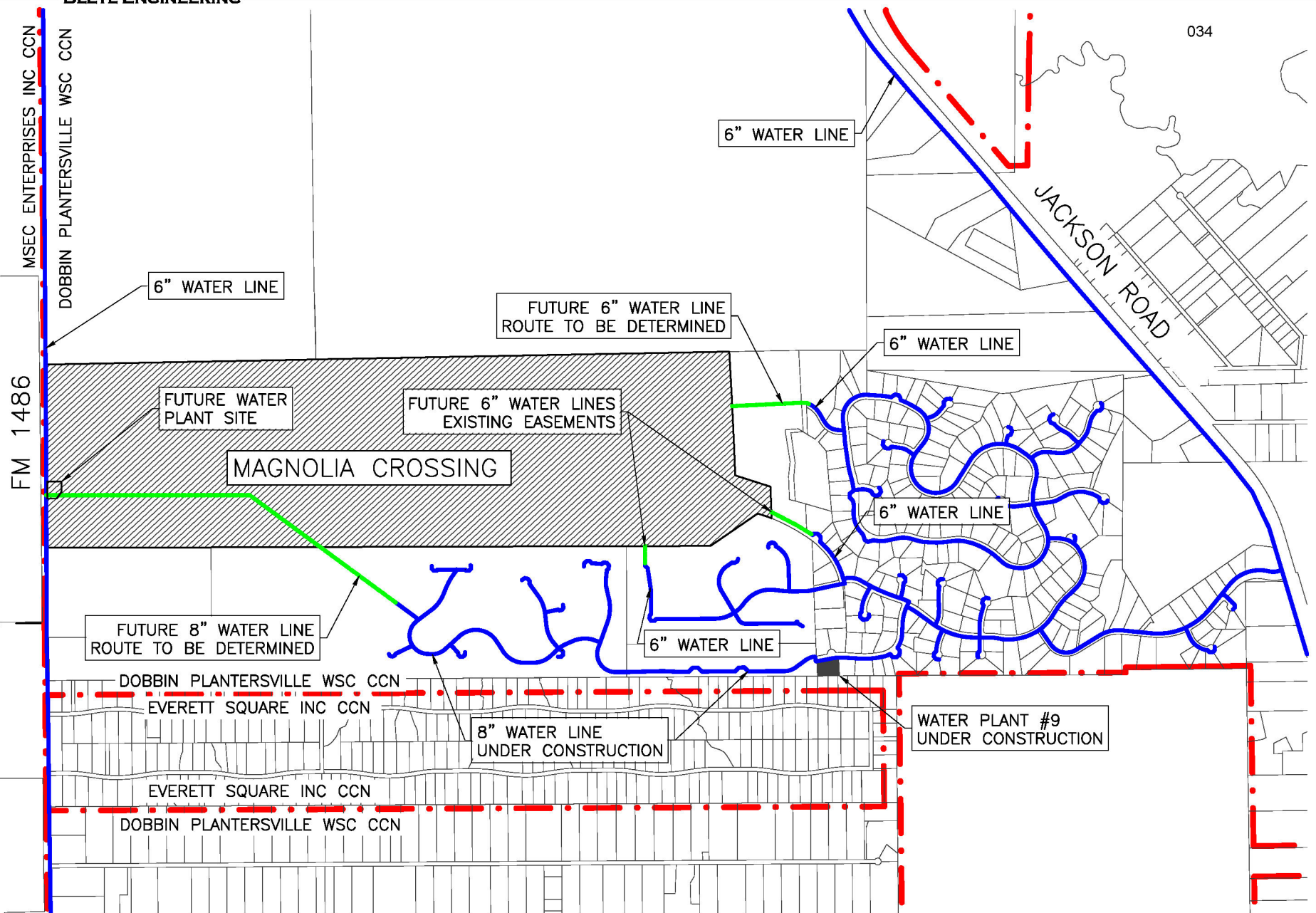
SCALE
0 200 400 800

MTA-06223
SEPTEMBER 22, 2020

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BLEYL ENGINEERING

PROJECT NAME: **MAGNOLIA CROSSING**PROJECT NUMBER: **12707**PREPARED FOR: **DOBBIN PLANTERSVILLE WSC**DATE: **JUNE 16, 2021****DOBBIN PLANTERSVILLE WSC FACILITIES****BLEYL ENGINEERING**TEXAS FIRM REGISTRATION NO. F-678
WWW.BLEYLENGINEERING.COM

1722 BROADMOOR, STE 210

BRYAN TEXAS 77802

PHONE 979-268-1125

EXHIBIT 5

DOCKET NO. 51979

**PETITION OF SIG MAGNOLIA LP
TO AMEND DOBBIN PLANTERSVILLE
WATER SUPPLY CORPORATION'S
CERTIFICATE OF CONVENIENCE
AND NECESSITY IN MONTGOMERY COUNTY
EXPEDITED RELEASE**

§
§
§
§
§
§

**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

SECOND AFFIDAVIT OF JANIE LEGGE

THE STATE OF TEXAS §
§
COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned official, on this day personally appeared Janie Legge, who is personally known to me and first being duly sworn according to law, upon her oath deposed and said:

1. My name is Janie Legge. I am over the age of 18 years and reside in Grimes County, Texas. I am of sound mind and fully competent to make this affidavit. I have personal knowledge of the facts stated herein, and they are true and correct.
2. I am the general manager of Dobbin Plantersville Water Company also known as Dobbin Plantersville Water Supply Corporation. Dobbin Plantersville holds certificate of convenience and necessity No. 11052 for water service in Montgomery County and parts of Grimes County. As stated on our website, Dobbin Plantersville provides water service to areas that are or historically have been rural.
3. Dobbin Plantersville currently has two outstanding U.S.D.A. loans and an outstanding CoBank loan. True and correct copies of the loan documents evidencing the two outstanding U.S.D.A. loans are attached to this second affidavit as Attachments 1 and 2.

FURTHER AFFIANT SAYETH NOT.

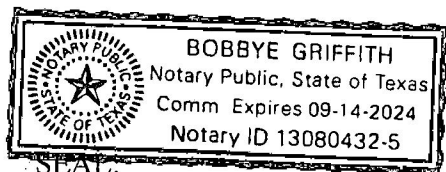

Janie Legge

SUBSCRIBED AND SWORN TO BEFORE ME the undersigned authority on this the 25
day of June 2021 to certify which witness my hand and seal of office.

Bobbie Griffith

Notary Public

In and for the State of Texas



Bobbie Griffith

Printed Name of Notary Public

My Commission Expires: 09-14-2024

EXHIBIT 6



Agreement No. 00094969SLA

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this “**Agreement**”), dated as of May 14, 2021 is entered into by and between **DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION**, Plantersville, Texas, a non-profit corporation (the “**Borrower**”), and **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**Lender**”).

RECITALS

(A) The Borrower and Lender are parties to that certain Master Loan Agreement dated as of February 26, 2015 (the “**Existing Agreement**”). Pursuant to the terms of the Existing Agreement, the parties entered into one or more Supplement(s) and/or Promissory Note(s) and Supplement(s) thereunder (the “**Existing Promissory Note(s) and Supplement(s)**”). The Borrower and Lender now desire to amend and restate the Existing Agreement and to apply this Agreement to the Existing Promissory Note(s) and Supplement(s), as well as any new Promissory Note(s) that may be issued hereunder. For that reason and for valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Borrower and Lender hereby agree that the Existing Agreement will be amended and restated by this Agreement, provided, however, this Agreement is not a novation of the Existing Agreement and all security under the Existing Agreement shall remain in full force and effect under this Agreement.

In consideration of the agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and Lender agree as follows:

ARTICLE 1 Defined Terms; Accounting Principles. Certain capitalized terms used in this Agreement bear the definitions given to them in this Agreement. References to accounting standards are to United States generally accepted accounting principles, or those required of the regulatory agency having jurisdiction over the Borrower, including but not limited to the system of accounts established by the United States Department of Agriculture acting through Rural Development or the Rural Utilities Service or their predecessors (“**RD/RUS**”), if applicable, or such other commission or body as may be agreeable to Lender (the “**Accounting Standards**”).

ARTICLE 2 The Facilities.

2.1 Promissory Note. In the event the Borrower desires to borrow from Lender and Lender is willing to lend to the Borrower, or in the event the parties desire to consolidate any existing loans hereunder, the parties will enter into a promissory note (a “**Promissory Note**”). Each Promissory Note will set forth Lender’s commitment to make a loan or loans to the Borrower, the amount of the loan(s), the purpose of the loan(s), the interest rate or rate options applicable to the loan(s), the repayment terms of the loan(s), and any other terms and conditions applicable to the particular loan(s). Each Promissory Note will also contain the Borrower’s promise to make payments of interest on the unpaid principal balance of the loan(s), and fees and premiums, if any, and to repay the principal balance of the loan(s). Each loan will be governed by the terms and conditions contained in this Agreement and in the Promissory Note relating to that loan.

2.2 Availability. Loans will be made available on any day on which Lender and the Federal Reserve Banks are open for business (a “**Business Day**”) upon the telephonic or written request of an

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
 Plantersville, Texas
Agreement No. 00094969SLA

authorized employee of the Borrower. Requests for loans must be received by 12:00 p.m. Denver, Colorado time on the date the loan is desired. Loans will be made available by wire transfer of immediately available funds. Wire transfers will be made to such account or accounts as may be authorized by the Borrower.

2.3 Security. The Borrower's obligations under this Agreement and each Promissory Note will be secured by a statutory first lien on all equity that the Borrower may now own or hereafter acquire or be allocated in Lender. In addition, except as otherwise provided in a Promissory Note or in a closing instruction letter signed by the parties (an "**Instruction Letter**"), the Borrower's obligations hereunder and under each Promissory Note will be:

(a) secured by a first priority lien (subject only to exceptions approved in writing by Lender) and shared pro rata through an intercreditor or parity agreement with RD/RUS on all material real and all personal property of the Borrower, whether now existing or hereafter acquired. The Borrower agrees to take such steps, including, without limitation, the execution and recordation or filing, as applicable, of mortgages, deeds of trust, security agreements, intercreditor or parity agreements, pledge agreements, control agreements, financing statements, and amendments to any of the foregoing, and such other instruments and documents as Lender may require to enable Lender to obtain, perfect, and maintain a lien on such property, and the payment of any applicable mortgage recording, documentary stamp, or intangible taxes; and

(b) guaranteed by an unsecured or secured, limited or continuing guarantee of payment, in form and substance and from such parties as may be required by Lender from time to time. If Lender requires such guarantee(s) to be secured by a lien on the real and/or personal property of a guarantor (a "**Guarantor**"), Borrower will cause each Guarantor to take such steps, including, without limitation, the execution and recordation or filing, as applicable, of mortgages, deeds of trust, security agreements, pledge agreements, control agreements, financing statements, and amendments to any of the foregoing, and such other instruments and documents as Lender may require to enable Lender to obtain, perfect, and maintain a lien on such property, and the payment of any applicable mortgage recording, documentary stamp, or intangible taxes.

2.4 Payments Generally. The Borrower's obligation to repay each loan will be evidenced by a Promissory Note. Lender will maintain a record of all loans, the interest accrued thereon, and all payments made with respect thereto, and such record will, absent proof of manifest error, be conclusive evidence of the outstanding principal and interest on the loans. Payments under each Promissory Note will be made by wire transfer of immediately available funds, by check, or by automated clearing house (ACH) or other similar cash handling processes as specified by separate agreement between the Borrower and Lender. Notwithstanding the foregoing, payments under each Promissory Note will be made by automated clearing house (ACH), unless otherwise agreed in writing by Lender. Wire transfers will be made to ABA No. 307088754 for advice to and credit of "CoBANK" (or to such other account as Lender may direct by notice). The Borrower will give Lender telephonic notice no later than 12:00 p.m. Denver, Colorado time on the day the Borrower intends to pay by wire of such intent, and funds received after 3:00 p.m. Denver, Colorado time will be credited on the next Business Day. Checks will be mailed to CoBANK, Department 167, Denver, Colorado 80291-0167 (or to such other place as Lender may direct by notice). Credit for payment by check will not be given until the later of the next Business Day after receipt of the check or the day on which Lender receives immediately available funds. If any installment of principal or interest is due on a date that is not a Business Day, then such installment will be due and payable on the next Business Day.

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2.5 Broken Funding Surcharge. Notwithstanding the terms of any Promissory Note giving the Borrower the right to repay any loan prior to the date it would otherwise be due and payable, the Borrower agrees to provide three Business Days' prior written notice for any prepayment of a fixed rate balance and to pay to Lender a broken funding surcharge in the amount set forth below in the event the Borrower: (a) repays any fixed rate balance prior to the last day of its fixed rate period (whether such payment is made voluntarily, as a result of an acceleration, or otherwise); (b) converts any fixed rate balance to another fixed rate or to a variable rate prior to the last day of the fixed rate period applicable to such balance; or (c) fails to borrow any fixed rate balance on the date scheduled therefor. The surcharge will be in an amount equal to the greater of (1) the sum of: (i) the present value of any funding losses imputed by Lender to have been incurred as a result of such payment, conversion or failure; plus (ii) a per annum yield of 0.50% of the amount repaid, converted or not borrowed for the period such amount was scheduled to have been outstanding at such fixed rate, or (2) \$300.00. Any surcharge will be determined and calculated in accordance with methodology established by Lender, a copy of which will be made available upon request. Notwithstanding the foregoing, in the event of a conflict between the provisions of this section and of the broken funding charge section of a forward fix agreement between Lender and the Borrower, the provisions of the forward fix agreement will control.

2.6 Taxes; Change in Law. Any payment by the Borrower to Lender will be made net of any taxes (other than income and similar taxes imposed on or measured by Lender's overall net income). If any change in any law, rule, regulation, code, ordinance, order or the like to which the Borrower is subject, including, without limitation, all laws relating to environmental protection, and taxes (collectively, "Laws"), increases the cost of making or maintaining any loan (or any associated commitment to lend), or reduces the amount received or receivable by Lender hereunder then, upon request, the Borrower will pay to Lender such additional amount as will compensate Lender for such additional costs incurred or reduction suffered.

ARTICLE 3 Conditions Precedent.

3.1 Conditions to Initial Promissory Note. Lender's obligation to extend credit under the initial Promissory Note hereunder is subject to the condition precedent that Lender receive, in form and substance satisfactory to Lender, each of the following, except as otherwise provided in the Promissory Note or in an Instruction Letter:

(a) **This Agreement.** A duly executed copy of this Agreement, the other Loan Documents (as defined below), the Instruction Letter accompanying this Agreement, and all instruments and documents contemplated hereby and thereby.

(b) **Banking Service Agreements.** A duly completed and executed copy of any banking service agreement, including any agreement relating to the provision by Lender of cash management services, required by Lender from time to time. Lender will be entitled to rely on (and will incur no liability to the Borrower in acting on) any request or direction furnished in accordance with the terms thereof.

3.2 Conditions to Each Promissory Note. Lender's obligations to extend credit under each Promissory Note hereunder, including the initial Promissory Note, is subject to the condition precedent that Lender receive, in form and substance satisfactory to Lender, each of the following, except as otherwise provided in the Promissory Note or in an Instruction Letter:

(a) **Promissory Note.** A duly executed copy of the Promissory Note and all instruments and documents contemplated by the Promissory Note.

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- (b) **Instruction Letter.** Any and all items or requirements detailed in an Instruction Letter.
- (c) **Evidence of Perfection.** Such evidence as Lender may require that it has duly perfected liens as required under this Agreement.
- (d) **Evidence of Authority.** Such certified board resolutions, certificates of incumbency, and other evidence that Lender may require that the Promissory Note, all instruments and documents executed in connection therewith, and, in the case of the initial Promissory Note hereto, this Agreement, the other Loan Documents (as defined below) and all instruments and documents executed in connection herewith and therewith, including any security documents, have been duly authorized and executed.
- (e) **Fees and Other Charges.** Any fees or other charges provided for herein, in the Promissory Note or in any invoice provided by Lender.
- (f) **Insurance.** Such evidence as Lender may require that the Borrower is in compliance with Section 5.4 below.
- (g) **Consents and Approvals.** Evidence as Lender may require that all regulatory and other consents and approvals referred to in Section 4.6 below have been obtained and are in full force and effect.
- (h) **Opinion of Counsel.** An opinion of counsel to the Borrower (which counsel must be acceptable to Lender).

3.3 Conditions to Each Loan. Lender's obligation under each Promissory Note to make any loan to the Borrower thereunder is subject to the condition that no "**Event of Default**" (as defined in Section 8.1 below) or event that, with the giving of notice and/or the passage of time and/or the occurrence of any other condition, would ripen into an Event of Default (a "**Potential Default**") will have occurred and be continuing or would be caused by the making of such loan.

ARTICLE 4 Representations and Warranties. The execution by the Borrower of this Agreement and each Promissory Note hereunder, or any renewal or extension by Lender of any Promissory Note hereunder, will constitute a representation and warranty by the Borrower that:

4.1 Instruction Letter; Loan Documents. Each representation and warranty and all information set forth in any Instruction Letter and/or any of the Loan Documents (as defined below) and/or any other document submitted in connection with, or to induce Lender to enter into, such Promissory Note is correct in all material respects as of the date of such Promissory Note.

4.2 Compliance; Legal Proceedings. The Borrower and its subsidiaries and all property owned or leased or proposed to be acquired with the proceeds of any Promissory Note hereunder by the Borrower and/or its subsidiaries and all of its/their operations are in compliance with all applicable Laws and the terms of the Loan Documents and no Event of Default or Potential Default exists or is continuing. In addition, there are no pending legal, arbitration, or governmental actions or proceedings to which the Borrower or any subsidiary is a party or to which any of its or any subsidiaries' property is subject which, if adversely determined, might have a material adverse effect on the financial condition, operations, properties, profits, or business of the Borrower or any subsidiary, and to the best of the Borrower's knowledge, no such actions or proceedings are threatened or contemplated.

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4.3 Organization; Good Standing. The Borrower (a) is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, (b) has the lawful power to own or lease its properties and to engage in the business it conducts or proposes to conduct, and (c) is duly qualified and in good standing in each jurisdiction where the property owned or leased by it or the nature of the business transacted by it makes such qualification necessary.

4.4 Binding Agreement. The Loan Documents constitute legal, valid, and binding obligations of the Borrower that are enforceable in accordance with their terms.

4.5 Conflicting Agreements. Neither this Agreement nor any Promissory Note, or other instrument or document securing or otherwise relating hereto or to any Promissory Note (each a "**Loan Document**") and collectively, at any time, the "**Loan Documents**") conflicts with, or constitutes (with or without the giving of notice and/or the passage of time and/or the occurrence of any other condition) a default under, any other agreement to which the Borrower is a party or by which it or any of its property may be bound or affected, and does not conflict with any provision of its bylaws, articles of incorporation or other organizational documents.

4.6 Consents and Approvals. No consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Borrower is a party or by which it or any of its property may be bound or affected, is necessary in connection with the project, acquisition or other activity being financed by such Promissory Note, or the execution, delivery, performance or enforcement of any Loan Document, except as have been obtained and are in full force and effect.

4.7 Budgets; Full Disclosure. All budgets, projections, feasibility studies, and other documentation submitted by the Borrower to Lender in connection with, or to induce Lender to enter into, such Promissory Note are based upon assumptions that are reasonable and realistic, and as of the date of such Promissory Note, no fact has come to light, and no event has occurred, that would cause any assumption made therein to not be reasonable or realistic. No Loan Document or other certificate, statement, agreement, or document furnished to Lender in connection with this Agreement or any other Loan Document (a) contains any untrue statement of a material fact, or (b) fails to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. The Borrower is not aware of any Material Adverse Change that has not been disclosed in writing to Lender. A "**Material Adverse Change**" means any material adverse change, as reasonably determined by Lender, in the condition, financial or otherwise, operations, business, liabilities (actual or contingent) or properties of the Borrower or in its ability to perform its obligations hereunder, under any security instrument or document, or under any other Loan Document.

4.8 Accurate Financial Information. Each submission of financial information or documents relating to the Borrower will constitute a representation and warranty by the Borrower that such information and documents (a) are true and accurate in all material respects, and (b) do not fail to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.9 ERISA. The Borrower and its subsidiaries are in compliance in all material respects with the applicable provisions of the Employee Retirement Income Security Act of 1974, and the regulations and published interpretations thereunder from time to time ("**ERISA**").

4.10 Margin Stock. The Borrower is not engaged or intends to engage principally, or as one of its important activities, in the business of extending credit for the purpose, immediately, incidentally or ultimately, of purchasing or carrying margin stock (within the meaning of Regulation U, T or X as

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promulgated by the Board of Governors of the Federal Reserve System of the United States of America (the "Board")). No part of the proceeds of any loan made by Lender to the Borrower has been or will be used, immediately, incidentally or ultimately, to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or in any way that is inconsistent with the provisions of the regulations of the Board. Neither the Borrower nor any subsidiary, if any, of the Borrower holds or intends to hold margin stock in such amounts that more than 25% of the reasonable value of the assets of the Borrower or subsidiary, if any, of the Borrower are or will be represented by margin stock.

4.11 Water Rights and System Condition. The Borrower has water rights with such amounts, priorities and qualities as are necessary to service adequately the Borrower's customers and members. The Borrower controls, owns, or has access to all such water rights free and clear of the interest of any third party and has not suffered or permitted any transfer or encumbrance of such water rights, has not abandoned such water rights, or any of them, and has not done any act or thing which would impair or cause the loss of any such water rights. The Borrower's utility facilities reasonably meet present demand in all material respects, are constructed in a good and professional manner, are in good working order and condition, and comply in all material respects with all applicable law.

4.12 Rate Matters. The Borrower's rates for the provision of water have been approved, if applicable, by any and all necessary governmental regulatory authorities, including, without limitation, each public service commission or public utilities commission that may have jurisdiction over the operations and rates of the Borrower. Further, there is no pending, and to the Borrower's knowledge, no threatened proceeding before any governmental authority, the objective or result of which is or could be to materially reduce or otherwise materially adversely change any of the Borrower's rates for the provision of water and/or waste water services, or otherwise have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower.

ARTICLE 5 Affirmative Covenants. Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, the Borrower agrees to, and with respect to Sections 5.3, 5.4, 5.5, and 5.8, agrees to cause each subsidiary, if any, to:

5.1 Reports and Notices. Furnish to Lender:

(a) **Annual Financial Statements.** As soon as available, but in no event more than 180 days after the end of each fiscal year of the Borrower occurring during the term hereof, annual consolidated and consolidating financial statements of the Borrower and its consolidated subsidiaries, if any, prepared in accordance with the Accounting Standards. Such financial statements will: (1) be audited by independent certified public accountants selected by the Borrower and acceptable to Lender; (2) be accompanied by a report of such accountants containing an opinion thereon acceptable to Lender; (3) be prepared in reasonable detail and form; and (4) include a balance sheet, a statement of income, a statement of retained earnings, a statement of cash flows, and all notes and schedules relating thereto.

(b) **Interim Financial Statements.** Such interim financial statements as Lender may from time to time request, which statements must be prepared on an unconsolidated basis in accordance with the Accounting Standards and, if required by written notice from Lender, (1) on a consolidated and consolidating basis for the Borrower and its consolidated subsidiaries, if any, in accordance with the Accounting Standards, and/or (2) certified by an authorized officer or employee of the Borrower acceptable to Lender.

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(c) **Notice of Default.** Promptly after becoming aware thereof, notice of the occurrence of an Event of Default or a Potential Default, including, without limitation, any error in the Borrower's financial information previously provided to Lender and the occurrence of any breach, default, event of default or event that, with the giving of notice and/or the passage of time and/or the occurrence of any other condition, would become a breach, default or event of default under any loan agreement, indenture, mortgage, or other credit or security agreement or instrument to which the Borrower is a party or by which it or any of its property may be bound or affected.

(d) **Notice of Litigation, Environmental Matters, Etc.** Promptly after becoming aware thereof, notice of: (1) the commencement of any action, suit or proceeding before any court, arbitrator or governmental department, commission, board, bureau, agency, or instrumentality having jurisdiction over the Borrower, that, if adversely decided, could result in a Material Adverse Change; (2) the receipt of any notice, indictment, pleading or other communication alleging a condition that may require the Borrower to undertake or to contribute to a clean-up or other response under any environmental Law, or that seeks penalties, damages, injunctive relief, criminal sanctions or other relief as a result of an alleged violation of any such Law, or that claims personal injury or property damage as a result of environmental factors or conditions; and (3) any matter that could cause a Material Adverse Change, including any decision of any regulatory authority or commission.

(e) **Notice of Certain Events.** (1) Notice at least 30 days prior thereto, of any change in the Borrower's name or corporate structure; (2) notice at least 30 days prior thereto, of any change in the Borrower's organizational documents which changes must be approved in writing by Lender in its reasonable discretion; (3) notice at least 30 days prior thereto, of any change in the principal place of business of the Borrower or the office where its records concerning its accounts are kept; and (4) as soon as available after any changes thereto, copies of the Borrower's organizational documents certified by the Borrower's Secretary or equivalent officer acceptable to Lender.

5.2 Instruction Letter. Comply with any and all requirements detailed in an Instruction Letter.

5.3 Corporate Existence, Etc. Preserve and keep in full force and effect its existence and good standing in the jurisdiction of its incorporation or formation, qualify and remain qualified to transact business in all jurisdictions where such qualification is required, and obtain and maintain all licenses, certificates, permits, authorizations, approvals, and the like that are material to the conduct of its business or required by any Law.

5.4 Insurance. Maintain insurance with reputable and financially sound insurance companies or associations, including self-insurance to the extent customary, acceptable to Lender in such amounts and covering such risks as are usually carried by companies engaged in the same or similar business and similarly situated, and make such increases in the type or amount of coverage as Lender may reasonably request. All such policies insuring any collateral for the Borrower's obligations to Lender will have additional insured, mortgagee and lender's loss payee clauses or endorsements, as applicable, in form and substance satisfactory to Lender. At Lender's request, the Borrower agrees to deliver to Lender such proof of compliance with this section as Lender may require.

5.5 Property Maintenance. Maintain in good repair, working order and condition (ordinary wear and tear excepted) in accordance with the general practice of other businesses of similar character and size, all of those properties useful or necessary to its business, and make all alterations, replacements, and improvements thereto as may from time to time be necessary in order to ensure that its properties

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remain in good working order and condition. The Borrower agrees that at Lender's request, which request may not be made more than once a year, the Borrower will furnish to Lender a report on the condition of the Borrower's property prepared by a professional engineer satisfactory to Lender.

5.6 Inspection. Permit Lender or its agents, upon reasonable notice and during normal business hours or at such other times as the parties may agree, to inspect and visit any of its properties, examine and make excerpts from its books and records, and to discuss its business affairs, finances and accounts with its officers, directors, employees, and independent certified public accountants and to conduct reviews of any collateral.

5.7 Books and Records. Maintain and keep proper books and records of account in which full, true and correct entries of all its dealings, business and financial affairs will be made in accordance with the Accounting Standards.

5.8 Compliance With Laws. Comply in all material respects with all Laws and any patron or member investment program applicable to the Borrower. In addition, the Borrower agrees to cause all persons occupying or present on any of its properties to comply in all material respects with all Laws relating to such properties.

5.9 Further Assurances and Other Information. From time to time and at its expense, execute and deliver such documents and do such other acts and things as Lender in its sole discretion may deem necessary or advisable from time to time in order to more fully carry out the provisions and purpose of the Loan Documents, including delivery of such other information regarding the condition or operations, financial or otherwise, of the Borrower as Lender may from time to time reasonably request, including, but not limited to, copies of all pleadings, notices and communications referred to in Section 5.1(d) above.

5.10 Capital. Maintain its status as an entity eligible to borrow from Lender and acquire equity in Lender in such amounts and at such times as Lender may from time to time require in accordance with its Bylaws and Capital Plan (as each may be amended from time to time), except that the maximum amount of equity that the Borrower may be required to purchase in connection with a loan may not exceed the maximum amount permitted by the Bylaws at the time the Promissory Note relating to such loan is entered into or such loan is renewed or refinanced by Lender. The rights and obligations of the parties with respect to such equity and any patronage or other distributions made by Lender will be governed by Lender's Bylaws and Capital Plan (as each may be amended from time to time).

5.11 Delivery of Original Loan Documents. If copies of any executed Loan Documents are delivered to Lender as provided in Article 3 above, immediately deliver to Lender the original executed versions of such Loan Documents.

5.12 Indemnity for Taxes. At all times indemnify and hold and save Lender harmless from and against any and all actions or causes of action, claims, demands, liabilities, loss, damage or expense of whatsoever kind and nature incurred by Lender as a result of the non-payment of any documentary stamp tax, intangible tax, interest or penalties associated therewith or any other local, state or federal assessment required to be paid, but not paid in conjunction with the indebtedness evidenced by the Loan Documents. The Borrower agrees to pay to Lender, its successors and assigns, all sums of money requested by Lender hereunder within ten days of such request, which Lender will or may advance, pay or cause to be paid, or become liable to pay, on account of or in connection with failure to pay as required by the regulations of the governmental authority so imposing said payment. Lender will be entitled to charge for any and all disbursements made by it in good faith, under the reasonable belief that it or the Borrower

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is or was liable for the amount so assessed. Any default by the Borrower in making any payments required under this covenant will constitute a payment Event of Default under the Loan Documents and Lender may, at its option, declare the entire amount of principal plus accrued interest thereon due and payable without notice or demand.

5.13 ERISA. The Borrower and its subsidiaries, for so long as this Agreement remains outstanding, will remain in compliance in all material respects with the applicable provisions of **ERISA**, the failure to comply with which has or may cause a Material Adverse Change.

5.14 Water Rights and/or Supplies. Maintain or procure water rights and/or supplies with such amounts, priorities and qualities as are necessary to service adequately the Borrower's customers and members. The Borrower will continue to control, own or have access to all such water rights and/or supplies free and clear of the interest of any third party, will not suffer or permit any transfer or encumbrance of such water rights and/or supplies, will not abandon such water rights and/or supplies, or any of them, and will not do any act or thing that would impair or cause the loss of any such water rights and/or supplies.

ARTICLE 6 Negative Covenants. Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, the Borrower will not:

6.1 Other Indebtedness. Create, incur, assume or allow to exist, directly or indirectly, any indebtedness or liability for borrowed money (including trade or bankers' acceptances), letters of credit, or for the deferred purchase price of property or services (including leases that should be capitalized on the books of the lessee in accordance with the Accounting Standards), except for:

- (a) debt to Lender.
- (b) accounts payable to trade creditors incurred in the ordinary course of business.
- (c) current operating liabilities (other than for borrowed money) incurred in the ordinary course of business.
- (d) debt of the Borrower to Texas Water Development Board ("TWDB").
- (e) debt of the Borrower to RD/RUS.
- (f) purchase money security indebtedness, provided that such indebtedness does not exceed 100.000% of the purchase price of the asset(s) being acquired.

6.2 Contingent Liabilities. Assume, guarantee, become liable as a surety, endorse, contingently agree to purchase, or otherwise be or become liable, directly or indirectly (including, but not limited to, by means of a maintenance agreement, an asset or stock purchase agreement, or any other agreement designed to ensure any creditor against loss), for or on account of the obligation of any person or entity, except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of the Borrower's business.

6.3 Liens. Create, incur, assume, or allow to exist any mortgage, deed of trust, pledge, lien (including the lien of an attachment, judgment, or execution), security interest, or other encumbrance of any kind upon any of its property, real or personal (collectively, "**Liens**"). The foregoing restrictions will not apply to:

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- (a) Liens in favor of Lender .
- (b) Liens in favor of TWDB to secure indebtedness permitted hereunder.
- (c) Liens in favor of RD/RUS to secure indebtedness permitted hereunder.
- (d) Liens for taxes, assessments, or governmental charges that are not past due.
- (e) pledges and deposits under workers' compensation, unemployment insurance, and social security Laws.
- (f) pledges and deposits to secure the performance of bids, tenders, contracts (other than contracts for payment of money), and like obligations arising in the ordinary course of business as conducted on the date hereof.
- (g) Liens imposed by Law in favor of mechanics, material suppliers, warehouses, and like persons that secure obligations that are not past due.
- (h) easements, rights-of-way, restrictions, and other similar encumbrances that, in the aggregate, do not materially interfere with the occupation, use, and enjoyment of the property or assets encumbered thereby in the normal course of business or materially impair the value of the property subject thereto.
- (i) purchase money Liens to secure indebtedness permitted hereunder.

6.4 Transactions with Affiliates. Enter into any transaction with any affiliate except in the ordinary course of and pursuant to the reasonable requirements of its business and upon fair and reasonable terms no less favorable to it than it would obtain in a comparable arm's-length transaction with a person or entity that was not an affiliate.

6.5 Loans and Investments. Make any loan or advance to, or make any investment in, or make any capital contribution to, or purchase or make any commitment to purchase any stock, bonds, notes or other securities of any person or entity, except for:

- (a) securities or deposits issued, guaranteed or fully insured as to payment by the United States of America or any agency thereof.
- (b) equity in, or obligation of, Lender.

6.6 Dividends and Distributions. Declare or pay any dividends or make any other distribution of assets to shareholders of the Borrower, or retire, redeem, purchase or otherwise acquire for value any capital stock of the Borrower.

6.7 Mergers, Acquisitions, Etc. Merge or consolidate with any other entity or acquire all or a material part of the assets of any other person or entity, or form or create any new subsidiary, or commence operations under any other name, organization, or entity, including any joint venture.

6.8 Transfer of Assets. Sell, transfer, lease, or otherwise dispose of any of its assets, except: (a) in the ordinary course of business; and (b) the sale, transfer or disposal of any obsolete or worn-out assets that are no longer necessary or required in the conduct of the Borrower's business.

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6.9 Change in Business. Engage in any business activities or operations substantially different from or unrelated to the Borrower's present business activities or operations.

6.10 Use of Proceeds. Use the proceeds of any loan made by Lender to the Borrower, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

ARTICLE 7 Financial Covenants. Unless otherwise agreed to in writing by Lender, while this Agreement is in effect:

7.1 Debt Service Coverage Ratio. The Borrower and its consolidated subsidiaries, if any, will have at the end of each fiscal year of the Borrower a Debt Service Coverage Ratio (as defined below) for such year of not less than 1.25 to 1.00. For purposes hereof, the term "**Debt Service Coverage Ratio**" means the ratio of: (a) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus non-cash patronage, and non-cash income from subsidiaries and/or joint ventures, and grant income; to (b) all principal payments due within the period on all Long-Term Debt (as defined below) plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with the Accounting Standards). For purposes hereof, "**Long-Term Debt**" means, for the Borrower, on a consolidated basis, the sum of (1) all indebtedness for borrowed money, (2) obligations that are evidenced by notes, bonds, debentures or similar instruments, and (3) that portion of obligations with respect to capital leases or other capitalized agreements that are properly classified as a liability on the balance sheet in conformity with Accounting Standards or that are treated as operating leases under regulations applicable to them but that otherwise would be required to be capitalized under Accounting Standards, in each case having a maturity of more than one year from the date of its creation or having a maturity within one year from such date but that is renewable or extendible, at the Borrower's option, to a date more than one year from such date or that arises under a revolving credit or similar agreement that obligates the lender(s) to extend credit during a period of more than one year from such date, including all current maturities in respect of such indebtedness whether or not required to be paid within one year from the date of its creation.

ARTICLE 8 Default.

8.1 Each of the following will constitute an "Event of Default" hereunder:

- (a) **Payment Default.** The Borrower should fail to make any payment to Lender when due.
- (b) **Representations and Warranties.** Any representation, warranty, certification or statement of fact made at any time by the Borrower, herein or in any other Loan Document, or in any certificate, other instrument or statement furnished to Lender by or on behalf of the Borrower, will have been false or misleading in any material respect as of the time it was made or furnished.
- (c) **Covenants.** The Borrower will default in the observance or performance of any covenant set forth in Article 5 (other than Sections 5.1(c), 5.1(d), 5.1(e)(1), 5.1(e)(2), and 5.2 above), and such default continues for 30 days after written notice thereof will have been delivered to the Borrower by Lender.

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Agreement No. 00094969SLA

(d) **Other Covenants and Agreements.** The Borrower will default in the observance or performance of Sections 5.1(c), 5.1(d), 5.1(e)(1), 5.1(e)(2), and 5.2 or any other covenant or agreement contained herein or in any other Loan Document or if Borrower uses the proceeds of any loan for any unauthorized purpose.

(e) **Cross Default.** The Borrower should, after any applicable grace period, breach or be in default under the terms of any other Loan Document (including, without limitation, any security instrument or document) or any other agreement between the Borrower and Lender, or between the Borrower and any affiliate of Lender, including without limitation Farm Credit Leasing Services Corporation.

(f) **Other Indebtedness.** The Borrower should fail to pay when due any indebtedness to any other person or entity for borrowed money or any long-term obligation for the deferred purchase price of property (including any capitalized lease), or any other event occurs that, under any agreement or instrument relating to such indebtedness or obligation, has the effect of accelerating or permitting the acceleration of such indebtedness or obligation, whether or not such indebtedness or obligation is actually accelerated or the right to accelerate is conditioned on the giving of notice, the passage of time, or otherwise.

(g) **Judgments.** A judgment, decree, or order for the payment of money will have been rendered against the Borrower and either: (1) enforcement proceedings will have been commenced; (2) a Lien prohibited by this Agreement, any security instrument, or any other Loan Document, will have been obtained; or (3) such judgment, decree, or order will continue unsatisfied and in effect for a period of 30 consecutive days without being vacated, discharged, satisfied, bonded, or stayed pending appeal.

(h) **Loan Document Unenforceable.** Any of the Loan Documents ceases to be a legal, valid, and binding agreement enforceable against the Borrower or any Guarantor, if any or is in any way terminated (except in accordance with its terms) or becomes or is declared ineffective or inoperative.

(i) **Revocation of Guaranty.** Any guaranty, suretyship, subordination agreement, maintenance agreement, or other agreement furnished in connection with the Borrower's obligations hereunder and under any Promissory Note will, at any time, cease to be in full force and effect, or will be revoked or declared null and void, or the validity thereof will be contested by the Guarantor, surety or other maker thereof, or the Guarantor will deny any further liability or obligations thereunder, or will fail to perform its obligations thereunder, or any representation or warranty set forth therein will be breached, or the Guarantor will breach or be in default under the terms of any other agreement with Lender (including any loan agreement or security agreement), or a default set forth in sections (f) through (h) will occur with respect to the Guarantor.

(j) **Insolvency, Etc.** The Borrower will: (1) become insolvent or will generally not, or will be unable to, or will admit in writing its inability to, pay its debts as they become due; or (2) suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (3) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property; or (4) have commenced against it any action or proceeding for the appointment of a trustee, receiver, or other custodian and such action or proceeding is not dismissed within 30 days of the date thereof, or a trustee, receiver, or other custodian is appointed for all or any part of its property; or (5) receive notice from any regulatory or governmental authority to the effect that such authority intends to replace the management of the Borrower or assume control over the Borrower; or (6) commence or

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have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction.

(k) **Material Adverse Change.** Any Material Adverse Change occurs, as reasonably determined by Lender.

8.2 Remedies. Upon the occurrence and during the continuance of an Event of Default or Potential Default, Lender will have no obligation to extend or continue to extend credit to the Borrower and may discontinue doing so at any time without prior notice or other limitation. In addition, upon the occurrence and during the continuance of any Event of Default, Lender may, upon notice to the Borrower:

(a) **Termination and Acceleration.** Terminate any commitment and declare the unpaid principal balance of the loans, all accrued interest thereon, and all other amounts payable under this Agreement, each Promissory Note, and all other Loan Documents to be immediately due and payable. Upon such a declaration, the unpaid principal balance of the loans and all such other amounts will become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by the Borrower.

(b) **Enforcement.** Proceed to protect, exercise, and enforce such rights and remedies as may be provided by this Agreement, any security instrument or document, any other Loan Document, or under Law. Each and every one of such rights and remedies will be cumulative and may be exercised from time to time, and no failure on the part of Lender to exercise, and no delay in exercising, any right or remedy will operate as a waiver thereof, and no single or partial exercise of any right or remedy will preclude any future or other exercise thereof, or the exercise of any other right. Without limiting the foregoing, Lender may hold and/or set off and apply against the Borrower's obligations to Lender the proceeds of any equity in Lender, any cash collateral held by Lender, or any balances held by Lender for the Borrower's account (whether or not such balances are then due).

(c) **Application of Funds.** Lender may apply all payments received by it to the Borrower's obligations to Lender in such order and manner as Lender may elect in its sole discretion.

(d) **Interest upon default.** In addition to the rights and remedies set forth above and notwithstanding any Promissory Note: (1) upon the occurrence and during the continuance of an Event of Default, at Lender's option in each instance, the entire indebtedness outstanding hereunder and under each Promissory Note will bear interest from the date of such Event of Default until such Event of Default will have been waived or cured in a manner satisfactory to Lender at 4.00% per annum in excess of the rate(s) of interest that would otherwise be in effect on that loan under the terms of the applicable Promissory Note; and (2) after the maturity of any loan (whether as a result of acceleration or otherwise), the unpaid principal balance of such loan (including without limitation, principal, interest, fees and expenses) will automatically bear interest at 4.00% per annum in excess of the rate(s) of interest that would otherwise be in effect on that loan under the terms of the Promissory Note. All interest provided for herein will be payable on demand and will be calculated on the basis of a year consisting of 360 days.

ARTICLE 9 Expenses; Indemnification; Damage Waiver.

9.1 Costs and Expenses. To the extent allowed by Law, the Borrower agrees to pay all reasonable out-of-pocket costs and expenses (including the fees and expenses of counsel retained or employed by Lender) incurred by Lender and any participants of Lender in connection with the origination, administration, collection and enforcement of this Agreement and the other Loan Documents, including, without limitation, all costs and expenses incurred in obtaining, perfecting, maintaining,

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determining the priority of, and releasing any security for the Borrower's obligations to Lender, and any stamp, intangible, transfer or like tax incurred in connection with this Agreement or any other Loan Document or the recording hereof or thereof.

9.2 Indemnification. The Borrower indemnifies Lender, its affiliates and its and their respective officers, directors, employees, agents and advisors (each an "**Indemnitee**") against, and holds each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including fees and expenses of employed or retained counsel) incurred by any Indemnitee or asserted against any Indemnitee by any third party arising out of or as a result of (a) the execution or delivery of any Loan Document, the performance or nonperformance by the Borrower of its obligations under any Loan Document or the consummation of the transactions contemplated thereby, including the use of the proceeds therefrom, (b) breach of representations, warranties or covenants of the Borrower under any Loan Document, or (c) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, including any such items or losses relating to or arising under environmental Laws or pertaining to environmental matters, regardless whether any Indemnitee is a party thereto; provided that such indemnity will not, as to an Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

9.3 Waiver of Consequential Damages. To the fullest extent permitted by applicable Law, the Borrower will not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages arising out of, in connection with, or as a result of, any Loan Document, the transactions contemplated thereby or the use of the proceeds thereof.

ARTICLE 10 Miscellaneous.

10.1 Amendments; Waivers; Etc. No amendment, modification, or waiver of any provision of this Agreement or the other Loan Documents, and no consent to any departure by the Borrower herefrom or therefrom, will be effective unless approved by Lender and contained in a writing signed by or on behalf of Lender, and then such waiver or consent will be effective only in the specific instance and for the specific purpose for which given. In the event this Agreement is amended or restated, each such amendment or restatement will be applicable to all Promissory Notes hereto.

10.2 Notices. All notices hereunder will be in writing and will be deemed to have been duly given when addressed to the party intended to receive the same at the address of such party set forth below (or such other address either party may specify by like notice), (a) upon delivery if personally delivered to a party at such address, (b) three days after the same is deposited in the United States mail as first class, certified mail, return receipt requested, postage paid, (c) one business day after the same has been deposited with Federal Express or another nationally recognized overnight courier service if designated for next-day delivery, and (d) upon delivery if sent by facsimile or electronic mail with confirmation of delivery of the same:

EXHIBIT 6

ATTACHMENT 3

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If to Lender, as follows:

For general correspondence purposes:
 P.O. Box 5110
 Denver, Colorado 80217-5110

For direct delivery purposes, when desired:
 6340 South Fiddlers Green Circle
 Greenwood Village, Colorado 80111-1914

Attention: Credit Information Services
 Fax No.: (303) 224-6101

If to the Borrower, as follows:

Dobbin-Plantersville Water Supply Corporation
 P O BOX 127
 PLANTERSVILLE, Texas 77363

8829 Phillips Road
 Plantersville, Texas 77363

Attention: General Manager
 Fax No.: (936) 894-3152

10.3 Survival. Notwithstanding anything to the contrary in this or any other Loan Document, Sections 5.12, 8.2, all of Article 9, and Section 10.7 will survive the termination of this Agreement, repayment of every Promissory Note, and the foreclosure, or any other enforcement action, of any and all security pledged pursuant to Section 2.3 above. The representations, warranties, acknowledgments, and agreements set forth herein will survive the date of this Agreement, but not its termination unless otherwise agreed.

10.4 Effectiveness and Severability. This Agreement will continue in effect until: (a) all indebtedness and obligations of the Borrower under this Agreement and the other Loan Documents have been paid or satisfied; (b) Lender has no commitment to extend credit to or for the account of the Borrower under any Promissory Note; and (c) either party sends written notice to the other party terminating this Agreement. Any provision of this Agreement or any other Loan Document that is prohibited or unenforceable in any jurisdiction will be ineffective to the extent of such prohibition or unenforceable without invalidating the remaining provisions hereof or thereof.

10.5 Successors and Assigns.

(a) **Successors and Assigns Generally.** This Agreement and the other Loan Documents will be binding upon and inure to the benefit of the Borrower and Lender and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations under this Agreement or the other Loan Documents without the prior written consent of Lender.

(b) **Participations, Etc.** From time to time, Lender may sell to one or more banks, financial institutions, or other lenders a participation in one or more of the loans or other extensions of credit made pursuant to this Agreement. However, no such participation will relieve Lender of any commitment made to the Borrower hereunder. In connection with the foregoing, Lender may disclose information concerning the Borrower and its subsidiaries, if any, to any participant or prospective participant, provided that such participant or prospective participant agrees to keep such information confidential. Patronage distributions in the event of a sale of a participation interest will be governed by Lender's Bylaws and Capital Plan (as each may be amended from time to time). A sale of a participation interest may include certain voting rights of the participants regarding the loans hereunder (including without limitation the administration, servicing, and enforcement thereof). Lender agrees to give written notification to the Borrower of any sale of a participation interest.

10.1 Integration; Other Types of Credit; Counterparts; Electronic Signatures.

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(a) **Integration.** The Loan Documents are intended by the parties to be a complete and final expression of their agreement. Each Promissory Note will be deemed to incorporate all of the terms and conditions of this Agreement as if fully set forth therein. Without limiting the foregoing, any capitalized term utilized in any Promissory Note (or in any amendment to this Agreement or Promissory Note) and not otherwise defined in the Promissory Note (or amendment) will have the meaning set forth herein or, if applicable, in the Accounting Standards. In the event the Accounting Standards are changed after the date hereof, then all such changes will be applicable hereto, unless Lender otherwise specifies in writing.

(b) **Other Types of Credit.** From time to time, Lender may issue letters of credit or extend other types of credit to or for the account of the Borrower. In the event the parties desire to do so under the terms of this Agreement, then the agreement of the parties with respect thereto may be set forth in a Promissory Note and this Agreement will be applicable thereto.

(c) **Counterparts; Electronic Signatures.** This Agreement, each Promissory Note and any other Loan Document may be executed in counterparts, each of which will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement, any Promissory Note or any other Loan Document by facsimile or other electronic means will be as effective as delivery of a manually executed counterpart of each such Agreement, Promissory Note or Loan Document. The parties agree that the electronic signature of a party to this Agreement, any Promissory Note or any other Loan Document shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement or such Loan Document. The parties agree that any electronically signed Loan Document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. The parties presently intend to authenticate any Loan Documents to which they are a party by either signing such Loan Document or attaching thereto or logically associating therewith an electronic sound, symbol or process as their respective electronic signature. The words "execution," "signed," "signature," and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state Laws based on the Uniform Electronic Transactions Act.

10.2 Applicable Law; Submission to Jurisdiction; Service of Process; Waiver of Venue; Waiver of Jury Trial.

(a) **Applicable Law.** Without giving effect to the principles of conflict of laws and except to the extent governed by federal law, the Laws of the State of Colorado, without reference to choice of law doctrine, will govern this Agreement, each Promissory Note and any other Loan Document for which Colorado is specified as the applicable law, and all disputes and matters between the parties to this Agreement, including all disputes and matters whatsoever arising under, in connection with or incident to the lending and/or leasing or other business relationship between the parties, and the rights and obligations of the parties to this Agreement or any other Loan Document by and between the parties for which Colorado is specified as the applicable law.

(b) **Submission to Jurisdiction; Service of Process.** The Borrower hereby irrevocably consents to the nonexclusive jurisdiction of any state or federal court in Denver, Colorado, and consents that Lender may effect any service of process in the manner and at the Borrower's address set forth herein

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for providing notice or demand; provided that nothing contained in this Agreement will prevent Lender from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any collateral or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction.

(c) **Waiver of Venue.** The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for the Borrower and Lender. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

(d) **Waiver of Jury Trial.** The Borrower and Lender each hereby irrevocably waives any right it may have to a trial by jury in connection with any action directly or indirectly arising out of or relating to this Agreement or any other Loan Document. Each party hereto (1) certifies that no representative, administrative agent or attorney of any other person has represented, expressly or otherwise, that such other person would not, in the event of litigation, seek to enforce the foregoing waiver and (2) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and other Loan Documents by, among other things, the mutual waivers and certifications in this section.

10.3 USA Patriot Act Notice. Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify, and record information that identifies the Borrower in accordance with the USA Patriot Act. The Borrower covenants and agrees it will not, and agrees to cause each of its subsidiaries not to, at any time, directly or indirectly be (a) a person with whom Lender is restricted from doing business under any Anti-Terrorism Law, (b) engaged in any business involved in making or receiving any contribution of funds, goods or services to or for the benefit of such a person or in any transaction that evades or avoids, or has the purpose of evading or avoiding, the prohibitions set forth in any Anti-Terrorism Law, or (c) otherwise in violation of any Anti-Terrorism Law (the Borrower will and will cause each of its subsidiaries to provide to Lender any certifications or information that Lender requests to confirm compliance by the Borrower and its subsidiaries with any Anti-Terrorism Law). “**Anti-Terrorism Law**” means any Law relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by the United States Treasury Department’s Office of Foreign Asset Control, as any of the foregoing Laws may from time to time be amended, renewed, extended, or replaced.

SIGNATURE PAGE FOLLOWS

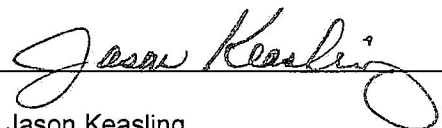
EXHIBIT 6

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
Plantersville, Texas
Agreement No. 00094969SLA

SIGNATURE PAGE TO CREDIT AGREEMENT

IN WITNESS WHEREOF, the parties hereto, by their duly authorized officers, have executed this Agreement.

**DOBBIN-PLANTERSVILLE WATER SUPPLY
CORPORATION**

By: 
Name: Jason Keasling
Title: President

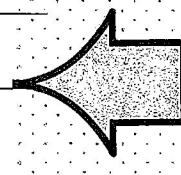


EXHIBIT 6

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
Plantersville, Texas
Agreement No. 00094969SLA

SIGNATURE PAGE TO CREDIT AGREEMENT

IN WITNESS WHEREOF, the parties hereto, by their duly authorized officers, have executed this Agreement.

COBANK, ACB

By: _____

Name: _____

Title: _____

EXHIBIT 6

ATTACHMENT 3



Loan No. 00094969S01

REVOLVING CREDIT PROMISSORY NOTE

THIS REVOLVING CREDIT PROMISSORY NOTE (this “**Promissory Note**”) to the Credit Agreement dated May 14, 2021 (such agreement, as may be amended, hereinafter referred to as the “**Credit Agreement**”), is entered into as of May 14, 2021 between **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**Lender**”), and **DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION**, Plantersville, Texas, a non-profit corporation (together with its permitted successors and assigns, the “**Borrower**”). Capitalized terms not otherwise defined in this Promissory Note will have the meanings set forth in the Credit Agreement.

SECTION 1. REVOLVING CREDIT COMMITMENT. On the terms and conditions set forth in the Credit Agreement and this Promissory Note, Lender agrees to make loans to the Borrower during the period set forth below in an aggregate principal amount not to exceed \$250,000.00, at any one time outstanding (the “**Commitment**”). Within the limits of the Commitment, the Borrower may borrow, repay and re-borrow.

SECTION 2. PURPOSE. The purpose of the Commitment is to finance general corporate purposes.

SECTION 3. TERM. The term of the Commitment will be from the date hereof, up to and including June 30, 2022, or such later date as Lender may, in its sole discretion, authorize in writing (the “**Term Expiration Date**”). Notwithstanding the foregoing, the Commitment will be renewed for an additional year only if, on or before the Term Expiration Date, Lender provides to the Borrower a written notice of renewal for an additional year (a “**Renewal Notice**”). If on or before the Term Expiration Date, Lender grants a short-term extension of the Commitment, the Commitment will be renewed for an additional year only if Lender provides to the Borrower a Renewal Notice on or before such extended expiration date. All annual renewals will be measured from, and effective as of, the same day as the Term Expiration Date in any year.

SECTION 4. LIMITS ON ADVANCES, AVAILABILITY, ETC. The loans will be made available as provided in Article 2 of the Credit Agreement.

SECTION 5. INTEREST. The Borrower agrees to pay interest on the unpaid balance of the loan(s) in accordance with the following interest rate option(s):

(A) **Weekly Quoted Variable Rate.** At a rate per annum equal at all times to the rate of interest established by Lender on the first Business Day of each week. The rate established by Lender will be effective until the first Business Day of the next week. Each change in the rate will be applicable to all balances subject to this option and information about the then current rate will be made available upon telephonic request.

Interest will be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and will be payable monthly in arrears by the 20th day of the following month or on such other day as Lender will require in a written notice to the Borrower (“**Interest Payment Date**”).

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION

Plantersville, Texas

Promissory Note No. 00094969S01

SECTION 6. PROMISSORY NOTE. The Borrower promises to repay the unpaid principal balance of the loans on the Term Expiration Date, as the term may be extended from time to time.

In addition to the above, the Borrower promises to pay interest on the unpaid principal balance of the loans at the times and in accordance with the provisions set forth herein.

SECTION 7. SECURITY. The Borrower's obligations hereunder and, to the extent related hereto, under the Credit Agreement, will be secured as provided in Section 2.3 of the Credit Agreement.

SECTION 8. FEES. INTENTIONALLY OMITTED.

SECTION 9. LETTERS OF CREDIT. INTENTIONALLY OMITTED.


SIGNATURE PAGE FOLLOWS

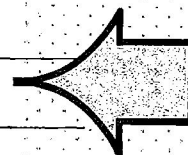
DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
Plantersville, Texas
Promissory Note No. 00094969S01

SIGNATURE PAGE TO PROMISSORY NOTE

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION

By: 
Name: Jason Keasling
Title: President



DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
Plantersville, Texas
Promissory Note No. 00094969S01

SIGNATURE PAGE TO PROMISSORY NOTE

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

COBANK, ACB

By: _____

Name: _____

Title: _____



Loan No. 00094969T01

AMENDED AND RESTATED MULTIPLE ADVANCE TERM PROMISSORY NOTE

THIS AMENDED AND RESTATED MULTIPLE ADVANCE TERM PROMISSORY NOTE (this “**Promissory Note**”) to the Credit Agreement dated May 14, 2021 (such agreement, as may be amended, hereinafter referred to as the “**Credit Agreement**”), is entered into as of May 14, 2021 between **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**Lender**”), and **DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION**, Plantersville, Texas, a non-profit corporation (together with its permitted successors and assigns, the “**Borrower**”). Capitalized terms not otherwise defined in this Promissory Note will have the meanings set forth in the Credit Agreement.

RECITALS

(A) This Promissory Note amends, restates, replaces and supersedes, but does not constitute payment of the indebtedness evidenced by, the promissory note set forth in the Promissory Note and Multiple Advance Term Loan Supplement (as amended) numbered RI1377T01, dated as of February 26, 2015, between Lender and the Borrower (the “**Existing Promissory Note**”).

SECTION 1. MULTIPLE ADVANCE TERM COMMITMENT. On the terms and conditions set forth in the Existing Agreement and the Existing Promissory Note, Lender made loans to the Borrower in an aggregate principal amount not to exceed \$3,000,000.00 (the “**Commitment**”). Lender’s obligation to extend credit to the Borrower has expired and as of April 30, 2021, the unpaid principal balance of the loans is \$1,012,045.36.

SECTION 2. PURPOSE. The purpose of the Commitment was and remains to provide financing for capital expenditures and system improvements and related closing costs.

SECTION 3. TERM. The term of the Commitment shall be from the date hereof, up to and including January 31, 2017, or such later date as CoBank may, in its sole discretion, authorize in writing (the “**Term Expiration Date**”).

SECTION 4. LIMITS ON ADVANCES, AVAILABILITY, ETC. INTENTIONALLY OMITTED.

SECTION 5. INTEREST. The Borrower agrees to pay interest on the unpaid balance of the loan(s) in accordance with the following interest rate option(s):

(A) **Weekly Quoted Variable Rate.** At a rate per annum equal at all times to the rate of interest established by Lender on the first Business Day of each week. The rate established by Lender will be effective until the first Business Day of the next week. Each change in the rate will be applicable to all balances subject to this option and information about the then current rate will be made available upon telephonic request.

(B) **Quoted Rate.** At a fixed rate per annum to be quoted by Lender in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to Lender in its sole discretion in each instance, provided that: (1) the minimum fixed period

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 Promissory Note No. 00094969T01

will be 365 days; (2) amounts may be fixed in an amount not less than \$100,000.00; and (3) the maximum number of fixes in place at any one time will be five.

The Borrower will select the applicable rate option at the time it requests a loan hereunder and may, subject to the limitations set forth above, elect to convert balances bearing interest at the variable rate option to one of the fixed rate options. If the Borrower fails to elect an interest rate option, interest will accrue at the variable interest rate option. Upon the expiration of any fixed rate period, interest will automatically accrue at the variable rate option unless the amount fixed is repaid or fixed for an additional period in accordance with the terms hereof. Notwithstanding the foregoing, rates may not be fixed for periods expiring after the maturity date of the loans and rates may not be fixed in such a manner as to cause the Borrower to have to break any fixed rate balance in order to pay any installment of principal. All elections provided for herein will be made telephonically or in writing and must be received by 12:00 p.m. Denver, Colorado time. Interest will be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and will be payable monthly in arrears by the 20th day of the following month or on such other day as Lender will require in a written notice to the Borrower ("**Interest Payment Date**").

SECTION 6. PROMISSORY NOTE. The Borrower promises to repay the unpaid principal balance of the loans in 240 consecutive, monthly installments, payable on the 20th day of each month, with the first installment due on February 20, 2017, and the last installment due on January 20, 2037. The amount of each installment will be the same principal amount that would be required to be repaid if the loan(s) were scheduled to be repaid in level payments of principal and interest and such schedule was calculated utilizing the rate of interest in effect on the Term Expiration Date. Principal due on the first payment date will constitute a month's amortization, regardless of any partial month's interest due in accordance with the provisions set forth herein.

In addition to the above, the Borrower promises to pay interest on the unpaid principal balance of the loans at the times and in accordance with the provisions set forth herein.

SECTION 7. PREPAYMENT. Subject to the broken funding surcharge provision of the Credit Agreement, the Borrower may, on one Business Day's prior written notice, prepay all or any portion of the loan(s). Unless otherwise agreed by Lender, all prepayments will be applied to principal installments in the inverse order of their maturity and to such balances, fixed or variable, as Lender will specify.

SECTION 8. SECURITY. The Borrower's obligations hereunder and, to the extent related hereto, under the Credit Agreement, will be secured as provided in Section 2.3 of the Credit Agreement.

SECTION 9. FEES. INTENTIONALLY OMITTED.

SECTION 10. FINANCIAL COVENANT. While this Promissory Note is in effect and unless Lender otherwise consents in writing, the Borrower maintains a debt service reserve account (the "**Reserve**") in the amount of \$67,500.00. The funds in the Reserve will be held in a financial institution acceptable to Lender, or in a cash investment services account at Lender and invested in obligations of Lender. The Borrower hereby pledges and grants to Lender a security interest in the Reserve (including all interest earned thereon) as security for the Borrower's obligations to Lender under the Loan Documents. If requested by Lender, the Borrower will cooperate with Lender in obtaining control with respect to the Reserve if it is maintained with a financial institution other than Lender (the "**Bank**") including entering into a written agreement among the Bank, the Borrower and Lender that the Bank will comply with instructions originated by Lender directing disposition of funds in the Reserve without

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION

Plantersville, Texas

Promissory Note No. 00094969T01

further consent by the Borrower. However, as long as no Event of Default or Potential Default will have occurred and be continuing, interest on the Borrower's investments in the Reserve may be paid to the Borrower in the ordinary course. Investments in Lender are uninsured and unsecured general obligations of Lender. Lender is regulated by the Farm Credit Administration and exempt from registration under federal law.

SIGNATURE PAGE FOLLOWS

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
Plantersville, Texas
Promissory Note No. 00094969T01

SIGNATURE PAGE TO PROMISSORY NOTE

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION

By:

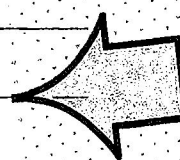
Name:

Title:

Jason Keasling

Jason Keasling

President



ATTACHMENT 3

EXHIBIT 6

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
Plantersville, Texas
Promissory Note No. 00094969T01

SIGNATURE PAGE TO PROMISSORY NOTE

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

COBANK, ACB

By: _____

Name: _____

Title: _____



Loan No. 00094969T02

MULTIPLE ADVANCE TERM PROMISSORY NOTE

THIS MULTIPLE ADVANCE TERM PROMISSORY NOTE (this “**Promissory Note**”) to the Credit Agreement dated May 14, 2021 (such agreement, as may be amended, hereinafter referred to as the “**Credit Agreement**”), is entered into as of May 14, 2021 between **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**Lender**”), and **DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION**, Plantersville, Texas, a non-profit corporation (together with its permitted successors and assigns, the “**Borrower**”). Capitalized terms not otherwise defined in this Promissory Note will have the meanings set forth in the Credit Agreement.

SECTION 1. MULTIPLE ADVANCE TERM COMMITMENT. On the terms and conditions set forth in the Credit Agreement and this Promissory Note, Lender agrees to make loans to the Borrower from time to time during the period set forth below in an aggregate principal amount not to exceed \$1,000,000.00 (the “**Commitment**”). Under the Commitment, amounts borrowed and later repaid may not be re-borrowed.

SECTION 2. PURPOSE. The purpose of the Commitment is to finance capital improvements and related closing costs.

SECTION 3. TERM. The term of the Commitment will be from the date hereof, up to 12:00 p.m. Denver, Colorado time on June 30, 2022, or on such later date as Lender may, in its sole discretion, authorize in writing (the “**Term Expiration Date**”).

SECTION 4. LIMITS ON ADVANCES, AVAILABILITY, ETC. The loans will be made available as provided in Article 2 of the Credit Agreement.

SECTION 5. INTEREST. The Borrower agrees to pay interest on the unpaid balance of the loan(s) in accordance with the following interest rate option(s):

(A) **Weekly Quoted Variable Rate.** At a rate per annum equal at all times to the rate of interest established by Lender on the first Business Day of each week. The rate established by Lender will be effective until the first Business Day of the next week. Each change in the rate will be applicable to all balances subject to this option and information about the then current rate will be made available upon telephonic request.

(B) **Quoted Rate.** At a fixed rate per annum to be quoted by Lender in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to Lender in its sole discretion in each instance, provided that: (1) the minimum fixed period will be 365 days; (2) amounts may be fixed in an amount not less than \$100,000.00; and (3) the maximum number of fixes in place at any one time will be five.

The Borrower will select the applicable rate option at the time it requests a loan hereunder and may, subject to the limitations set forth above, elect to convert balances bearing interest at the variable rate option to one of the fixed rate options. If the Borrower fails to elect an interest rate option, interest will accrue at the variable interest rate option. Upon the expiration of any fixed rate period, interest will

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION

Plantersville, Texas

Promissory Note No. 00094969T02

automatically accrue at the variable rate option unless the amount fixed is repaid or fixed for an additional period in accordance with the terms hereof. Notwithstanding the foregoing, rates may not be fixed for periods expiring after the maturity date of the loans and rates may not be fixed in such a manner as to cause the Borrower to have to break any fixed rate balance in order to pay any installment of principal. All elections provided for herein will be made telephonically or in writing and must be received by 12:00 p.m. Denver, Colorado time. Interest will be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and will be payable monthly in arrears by the 20th day of the following month or on such other day as Lender will require in a written notice to the Borrower ("**Interest Payment Date**").

SECTION 6. PROMISSORY NOTE. The Borrower promises to repay the unpaid principal balance of the loans in 240 consecutive, monthly installments, payable on the 20th day of each month, with the first installment due on July 20, 2022, and the last installment due on June 20, 2042. The amount of each installment will be the same principal amount that would be required to be repaid if the loan(s) were scheduled to be repaid in level payments of principal and interest and such schedule was calculated utilizing the rate of interest in effect on the Term Expiration Date. Principal due on the first payment date will constitute a month's amortization, regardless of any partial month's interest due in accordance with the provisions set forth herein.

In addition to the above, the Borrower promises to pay interest on the unpaid principal balance of the loans at the times and in accordance with the provisions set forth herein.

SECTION 7. PREPAYMENT. Subject to the broken funding surcharge provision of the Credit Agreement, the Borrower may, on one Business Day's prior written notice, prepay all or any portion of the loan(s). Unless otherwise agreed by Lender, all prepayments will be applied to principal installments in the inverse order of their maturity and to such balances, fixed or variable, as Lender will specify.

SECTION 8. SECURITY. The Borrower's obligations hereunder and, to the extent related hereto, under the Credit Agreement, will be secured as provided in Section 2.3 of the Credit Agreement.

SECTION 9. FEES. INTENTIONALLY OMITTED.

SECTION 10. FINANCIAL COVENANT. While this Promissory Note is in effect and unless Lender otherwise consents in writing, the Borrower will establish by December 31, 2021 and maintain a debt service reserve account (the "**Reserve**") in the amount of \$67,500.00. The funds in the Reserve will be held in a financial institution acceptable to Lender, or in a cash investment services account at Lender and invested in obligations of Lender. The Borrower hereby pledges and grants to Lender a security interest in the Reserve (including all interest earned thereon) as security for the Borrower's obligations to Lender under the Loan Documents. If requested by Lender, the Borrower will cooperate with Lender in obtaining control with respect to the Reserve if it is maintained with a financial institution other than Lender (the "**Bank**") including entering into a written agreement among the Bank, the Borrower and Lender that the Bank will comply with instructions originated by Lender directing disposition of funds in the Reserve without further consent by the Borrower. However, as long as no Event of Default or Potential Default will have occurred and be continuing, interest on the Borrower's investments in the Reserve may be paid to the Borrower in the ordinary course. Investments in Lender are uninsured and unsecured general obligations of Lender. Lender is regulated by the Farm Credit Administration and exempt from registration under federal law.

SIGNATURE PAGE FOLLOWS

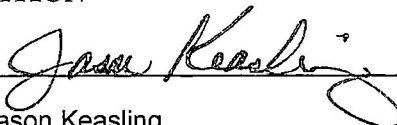
DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
Plantersville, Texas
Promissory Note No. 00094969T02

SIGNATURE PAGE TO PROMISSORY NOTE

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION

By:

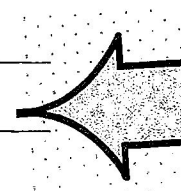


Name:

Jason Keasling

Title:

President



DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
Plantersville, Texas
Promissory Note No. 00094969T02

SIGNATURE PAGE TO PROMISSORY NOTE

IN WITNESS WHEREOF, the parties have caused this Promissory Note to the Credit Agreement to be executed by their duly authorized officer(s).

COBANK, ACB

By: _____

Name: _____

Title: _____

REQUEST FOR LOAN

TO: COBANK, ACB
Attention: Closing

FROM: DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION (00094969)

DATE: May 14, 2021

SUBJECT: REQUEST FOR LOAN

Reference is hereby made to the Promissory Note(s) listed below (the “**Promissory Note(s)**”) between **DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION** (the “**Borrower**”) and **COBANK, ACB** (“**CoBank**”) for the refinance of **AMEGY BANK** (the “**Refinanced Lender**”) debt. All capitalized terms used herein shall have the meanings given to them in the Instruction Letter, Promissory Note(s) and the Agreement.

Refinanced Lender Existing Loan Number(s)	CoBank Loan Number(s)
	00094969S01

In accordance with the Instruction Letter, the undersigned, a duly authorized officer of the Borrower, on behalf of the Borrower, hereby requests that CoBank make the loan or loans (individually or collectively, the “**Loan(s)**”) to the Borrower on the Closing Date evidenced by the Promissory Note(s).

To induce CoBank to make the Loan(s), the undersigned hereby certifies as follows: (1) upon receipt by Refinanced Lender of the payoff amount wired to the Refinanced Lender by CoBank, all of the Borrower’s obligations to Refinanced Lender for and on account of the Existing Loan(s) will be paid in full; (2) no Event of Default has occurred and is continuing; (3) each of the representations and warranties set forth in the Agreement and the Promissory Note(s) is true and correct as of the date hereof; and (4) the Borrower has satisfied all conditions precedent set forth in the Instruction Letter, Promissory Note(s) and the Agreement to CoBank’s obligation to make the Loan(s).

The undersigned hereby (please check and complete the appropriate box if applicable):

☐ certifies that the Borrower has remitted \$_____ to CoBank, by wire transfer of immediately available funds to CoBank’s account identified in the Agreement to pay all interest accrued on the Existing Loan(s) through the Closing Date, together with all prepayment premiums, surcharges, and other amounts necessary to discharge all of the Borrower’s obligations to the Refinanced Lender (for or on account of the Existing Loan(s) (collectively, the “**Additional Payment**”).

Borrower authorizes CoBank to pay, on the Closing Date, from the proceeds of the CoBank Loan, all principal outstanding and interest accrued, all prepayment premiums, surcharges, and other amounts necessary, on the Existing Loan through the Closing Date, together with the Additional Payment, if any, to discharge all of the Borrower’s obligations to Refinanced Lender for or on account of the Existing Loan(s) to Refinanced Lender using the wiring instructions below.

REFINANCED LENDER	If an Intermediary Bank will be used to route the wire
-------------------	--

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION (00094969)
PLANTERSVILLE, Texas
REQUEST FOR LOAN

WIRING INSTRUCTIONS:		to the Beneficiary's Bank, complete the following:	
Beneficiary's Bank Name		Intermed. Bank Name	
Bank's Location (City, State/Country)		Intermed. Bank's Location (City and State)	
Bank's ABA/Fed Routing No.		Intermed. Bank's ABA/Routing No.	
Beneficiary's Name		Identifying No. of Destination Bank	
Beneficiary's Account No.		Type of Identifying No. (check one)	<input type="checkbox"/> Account no. at Intermed. Bk <input type="checkbox"/> SWIFT code <input type="checkbox"/> ABA/Fed routing no.
Beneficiary's Address			
Special Instructions:			
Ref	Dobbin-Plantersville Water Supply Corporation		

The authorizations provided for herein shall be deemed to be a special wire and electronic transfer authorization for all purposes, including within the meaning of the Borrower's banking service agreements, if applicable.

SIGNATURE PAGE FOLLOWS

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION (00094969)
PLANTERSVILLE, Texas
REQUEST FOR LOAN

SIGNATURE PAGE TO REQUEST FOR LOAN

**DOBBIN-PLANTERSVILLE WATER SUPPLY
CORPORATION**

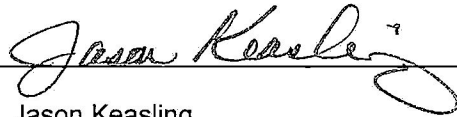
By: 
Name: Jason Keasling
Title: President

EXHIBIT 7



United States
Department of
Agriculture

Rural
Development

101 South Main
Fed. Bldg., Ste. 102
Temple, TX 76501
VOICE: (254) 298-1306
FAX: (254) 298-1477
TDD: (254) 298-1349

075

COPY

JUN 17 1997

COPY

Mr. Frank A. Gabriel, President
Dobbin-Plantersville Water Supply Corporation
P. O. Box 39
Plantersville, Texas 77363

Dear Mr. Gabriel:

Enclosed is your copy of Form FmHA 1940-1, "Request for Obligation of Funds."

Your loan in the amount of \$378,000.00 and grant in the amount of \$202,000.00
were approved on May 19, 1997.

Sincerely,


STEVEN A. CARRIKER
Acting State Director

Enclosure

Loan #2

ATTACHMENT 1

EXHIBIT 7

Rural Development is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED (1111)									
Complete Items 1 through 30 and applicable Items 31 through 43. See FMI.									
1. CASE NUMBER ST CO BORROWER ID 1901010741194118119				LOAN NUMBER 011		FISCAL YEAR 97			
2. BORROWER NAME DOEDIN DIANTERSVILLE WATER SUPPLY CORPORATION				3. NUMBER NAME FIELDS (1, 2, or 3 from Item 2)					
				4. STATE NAME TEXAS		5. COUNTY NAME GRIMES			
GENERAL BORROWER/LOAN INFORMATION									
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 2 - BLACK 3 - AIAN 4 - HISPANIC 5 - A/PI		7. TYPE OF APPLICANT 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARMERS WORKERS 7 - OTHER		8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS		9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.			
10. SEX CODE 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN, MALE OWNED 5 - ORGAN, FEMALE OWNED 6 - PUBLIC BODY		11. MARITAL STATUS 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)		12. VETERAN CODE 1 - YES 2 - NO		13. CREDIT REPORT 1 - YES 2 - NO			
14. DIRECT PAYMENT (See FMI)		15. TYPE OF PAYMENT 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY		16. FEE INSPECTION 1 - YES 2 - NO		17. INTEREST CREDIT 1 - YES (FOR SFH ONLY) 2 - NO			
18. COMMUNITY SIZE 1 - 10,000 OR LESS 2 - OVER 10,000 (FOR SFH AND HPG ONLY)				19. DWELLING TYPE/USE OF FUNDS CODE (See FMI)					
COMPLETE FOR OBLIGATION OF FUNDS									
20. TYPE OF ASSISTANCE (See FMI)		21. PURPOSE CODE		22. SOURCE OF FUNDS		23. TYPE OF ACTION 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION			
24. TYPE OF SUBMISSION 1 - INITIAL 2 - SUBSEQUENT		25. AMOUNT OF LOAN 378900000				26. AMOUNT OF GRANT 202000000			
27. AMOUNT OF IMMEDIATE ADVANCE 000		28. DATE OF APPROVAL MO MAY 08 1997		29. INTEREST RATE 045000000		30. REPAYMENT TERMS 40			
COMPLETE FOR SINGLE FAMILY HOUSING ONLY									
31. INCOME CATEGORY CODES 1 - VERY LOW 2 - LOW 3 - MODERATE 4 - ABOVE MODERATE				32. LOW INCOME LIMIT-MAX. 00		33. ADJUSTED FAMILY INCOME 000			
34. R.E. INSURANCE 00		35. R.E. TAXES 1st year 00		36. R.E. TAXES 2nd year 00		37. NOTE INSTALLMENT INELIGIBLE 00			
38. TYPE OF UNIT 1 - FARM TRACT 2 - NON-FARM TRACT									
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS									
39. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT									
COMPLETE FOR EM LOANS ONLY					COMPLETE FOR CREDIT SALE-ASSUMPTION				
40. DISASTER DESIGNATION NUMBER (See FMI)					41. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN				
FINANCE OFFICE USE ONLY					COMPLETE FOR FP LOANS ONLY				
42. OBLIGATION DATE MO DA YR					43. BEGINNING FARMER/RANCHER (See FMI)				

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use **USDA Form 1-100** for this purpose.

EXHIBIT 7

Position 2

ORIGINAL - Borrower's Case Folder COPY 1 - Finance Office COPY 2 - Applicant/Lender COPY 3 - State Office

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

KIND OF LOAN:

- ☒ ASSOCIATION- ORGANIZATION
☐ HOUSING-ORGANIZATION
☐ PUBLIC BODY
☐ OTHER

State TEXAS			
County GRIMES			
Case No. 49-93-741941819			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

Date May 11, 2000

FOR VALUE RECEIVED, DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION
(herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in _____

BRYAN, TEXAS, or at such other place as the Government may hereafter designate in writing, the principal amount of THREE HUNDRED SEVENTY EIGHT THOUSAND-- dollars (\$ 378,000.00), plus interest on the unused principal balance at the rate of FOUR AND ONE HALF percent (4.50 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ INTEREST ONLY on May 11, 2001,
\$ INTEREST ONLY on May 11, 2002,
\$ _____ on _____,
\$ 1,735.00 on June 11, 2002, and
\$ 1,735.00 thereafter on the 11th of each MONTH

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby,

if not sooner paid, shall be due and payable Forty (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.



United States
Department of
Agriculture

Rural
Development

101 South Main
Fed. Bldg., Ste. 102
Temple, TX 76501
VOICE: (254) 298-1306
FAX: (254) 298-1477
TDD: (254) 298-1349

JUN 17 1997

Mr. Frank A. Gabriel, President
Dobbin-Plantersville Water Supply Corporation
P. O. Box 39
Plantersville, Texas 77363

Dear Mr. Gabriel:

Enclosed is your copy of Form FmHA 1940-1, "Request for Obligation of Funds."

Your loan in the amount of \$378,000.00 and grant in the amount of \$202,000.00
were approved on May 19, 1997.

Sincerely,


STEVEN A. CARRIKER
Acting State Director

Enclosure

EXHIBIT 7

Rural Development is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

COPY

A RESOLUTION OF THE Board of Directors
 OF THE Dobbin-Plantersville Water Supply Corporation
 AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE
 PRINCIPAL AMOUNT OF \$ 378,000.00 FOR THE PURPOSE
 OF PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A
Water System Improvements, PROVIDING FOR THE COLLECTION, HANDLING, AND
 DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY NOTE(S),
 SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND SECURE THE PAYMENT OF
 SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the Dobbin-Plantersville Water Supply Corporation, (hereinafter
 referred to as the "Organization"), was organized under Article 1434a of the revised civil statutes of
Texas, 1925 for the purpose of providing a
central water system in Grimes and Montgomery counties (hereinafter referred to as the
 "Facility") to serve the Members of the said Organization; and

WHEREAS, a meeting of the members of the said organization was held on the 21st day of March, 2000
 pursuant to proper notice thereof to consider plans for the acquisition and construction methods of financing the Facility;
 and, as shown by the minutes of said meeting, of the seven (7) members of record of the organization there were
 present and voting seven (7), and by a recorded majority vote, the Facility and its financing authorized; and,

WHEREAS, the proposed Facility is to be constructed and equipped in accordance with plans, and specifications
 prepared by J. F. Fontaine & Associates, Inc., P.O. Box 4187, Palestine, TX 75802

and in order to finance the Facility, the Board of Directors
 (hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the organization,
 to make application to the United States of America, acting through the United States Department of Agriculture,
 (hereinafter referred to as the "Government"), for financial assistance; to cause the execution and delivery of a
 promissory note or notes or other evidence of indebtedness (hereinafter referred to as the "note"), and appropriate security instruments
 to secure any loan or loans made or insured by the Government; to comply with any requirements, terms or conditions prescribed by the
 Government or by Government regulations; and to execute contracts or enter into agreements and, without limitation, to take any and
 all other action as may be necessary, incidental or appropriate to finance, acquire, construct, complete, and/or equip the Facility for and
 on behalf of the Organization.
 NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining
 a loan made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development
 Act, it being determined that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into
 consideration prevailing private and cooperative rates and terms currently available;

Public reporting burden for this collection of information is estimated to average 1 hour 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 Department of
 Commerce, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction
 Project (OMB No. 0575-0015), Washington, DC 20503.

Section 2. (Terms of Loan). That the Organization borrow \$ 378,000.00 and issue as evidence thereof an installment promissory note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary and have the corporate seal of the Organization affixed thereto, and shall bear interest from its date, which shall be the date of delivery at a rate not to exceed 4.5% percent per annum; the principal and interest shall be paid over a period of 40 years in accordance with the payment schedule set forth in the promissory note, until the principal and interest are fully paid except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable 40 years from the date of the note. Each payment shall be applied first to the payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The Secretary-Treasurer of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

The Secretary-Treasurer is hereby directed to establish the following accounts into which the current funds of the Organization, note proceeds, the revenues from the Facility and any other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account.

The proceeds of the borrowing hereby authorized not disbursed contemporaneously with loan closing for incurred Facility costs, and at least the amount of 0 to be contributed by the Organization from the collection of initial connection fees, membership fees or contributions shall be deposited in the Construction Account which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the

Secretary-Treasurer of the Organization as authorized by the Board from time to time, and with prior concurrence of the Government. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from a supervised bank account shall be made only on checks signed by the Secretary-Treasurer of the Organization and countersigned by an authorized official of the Department of Agriculture. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed.

(b) General Account

As soon as the facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account, and disbursements and transfers from this account shall be in the following priority: Debt Service, Operations and Maintenance, transfers to Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Borrowers making monthly USDA Debt Service Payments shall use the General Account for making such payments plus operating and maintenance expenses. Also, funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly USDA Debt Service Payments shall use the General Account to pay operating and maintenance expenses. Other transfers from this account will be made in the following order: (i) Transfers to the Debt Service Account will be made in accordance with (c) below, (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

(c) Debt Service Account

For borrowers on other than monthly debt service payments, transfers, in proportion to income availability, shall be made from the General Account and set aside in an account designated as the Debt Service Account, in sufficient amounts which will accumulate for the next installment on the note.

(d) Reserve Account

From the remaining funds in the General Account, after transfers and payments required in (b)(1) or (b)(2) and (c), there

shall be set aside into an account(s) designated as the Reserve Account(s) the sum of 173.50

each month until the sum of \$83,280 is reached. With the prior written approval of the Government, funds may be withdrawn and used for such things as loan installments, emergency maintenance, extensions to facilities and replacement of short-lived assets, subject to conditions established by the Government.

(e) Whenever there shall accumulate in the General Account amounts in excess of those required in subsections (b)(1) and (2), (c), and (d), such excess will be used by the organization to make prepayments on the loan or retained in the General Account.

(f) The accounts required in subsections (b)(1) and (2), (c), and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the Organization, unless otherwise directed by the Government.

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid;

(a) It will indemnify the Government for any payments made or losses suffered by the Government.

(b) It will comply with applicable State laws and regulations and continually operate and maintain the Facility in good condition.

(c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for payment of the operation and maintenance thereof; the installment payments on the note; and the maintenance of the various funds herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization; no free service by or use of the Facility will be permitted.

(d) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the note when the same become due if, for any reason, gross revenues are insufficient.

(e) It will establish and maintain such books and records relating to the operation of the system and its financial affairs, and will provide for the annual audit thereof, in such manner as may be required by the Government; will provide the Government without its request a copy of each such audit; and will make and forward to the Government such additional information and reports as it may from time to time require.

(f) It will provide the Government, at all reasonable times, access to all books and records relating to the Facility and access to the property of the Facility so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.

(g) It will maintain at least such insurance and fidelity bond coverage as may be required by the Government.

(h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.

(i) It will not cause or permit any voluntary dissolution of its organization, or merge or consolidate with any other organization, without obtaining the prior written consent of the Government. It will not dispose of or transfer title to the facility or any part thereof, including lands and interest in lands, by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue in excess of the amount required to maintain the accounts described by Section 4 herein will not be distributed or transferred to any other organization or legal entity.

(j) It will not modify or amend the Articles of Incorporation or the Bylaws of the Organization without the written consent of the Government.

(k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the organization or public body.

(l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the facility are pledged as security for the loan.

(m) It will comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing adverse environmental impacts of the facility's construction or operation.

Section 6. (Security Instrument(s)). In order to secure the payment of the principal and interest of the note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets both real and personal constituting said Facility, as completed or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Organization will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are hereby authorized and directed to execute for and on behalf of the Organization, Form RD 400-1, "Equal Opportunity Agreement", and Form RD 400-4, "Assurance Agreement".

Section 9. In the case of a grant in the sum not to exceed \$202,000, the Organization hereby accepts the grant under the terms as offered by the Government and that the President and Secretary-Treasurer of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the facility under the terms as offered in said grant agreement(s).

Section 10. Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution of Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government or assignee so long as the note hereby authorized remains unpaid.

Section 12. This resolution shall take effect and be in force from and after the 21st day of March, 2000, being the date of its enactment.

The vote was: Yeas 7 Nays 0 Absent 0

Dobbin-Plantersville Water Supply Corporation

(SEAL) (if applicable)

By /s/ JOHN MOCK

JOHN MOCK

Attest:

Title President

/s/ JOY STEPHENSON

JOY STEPHENSON

Title Secretary-Treasurer

CERTIFICATION

I, the undersigned, as secretary of the Dobbin-Plantersville Water Supply Corporation hereby certify that the Board of Directors of such Organization or Corporation is composed of seven(7) members of whom seven(7), constituting a quorum, were present at a meeting thereof duly called and held on the 21st day of March, 2000; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this 21st day of March, 2000.

/s/ JOY STEPHENSON

JOY STEPHENSON

Secretary of Dobbin-Plantersville Water Supply Corporation

AFFIDAVIT ON BEHALF OF BORROWER

STATE OF TEXAS)

COUNTY OF GRIMES)

Johnny Mock, being first duly sworn on his oath deposes and says:

That he is the President of the Dobbin-Plantersville Water Supply Corporation, which corporation is the owner of the facilities being mortgaged to the United States of America as security for the repayment of a loan in the amount of \$378,000.00;

That there has been no material furnished or labor performed in connection with the construction, enlargement or rehabilitation of said facilities which has not been paid for,

That there are no financing statements, security agreements, chattel mortgages, conditional sales contract or other title retaining instruments of any kind covering or affecting any improvements, equipment or fixtures appurtenant to the said facilities,

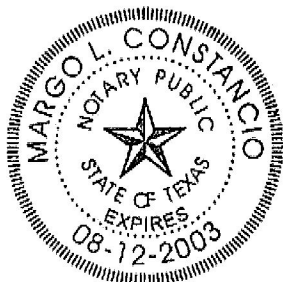
Executed this 11th day of May, 2000.

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION

By Johnny Mock
Johnny Mock, President

Subscribed and sworn to before me this 11th day of May, 2000.

(SEAL)



Margo L. Constancio
Notary Public, State of Texas
MARGO L. CONSTANCIO

EXHIBIT 7

ASSURANCE AGREEMENT
(Under Title VI, Civil Rights Act of 1964)

COPY

To Dobbin-Plantersville Water Supply Corporation

P.O. Box 127, Plantersville, Texas 77360

(address)

("Recipient" herein) hereby assures the U.S. Department of Agriculture that Recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d et. Seq.), 7 CFR Part 15, and Farmers Home Administration regulations promulgated thereunder, 7 C.F.R. §1901.202. In accordance with the Act and the regulations referred to above. Recipient agrees that in connection with any program or activity for which Recipient receives Federal financial assistance (as such term is defined in 7 C.F.R. §14.2) no person in the United States shall, on the ground of race, color, or natural origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

1. Recipient agrees that any transfer of any aided facility, other than personal property, by sale, lease or other conveyance of contract, shall be, and shall be made expressly, subject to the obligations of this agreement and transfer's assumption thereof.
2. Recipient shall:
 - (a) Keep such records and submit to the Government such timely, complete, and accurate information as the Government may determine to be necessary to ascertain our/my compliance with this agreement and the regulations.
 - (b) Permit access by authorized employees of the Farmers Home Administration or the U.S. Department of Agriculture during normal business hours to such books, accounts and other sources of information and its facilities as may be pertinent to ascertaining such compliance.
 - (c) Make available to users, participants beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Farmers Home Administration or the U.S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
3. The obligation of this agreement shall continue:
 - (a) As to any real property, including any structure, acquired or improved with the aid of the Federal financial assistance, as long as such real property is used for the purpose for which the Federal financial assistance is made or for another purpose which affords similar services of benefits, or for so long as the Recipient retains ownership or possession of the property whichever is longer.
 - (b) As to any personal property acquired or improved with the aid of the Federal financial assistance, so long as Recipient retains ownership or possession of the property.
 - (c) As to any other aided facility or activity, until the last advance of funds under the loan or grant has been made.
4. Upon any breach or violation of this agreement the Government may, at its option:
 - (a) Terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity.
 - (b) Enforce this agreement by suit for specific performance or by any other available remedy under the laws of the United States or the State in which the breach or violation occurs.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, Dobbin-Plantersville Water Supply Corporation on this date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto or if a natural person, has hereunto executed this agreement.

Dobbin-Plantersville Water Supply Corporation
Recipient

June 29, 1999

Date

John Mock
John Mock, President

Title

Recipient

Attest Joy Stephenson
Joy Stephenson, Secretary-Treasurer

Title

EXHIBIT 7

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated December 15, 1998, between

Dobbin-Plantersville G & W Water Supply Corporation
 a public corporation organized and operating under

State Statutes

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Development Service, Department of Agriculture, herein called "Grantor," WITNESSTH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of \$ 580,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 378,000.00 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 378,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 202,000.00 or 35 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, in consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act, for the purpose only of defraying a part not to exceed 35 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

EXHIBIT 7

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the service of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated May 1, 1997, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service required in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operation by a representative of the Grantor.

H. to execute any agreement required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instruments, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

EXHIBIT 7

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for completion to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

37,805 Feet.(7.16 miles) of PVC Line ranging in size 4" to 6".

One (1) deep well and pump

One (1) standpipe

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority.

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

EXHIBIT 7

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirements exist within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exist in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefitting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Record which accurately provided for; a description of the equipment; manufacture's serial number or other identification number; acquisition date and cost; source of the equipment; percentage(at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

EXHIBIT 7

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for completion to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

M. Provide Financial Management System which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Record which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and return to Grantors interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local Government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S. C, §7414) and Section 308 of the Water Pollution Control Act (33 U.S. C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clear Air Act and Section 308 of the Water Pollution control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revisions 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the terms "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperation, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plan, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that the independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 202,000.00 which it will advance to Grantee to meet not to exceed 35 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

EXHIBIT 7

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

John Mock, President

attested and its corporate seal affixed by its duly authorized

Joy Stephenson, Secretary-Treasurer

Attest

By John Mock

(Title)

John Mock
President

By Joy Stephenson

(Title)

Joy Stephenson
Secretary-Treasurer

December 15, 1998

UNITED STATES OF AMERICA
RURAL UTILITIES SERVICE

By _____

(Title)

USDA-FmHA
Form FmHA 1927-1 TX
(Rev. 4-93)

Position 2
UTILITY SECURITY INSTRUMENT
THIS INSTRUMENT GRANTS A SECURITY INTEREST BY A UTILITY
THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS
REAL ESTATE DEED OF TRUST FOR TEXAS

THIS DEED OF TRUST is made and entered into by and between the undersigned _____

Dobbin-Plantersville Water Supply Corporation, a corporation organized _____

and existing under the laws of the State of Texas _____

~~XXXXXXXXXX~~ _____ ~~XXXXXXXXXX~~ whose post

office address is P. O. Box 127, Plantersville _____, Texas 77363 _____

Steven A. Carriker, 101 S. Main,
herein called "Borrower," and Suite 102, Temple, TX 76501 _____, State Director of the
Farmers Home Administration for the State of Texas, and State Director's successors in office as State Director or Acting State Director, as
trustee, herein called "Trustee," and the United States of America, acting through the Farmers Home Administration, United States Depart-
ment of Agriculture, as beneficiary, herein called the "Government," and;

WHEREAS Borrower is indebted to the Government as evidenced by one or more promissory note(s) or assumption agreement(s)
or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the
Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is de-
scribed as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
May 11, 2000	\$378,000.00	4.50%	May 11, 2040

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or any other statutes administered by the Farmers Home Administration.

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower;

And this instrument also secures the recapture of any deferred principal and interest or of any interest credit and subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §§ 1472(g) or 1490a, respectively, or any amount due under any Shared Appreciation/Recapture Agreement entered into pursuant to 7 U.S.C. § 2001.

NOW, THEREFORE, in consideration of the loan(s) Borrower does hereby grant, sell, convey, and assign unto Trustee the following property situated in the State of Texas, County(ies) of Grimes and Montgomery _____:

See attached Exhibit A
Pages 1 through 5

See attached Exhibit B
Page 1 of 1

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to, ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property":

TO HAVE AND TO HOLD the property unto Trustee, Trustee's successors, grantees and assigns forever;

IN TRUST, NEVERTHELESS, (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement.

AND BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS the property unto Trustee for the Benefits of the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay the the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due, and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payments made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges, and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.

(12) Except as otherwise provided by the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as beneficiary hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien, and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government-whether once or often-in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) The power to appoint a substitute trustee is hereby granted to the Government and its assigns, to be exercised at any time hereafter, without notice and without specifying any reason therefor, by filing for record in the office where this instrument is recorded an instrument of appointment, whereupon the substitute trustee shall succeed to all the estates, rights, powers, and trusts herein granted to or vested in Trustee, and the former trustee or substitute trustee shall be divested thereof; and notice of the exercise of this power and any requirement of, or right to require, a bond from any trustee hereunder, are hereby waived.

(16) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal Land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(17) Default hereunder shall constitute default under any other real estate, or under any personal property or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(18) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent or make an assignment for the benefit of creditors, the Government at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, and (d) authorize and request Trustee to foreclose this instrument and sell the property as prescribed by law.

(19) Upon default aforesaid: (a) at the request of the Government, Trustee may foreclose this instrument either by court action pursuant to law or by advertisement and sale of the property as provided by law, for cash or secured credit at the option of the Government, personal notices of which sale need not be served on Borrower; (b) such sale may be adjourned from time to time without other notice than oral proclamation at the time and place appointed for such sale and correction made on the posted notices, and at such sale the Government and its agents may bid and purchase as a stranger; (c) Trustee at Trustee's option may conduct such sale, without being personally present, through Trustee's delegate authorized by Trustee for such purpose orally or in writing and without notice to Borrower of such authorization; and (d) if the property is situated in two or more counties, the sale may be held in any one of such counties selected by the Government in its sole discretion: Provided, however, that in any deed or deeds executed by Trustee hereunder, any and all statements of fact and other recitals therein made as to the nonpayment of the money secured, the nonperformance of covenants herein, the request to Trustee to enforce this Trust, the proper and due appointment of any substitute Trustee, the advertisement or due publication of sale, the due authorization by Trustee of Trustee's delegate to conduct the sale, or as to any other preliminary act or thing having been duly done by said Trustee shall be taken by any and all courts of law and equity as prima facie evidence that said statements or recitals do state facts, and without further questioning shall be accepted as such by Borrower; and provided further, that in the event of foreclosure sale, Borrower shall give up and deliver immediately possession of the property to the purchaser thereof or assume the status of a tenant at will and be subject to summary dispossession as by law provided.

(20) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. In the case the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(21) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

(22) Borrower agrees that the Government will not be bound by any present or future State laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, or (c) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State laws.

(23) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(24) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(25) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

(26) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration at Temple, Texas 76501, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(27) If this deed of trust should be invalid for any purpose for which it is executed, such invalidity for such purpose shall not impair its validity for any other purpose and in the event that any portion of the indebtedness under the note when it is held by the Government or any assignee of this deed of trust, or any portion of the indebtedness to the Government under this deed of trust, is not validly secured hereunder, then in that event, the first payments made upon any such indebtedness shall be applied in payment of that portion of the indebtedness which is not validly secured, and no payment shall be applied toward that portion of the indebtedness secured by a valid lien hereunder until any indebtedness not so secured shall have been paid in full.

(28) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

IT IS AGREED by and between Borrower and the Government that the Government will, for the sum of \$ _____ erect, construct, complete and repair buildings or other improvements upon, and will furnish all labor and material necessary for the purpose of making such repairs and improvements upon said property as are described in the Development Plan agreed to in writing by Borrower and the Government and made a part hereof and incorporated herein by reference, except labor to be performed by Borrower; to secure which sum Borrower hereby gives and creates a valid constitutional and contractual lien on said property; and that if said sum is not actually expended for such repairs and improvements, any amount not so expended shall be credited on the indebtedness evidenced by the note. It is further agreed that a failure to complete said repairs and improvements, or failure to complete same according to said Development Plan, shall not defeat said indebtedness and lien, but in such event said indebtedness and lien upon said property shall exist in favor of the Government or its assigns for the amount herein agreed upon, less such amount as would be reasonably necessary to complete said repairs and improvements according to said Development Plan.

EXHIBIT 7

~~BORROWER, for the express purpose of inducing the Government to make or insure the loan evidenced by the note described herein, represent that Borrower does not reside upon, use, or claim, as either a business or residence homestead, the property described above, but that Borrower now resides upon, used and claims as a homestead the following described tract, lot or parcel of land, the fee simple title to which is vested in Borrower:~~

(29) IMPORTANT NOTICE FOR HOMESTEAD IMPROVEMENT LIENS: You and your contractor are responsible for meeting the terms and conditions of this contract. If you sign this contract and you fail to meet the terms and conditions of this contract, you may lose your legal ownership rights in your home. KNOW YOUR RIGHTS AND DUTIES UNDER THE LAW.

SEE ADDITIONAL PROVISIONS ON ATTACHED EXHIBIT A.

WITNESS the signature(s) of borrower on this 11th day of May, XX 2000

DOBBIN-PLANTERSVILLE WATER SUPPLY CORPORATION

By JSY JOHNNY MOCK
Johnny Mock, President

STATE OF TEXAS

COUNTY OF GRIMES

ss:

ACKNOWLEDGMENT

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____

Johnny Mock, President of Dobbin-Plantersville Water Supply Corporation, a Texas corporation

known to me to be the person(s) whose name(s) is ~~(xxx)~~ subscribed to the foregoing instrument, and acknowledged to me that he ~~(she)~~ ~~(they)~~ executed the same for the purposes and consideration therein expressed, on behalf of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 11th day of May, XX 2000

MARGO L. CONSTANCIO
Notary Public in and For
the State of Texas

(SEAL)

MARGO L. CONSTANCIO

~~xxxxxxx~~

STATE OF TEXAS

COUNTY OF _____

ss:

I, the undersigned, do hereby certify that the foregoing instrument was filed for record in my office on the

_____ day of _____ A. D., 19 _____,

at _____ o'clock _____ M., and was duly recorded

on this _____ day of _____ A. D.,

19 _____, in Volume _____, page _____

of the Deed of Trust Records of said County.

WITNESS MY HAND and the seal of the County Court

of Said County at my office in _____

the day and year last above written.

County Clerk _____ County, Texas

By _____ Deputy

EXHIBIT 7

I.

TRACT 1:

All that tract or parcel of land situated in Grimes County, Texas out of the Elizabeth J. Graham Survey A-225 and being a portion of a called 236.86 acre tract designated as T85M4-a and described in a deed from Champion International Corporation to Champion Realty Corporation dated November 8, 1985 and recorded under Montgomery County Film Code No. 373-01-1462, said 2.004 acre tract being more particularly described as follows:

BEGINNING at a found $\frac{1}{2}$ " iron pin and fence corner lying in the division line between the Elizabeth J. Graham Survey A-225 and the Valentine Snider Survey A-429 and marking the northwest corner of the original 236.86 acre tract (T85M4-a), interior corner of a 30 acre tract now or formerly owned by J. Walker and northwest corner of this tract;
 THENCE departing said survey division line with the fenced north line of this tract N $89^{\circ} 26' 06''$ E, 355.42 ft. to a set $\frac{1}{2}$ " iron pin and fence corner lying in southwest right-of-way line of F.M. Highway 1486 marking the east corner of the Walker tract and northeast corner of this tract;
 THENCE with the southwest line of F.M. Highway 1486 in a curve to the right having a radius of 1,382.39 ft., a central angle of $10^{\circ} 32' 08''$ for a distance of 254.19 ft. (chord S $38^{\circ} 35' 16''$ E, 253.83 ft.) to a set $\frac{1}{2}$ " iron pin 3.6 ft. east of an existing fence line for southeast corner;
 THENCE departing said highway right-of-way line with the south line of this tract, S $89^{\circ} 26' 06''$ W, 507.83 ft. to a set $\frac{1}{2}$ " iron pin lying 2.3 ft. west of an existing fence line in the division line between the Graham and Snider Surveys and the east line of the Walker tract for southwest corner of this tract;
 THENCE continuing with said survey division line, the east line of the Walker tract and west line of this tract, N $01^{\circ} 41' 44''$ W, 200.00 ft. to the place of beginning and containing 2.004 acres of land.

TRACT 2:

Being 0.229 acre of land in the Zachariah Landrum Survey, A-22, Montgomery County, Texas, and a part of a called 40.0 acre tract conveyed Allen Bates, recorded in Volume 124, Page 538, Deed Records of Montgomery County, Texas, said 0.229 acre tract being described as follows:

BEGINNING at a $\frac{1}{2}$ inch iron rod in the east line of Spring Branch Road, N $02^{\circ} 26'$ W, 681.3 feet from the Bates southwest corner;
 THENCE East 100.0 feet to a $\frac{1}{2}$ inch iron rod for corner;
 THENCE North 100.0 feet to a $\frac{1}{2}$ inch iron rod for corner;

THENCE West 100.0 feet to a ½ inch iron rod for corner in the east line of road;
 THENCE South 100.0 feet to the place of beginning and containing 0.229 acre of land.

TRACT 3:

Being 0.23 acre in the Jacob Shannon Survey, in Montgomery County, Texas, and being a part of a 7.02 acre tract deeded from Katherine Smith Diehl et al. to Barbara Smith Swonke dated April 27, 1970, and recorded in Volume 708, Page 743, Deed Records, Montgomery County, Texas, and said 0.23 acre tract being more particularly described by metes and bounds as follows, to-wit:

BEGINNING at a point for corner in the north line of the said Barbara Smith Swonke 7.02 acre tract, as fenced, at a fence corner, and being in the west margin of a public road;
 THENCE S 0° 03' E with a fence and with the west margin of said public road, a distance of 100.00 feet to a point for corner in said fence and said west margin of said public road;
 THENCE N 89° 58' W a distance of 100.00 feet to a point for corner;
 THENCE N 0° 03' W a distance of 100.00 feet to a point for corner in a fence, same being in the north line of the said Barbara Smith Swonke 7.02 acre tract, as fenced;
 THENCE S 89° 58' E with a fence and with the north line of the said Barbara Smith Swonke 7.02 acre tract, as fenced, a distance of 100.00 feet to the place of beginning, containing 0.23 acre.

TRACT 4:

Being .157 acre of land in the John Landrum Survey, A-35, (also referred to as part in the Joel Greenwood Survey, A-20) Grimes County, Texas, and being parts of certain tracts conveyed Planters Lodge No. 147, by Beatrice Brown recorded in Volume 296, Page 59, and Volume 338, Page 181, Deed Records of Grimes County, Texas, more fully described as follows:

BEGINNING at an iron rod in the northeast line of F.M. 1774, being N 47° 00' W, 106.0 feet from the intersection of the west line of the old School tract with the northeast line of F.M. Road;
 THENCE N 47° 00' W, along the northeast line of road, 100.0 feet to an iron rod for corner;
 THENCE N 03° 28' W, 100.0 feet to an iron rod for corner;
 THENCE S 47° 00' E, 100.0 feet to an iron rod for corner;
 THENCE S 03° 28' E, 100.0 feet to the place of beginning and containing .157 acre of land.

Exhibit A to Utility Security Instrument-Real Estate Deed of Trust for Texas dated May 11, 2000 from Dobbin-Plantersville Water Supply Corporation to Steven A. Carriker, Trustee,

TRACT 5:

Being all that certain tract or parcel of land lying and being situated in Grimes County, Texas, and being out of the Joel Greenwood Labor, A-227, also being out of and a part of a 46.5 acre tract described in deed from George W. Mason et ux. to Leon U. Mason dated March 21, 1941, and recorded in Volume 154, Page 492, Deed Records of Grimes County, Texas, said 46.5 acre tract being the north 46.5 acres out of a 86.5 acre tract and being more particularly described as follows:

BEGINNING at the intersection of the south line of said 46.5 acre tract with the east fence line of the High Point County Road;
 THENCE North along the east side of said road, 292.1 feet to a 3/8 inch iron rod for the beginning point of this survey;
 THENCE North along the east side of said road, 100 feet to a 3/8 inch iron rod for corner;
 THENCE East 100 feet to a 3/8 inch iron rod for corner;
 THENCE South 100 feet to a 3/8 inch iron rod for corner;
 THENCE West 100 feet to the place of beginning and containing 0.2296 acre of land.

SUBJECT, HOWEVER, TO THE FOLLOWING:

1. Deed of Trust dated March 8, 1977 from Dobbin-Plantersville WSC to J. Lynn Futch, Trustee, securing one promissory note in the original principal amount of \$245,000.00, payable to the United States of America, filed for record on March 21, 1977 under File No. 77-036422 in the Office of the Secretary of State of Texas which deed of trust was assigned to GECC on November 3, 1987.
2. Deed of Trust from Dobbin-Plantersville WSC to J. Lynn Futch, Trustee, securing promissory notes payable to the United States of America, filed for record on December 28, 1983 under File No. 83-293206 in the Office of the Secretary of State of Texas which deed of trust was assigned to GECC on November 3, 1987.
3. Reservation and/or conveyance of all oil, gas and other minerals as described in deed dated March 27, 1998 from Champion Realty Corporation to Dobbin-Plantersville WSC recorded in Volume 885, Page 685, Deed Records, Grimes County, Texas. (TRACT 1)
4. Restrictive covenants as described in deed dated March 27, 1998 from Champion Realty Corporation to Dobbin-Plantersville WSC recorded in Volume 885, Page 685, Deed Records, Grimes County, Texas. (TRACT 1)
5. Reservation and/or conveyance of all oil, gas and other minerals by prior owners of record. (TRACTS 2, 3 and 5)

Exhibit A to Utility Security Instrument-Real Estate Deed of Trust for Texas dated May 11, 2000 from Dobbin-Plantersville Water Supply Corporation to Steven A. Carriker, Trustee,
 Page 3 of 5

EXHIBIT 7

Together with any and all other real property now owned, held, leased, or claimed or which may hereafter be owned, held, leased or claimed by Borrower in said counties.

II.

All right, title and interest of Borrower in, to and under any and all rights, grants, privileges, rights of way and easements now owned, held, leased, enjoyed or exercised, or which may hereafter be owned, held, leased, acquired, enjoyed or exercised by Borrower for the purposes of, and in connection with, the construction or operation by or on behalf of Borrower of water distribution lines, or systems, and facilities, whether underground or overhead or otherwise, or of any water pumping and filter plants and facilities, wherever located in said counties.

III.

All right, title and interest of Borrower in, to and under any and all licenses, franchises, ordinances, privileges and permits heretofore granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by the United States of America, or any state or by any county, city, municipality, or other political subdivision thereof, or by any agency, board, commission or department of any of the foregoing, or by any individual, partnership or corporation, authorizing the construction, acquisition, or operation of water pumping or filter plants or distribution lines, or systems, in the said counties.

IV.

All right, title and interest of Borrower in, to and under any and all contracts heretofore or hereafter executed by and between Borrower and any individual, partnership, corporation, state, county, city, municipality, or other political subdivision thereof, providing for the purchase of water by Borrower. Borrower does hereby agree not to modify or terminate any contract providing for the purchase of water without first obtaining the consent of FmHA to such modification or termination.

V.

All water charges and other income from the sale of water, tolls, assessments, accounts receivable and other choses in action of whatever nature.