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STRATEGIC PARTNERSHIP AGREEMENT
BETWEEN THE CITY OF CONROE, TEXAS
AND
MONTGOMERY COUNTY UTILITY DISTRICT NO. 4

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This STRATEGIC PARTNERSHIP AGREEMENT (this "Agreement") is entered into as of the Effective Date between the CITY OF CONROE, TEXAS, a municipal corporation principally situated in Montgomery County, Texas, acting through its governing body, the City Council of the City of Conroe, Texas (the "City"), and MONTGOMERY COUNTY UTILITY DISTRICT NO. 4 (the "District"), a political subdivision of the State of Texas created by the District Act (as defined herein) pursuant to Article XVI, Section 59, Texas Constitution and operating pursuant to the District Act and Chapters 49 and 54, Texas Water Code.

RECITALS

1. Texas Local Government Code, § 43.0751, as amended from time to time (the "Act") authorizes the City and the District to negotiate and enter into a strategic partnership agreement by mutual consent; and
2. The District lies entirely within the extraterritorial jurisdiction of the City. The City and the District have a mutual interest in the development of commercial property within the District and the improvement of the SH 105 corridor; and
3. This Agreement provides for the orderly full purpose annexation of the District and for the continuation of the District as a limited district following full purpose annexation; and
4. As required by the Act, the District held public hearings on February 19, 2013 and on February 21, 2013, at 15444 Highway 105 West, Montgomery, Texas 77356-5686 at which hearings members of the public were given the opportunity to present testimony or evidence regarding the proposed Agreement; and
5. As required by the Act, the City held public hearings on February 20, 2013 and February 21, 2013, at 300 West Davis Street, Conroe, Texas 77301, at which hearings members of the public were given the opportunity to present testimony or evidence regarding the proposed Agreement; and
6. Notice of the date, time, location and purpose of the public hearings was given in accordance with the Act, and the City and the District made copies of the proposed Agreement available in accordance with the terms of the Act; and
7. The City and the District wish to enter into a strategic partnership agreement to provide the terms under which services will be provided by City and the District upon full-purpose annexation and to provide other lawful terms that the Parties consider appropriate.

THE PARTIES AGREE AS FOLLOWS:

**ARTICLE I
FINDINGS**

The City and the District find and declare:

1. The recitals and the preamble to this Agreement are true and correct and are hereby adopted as findings of the City and the District.
2. The Act authorizes the City and the District to enter into this Agreement to define the terms under which services will be provided to the City and the District and under which the District will continue to exist after it is annexed pursuant to this Agreement;
3. This Agreement does not require the District to provide revenue to the City solely for the purpose of an agreement with the City to forgo annexation of the District;
4. This Agreement provides benefits to the City and the District, including revenue, services, or regulations that are reasonable and equitable with regard to the benefits provided to the other Party;
5. All the terms contained in this Agreement are lawful and appropriate; and
6. The City and the District negotiated this Agreement by mutual consent pursuant to the Act, after the City amended its three-year annexation plan to include the District.

**ARTICLE II
DEFINITIONS**

Unless the context requires otherwise, and in addition to the terms defined above, the following terms used in this Agreement will have the meanings set out below:

"Act" means Texas Local Government Code, § 43.0751 as amended from time to time.

"Agreement" means this strategic partnership agreement between the City and the District.

"Board" means the Board of Directors of the District.

"City" means the City of Conroe, Texas, a municipal corporation principally situated in Montgomery County, Texas.

"City Charter" means the Charter of the City and any amendments thereto adopted through the Effective Date.

"City Council" means the City Council of the City or any successor governing body.

"City Services" means the services provided by the City pursuant to Section 5.02 of this Agreement.

"District" means MONTGOMERY COUNTY UTILITY DISTRICT NO. 4, a conservation and reclamation district created pursuant to Article XVI, Section 59, Texas Constitution and operating pursuant to Chapters 49 and 54, Texas Water Code. The initial territory of the District is more particularly described in Appendix A attached hereto and incorporated herein by reference.

"District Act" means Chapter 8303, Texas Special District Local Laws Code, as it may be amended from time to time.

"District AV" means the total taxable value of all property in the District or otherwise subject to taxation by the District (including land, improvements, personal property, etc.), as certified for the District by the Montgomery Central Appraisal District (or its successor appraisal agency), plus an estimate of the value of any property under protest or otherwise not certified. The estimate shall be provided by the appraisal agency, but, in any event, the estimate may not be less than the owner's contention (or opinion) of value, as applicable. The District AV will be determined and updated from time to time, as provided in this Agreement. Notwithstanding the foregoing, the District AV will never be less than \$334,000,000, for purposes of this Agreement.

"Effective Date" means the date on which this Agreement is signed by the Mayor of the City following approval by the governing body of the City by ordinance (in a form acceptable to all Parties), but only if both of the following conditions are met prior to signature by the Mayor:

- (i) the governing body of the District must have approved this Agreement, and it must have been executed by the District, and
- (ii) the governing body of the Interconnected District must have approved a strategic partnership agreement with the City substantially similar to this Agreement, and that agreement must have been executed by the Interconnected District.

If either condition is not met prior to signature by the Mayor, this Agreement shall not take effect. If the signature by the Mayor does not occur, as provided above, by March 15, 2013, the Board of the District, with approval of the Board of the Interconnected District, may adopt a resolution to rescind its approval of this Agreement, in which case this Agreement shall not take effect.

"ETJ" means the extraterritorial jurisdiction of the City.

"Full Purpose Annexation Date" means December 31, 2014 (at 11:59 PM local time), the date on which the territory of the District is incorporated within the full purpose boundaries of the City pursuant to this Agreement.

"Government Code" means the Texas Government Code and any amendments thereto.

"Interconnected District" means MONTGOMERY COUNTY UTILITY DISTRICT NO. 3.

"Limited District" has the meaning given in the Act and in this Agreement refers to the status of the District during any period that it shall continue to exist following the Full Purpose Annexation Date, but subject to changes made by amendment to the District Act from time to time.

"Local Government Code" means the Texas Local Government Code and any amendments thereto.

"Non-conforming use" means any use of real property or any activity conducted upon such property that was lawfully permissible prior to the Full Purpose Annexation Date but would not be allowed subsequent to such date as a result of the application of any City ordinance, rule or regulation (if provisions allowing non-conforming uses to continue, etc. are disregarded).

"Non-conforming building or structure" means any building or improvement that conformed to all laws, rules or regulations applicable to the structure prior to the Full Purpose Annexation Date but that does not comply with the requirements of any City ordinance, rule or regulation made applicable as a result of annexation by the City (if provisions allowing non-conforming buildings or structures to continue, etc. are disregarded).

"Party" or "Parties" means a party or the parties to this Agreement, being the City and the District.

"Service Plan" means the document entitled "City of Conroe Annexation Service Plan For Annexation Parcel 2014-02" (also marked "PROPOSED COMPLETED VERSION, 2-20-2013" and "EXHIBIT B") which was prepared in connection with the annexation by the City of the District and filed with the City Secretary on February 20, 2013, as it may be amended from time to time with the approval of the City Council and the Board.

"Wastewater Treatment Plant" (or "WWTP") means the existing sewage treatment plant (with construction work in progress) serving both the District and the Interconnected District and located near Lake Conroe, south of SH 105, in Montgomery County, Texas.

Unless the context requires otherwise, terms specially defined in Appendix B have the same meanings elsewhere in this Agreement.

ARTICLE III GENERAL PROVISIONS

Section 3.01. Generally.

The Parties desire to provide for: (i) the orderly and predictable annexation of the land within the District into the City for full purposes so that each Party may develop both short and long-term financial plans based on the annexation date, and (ii) provision of services to the area after annexation.

Section 3.02. Property Taxes and District Liability for Debts of the City.

Prior to the Full Purpose Annexation Date neither the District nor any owners of taxable property within the District shall be liable for any debts of the City, and no ad valorem taxes shall be levied by the City upon taxable property within the District.

Section 3.03. Powers and Functions Retained by the District.

(a) During the term of this Agreement, the District is authorized to exercise all powers and functions provided by the District Act and any existing law or any amendments or additions thereto, except as expressly limited by this Agreement. The District's assets, liabilities, indebtedness, and obligations, including any obtained or incurred after the Effective Date, will remain the responsibility of the District, except for those to be transferred to the City under this Agreement.

(b) Without limiting the foregoing powers and functions, the District shall notify the City prior to the issuance of any bonds, certificates of obligation, re-funding bonds or other debts to be paid in whole or in part from a pledge of the ad valorem tax revenues of the District. Such notice shall be given at least twenty-one (21) days in advance of the proposed issue and shall include a substantially-complete copy of the preliminary official statement for the bonds. Not later than thirty (30) days following the issuance of the bonds the District shall provide the City a copy of the official statement and the schedule of principal and interest payments for such bonds.

Section 3.04. Annexation of Additional Territory by the District.

No territory may be annexed to the District after the Effective Date of this Agreement without the prior written consent of the City and any such annexed territory shall also be subject to this Agreement. The owner of any property seeking annexation to the District must also consent to the annexation of the territory by the City and such consent to municipal annexation shall be a condition of City's consent to annexation by the District. Subject to the foregoing, City hereby consents to the District's annexation of the tract of land that is shown in Appendix D. If either party deems it necessary, this Agreement must be amended to cover the annexed territory. If, for any reason, annexation of such additional territory by the City is contested or held invalid or ineffective, neither this Agreement nor its application to other territory will be affected.

ARTICLE IV
RESERVATION OF WASTEWATER TREATMENT CAPACITY FOR CITY

Section 4.01. Wastewater Treatment Capacity Reserved for City.

(a) The District agrees to reserve for the City 150,000 gallons per day of treatment capacity from District's share of the total treatment capacity available from the Wastewater Treatment Plant, subject to Appendix B. The City intends by a separate agreement with the Interconnected District to reserve 150,000 gallons per day of treatment capacity from the Interconnected District's share of the Wastewater Treatment Plant capacity with the intent that total treatment capacity of 300,000 gallons per day be reserved for the City, subject to

Appendix B. Physical use of such capacity is subject to the provisions of Appendix B, including, for example, the requirement to provide advance notice.

(b) The City shall have the right, but not the obligation, to transfer all or any portion of its reserved capacity to a third party seeking service from the District or the Interconnected District. The City retains full discretion regarding payment and terms for any such transfer, including, for example, the discretion to require payment of impact fees (provided, however, any capacity transferred may not be further transferred or assigned). Upon notice to the District following any such transfer, the City Capacity (as determined in accordance with Appendix B) will be reduced by the amount of capacity transferred (in gallons per pay), and the City's annual Capacity Reservation Fee (as well as the annual actual-cost "true up" amount described below) will be diminished proportionately. See Section 4.04, below and Sections B2.05 and B3.02 of Appendix B. This provision shall not be construed to require the District to serve any such transferee upon terms or conditions other than: (i) those applicable to other customers of the District and (ii) provisions, if any, related to specific characteristics of the service requested or the transferee's proposed buildings and other improvements, including location, collection system, access, feasibility, quantity or composition of waste, etc. In addition, the District may require the transferee to pay a portion of the WWTP Expenses until all the transferred capacity is actually used to serve buildings and other improvements (or is formally released to the District or expires). If capacity is so transferred, and if some or all of the transferred amount is not actually used to serve buildings and other improvements before the third anniversary of the transfer, the District may recall the amount not actually used by: (i) notifying the transferee, and (ii) paying the transferee the amount of money (if any) paid by the transferee for the capacity transferred but not actually used (and payment may be allocated on a per-GPD basis). Any capacity so recalled reverts to the District.

Section 4.02. Consideration For Reservation of Treatment Capacity.

In consideration for the reservation of treatment capacity in the Wastewater Treatment Plant the City agrees to defray part of the District's debt service (incurred for the current expansion of the Wastewater Treatment Facilities), in accordance with the payment schedule and payment procedures shown in Appendix C.

Section 4.03. Prepayment, Re-financing, Etc.

The City shall have the option of pre-paying the debt service payments shown in Appendix C, at any time. In addition, if the City desires to re-finance all or part of such debt service and so notifies the District, the District agrees to cooperate and provide reasonable assistance to the City to effectuate a re-financing. Such cooperation and assistance could include, for example, calling some or all of the bonds for which the debt service was incurred. The City must bear the costs incurred by either party in connection with such a re-financing (proposed or completed) and must provide the cash needed to redeem any bonds that are called. Any debt service funds and reserve funds related to the District's bonds or debt service payments remain the property of the District.

Section 4.04. Capacity Reservation Fee.

(a) As additional consideration for the reserved capacity, and to provide for preserving and maintaining such capacity, the City shall pay to the Operating District (for deposit into the WWTP Account, for the benefit of both the District and the Interconnected District) an annual Capacity Reservation Fee due on October 30 of each year. Each Capacity Reservation Fee shall be paid in advance for the calendar year beginning on January 1 following the due date. The first Capacity Reservation Fee shall be due on October 30, 2014 for the calendar year 2015. The Capacity Reservation Fee is a percentage of the annual Non-Flow-Related WWTP Expenses that is equal to the percentage of total WWTP Design Capacity that is reserved to the City. Initially the City's reserved capacity is equal to 25% of the Design Capacity.

(b) The Capacity Reservation Fee shall be paid based on the budget estimate of Non-Flow-Related WWTP Expenses in the WWTP budget adopted by the Operations Committee for the upcoming calendar year and shall be subject to adjustment to actual cost ("true up") as hereinafter provided. The allocation factors shown in Section B4.02 of Appendix B shall be applied to determine the Non-Flow-Related WWTP Expenses.

(c) Beginning on April 1, 2016, and continuing on the first day of April of each subsequent year the Operating District shall calculate the actual-cost "true up" amount for the preceding calendar year, which will be the sum of:

- (1) any fee, service charge, penalty, tax or fine required to be paid by any government or regulatory authority as a direct result of serving the City; plus
- (2) any increase in WWTP Expenses triggered by an expansion triggered by the City, as provided in Section B2.04(h) of Appendix B; plus
- (3) a part of the Non-Flow-Related WWTP Expenses (excluding items listed above) incurred during the preceding calendar year, such part being determined by the ratio of: (i) the average City Capacity during the preceding calendar year to (ii) the average Design Capacity during the preceding calendar year; plus
- (4) any other payments required by Appendix B or agreements entered into pursuant to Appendix B.

The Capacity Reservation Fee paid for such year shall be compared to such actual-cost "true up" amount for the year. If the Capacity Reservation Fee paid for such year exceeded the actual-cost "true up" amount for the year, then any such excess sum shall be promptly refunded to City. If such actual-cost "true up" amount for the year exceeded the Capacity Reservation Fee for such year, then the City shall pay the difference within thirty (30) days of the receipt of an invoice for same from the Operating District.

(d) Beginning when the City first physically delivers sewage to the WWTP, the City shall receive regular monthly billings for Monthly Charges under Section B3.02 of Appendix B. These bills will include a portion of Flow-Related WWTP Expenses (and the other expense items specified in Section B3.02), and they shall be paid in accordance with Section B3.02 et seq. Charges for Non-Flow-Related WWTP Expenses shall not be included in the Monthly Charges (because they are to be covered by the Capacity Reservation Fees and the actual-cost "true up" amounts, as described above).

ARTICLE V
SERVICES PROVIDED BY THE
DISTRICT AND CITY

Section 5.01. District Services.

(a) The District services are not affected by this Agreement until the Full Purpose Annexation Date. From and after the Full Purpose Annexation Date, the District shall provide the following:

1. *Water supply, transmission, distribution, etc.*

This includes "retail" water service for persons and properties now served by the District's water system, as it may be improved, extended and enlarged by the District, for: (i) areas within the District's boundaries and outside-District service areas, as they now exist and as they may be extended with consent of the City, and (ii) other areas approved by the City. This also includes water production, transmission, and compliance with groundwater reduction regulations.

The City and the District agree to cooperate to allow the District to deploy and use excess water supply available from the District to supply nearby areas in the vicinity of Lake Conroe. Such cooperation may include bulk purchases of available water by the City or other retail utilities for resale to the utility's customers, or the extension of water utility service by the District to other territory outside the District's boundaries or service areas, subject to the following:

- a. Extensions into the City's ETJ (and extensions of District facilities through or across the City's limits without providing retail service inside the City) require consent of the City, but such consents may not be unreasonably withheld or delayed.
- b. Extensions to serve areas inside the City's limits require the City's consent.
- c. If the City proposes new water service (or water sales) within the City limits but near the District, the City and District agree to meet and confer to consider possible use of the District's excess water capacity for that purpose, if available.
- d. Extensions of the District's groundwater reduction plan (without physical extension of water service) are allowed in any area.

This provision shall not be construed to obligate the City to purchase water from the District.

2. *Sanitary sewer service*

This includes "retail" sanitary sewer service for persons and properties now served by the District's sanitary sewer system, as it may be improved, extended and enlarged by the District, for: (i) areas within the District's boundaries and outside-District service areas, as they now exist and as they

may be extended with consent of the City, and (ii) other areas approved by the City. This includes collection and transmission of wastewater to the Wastewater Treatment Plant where the District will treat and dispose of the wastewater. This also includes treatment and disposal services provided to City on a "bulk" or "wholesale" basis as provided by this Agreement.

3. *Solid waste collection and disposal*

This includes providing solid waste collection and disposal service for persons now receiving that service from the District as well as other similarly-situated persons within the District's boundaries, as they now exist or as they may be extended with consent of the City.

4. *Maintenance, repair and replacement of storm sewer facilities*

This service includes maintaining, operating, repairing, and replacing storm sewer facilities now maintained by the District. This service also includes maintaining, operating, repairing, and replacing such facilities as they may be improved, extended and enlarged by the District.

(b) Standards for District Services, Paying For Services, Etc.

The services described by this section must comply with the Service Plan. In providing each service, the District is responsible for providing all facilities, tools, equipment, supervision, goods, personal services and other items necessary or incidental to providing the service and for adopting rules and regulations governing such services, and the District will establish and collect fees and charges (in addition to, or in lieu of, taxes) to pay for such services, all of which shall apply in lieu of similar provisions, rules, regulations, fees or charges of the City. In this regard, it also agreed that: (i) the District's water conservation and drought regulations shall apply to use of District services, in lieu of any City ordinances, rules and regulations otherwise applicable; and (ii) the District's plumbing regulations (relating to, for example, customer service inspections, cross-connections, etc.) shall apply in addition to City ordinances, rules and regulations affecting plumbing. The District and the City may work out arrangements for joint plan-checking, permitting and inspections of plumbing.

Section 5.02. City Services.

The City shall provide the following:

1. Payment for Services.

As provided by Section 43.0751(f)(3) of the Act and in consideration of the services to be provided by District under this Agreement (including, for example, maintaining, operating, repairing, replacing, extending and enlarging storm sewer facilities), the City agrees to make an annual payment to the District. Each payment shall be made on or before February 15 of each

year, from and after the Full Purpose Annexation Date, except that the City shall have the option of postponing the first payment from February 15, 2015 until August 15, 2015. The amount of the payment shall be \$60,000 plus \$0.05 per \$100 of District AV, determined as of the preceding December 31 (which means that the District AV would be based on appraisals and estimates for the preceding tax year).

2. Other Services.

From and after the Full Purpose Annexation Date, the City shall provide all other municipal services in accordance with the Act and the Service Plan. It is agreed and understood that property owner associations retain the discretion to continue providing certain functions and services, as indicated in the Service Plan.

Section 5.03. Application of Municipal Codes, Ordinances and Regulations.

(a) The following provisions govern the application of municipal regulatory provisions from and after the Full Purpose Annexation Date:

(1) Except as otherwise provided by this section, any non-conforming use may continue indefinitely provided that such use may not be materially expanded, including but not limited to materially increasing the area devoted to the use or adding materially to the hours of operation. A non-conforming use other than a seasonal use may not be reinstated after the use has been discontinued for a period of six (6) months or longer. A seasonal non-conforming use that occurs only periodically may not be continued unless the use has occurred at least once during the previous twelve (12) calendar months.

(2) A non-conforming building or structure may continue to be occupied, used and repaired without being conformed to the requirements of any City ordinance, rule or regulation that would otherwise be applicable, provided however any material addition or expansion to such building or structure shall conform to such requirements. Work done to accomplish a material repair or reconstruction of a non-conforming building or structure shall be done in conformance with such requirements, if applicable to such work when it is done. However, the entire building or structure would not have to be brought into compliance unless: (i) the repair or reconstruction requires expenditures in excess of 50% of the value of building or structure under repair or reconstruction, and (ii) bringing the entire building or structure into compliance is expressly required by ordinance, rule or regulation in effect at the time. This section shall not be construed to relieve any person of the requirement of obtaining an applicable permit (but the requirements for issuing and enforcing such a permit shall conform to this section).

(3) Buildings and structures shall be categorized by use in accordance with the building codes of the City. After the Full Purpose Annexation Date if a building or structure is converted from one use type to another, the building (or part which is converted) must be brought into compliance with the code provisions that are: (i) applicable to the new use, and (ii) different from the code provisions applicable to the prior use.

(4) This section shall not be deemed to authorize the following activities in violation of an applicable municipal code, ordinance, rule or regulation after the Full Purpose Annexation Date:

- (i) the sale, use or possession of fireworks;
- (ii) outdoor fires or burning;
- (iii) the installation, operation or use of an alarm system subject to the permit requirements of City of Conroe Code of Ordinances Chapter 22, except that enforcement of such requirement for existing alarm systems shall not be commenced until April 1, 2015 to allow for the permitting of such existing alarm systems prior to the commencement of enforcement.

(5) As provided in Section 5.02(b) of this Agreement: (i) District rules, regulations, fees, and charges for services provided by the District shall apply in lieu of similar provisions, rules, regulations, fees or charges of the City; (ii) the District's water conservation and drought regulations shall apply to use of District services, in lieu of any City ordinances, rules and regulations otherwise applicable; and (iii) the District's plumbing regulations (relating to, for example, customer service inspections, cross-connections, etc.) shall apply in addition to City ordinances, rules and regulations affecting plumbing.

(6) Persons affected by a City ordinance, rule or regulation may pursue all available administrative remedies, including administrative interpretations, administrative approval to use alternate methods and materials, special exceptions, variances and waivers. The procedures and standards for such administrative remedies shall conform to this section.

(b) In addition, it is recognized that Local Government Code, Section 43.002 allows uses of land to continue (and new uses of land to begin) in certain circumstances, and they would not be subject to prohibition by the City. For purposes of that statute, the City and the District have determined that the "effective date of the annexation" would be December 31, 2014 and land uses lawfully in effect on such date will be considered a continuation of the manner in which the land was being used on the date annexation proceedings were instituted.

(c) The provisions described in subsection (a), above, have been adopted by the City ordinance authorizing this Agreement and will amend and control over all other ordinances, rules and regulations to the extent of any conflict or inconsistency. The City intends to keep such amendments in effect during the term of this Agreement, as a condition to performance under this Agreement by the District. If there is a proposal to repeal or alter such amendments, the City agrees to notify the District a reasonable time in advance and provide an opportunity for District representatives to meet and confer with City representatives regarding the proposal. Also, it is recognized that a repeal or alteration could affect the performance by the District of its obligations under this Agreement, in which case the District could raise the repeal or alteration as a defense in a proceeding to enforce such obligations.

(d) Real property covenants, conditions or restrictions applicable to real property within the District shall not be affected by annexation and may continue to be enforced according to their terms and provisions, and the City shall have no obligation for their enforcement.

Section 5.04. Other Programs and Projects.

On a case-by-case basis, the District and the City may agree to undertake other programs and projects jointly or cooperatively. For this purpose, it is recognized that the area within the District will become fully eligible for inclusion in the City's capital improvement programs. If either party proposes such a program or project, the other party agrees to meet and confer with respect to the proposal, provided that this provision shall not be deemed to obligate either party to undertake any such program or project.

ARTICLE VI
FULL-PURPOSE ANNEXATION

Section 6.01. Full Purpose Annexation.

(a) The City shall not annex any part of the District with an effective date prior to the Full Purpose Annexation Date.

(b) On the Full Purpose Annexation Date the land included within the boundaries of the District shall be deemed to be within the full purpose boundary limits of the City without the need for any further action. From and after January 1, 2015, all taxable property within the territory of the District shall become subject to ad valorem taxation by the City

Section 6.02. Conversion to Limited District; Expiration; Dissolution.

(a) Upon the Full Purpose Annexation Date, the District shall become a Limited District and shall: (i) retain its current boundaries (as they may be extended by any annexations consented to by the City); (ii) be known by its current name and (iii) continue in existence for an initial term of ten years, subject to renewal by the governing body of the City. The City intends to renew the existence of the District for successive terms of ten years each until the District notifies the City that further renewals are not desired. However, if a change in law allows the District to continue to exist as a Limited District longer (or for renewal terms), each change shall be automatically incorporated into this Agreement, and the District shall continue to exist as long as allowed by law (or for as many renewal terms as allowed by law), until the District notifies the City that continued existence (or continued renewal) is no longer desired. If the Service Plan is not formally renewed beyond its original term, it shall continue to be enforceable as part of this Agreement until the Limited District is dissolved.

(b) While a Limited District, the functions of the District shall be as provided in the District Act and other provisions of state law.

(c) The Board of the District, with approval of the Board of the Interconnected District, may adopt a resolution to terminate this Agreement and dissolve itself. Unless otherwise consented-to by the City, the District must give notice to the City at least 180 days before the effective date of termination and dissolution. However, approval by the Board of the Interconnected District is not required if the District makes suitable arrangements to avoid any significant adverse effect upon the Interconnected District, and the Parties agree to work together to amend this Agreement or make other suitable arrangements to avoid any such effect on the Interconnected District. If the Interconnected District does not take similar action to

terminate its strategic partnership agreement and dissolve itself, with the same effective date as the date set by the District, the Parties agree to work together to amend this Agreement or make other suitable arrangements to allow the Interconnected District to continue functioning.

(d) When the initial term and renewal terms of the District's existence expire (and any other continuation of the District's existence allowed by law has also ended), or when the District is dissolved, whichever first occurs, the Limited District shall expire and cease to exist, and the City shall:

- (1) take over all the property and other assets of the District,
- (2) assume all the debts, liabilities and other obligations of the District, and
- (3) perform all the functions of the District, including the provision of services

The District will execute, prior to dissolution, any and all documents reasonably requested by the City to evidence such transfer.

(e) Notwithstanding any other provision of this Agreement, the District may not, without the consent of City, be dissolved if the principal amount of all bonds, certificates of obligation or other debts payable from a pledge of the ad valorem tax revenues of the District ("tax debt") exceeds the applicable maximum shown in the chart below:

Calendar year during which effective date of dissolution is set to occur	Maximum tax debt outstanding on the effective date of dissolution*
2015	\$1,000,000
2016	\$2,000,000
2017	\$3,000,000
2018	\$4,000,000
2019	\$5,000,000
2020	\$6,000,000
2021	\$7,000,000
2022 and after	\$8,000,000

* Bonds for which debt service is to be defrayed by the City as provided in Article IV are not counted toward the maximum.

The District may by resolution, with the consent of the Interconnected District, transfer the service obligations of the District to the City and may continue to exist thereafter for the restricted purposes of levying and collecting an ad valorem tax to pay interest and principal on the remaining tax debt of the District, and after such tax debt has been reduced so that it is less than or equal to an applicable maximum shown in the chart above, the District shall be deemed dissolved. While the District continues to exist for such restricted purposes, it will have only those powers and functions reasonably necessary to carry out those restricted purposes (including complying with state law and raising necessary revenues). Any such transfer of service obligations shall be irrevocable, and City shall thereafter be responsible for the delivery of all municipal services within the District as provided by this Agreement and the annexation Service Plan. This subsection (e) does not apply to voluntary termination and dissolution under Section 8.05, below.

Section 6.03. Legislation Regarding Renewal, etc.

The Parties agree to work together, and with the Interconnected District, to prepare and present proposed amendments to the Act, the District Act or other appropriate statutes to: (i) authorize continued existence of the District (as a Limited District under this Agreement) beyond the initial ten-year term until the District determines that continued existence is no longer desired, and (ii) to enhance provisions for enforcement of this Agreement. The Parties also agree to cooperate on presenting such amendments to the Texas Legislature with a joint request that they be adopted. This section remains in effect for each session of the Legislature until such amendments are adopted and become law.

**ARTICLE VII
ENFORCEMENT, BREACH, NOTICES
AND REMEDIES**

Section 7.01. Generally.

This Article provides for enforcement and dispute resolution procedures, including determinations of breach, notices, mediation, available remedies and related matters.

Section 7.02. Notice of District's Default.

(a) The City shall notify the District and the Interconnected District in writing of any alleged material failure by the District to comply with a provision of this Agreement, describing the alleged failure with reasonable particularity. The District shall, within thirty (30) days after receipt of the notice or a longer period of time as the City may specify in the notice, either cure the alleged failure or, in a written response to the City, either present facts and arguments in refutation or excuse of the alleged failure or state that the alleged failure will be cured and set forth the method and time schedule for accomplishing the cure. The Interconnected District shall have the same rights to cure or present facts and arguments (or statements).

(b) The City shall determine (i) whether a failure to comply with a provision has occurred; (ii) whether the failure is excusable; and (iii) whether the failure has been cured or will be cured by the District or the Interconnected District. The District shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

(c) If the City determines that the failure has not occurred, or that the failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that the failure is excusable, the determination shall conclude the investigation.

(d) If the City determines that a failure to comply with a provision has occurred and that the failure is not excusable and has not been or will not be cured by the District or the Interconnected District in a manner and in accordance with a schedule reasonably satisfactory to the City, then the City may exercise applicable remedies under Section 7.04.

Section 7.03. Notice of City's Default.

(a) The District shall notify the City in writing specifying any alleged material failure by the City to comply with a provision of this Agreement, describing the alleged failure with reasonable particularity. The City shall, within thirty (30) days after receipt of the notice or the longer period of time as the District may specify in the notice, either cure the alleged failure or, in a written response to the District, either present facts and arguments in refutation or excuse of the alleged failure or state that the alleged failure will be cured and set forth the method and time schedule for accomplishing the cure.

(b) The District shall determine (i) whether a failure to comply with a provision has occurred; (ii) whether the failure is excusable; and (iii) whether the failure has been cured or will be cured by the City. The City shall make available to the District, if requested, any records, documents or other information necessary to make the determination.

(c) If the District determines that the failure has not occurred, or that the failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the District, or that the failure is excusable, the determination shall conclude the investigation.

(d) If the District determines that a failure to comply with a provision has occurred and that the failure is not excusable and has not been or will not be cured by the City in a manner and in accordance with a schedule reasonably satisfactory to the District, then the District may exercise applicable remedies under Section 7.04.

Section 7.04. Resolution of Disputes; Remedies.

(a) *Mediation.* If a dispute or disagreement arises out of this Agreement, the Parties agree to use reasonable best efforts to settle it in a just and equitable manner, recognizing their mutual interests, by following these steps:

(i) They will meet and confer within ten business days of a notice from either Party requesting such a meeting.

(ii) If a settlement is not reached at such meeting, each Party shall provide in writing to the other Party, within the next ten business days, a proposal for the resolution of the dispute, which proposal shall specifically recognize and address the other Party's position as explained at the first meeting.

(iii) Within approximately ten business days following the exchange of said proposals, the Parties will again meet and confer. If no settlement is reached, either Party may submit the matter for mediation, and both Parties will participate and try in good faith to settle. Unless they otherwise agree, the mediation will be administered by the American Arbitration Association under its Commercial Mediation Rules and in accordance with the Texas Civil Practices and Remedies Code.

Either Party may include the Interconnected District in the mediation. No Party will commence litigation or other adversarial legal proceedings arising out of this Agreement against the other Party without first attempting the steps required by this section. This does not prohibit a Party

from commencing such proceedings to prevent the running of a statute of limitations or other tolling rule or to request an injunction or other equitable remedy to prevent immediate and irreparable harm, but the Party must continue pursuing the steps required by this section. A Party may pursue mediation under this subsection before, during or after the notice and cure procedures prescribed by Sections 7.02 and 7.03.

(b) *Breach; Remedies.* A Party may file suit in a court of competent jurisdiction in Montgomery County, Texas (subject to the requirement to mediate, as provided above), and seek appropriate relief at law or in equity, including actions under the Uniform Declaratory Judgment Act, equitable remedies (including, for example, specific performance, mandamus and injunctions) and actions for money damages. Recognizing the unique nature of public and governmental services, it is agreed that termination of this Agreement shall not be a remedy for breach.

Section 7.05. Contract for Goods and Services; Provisions For Payments.

As between the Parties, this Agreement shall be conclusively deemed to be a contract for the provision of goods and services to both the City and the District pursuant to Chapter 271, Subchapter I, Texas Local Government Code. Each Party covenants and agrees to assess and collect user charges that will produce revenues sufficient to discharge its obligations to pay money under this Agreement, to the extent that other funds are not lawfully available for such purpose. The Parties understand that the City has discretion to use funds from user charges, from its regular tax levies, from sales taxes or from other lawful and available sources to discharge its obligations under this Agreement. If, for any reason, funds from such sources, taken in the aggregate, are not sufficient to discharge those obligations, the City must take all steps necessary to: (i) collect the special contract tax levied in connection with the approval of this Agreement and (ii) apply the proceeds from that tax to discharge its obligations under this Agreement, but only to the extent required.

ARTICLE VIII BINDING AGREEMENT, TERM, AND AMENDMENT

Section 8.01. Beneficiaries.

This Agreement binds and inures to the benefit of the Parties, their successors and assigns. The District shall record this Agreement with the County Clerk in the Official Records of Montgomery County, Texas. This Agreement binds each owner and each future owner of land included within the District's boundaries in accordance with Subsection (c) of the Act. There are no third-party beneficiaries of this Agreement unless specifically-named (e.g., Operating District, Interconnected District), and no un-named party shall have the right to sue to enforce this Agreement (whether based on tort, contract or other legal theory).

Section 8.02. Term.

This Agreement binds the Parties from and after the Effective Date. Provisions regarding services commence on the Full Purpose Annexation Date. This Agreement continues in effect until expiration or dissolution of the Limited District under Article VI, unless sooner terminated in accordance with the provisions of this Agreement.

Section 8.03. Amendment.

The Parties by mutual consent, and with approval of the Board of the Interconnected District, may amend the terms of this Agreement at any time, but only by written instrument duly approved by the governing bodies of both Parties and duly signed by both Parties. However, approval by the Board of the Interconnected District is not required if the District makes suitable arrangements to avoid any significant adverse effect upon the Interconnected District, and the Parties agree to work together to amend this Agreement or make other suitable arrangements to avoid any such effect on the Interconnected District.

Section 8.04. Consolidation.

It is understood that the District may consolidate (or merge) with the Interconnected District, in accordance with state law. In that event, this Agreement shall continue in effect except for those provisions that cannot, as a legal or practical matter, be applied because of the consolidation or merger. The consolidated or merged entity shall be deemed to be the successor of the District.

Section 8.05. Other Voluntary Termination.

The Board of the District, with approval of the Board of the Interconnected District, may adopt a resolution to terminate this Agreement before the District becomes a Limited District. City has informed the District that in the event of such termination the City intends to annex the District for full purposes in December of 2014 in accordance with the City's previously adopted three-year annexation plan, and, as a result, the District would be abolished by operation of law. Unless otherwise consented-to by the City, the District must give notice to the City at least sixty (60) days before the effective date of such a termination. However, approval by the Board of the Interconnected District is not required if the District makes suitable arrangements to avoid any significant adverse effect upon the Interconnected District, and the Parties agree to work together to amend this Agreement or make other suitable arrangements to avoid any such effect on the Interconnected District. If the Interconnected District does not take similar action to terminate its strategic partnership agreement, with the same effective date as the date set by the District, the Parties agree to work together to amend this Agreement or make other suitable arrangements to allow the Interconnected District to continue functioning.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 9.01. Notice.

Any formal notices or other communications (Notice) required to be given by one Party to another by this Agreement shall be given in writing addressed to the Party to be notified at the address set forth below for the Party, (i) by delivering the Notice in person, (ii) by depositing the Notice in the United States Mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party to be notified, (iii) by depositing the Notice with Federal Express or another nationally recognized courier service guaranteeing next day delivery, addressed to the Party to be notified, or (iv) by sending the Notice by telefax with confirming copy sent by mail.

Notice deposited in the United States mail in the manner herein above described shall be deemed effective from and after the third business day following the date of such deposit. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of Notice, the addresses of the Parties, until changed as provided below, shall be as follows:

All Notices required or permitted under this Agreement shall be in writing and shall be served on the Parties at the following address:

City: City of Conroe
ATTN: City Secretary
P.O. Box 3066
Conroe, Texas 77305

Telefax address: (936) 522-3009

District: Montgomery County Utility District No. 4
3 E. Greenway Plaza, Suite 2000
Houston, Texas 77046-0307

Telefax address: (713) 651-0220

The Parties may from time to time change their respective addresses, and each may specify as its address any other address within the United States of America by giving at least five days written notice to the other Party. If any date or any period provided in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable period for calculating the notice shall be extended to the first business day following the Saturday, Sunday or legal holiday.

Section 9.02. Time.

Time is of the essence in all things pertaining to the performance of this Agreement.

Section 9.03. Severability.

(a) If any part of this Agreement or of a substantially similar agreement with the Interconnecting District is found to be unenforceable, all other parts remain enforceable, but subject to reformation as provided below.

(b) Because the Parties mutually believe that all parts of those agreements are enforceable, a finding that a part is unenforceable would indicate that their belief is in error and that the Parties are mutually mistaken. Therefore, if a Party is (or will be) materially and adversely affected by a finding of unenforceability, that Party make seek equitable reformation of this Agreement. The Parties intend that reformation should restore a balance of rights and duties equivalent to the balance they anticipated when they entered into this Agreement.

Section 9.04. Waiver.

Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof or of any other provision hereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all of the provisions of this Agreement.

Section 9.05. Applicable Law and Venue.

The construction and validity of this Agreement shall be governed by the laws of the State of Texas without regard to conflicts of law principles. Venue shall be in Montgomery County, Texas.

Section 9.06. Reservation of Rights.

To the extent not inconsistent with this Agreement, each Party reserves all rights, privileges, and immunities under applicable laws.

Section 9.07. Further Documents.

The Parties agree that at any time after execution of this Agreement, they will, upon request of the other Party, execute and deliver the further documents and do the further acts and things as the other Party may reasonably request in order to effectuate the terms of this Agreement.

Section 9.08. Incorporation of Appendices and Other Documents by Reference.

All Appendices and other documents attached to or referred to in this Agreement are incorporated into this Agreement by reference for the purposes set forth in this Agreement.

Section 9.09. Effect of State and Federal Laws.

Notwithstanding any other provision of this Agreement, the City and the District shall comply with all applicable statutes or regulations of the United States, the State of Texas and City Charter provisions implementing such statutes or regulations.

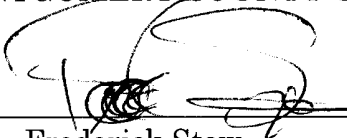
Section 9.10. Authority for Execution.

The City certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with the City Charter and City Ordinances. The District certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted by the Board.

[EXECUTION PAGES FOLLOW]

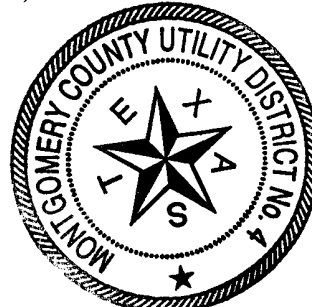
IN WITNESS WHEREOF, the Parties have executed this Agreement in multiple copies, each of which shall be an original, as of the date signed by the Mayor of the City of Conroe.

MONTGOMERY COUNTY UTILITY DISTRICT NO. 4

By: 
Frederick Stow
President, Board of Directors

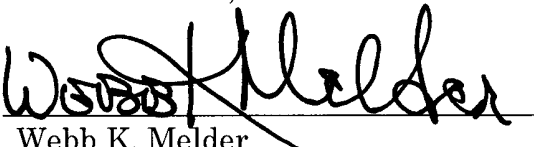
ATTEST:


Gary S. North
Secretary, Board of Directors
Tax ID No. 76-0068823

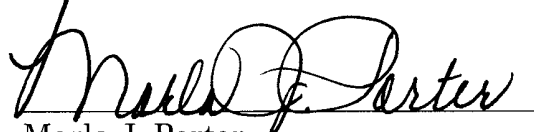


(DISTRICT SEAL)

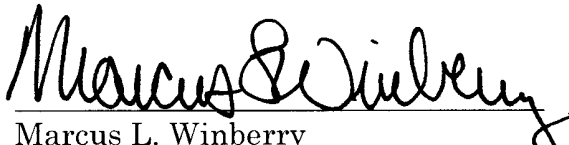
CITY OF CONROE, TEXAS

By: 
Webb K. Melder
Mayor
Date signed by Mayor: 2-22, 2013 (Effective Date)

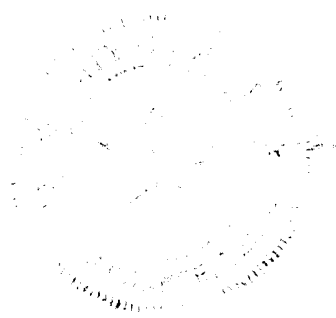
ATTEST:


Marla J. Porter
City Secretary

APPROVED AS TO FORM:

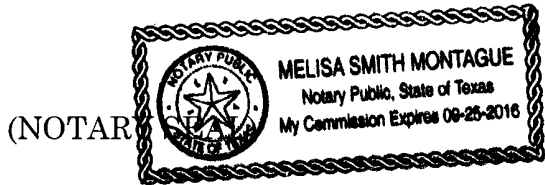

Marcus L. Winberry
City Attorney

(CITY SEAL)



THE STATE OF TEXAS §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me this 21st day of February, 2013, by Frederick Stow, as President, and Gary S. North, as Secretary, of the Board of Directors of MONTGOMERY COUNTY UTILITY DISTRICT NO. 4, a political subdivision of the State of Texas, on behalf of said political subdivision.

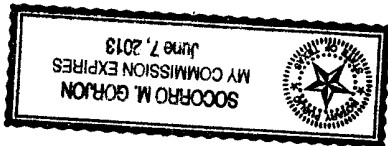


Melisa Smith Montague
Notary Public in and for the State of Texas

THE STATE OF TEXAS §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me this 22 day of Feb., 2013, by Webb K. Melder, as Mayor, and Marla J. Porter, as City Secretary, of THE CITY OF CONROE, TEXAS, a Texas municipal corporation.

(NOTARY SEAL)



Scoop M. Gorjin
Notary Public in and for the State of Texas

After recording, return to:
Melisa Montague
Coats, Rose, Yale, Ryman & Lee, P.C.
3 E. Greenway Plaza, Suite 2000
Houston, Texas 77046-0307

4830-1735-6818, v. 1

**APPENDIX A
LAND INCLUDED WITHIN THE BOUNDARIES OF THE DISTRICT**

Generally. The land included within the boundaries of the District, as of the Full Purpose Annexation Date, will be:

- (i) the initial territory of the District, plus
- (ii) any other territory duly added to the District before the Full Purpose Annexation Date,

as such territory is shown by the District's official boundary records (including both metes-and-bounds descriptions and maps) filed and recorded in the Real Property Records of Montgomery County, Texas. All such descriptions and maps are and shall be incorporated into this Agreement by reference.

Initial Territory of the District; Metes and Bounds. The District's official boundary records include the document entitled "FOURTH AMENDED AND RESTATED DISTRICT INFORMATION FORM WITH MAP ATTACHED" recorded in the Real Property Records of Montgomery County, Texas under Clerk's File No. 2006-080400 ("Information Form"). A copy of the metes-and-bounds description from the Information Form is attached to and made a part of this Agreement, for all purposes, to describe the initial territory of the District.

(METES-AND-BOUNDS DESCRIPTION, 23 PAGES [STAMPED: "EXHIBIT "B"]
FOLLOWS THIS PAGE)

THE STATE OF TEXAS

§

COUNTY OF MONTGOMERY

§

MONTGOMERY COUNTY UTILITY DISTRICT NO.4

§

The complete and accurate legal description of the boundaries of the District is as follows:

The district shall comprise all of the territory contained within the following described area:

Lying wholly in Montgomery County, Texas, being 13 non-contiguous tracts of land containing a total of 760.669 acres of land, more or less, being out of the William C. Clark, Survey, A-6, the John T. Vince Survey, #41, the William Atkins Survey, A-3, and the James Smith Survey, A-37, being more particularly described by meters and bounds as tracts 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 as follows:

TRACTS 1 and 4: Being 290.968 acres of land, more or less;

BEGINNING at a concrete monument marking the northeast corner of the said John I. Vince Survey, and an easterly corner of the tract of land described herein;

THENCE South 00°32'07" East, 42.48 feet along the east line of the said John T. Vince Survey, to a point on the 201-foot contour as established for Lake Conroe by the San Jacinto River Authority, the said point being an easterly corner of the tract of land described herein;

THENCE, in a westerly direction with the meanders of the said 201-foot contour as follows;

North 85°32'22" West, 93.40 feet;
 South 89°08'05" West, 119.45 feet;
 North 82°57'27" West, 108.27 feet;
 North 66°59'25" West, 74.71 feet;
 North 89°17'03" West 282.43 feet;
 North 54°29'08" West, 114.88 feet;
 North 84°09'30" West, 238.82 feet;
 South 32°01'07" West 101.39 feet;
 South 05°33'19" West, 78.43 feet;
 South 12°59'21" East, 216.19 feet;
 South 00°44'40" West, 123.46 feet;

South 36°22'26" West, 87.50 feet;
 South 60°21'13" West, 328.14 feet;
 South 39°34'37" West, 67.04 feet;
 South 19°51'01" West, 249.46 feet;
 South 07°07'32" West, 95.44 feet;
 South 33°37'14" West, 200.63 feet;
 South 34°06'37" West, 242.93 feet;
 South 50°07'32" West, 34.55 feet;
 North 77°06'48" West, 57.09 feet;
 South 00°14'55" West 92.72 feet;
 South 29°31'31" West, 169.47 feet; and
 South 42°37'52" West, 128.35 feet to a point for the most southerly
 southeast
 corner of the tract of land described herein;

THENCE, South 89°54'50" West, 587.79 feet to a 1-inch iron pipe for the southwest corner of the tract of land described herein;

THENCE, North 00°41'10" West 914.02 feet to an angle point on the north right-of-way line of Highway 105 (R.O.W. varies) and also being on the westerly boundary of the tract of land described herein;

THENCE, North 44°05'16" East, 103.44 feet to an angle point to the westerly boundary of the tract of land described herein;

THENCE, North 42°26'11" East, 793.63 feet to an angle point in the westerly boundary of the tract of land described herein;

THENCE, North 31°51'54" West, 501.04 feet to an angle point in the westerly boundary of the tract of land described herein;

THENCE, North 41°54'01" West 366.97 feet to an angle point in the westerly boundary of the tract of land described herein;

THENCE, North 17°04'36" East, 850.48 feet to an angle point in the westerly boundary of the tract of land described herein;

THENCE, North 04°49'05" East, 244.37 feet to an angle point in the westerly boundary of the tract of land described herein;

THENCE, North 02°13'21" West 662.35 feet to an angle point in the westerly boundary of the tract of land described herein;

THENCE, North 30°33'09" West, 334.43 feet to an angle point in the westerly boundary of the tract of land described herein;

THENCE, North 54°27'31" West, 465.33 feet to an angle point in the westerly boundary of the tract of land described herein;

THENCE, North 03°56'11" West, 1165.13 feet to a point on the said 201-foot contour for the most westerly northwest corner of the tract of land described herein;

THENCE, in an easterly direction following the meanders of the said 201 foot contour as follows:

North 20°57'00" East, 40.80 feet;
 North 20°34'00" West, 57.40 feet,
 North 04°52'00" East, 128.60 feet
 North 03°57'00" East, 185.20 feet;
 North 31°42'00" East, 103.40 feet;
 North 58°45'00" East, 242.91 feet;
 South 86°20'00" East, 207.58 feet;
 South 57°35'00" East, 273.00 feet;
 South 69°16'00" East, 77.50 feet;
 North 66°39'00" East, 57.00 feet;
 South 79°56'00" East, 227.95 feet;
 South 21°41'00" East, 55.50 feet
 North 24°18'00" East, 78.60 feet;
 North 68°04'00" East, 228.65 feet;
 North 42°44'00" East, 222.80 feet
 North 83°35'00" East, 237.20 feet
 South 62°50'00" East, 97.40 feet;
 South 10°49'00" East, 111.09 feet;
 South 20°22'00" East, 135.20 feet
 South 14°18'00" West, 204.24 feet;
 South 38°54'00" West, 118.45 feet
 South 10°15'00" West, 112.40 feet;
 South 12°33'00" East, 101.20 feet;
 South 10°13'00" West, 125.90 feet
 South 46°29'00" West, 72.20 feet;
 South 53°39'00" East, 69.90 feet;
 South 31°00'00" East, 167.70 feet;
 South 07°55'00" East, 98.80 feet;
 South 05°13'00" West, 186.29 feet
 South 20°08'00" West, 209.80 feet;
 South 37°29'00" West, 201.70 feet
 South 54°36'00" West, 187.85 feet;
 South 00°39'00" East, 152.00 feet;
 South 24°31'00" West, 124.10 feet;
 South 47°02'00" East, 19.30 feet;
 North 35°19'00" East, 199.03 feet;

North 74°46'00" East, 530.55 feet;
 North 55°41'00" East, 498.45 feet;
 South 61°09'00" East, 59.20 feet;
 North 10°44'00" East, 131.70 feet;
 North 00°05'00" East, 114.10 feet;
 North 16°23'00" West, 199.85 feet
 North 08°21'00" East, 103.60 feet;
 North 47°32'00" East, 66.20 feet;
 North 05°56'00" East, 114.20 feet
 North 10°33'00" East, 147.60 feet;
 North 11°15'00" East, 69.25 feet;
 North 29°19'00" East, 98.30 feet;
 North 37°27'00" East, 99.60 feet:
 North 50°56'00" East 87.10 feet;
 North 66°11'00" East, 96.00 feet;
 South 81°14'00" East, 205.85 feet;
 North 36°06'00" East, 83.00 feet;
 North 53°46'00" East, 74.60 feet;
 South 65°58'00" East 135.30 feet;
 North 80°01'00" East, 51.50 feet;
 North 65°00'00" East 52.30 feet;
 North 77°35'00" East, 79.10 feet;
 South 86°03'00" East, 125.75 feet;
 South 64°25'00" East, 5.50 feet;
 South 74°27'03" East, 74.92 feet
 South 15°57'32" East, 146.20 feet;
 South 52°02'33" East, 68.20 feet;
 North 72°21'29" East, 118.30 feet;
 South 18°56'32" East, 128.50 feet;
 South 03°03'33" East, 158.50 feet;
 South 16°26'32" East, 145.80 feet;
 South 11°20'31" East, 128.90 feet;
 South 45°57'33" East, 150.00 feet;
 North 55°31'27" East, 170.20 feet
 North 30°12'28" East, 136.40 feet;
 North 53°27'28" East, 123.80 feet;
 South 76°38'32" East, 57.50 feet;
 South 50°30'33" East, 186.00 feet;
 North 74°09'29" East, 95.90 feet,
 North 30°07'27" East, 126.80 feet;
 North 50°00'29" East, 107.30 feet;
 North 85°17'29" East, 107.20 feet:
 South 42°31'33" East, 134.30 feet;
 South 76°03'32" East, 136.00 feet;
 South 50°45'32" East, 170.60 feet; and South 61°06'33" East, 196.80 feet
 to a point for the northwest corner of he tract described herein;

127-11-2025

EXHIBIT "B"

THENCE, South 88°38'28" West, 431.80 feet to an angle point;

THENCE, South 68°47'00" West, 2256.06 feet to a fence corner for an interior corner of the tract of land described herein;

THENCE, South 01°00'06" East 1751.19 feet to a fence corner for an angle point in an easterly line of the tract of land described herein;

THENCE, South 00°20'15" West, 1731.68 feet to a point on the north line of the said John I. Vince Survey, for an interior corner of the tract of land described herein;

THENCE, North 89°26'28" East, 76.57 feet along the north line of the said John T. Vince Survey, to the **POINT OF BEGINNING**, containing 290.968 acres of land, more or less.

TRACT 2 Being 2.168 acres of land, more or less;

COMMENCING at a concrete monument marking the northeast corner of the said John T. Vince Survey;

THENCE, South 00°32'07" East, 1713.79 feet along the east line of the said John T. Vince Survey, to a concrete monument;

THENCE, South 89°54'50" West, 491.27 feet to a point in the northwesterly boundary line of the 120-foot right-of-way for State Highway 105;

THENCE, North 66°59'19" West 292.15 feet along the northeasterly boundary line of the said State Highway 105 to a point;

THENCE, North 23°28'55" East, 50.00 feet to a point on the said 201-foot contour for the **POINT OF BEGINNING** at the most southerly corner of the tract of land described herein;

THENCE, North 66°59'19" West, 206.05 feet to a point on the said 201-foot contour for the most westerly corner of the tract of land described herein;

THENCE, in a northerly direction with the meanders of the said 201-foot contour as follows;

North 50°05'28" East, 120.08 feet;

North 40°47'00" East, 101.07 feet

North 13°18'56" East, 188.20 feet;

127-11-2026

EXHIBIT "B"

North 31°06'56" East, 99.81 feet;
North 38°57'48" East, 88.24 feet;
North 52°33'13 East, 71.93 feet;

THENCE, in a southerly direction continuing with the meanders of the said 201-foot contour as follows:

South 06°44'48" East, 103.07 feet;
South 10°14'24" West, 116.01 feet;
South 01°48'19" West, 155.67 feet;
South 28°13'23" West, 127.39 feet;
South 46°20'55" West 107.64 feet; and
South 23°27'49" West, 61.56 feet to the POINT OF BEGINNING,
containing 2.168 acres of land, more or less.

TRACT 5: Being 219.070 acres of land, more or less;

COMMENCING at a 1-inch iron pipe for the southwest corner of Tract 1;

THENCE, North 00°41'10" West, 914.02 feet to a point being on the northerly right-of-way line of State Highway 105;

THENCE, continuing with said northerly right-of-way line, North 66°59'43" West, a distance of 473.35 feet to a Texas Highway Department monument for corner,

THENCE, continuing with said northerly right-of-way line, North 23°00'17" East, a distance of 25.00 feet to a Texas Highway Department monument for corner;

THENCE, continuing with said northerly right-of-way line, North 66°59'43" West, a distance of 750.00 feet to a Texas Highway Department monument for corner;

THENCE, continuing with said northerly right-of-way line, South 23°00'17" West, a distance of 25.00 feet to a Texas Department monument for corner;

THENCE, North 66°59'43" West, a distance of 2620.43 feet to a point, said point being the intersection of the northerly right-of-way line of State Highway 105, with the common survey line of the William Atkins Survey, A-3, and the William C. Clark Survey, A-6, Montgomery County, Texas:

THENCE, North 00°18'01" East, a distance of 1306.25 feet to the POINT OF BEGINNING;

THENCE, North 89°24'38" West, a distance of 585.69 feet to a ½ inch galvanized iron pipe found for corner;

THENCE, South 00°00'40" West, a distance of 1059.83 feet to a point for corner in the northerly right-of-way line of said State Highway 105;

THENCE, with said northerly right-of-way line, North 66°51'33" West, a distance of 81.79 feet to a Texas Highway Department monument for corner;

THENCE, continuing with said northerly right-of-way line, South 19°09'41" West, a distance of 15.39 feet to a Texas Highway Department monument for corner;

THENCE, continuing with said right-of-way line, North, 66°59'31" West, a distance of 1433.51 feet to a Texas Highway Department monument for corner and beginning of a curve;

THENCE, along a curve to the right, having a central angle of 04°07'00" a radius of 5669.58 feet, and a chord bearing North 64°56'01" West, for an arc length of 407.36 feet to a point for corner, the end of said curve;

THENCE, North 62°51'17" West, a distance of 1353.77 feet to a Texas Highway Department monument for corner, on said northerly right-of-way line;

THENCE, continuing with said right-of-way line, North, 34°18'45" West, a distance of 114.20 feet to a Texas Highway Department monument for corner;

THENCE, continuing with said right-of-way line, North 62°53'01" West, a distance of 290.95 feet to a point for corner;

THENCE, leaving said northerly right-of-way line, North 13°51'01" West, a distance of 216.09 feet to a point for corner, said point being on the 201-foot contour line of Lake Conroe as established by the San Jacinto River Authority;

THENCE, with the meanders of the aforementioned 201-foot contour line, the following courses and distances;

North 76°45'19" East, 10.28 feet;
 North 76°25'58" East, 148.51 feet;
 South 80°29'46" East, 93.19 feet;
 South 80°55'13" East, 159.64 feet;
 South 51°23'58" East, 85.07 feet;
 North 05°31'38" West, 51.46 feet;
 North 25°55'15" West, 142.95 feet;
 North 02°13'53" West, 95.40 feet;
 North 27°56'16" East, 53.95 feet;
 North 42°26'14" East, 94.35 feet;
 North 59°18'38" East, 91.32 feet;

South 88°56'48" East, 221.83 feet;
 South 72°31'32" East, 150.21 feet;
 South 75°18'56" East, 77.20 feet;
 South 86°06'18" East, 80.99 feet;
 South 71°37'30" East, 63.49 feet;
 North 61°10'05" East, 59.69 feet;
 North 26°48'00" West, 83.01 feet;
 North 27°29'11" West, 61.73 feet;
 North 40°56'09" West, 114.59 feet;
 North 40°39'04" West, 121.99 feet;
 North 45°52'02" West, 151.02 feet;
 North 09°58'31" West, 110.55 feet;
 North 65°37'09" West, 73.33 feet;
 North 70°14'42" West, 207.26 feet;
 South 70°18'40" West, 83.56 feet;
 North 66°14'42" West, 59.94 feet;
 North 48°18'15" West, 49.23 feet;
 North 07°41'51" East, 132.76 feet;
 North 12°52'34" East, 128.89 feet;
 North 24°52'28" East, 110.23 feet;
 North 18°30'52" East, 201.90 feet;
 North 26°37'52" East, 141.74 feet;
 North 30°44'47" East, 134.89 feet;
 North 45°11'42" East, 113.71 feet;
 North 26°09'54" East, 76.72 feet;
 North 55°10'03" East, 50.20 feet;
 North 59°06'05" East, 64.76 feet;
 North 89°26'20" East, 36.60 feet;
 North 05°51'44" West, 41.10 feet;
 North 55°51'56" East, 52.14 feet;
 South 46°43'36" East, 51.86 feet;
 North 02°21'01" West, 43.61 feet;
 South 87°37'59" East, 91.47 feet;
 South 40°11'54" East, 79.26 feet;
 South 21°00'36" East, 174.51 feet;
 North 01°40'50" East, 147.31 feet;
 North 44°41'42" East, 90.89 feet;
 North 67°02'06" East, 39.89 feet;
 North 01°57'00" East, 41.24 feet;
 South 85°04'18" East, 47.48 feet;
 North 20°19'39" East, 77.70 feet;
 North 38°48'41" East, 70.50 feet;
 North 48°46'54" East, 111.80 feet;
 North 50°28'23" East, 99.30 feet;
 North 72°11'49" East, 112.71 feet;
 North 87°11'39" East, 114.68 feet

South 86°49'47" East, 82.39 feet;
 South 82°45'44" East, 95.79 feet;
 South 36°18'34" East 124.64 feet;
 South 11°55'22" East, 74.57 feet;
 South 12°06'30" East, 160.67 feet;
 South 02°27'32" West, 76.64 feet;
 South 19°42'18" East, 96.01 feet
 South 76°52'53" East, 42.24 feet;
 North 53°27'37" East, 120.37 feet;
 North 55°54'41" East, 95.30 feet;
 North 66°52'45" East 69.54 feet;
 South 76°42'10" East, 196.39 feet;
 North 62°30'46" East, 170.45 feet;
 South 53°50'24" East, 32.47 feet;
 South 28°44'06" West, 33.56 feet;
 South 59°16'04" West, 180.59 feet:
 South 51°50'44" East, 79.21 feet;
 South 59°58'31" East, 34.67 feet;
 South 55°39'57" East, 29.57 feet;
 South 08°14'32" East, 55.56 feet;
 North 19°58'22" East, 111.29 feet;
 North 11°41'30" East 156.07 feet;
 North 22°21'32" West, 106.62 feet;
 North 40°19'09" East; 26.25 feet;
 North 73°17'34" West, 29.84 feet;
 North 07°51'16" East, 13.93 feet;
 North 74°49'23" East, 22.97 feet;
 North 04°00'56" West, 21.02 feet
 North 28°52'46" East, 42.83 feet;
 North 71°59'18" East, 47.12 feet
 North 63°37'01" West 33.92 feet;
 North 44°54'38" West, 75.05 feet;
 North 10°02'52" East, 81.05 feet,
 North 19°37'15" East, 72.25 feet;
 North 88°24'04" East, 81.90 feet;
 South 67°14'28" East, 102.51 feet;
 South 46°38'56" East 56.40 feet;
 North 36°54'38" East, 54.63 feet;
 South 72°28'27" East, 149.97 feet;
 South 56°03'40" East, 110.64 feet;
 South 40°27'27" East, 94.09 feet;
 South 83°49'30" East, 124.71 feet;
 North 86°58'06" East, 111.80 feet;
 North 81°28'43" East, 81.65 feet'
 North 56°13'10" East, 68.16 feet
 South 67°32'13" East, 78.51 feet

South 13°18'20" East, 97.40 feet;
 South 06°21'38" East, 75.10 feet;
 South 02°15'52" West, 178.29 feet;
 South 39°38'36" West, 144.05 feet;
 South 03°49'54" West, 139.93 feet;
 North 87°15'42" West, 60.64 feet;
 South 41°02'09" East, 41.83 feet;
 South 55°58'08" West, 89.03 feet;
 South 36°47'20" West, 84.95 feet;
 South 38°38'29" West, 76.09 feet;
 South 44°48'21" West, 67.12 feet;
 North 74°57'30" West, 55.68 feet;
 South 44°58'14" West, 36.64 feet;
 North 56°39'17" West, 64.69 feet;
 South 31°27'33" East, 52.25 feet;
 South 24°59'59" West, 38.41 feet
 South 70°39'19" West, 88.15 feet; and North 86°51'38" East, 56.40 feet
 to a point for corner;

THENCE, South 74°00'58" West, a distance of 8.01 feet to a point for corner;
 THENCE, South 73°45'38" West, a distance of 46.62 feet to a point for corner;
 THENCE, South 62°37'13" West, a distance of 120.00 feet to a point for corner;
 THENCE, South 48°11'30" West, a distance of 39.55 feet to a point for corner;
 THENCE, South 45°50'48" West, a distance of 160.00 feet to a point for corner;
 THENCE, South 66°02'20" West, a distance of 11.31 feet to a point for corner;
 THENCE, South 42°13'41" West, a distance of 160.00 feet to a point for corner;
 THENCE, South 47°46'19" East, a distance of 108.78 feet to a point for corner;
 THENCE, South 32°41'02" West, a distance of 14.70 feet to a point for corner;
 THENCE, South 24°05'44" West, a distance of 30.06 feet to a point for corner;
 THENCE, South 35°22'11" West, a distance of 98.93 feet to a point for corner;
 THENCE, South 17°51'17" East, a distance of 759.05 feet to a point for corner;
 THENCE, South 51°01'58" West, a distance of 117.17 feet to a point for corner;
 THENCE, South 55°47'47" West, a distance of 60.21 feet to a point for corner;
 THENCE, South 51°01'58" West, a distance of 120.00 feet to a point for corner;
 THENCE, South 38°58'02" East, a distance of 190.85 feet to a point for corner;
 THENCE, South 79°07'02" East, a distance of 117.14 feet to a point for corner;
 THENCE, South 82°15'30" East, a distance of 60.14 feet to a point for corner;
 THENCE, South 78°37'12" East, a distance of 129.49 feet to a point for corner;
 THENCE, South 89°05'06" East, a distance of 127.94 feet to a point for corner;
 THENCE, North 70°13'15" East, a distance of 63.58 feet to a point for corner;
 THENCE, North 87°55'04" East, a distance of 120.47 feet to a point for corner;
 THENCE, North 00°27'51" East, a distance of 48.84 feet to a point for corner;
 THENCE, North 87°25'14" East, a distance of 119.72 feet to a point for corner;
 THENCE, North 50°17'01" East, a distance of 72.12 feet to a point for corner;

THENCE, North 80°50'30" East, a distance of 127.14 feet to a point for corner, said

point being on the said common survey line of the William Atkins Survey and the William C. Clark Survey;

THENCE, South $00^{\circ}27'51''$ West, a distance of 621.29 feet, being along the said common survey line, to the POINT OF BEGINNING, CONTAINING 219.070 acres of land, more or less.

TRACT 6: Being 9.0683 acres of land;

Being 9.0683 acres of land out of the William Atkins Survey, Abstract No. 3, Montgomery County, Texas, and being more particularly described by metes and bounds as follows;

COMMENCING at the most Southwest corner of Lot Number 88 in Section 8 of April Sound Subdivision, an iron rod for corner;

THENCE, along the North right-of-way line of State Highway 105, North $62^{\circ}54'58''$ West, 996.65 feet to the POINT OF BEGINNING of this 9.0683 acre tract;

THENCE, North $62^{\circ}49'00''$ West, 513.01 feet to a Texas Highway Department concrete monument for corner;

THENCE, North $63^{\circ}36'18''$ West, 127.31 feet to a point for corner;

THENCE leaving said right-of-way line and proceeding North $27^{\circ}02'30''$ East, 62.13 feet to a point for corner;

THENCE, North $08^{\circ}51'06''$ West, 126.10 feet to a point for corner;

THENCE, North $22^{\circ}18'19''$ East, 283.06 feet to a point for corner;

THENCE, North $71^{\circ}20'46''$ East, 76.91 feet to a point for corner;

THENCE, North $65^{\circ}17'09''$ East, 181.33 feet to a point for corner;

THENCE, North $82^{\circ}14'00''$ East, 185.36 feet to a point for corner;

THENCE, South $82^{\circ}01'50''$ East, 82.90 feet to a point for corner;

THENCE, South $79^{\circ}07'09''$ East, 31.83 feet to a point for corner;

THENCE, South $19^{\circ}38'21''$ East, 52.68 feet to a 10-inch Red Oak for corner;

THENCE, South $07^{\circ}01'41''$ West, 338.96 feet to a point for corner;

THENCE, South 07°06'50" West, 458.24 feet to the POINT OF BEGINNING, CONTAINING 9.0683 acres of land.

TRACT 7: Being 217.747 acres of land

BEING 217.747 acres of land out of the William C. Clarke Survey, Abstract No. 6, Montgomery County, Texas, and being more particularly described by METES AND BOUNDS as follows;

BEGINNING at the southeast corner of the current Montgomery County MUD No. 4 same being the southeast corner of Lake View Village Section Two Subdivision, (Cabinet A, Sheet 60, Montgomery County Map Records);

THENCE, along the waterline of Lake Conroe (based on 201.00 foot elevation line), the following three (3) courses and distances;

- 1) South 61°06'31" East, 29.85 feet;
- 2) South 55°40'33" East, 30.57 feet;
- 3) South 45°58'33" East 870.75 feet to a point for corner on the west line of McCaleb Road, a public street 60.00 feet wide;

THENCE, South 00°11'27" West, 790.27 feet along the west line of McCaleb Road, to a point for the most easterly southeast corner of the herein described parcel:

THENCE, North 88°31'44" West 811.54 feet along the north line of said McCaleb Road to a point for corner;

THENCE, along the west line of said McCaleb Road the following two (2) courses and distances;

- 1) South 10°24'30" W East, 77.81 feet to an angle point;
- 2) South 01°11'00" West 531.67 feet to a point for corner

THENCE, along the waterline of Lake Conroe, the following twelve (12) courses and distances;

- 1) North 58°12'50" West, 80.45 feet;
- 2) North 66°53'30" West, 396.28 feet;
- 3) South 59°48'30" West, 108.15 feet;
- 4) South 06°49'30" West, 60.90 feet;
- 5) South 35°33'30" East, 190.25 feet;
- 6) South 41°36'30" East, 157.20 feet;
- 7) South 49°26'30" East, 170.00 feet;

8) South 15°15'30" East, 79.50 feet;
 9) South 28°57'30" West, 120.90 feet;
 10) South 49°04'30" West, 219.60 feet;
 11) South 60°11'27" East, 185.98 feet;
 12) South 84°16'30" East, 240.50 feet to a point for corner on the west line of McCaleb Road

THENCE, South 01°15'43" West, 751.14 feet to a point for corner on the north line of a 60.00 foot wide street;

THENCE, North 89°25'19" West, 1188.43 feet along the north line of said 60.00 foot wide street to an angle point:

THENCE, North 88°37'45" West, 1356.45 feet continuing along the north line of said street and its westerly extension to a point for the southwest corner of the tract herein described, same being in the west line of a 60.00 foot wide road running in a North-South direction;

THENCE, North 00°20'15" East, 1671.16 feet along the east line of said road to an angle point;

THENCE, North 00°21'05" West 1750.56 feet (called South 01600106 East, 1751.19 feet) along the west line of a 30.00 foot wide road right-of-way described in Volume 730, Page 461 of the Montgomery County Deed Records to a point for corner;

THENCE, North 89°40'43" East, 800.37 feet along the north line of said 30.00 foot road right-of-way to an angle point located at the northeast corner of said dedicated right-of-way;

THENCE, North 89°22'56" East, 1455.52 feet along the north line of a 30.00 foot wide road to a point for corner;

THENCE, North 00°50'29" East, 13.33 feet to a point for corner;

THENCE, North 88°55'29" East, 431.81 feet (called South 88°36'26" West, 431.80 feet) to the POINT OF BEGINNING & CONTAINING 217.747 acres of land in Montgomery County, Texas.

TRACT 8: Being two (2) separate parcels consisting of 6.3180 acres of land;

Parcel 1: Being 5.5243 acres of land;

BEGINNING at a concrete monument found on the northerly right-of-way line of Texas State Highway No, 105, approximately 1440 feet southeasterly from Pine Lake Drive,

said concrete monument marking (a) the southeast corner of Colony Place Subdivision and (b) the southwest corner of the herein described parcel;

THENCE, along the east line of said Colony Place Subdivision, the following three (3) courses and distances:

- 1) North 07°06'50" East, 458.24 feet to a 1-inch iron pipe set at an angle point;
- 2) North 07°01'41" East, 338.96 feet to a 1-inch iron pipe set at an angle point;
- 3) North 19°38'21" West, 52.68 feet to a 1-inch iron pipe set for the northwest corner of the parcel being described; said iron pipe being on the established boundary line of Lake Conroe;

THENCE, along the meanders of Lake Conroe's boundary generally based on the contour line of a 201.00 foot elevation, the following seven (7) courses and distances:

- 1) South 68°33'30" East, 59.92 feet to a point for angle;
- 2) South 56°59'25" East, 86.95 feet to a 1/2-inch iron rod found at an angle point;
- 3) South 76°58'12" East, 170.10 feet to a 1/2-inch iron rod found for corner;
- 4) South 11°35'53" East, 155.56 feet to a 1/2-inch iron rod found at an angle point;
- 5) South 12°54'12" West, 436.52 feet to a 1/2-inch iron rod found at an angle point;
- 6) South 26°44'44" West, 144.34 feet to a 1/2-inch iron rod found at an angle point;
- 7) South 39°17'28" West 137.85 feet to a concrete monument found on the northerly right-of-way line of State Highway 105 for the southeast corner of the herein described parcel;

THENCE, North 62°49'00" West, 175.89 feet along said northerly right-of-way line of State Highway 105, to the **POINT OF BEGINNING**, CONTAINING 5.5243 acres of land area.

Parcel 2: Being 0.7937 acres of land, more or less;

COMMENCING for reference at a concrete monument found on the northerly right-of-way line of State Highway 105, marking the southeast corner of the above described 5.5243 acres:

THENCE South 62°54'56" East, 502.72 feet along the northerly right-of-way line of State Highway 105 to a concrete monument found for the southwest corner of the herein described parcel and the **POINT OF BEGINNING**:

THENCE, North 40°56'47" West, 36.48 feet to a point for corner;

THENCE, North 74°13'51" East, 147.17 feet to a point for angle;

THENCE, North 71°41'27" East, 109.45 feet to a point for corner;

THENCE, South 13°51'01" East, 254.93 feet partially along the west line of April Sound Section Eight a subdivision of record in Volume 2, Page 79 of the Montgomery County Map Records to a 5/8" iron rod found for corner on the northerly right-of-way line of State Highway 105; this point bears South 62°53'01 East, 290.95 feet to a concrete monument found at an angle point in said right-of-way line;

THENCE, North 62°53'01" West, at 5.18 feet passing a 5/8-inch iron rod found, and continuing the same course for a total distance of 316.09 feet to the POINT OF BEGINNING and CONTAINING 0.7937 acre of land;

TRACT 9

A METES AND BOUNDS of 5.200 acres of land, which is Bay Pointe Estates on Lake Conroe according to the plat thereof recorded under File No. 9606334, Cabinet K, Sheet 69-70 in the Map Records of Montgomery County, Texas, in the William C. Clark Survey, A-6, and the James Smith Survey, A-37, Montgomery County, Texas, and being more particularly described by metes and bounds as follows: (All bearings based on the lower east line of the Mitchell Development 96,188 acre tract called to be North 00°35' East, in the deed recorded under File No. 8549005 in the Official Public Records of Real Property of Montgomery County, Texas);

BEGINNING at a 5/8-inch iron rod found for the northeast corner of the 0.137 acre tract described in the deed recorded under File No. 8913543 in the Official Public Records of Real Property of Montgomery County, Texas, in the south right-of-way line of Old McCaleb Road (Width Varies – east/west alignment), common to the most westerly corner of the herein described tract;

THENCE North 89°55'05" East, 20.60 feet continuing along said south right-of-way to a 5/8-inch iron rod found for the intersection of said south right-of-way and the east right-of-way line of Old McCaleb Road (Width Varies – north/south alignment);

THENCE North 00°32'00" East, 408.57 feet continuing along said east right-of-way to a 5/8- inch iron rod found for the southwest corner of the 0.404 acre tract described in the deed recorded under File No. 7747990 in the Official Public Records of Real Property of Montgomery County, Texas;

THENCE South 89°27'15" East, 23.13 feet along the south line of said 0.404 acre tract to

a 5/8-inch iron rod found for the southeast corner of said 0.404 acre tract common to the southwest corner of the 0.596 acre tract described in the deed recorded under File No. 8549008 in the Official Public Records of Real Property of Montgomery County, Texas;

THENCE South 89°28'00" East, 102.05 feet along the south line of said 0.596 acre tract to a 5/8-inch iron rod found for the southeast corner of said 0.596 acre tract, in west line of Lake Conroe;

THENCE along the west line of said Lake Conroe the following nine (9) courses and distances;

South 13°17'16" East, 81.16 feet to an angle corner of the herein described tract
 South 59°53'29" East, 102.39 feet to an angle corner of the herein described tract;
 South 68°43'15" East, 232.55 feet to an angle corner of the herein described tract;
 South 42°29'56" East, 103.30 feet to an angle corner of the herein described tract;
 South 28°32'09" East, 176.07 feet to an angle corner of the herein described tract;
 South 27°22'00" West, 109.08 feet to an angle corner of the herein described tract;
 South 80°17'41" West, 106.97 feet to an angle corner of the herein described tract;
 North 70°30'55" West, 218.36 feet to an angle corner of the herein described tract
 South 82°38'28" West, 236.28 feet to an angle corner of the herein described tract, in the east line of the aforesaid 0.137 acre tract:

THENCE, North 24°06'55" West, 121.30 feet continuing along said east line to the POINT OF BEGINNING of the herein described tract and CONTAINING 5.200 acres of Land;

TRACT 10:

A METES AND BOUNDS of a 2.89 acre tract or parcel of land, lying and being situated in the James Smith Survey, Abstract No. 37, Montgomery County, Texas, and being all of the called 2.602 acre tract, Exhibit "A", and all of the called 0.153 acre tract, Exhibit 'B-1' and the 0.129 acre tract, Exhibit 'B-2' as described in the Special Warranty Deed from Bernard Katz to Karbrooke, Inc., recorded in File No. 076-00-0480 of the Official Records of Montgomery County, Texas, and being more particularly described as follows:

BEGINNING at the 3/8 iron rod found marking the common corner between the aforementioned 2.602 acre tract and the 1.00 acre tract described in the deed to James E. Fore, et ux, recorded in File No. 441-01-2533 of the Official Records of Montgomery County, Texas, said iron rod being in the south line of Marine Drive (apparent 60 foot right-of-way);

THENCE, South 89°52'06" East, along the south line of Marine Drive for a distance of 367.00 feet to a 3/8 iron rod found marking the common corner between the said 2.602 acre tract and the 2.2034 acre tract described in the deed to Jerry P. Katz, recorded in Volume 787, Page 694, of the Deed Records of Montgomery County, Texas:

THENCE South 00°50'43" East, along the common line between the aforementioned 2.602 acre tract and the 2.2034 acre tract, at a distance of 22.61 feet passed the common southerly corner between the 2.602 acre tract and the 2.2034 acre tract, continue along the east line of the aforementioned 0.153 acre tract Exhibit 'B-1', for a total distance of 89.98 feet to a 1/2" iron rod set at the southeast corner of the said 0.153 acre tract;

THENCE, along the south and east lines of the aforementioned 0.153 acre tract, Exhibit 'B-1', same being a timber bulkhead, as follows:

North 89°36'51" West, 85.06 feet to a nail found in timber bulkhead;
South 09°34'02" East, 245.43 feet to a nail found in timber bulkhead;
South 00°46'51" East, 49.23 feet to a nail found in timber bulkhead,
marking the southerly southeast corner of the 0.153 acre tract;

THENCE South 59°41'00" West, along the south line of the aforementioned 0.153 acre tract, Exhibit 'B-1', same being a timber bulkhead, at a distance of 4.74 feet passed the southwest corner of the said 0.153 acre tract, Exhibit 'B-1', continuing along the south line of the aforementioned 2.602 acre tract, Exhibit 'A', continuing along the timber bulkhead, for a total distance of 64.23 feet to a nail found in timber bulkhead marking an angle point in the said 2.802 acre tract, Exhibit 'A';

THENCE North 83°24'21" West, along the south line of the aforementioned 2.602 acre tract, Exhibit 'A' and the 0.129 acre tract, Exhibit 'B-2', same being a timber bulkhead, for a distance of 189.24 feet to a nail found in timber bulkhead marking an angle point in the said 0.129 acre tract Exhibit 'B-2':

THENCE North 60°51'34" West, along the south line of the aforementioned 0.129 acre tract, Exhibit 'B-2', same being a timber bulkhead, for a distance of 91.20 feet to a nail found in timber bulkhead marking the southwest corner of the said 0.129 acre tract, Exhibit B-2';

THENCE North 00°16'33' West, along the west line of the aforementioned 0.129 acre tract, Exhibit "B-2", at a distance of 40.8 feet passed the southeast corner of the aforementioned 1.00 acre Fore Tract, continuing along the common line between the 1.00

acre Fore Tract end the 0.129 acre tract, Exhibit 'B-2', at a distance of 49.19 feet passed the northwest corner of the said 0.129 acre tract. Exhibit 'B-2' continuing along the common line between the 1.00 Fore Tract and the 2.802 acre tract, adjacent to a fence, for a total distance of 346.13 feet to the **POINT OF BEGINNING**, CONTAINING 2.89 acres of land, more or less.

NOTES:

1. BASIS OF BEARINGS IS TRUE NORTH DETERMINED BY SOLAR OBSERVATION AND CALCULATED USING THE HOUR ANGLE METHOD, WHILE OBSERVING AT LATITUDE: 30°21'47.5"NORTH, LONGITUDE: 96°35'33" ON SEPTEMBER 19, 1995, USING THREE DIRECT AND REVERSE POSITIONS WITH ROELOF'S PRISM.

TRACT 11

A METES AND BOUNDS 0.1813 acre tract of land in the John T. Vince Survey, A-41, Montgomery County, Texas, being out of and a part of Tract One and Tract Three as referred to in a deed recorded under Clerk's File No. 9040212, Real Property Records, Montgomery County, Texas, and being more particularly described as follows:

COMMENCING at a concrete monument marking the northeast corner of the said John T. Vince Survey;

THENCE South 00°32'07" East, along the east line of said John T. Vince Survey, a distance of 1713.79 feet to a point for angle;

THENCE South 89°54'50" West, a distance of 491.27 feet to a point for angle;

THENCE North 88°59'19" West, a distance of 292.15 feet to a point for angle;

THENCE North 23°28'55" East, a distance of 50.00 feet to a 5/8" iron rod found in the north right-of-way line of State Highway 105 for the **POINT OF BEGINNING** and being the southwest corner of the tract of land herein described;

THENCE North 23°27'49" East, leaving said north right-of-way line, a distance of 61.56 feet to a point for corner;

THENCE, North 46°20'55" East, a distance of 107.64 feet to a point for corner;

THENCE, North 28°13'23" East, a distance of 123.77 feet to a point for corner;

THENCE, South 02°42'46" West, a distance of 43.49 feet to a 5/8" iron rod for corner;

THENCE, South 40°11'46" West a distance of 19.08 feet to a 5/8" iron rod for corner;

THENCE, South 18°12'39" West, a distance of 9.66 feet to a 5/8" iron rod for corner;

THENCE South 25°57'01" West, a distance of 91.91 feet to a 5/8" iron rod for corner;

THENCE South 33°00'50" West, a distance of 122.94 feet to a 5/8" iron rod for corner;

THENCE North 70°11'09" West, a distance of 38.62 feet to the **POINT OF BEGINNING** and **CONTAINING** 0.1813 acres of land, more or less.

TRACT 12:

A **METES AND SOUNDS** of a 2.8544 acre tract of land in the John T. Vince Survey, A-41, Montgomery County, Texas, being out of and a part of Tract One and Tract Three as referred to in a deed recorded under Clerk's File No. 9040212, Real Property Records, Montgomery County, Texas, and being more particularly described as follow:

COMMENCING at a concrete monument marking the northeast corner of the said John T. Vince Survey;

THENCE, South 00°32'07" East, along the east line of said John T. Vince Survey, a distance of 1713.79 feet to a point for angle;

THENCE, South 89°54'50" West, a distance of 491.27 feet to a point for angle;

THENCE, North 66°59'19" West, a distance of 292.15 feet to a point for angle

THENCE, North 23°28'55" East, a distance of 50.00 feet to a 5/8" iron rod in the north right-of-way line of State Highway 105;

THENCE, North 68°59'19" West, along said right-of-way line, a distance of 206.05 feet to the **POINT OF BEGINNING** and being the Southeast corner of the herein described tract

THENCE, North 66°59'19" West, along said right-of-way line, a distance of 10.25 feet to a 5/8" iron rod for corner;

THENCE, South 55°02'05" West, along said right-of-way line, a distance of 17.15 feet to a 5/8" iron rod for corner;

THENCE, North 37°15'30" West, along said right-of-way line, a distance of 29.39 feet to a 5/8" iron rod for corner;

THENCE, North 67°21'23" West, along said right-of-way line, a distance of 213.43 feet to a 5/8" iron rod for corner;

THENCE, North 47°07'38" East, leaving said right-of-way line a distance of 85.44 feet to a 5/8" iron rod for corner;

THENCE, North 31°48'27" East, a distance of 45.93 feet to a point for corner;

THENCE, North 33°04'10" East a distance of 63.91 feet to a point for corner;

THENCE, North 36°20'56" East, a distance of 132.09 feet to a point for corner;

THENCE, North 48°55'17" East, a distance of 58.51 feet to a point for corner;

THENCE, North 61°08'08" East a distance of 241.74 feet to a 5/8" iron rod for corner;

THENCE, North 76°41'30" East, a distance of 47.78 feet to a 5/8" iron rod for corner;

THENCE, South 34°21'18" East, a distance of 39.89 feet to a 5/8" iron rod for corner;

THENCE, South 45°16'40" East, a distance of 16.74 feet to a point for corner;

THENCE, South 38°57'48" West, a distance of 72.00 feet to a point for corner;

THENCE, South 31°06'56" West, a distance of 99.81 feet to a point for corner;

THENCE, South 13°18'56" West, a distance of 188.20 feet to a point for corner;

THENCE, South 40°47'00" West, a distance of 101.17 feet to a point for corner;

THENCE, South 50°05'28" West, a distance of 120.08 feet to the POINT OF BEGINNING and CONTAINING 2.86 acres of land, more or less.

TRACT 13

A METES AND BOUNDS description of a 2.9860 acre tract of land out of Tract One consisting of a 2.178 acre tract and Tract Two consisting of a 1.151 acre tract situated in the James Smith Survey, Abstract No. 37, Montgomery County, Texas, described in Deed to Southeast Texas Development Group, inc., recorded under Clerk's File No. 807115 of the Montgomery County Official Public Records of Real Property, and out of a 13.16 acre tract conveyed to the San Jacinto River Authority, situated in the James Smith Survey, Abstract No. 37, Montgomery County Texas; described in Volume 789, Page 425 of the Montgomery County Deed Records; and out of a 4.800 acre tract

conveyed to the San Jacinto River Authority, situated in the James Smith Survey, Abstract No. 37, Montgomery County, Texas, of the Montgomery County Deed Records; said 2.9860 acre tract being more particularly described as follows:

BEGINNING at a point in the southerly right-of-way line of Marine Drive (80 foot right-of-way) for the northwest corner of said Tract One and the northeast corner of a 1.813 acre tract described in Deed to Simpson-Dabney, Inc., recorded in Volume 718, Page 929 of said Deed Records;

THENCE, South 89°55'00" East, a distance of 605.72 feet (recorded South 89°55'00" East, 605.84 feet) with the southerly right-of-way line of Marine Drive and with the northerly line of said Tract One to the northeast corner of said Tract One and the northeast corner of a called 0.5032 acre tract recorded under Clerk's Pic No. 8218091 and a 0.912 acre San Jacinto River Authority Easement recorded in Volume 789, Page 443 of said Deed Records; also being the northwesterly corner of a 0.5102 acre tract described in Deed to Emmet Colbert recorded under Clerk's File No. 9147758 of said Deed Records; said corner also being the northeast corner of said 2.9660 acre tract described herein;

THENCE, South 01°03'00" East, a distance of 116.71 feet with Colbert's westerly line to the 201 Contour Line of Lake Conroe as described in said San Jacinto River Authority Easement;

THENCE, South 01°03'00" East, a distance of 28.79 feet to an angle point in a wood bulkhead for corner, said corner being in the southeasterly corner of said 2.9660 acre tract;

THENCE, South 45°00'00" West, a distance of 6.39 feet to an angle point in a bulkhead for corner, said corner being in the southeasterly corner of said 2.9860 acre tract;

THENCE, with the bulkhead the following twenty (20) courses and distances:

1. North 89°55'00" West, a distance of 84.71 feet to an angle point;
2. North 17°15'09" West, a distance of 83.52 feet to an angle point
3. North 01°00'00" West, a distance of 55.30 feet to an angle point for corner said corner also being the northeast corner & the east cove;
4. North 89°55'00" West, a distance of 60.01 feet to an angle point for corner, said corner also being the northwest corner of the east cove;
5. South 01°00'00" East, a distance of 65.01 feet to an angle point;
6. South 17°15'09" East, a distance of 73.43 feet to an angle point;
7. South 17°07'50" West, a distance of 98.13 feet to an angle point;
8. South 58°40'06" West, a distance of 41.82 feet to an angle point;
9. South 87°49'00" West, a distance of 57.97 feet to an angle point;
10. North 89°55'00" West, a distance of 57.97 feet to an angle point;
11. North 60°46'06" West, a distance of 41.82 feet to an angle point;
12. North 18°28'10" West a distance of 99.29 feet to an angle point;
13. North 01°00'00" West, a distance of 121.13 feet to an angle point for

corner said corner also being in the northeasterly corner of the west cove;
 14. North 39°33'11" West, a distance of 22.57 feet to an angle point for
 corner; said corner also being in the northeasterly corner of the west cove;
 15. North 89°55'00" West, a distance of 57.96 feet to an angle point for
 corner; said corner also being in the northwest corner of the west cove;
 16. South 01°03'00" East, a distance of 110.89 feet to an angle point;
 17. South 18°28'10" East, a distance of 107.04 feet to an angle point;
 18. South 01°03'00" East, a distance of 72.93 feet to an angle point
 19. South 33°45'54" West, a distance of 75.39 feet to an angle point
 20. North 89°55'00" West a distance of 117.18 feet to an angle point for
 corner said corner also being in the southwesterly corner of 2.9860 acre
 tract;

THENCE, North 13°59'48" West, a distance of 21.63 feet to an angle point;

THENCE, North 01°03'00" West, a distance of 156.43 feet to a point or corner in the
 easterly line of said 1.813 acre Simpson-Dabney Inc., tract; said point also being the
 common west corner of said Tracts One and Two;

THENCE, North 01°03'00" West, a distance of 185.06 feet following the easterly line of
 said 1.613 acre tract to the **POINT OF BEGINNING, CONTAINING 2.9860 acre tract**
 of land in Montgomery County, Texas.

TRACT 14

BEING 1.218 acres of land situated in the James Smith Survey, Abstract Number 37 in
 Montgomery County, Texas, consisting of a 0.5102 acre of land and being that same tract
 described in Deed recorded under Clerk's File Number 2004-135310 and under Clerk's
 File Number 2005-057959 of the Real Property Records, a 0.568 acre Easement tract
 referenced in Volume 730, Page 470 of the Montgomery County Deed Records and
 described in Easement from the San Jacinto River Authority (SJRA) to Maurice L. Fultz,
 recorded in Volume 1121, Page 749 of the Deed Records, and that certain tract described
 in Quitclaim Deed to Kenneth B. Schultz recorded under Clerk's File Number 8913543
 and being the abandoned road for McCaleb Road as referenced in Commissioner's Court
 Minutes December 01, 1986; said 1.218 acre tract being more particularly described by
 metes and bounds as follows with all bearings referenced to the South line of Marina
 Drive, a 60 foot wide right-of-way:

BEGINNING at a ½ inch iron rod, found for the Northwest corner of the herein described
 tract and the Northeast corner of Bay Pointe Landing Subdivision On Lake Conroe, the
 map or plat thereof recorded in Cabinet P, Sheet 59 of the Montgomery County Map
 Records; said point being in the South line of Marina Drive and from which is found for
 reference, a 5/8 inch iron rod with a survey cap marked "McDaniel" bearing North
 06°45'27" East, 2.26 feet;

THENCE South 89°55'00" East along the South line of Marina Drive and the North line of the 0.5102 acre tract, a distance of 278.54 feet, passing a 5/8 inch iron rod with a survey cap marked "Glezman, RPLS 4627", set for the Northeast corner of the 0.5102 acre tract and the Northwest corner of the abandoned road for McCaleb Road as referenced in Commissioner's Court Minutes December 01, 1986; in all, a distance of 323.83 feet to a 5/8 inch iron rod, found for the Northeast corner of the herein described tract and Northeast corner of the abandoned road for McCaleb Road, and being the Southerly Northwest corner of Bay Pointe Estates On Lake Conroe, the map or plat thereof recorded in Cabinet K, Sheet 70 of the Map Records;

THENCE South 24°08'55" East, a distance of 151.62 feet along the East side of the abandoned road and West line of Reserve "B" and "BB", Bay Pointe Estates, to a point in Lake Conroe for the Southeast corner of the 0.568 acre tract and Southeast corner of the herein described tract;

THENCE South 86°49'00" West, a distance of 383.52 feet along the South line of said 0.568 acre tract to a point for the Southwest corner of the herein described tract at the Southwest corner of the 0.568 acre tract;

THENCE North 01°03'00" West along the West line of the 0.568 acre tract passing at 15.69 feet, a 5/8 inch with survey cap marked "McDaniel", found for the Southeast corner of Bay Pointe Landing Subdivision On Lake Conroe; passing at 43.53 feet, a 5/8 inch iron rod, found for the Northwest corner of the 0.568 acre tract and Southwest corner of the 0.5102 acre tract; in all, a distance of 160.15 feet along the East line of Bay Pointe Landing Subdivision On Lake Conroe, back to the Point of Beginning and containing 1.218 acres of land based on the survey and plat prepared by Glezman Surveying, Inc., dated June 1, 2005.

Tracts 1,2,4,5,6,7,8,9,10,11,12,13 & 14 represent 760.669 acres of land, more or less. This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interest in real property except those rights and interests implied or established by the creation or reconfiguration of the political subdivision for which it was prepared.



William J. Kotlan, PE
District Engineer, Tx License No. 80229



APPENDIX B Wastewater Treatment Plant

Introduction

The District and the Interconnected District own the Wastewater Treatment Plant, which is in the process of being expanded and reconstructed. As expanded and reconstructed, the WWTP can be used to serve not only the District and the Interconnected, but also the City, on a regional basis. As more fully described in Article IV of the Agreement, the City is initially reserving wastewater capacity in the WWTP, and the City plans to deliver sewage to the WWTP for treatment in the future.

In addition to the laws authorizing this Agreement, this Appendix is authorized by Chapter 30 and Sections 49.213, 49.215, 49.227 of the Texas Water Code and other provisions of the Texas Local Government Code.

For and in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

DIVISION I Definitions

Unless the context requires otherwise, the following terms as used in this Appendix shall have meanings as follows:

"City System" means all facilities necessary to enable City to collect and transport Sewage to the WWTP, including Interconnects.

"City Capacity" means 300,000 GPD (composed of 150,000 GPD from the District and 150,000 from the Interconnected District), subject to change in accordance with Division II.

"Delivery Point" means the point on the WWTP site designated by the WWTP Engineer for delivery of Sewage by the City. By separate agreement, the City and District may establish another Delivery Point.

"Design Capacity" of the WWTP means 1,200,000 GPD. See Section B2.05 regarding changes to the Design Capacity. See Section B2.04(i) regarding work necessary to increase the current capacity to the Design Capacity.

"ESFC" is a measure of sewage treatment demand equivalent to that required by a typical detached single-family house, which is the lower of 300 GPD of Sewage flow or such lesser average daily flow as may be approved by TCEQ for use with respect to the City System. For other types of buildings or premises, the number of ESFC's is calculated by dividing the domestic water usage, in GPD, by 360.

“Expansion Costs” shall mean the total costs of an expansion of the WWTP, including:

- (1) construction and acquisition contract amounts, including amendments and change orders;
- (2) advertisement costs;
- (3) costs of engineering, surveying, legal and other professional services, to the extent necessary for design or construction of the expansion or acquiring land or rights of way for the expansion;
- (4) costs of inspection and construction observation;
- (5) costs of acquiring land and right of way;
- (6) costs of licenses, permits and other approvals; and
- (7) other direct costs incurred because of the expansion.

“Flow-Related WWTP Expenses” means WWTP Expenses that vary from month to month in proportion to the flow of Sewage treated by the WWTP. See Section B4.02 for categories of expenses, allocation factors, etc.

“GPD” means gallons per day (average day, determined in accordance with TCEQ waste discharge permits).

"Governmental Regulations" means all laws, rules, regulations, orders and of the District, the State of Texas, the federal government of the United States and any other regulatory authority having jurisdiction. *Examples:* District regulations, TCEQ disposal permits and regulations, etc.

“Interconnect” means a force main, lift station and other associated appurtenances connecting a part of the City System to the WWTP (at a Delivery Point).

“Non-Flow-Related WWTP Expenses” means WWTP Expenses that are not Flow-Related WWTP Expenses. See Section B4.02 for categories of expenses, allocation factors, etc.

“Operating District” means, until changed by the District and the Interconnected District, Montgomery County Utility District No. 3.

“Operations Committee” means the committee described in Division IV.

“Participants” means the District, the Interconnected District, the City and any other utility entity that may have a contract right to participate in the WWTP under arrangements similar to those in this Appendix (including cost sharing, right to expand the WWTP, etc.)

"Sewage" includes only:

- (1) waterborne human waste and waste from typical domestic activities (and similar activities at commercial establishments), such as washing, bathing and food preparation, and

- (2) water, including inflow and infiltration, and,
- (3) other substances, if approved by written agreement of the Operating District pursuant to Section B3.11.

"Sewage Disposal Services" means transporting Sewage from the Delivery Point, treatment and ultimate disposal.

"Start Date" means, for each expansion, the date set as provided in Division II.

"TCEQ" means the Texas Commission on Environmental Quality, or its successor.

"WWTP" is defined in Article II of this Agreement.

"WWTP Account" means the account established by the Operating District as provided in Division III.

"WWTP Engineer" means the engineer hired by the Operating District to provide engineering services for the WWTP.

"WWTP Expenses" means all expenses directly attributable to the WWTP, including expenses for operating, maintaining, repairing, replacing, modifying, improving, extending and enlarging the WWTP, except for: (i) expenses incurred for the current expansion and reconstruction of the WWTP and (ii) expenses covered by payments of Expansion Costs (see Division II). If it is necessary for the Operating District to borrow money to pay WWTP Expenses, the Operating District may, upon notice to the City, elect to treat the costs of borrowing as WWTP Expenses. See Section B4.02 for categories of expenses, allocation factors, etc.

DIVISION II. Construction of Facilities, Etc.

B2.01: Current Construction Contract. The Operating District shall proceed under the current construction contract for expansion and reconstruction of the WWTP. The cost sharing and payment provisions agreed-upon by the District and the Interconnected District shall apply to that contract. The City shall make payments to District as required by Article IV of the Agreement.

B2.02: Interconnect. (a) City shall be responsible for the construction of the Interconnect. The Interconnect shall be owned, maintained and controlled by City (except for measuring equipment, as provided below). City must make sure that the plans and specifications for the Interconnect are approved in writing by the Operating District and any other regulatory authority having jurisdiction before the start of construction. City must give the Operating District advance notices and opportunities to inspect the Interconnect during construction.

(b) The City System may only be connected to the WWTP at a Delivery Point and

through an Interconnect, by means of lift stations and force mains. The lift station pumps shall be sized and controlled to deliver Sewage not in excess of the limits allowed by this Agreement, and there must be measuring equipment installed for each Interconnect. The measuring equipment may be proposed by the City, but must receive approval from the Operating District. The measuring equipment may be a meter, flume or other device that meets the accuracy tolerances required by Division VI. The measuring equipment may include recording or telemetry devices (which would likely reduce the City's portion of the Monthly Charges for reading the measuring equipment). The measuring equipment for each Interconnect must be provided and paid for by the City but transferred to the Operating District, with appropriate access agreements, before the Interconnect is placed in service.

(c) City shall notify the WWTP Engineer and operator prior to the activation of each part of the City System discharging into an Interconnect. Notice shall be given at least 90 days in advance, but the Operating District shall consent to a shorter notice period if the additional flow can be handled without undue expense or dislocation. City shall notify the Operating District as long as practicable in advance whenever a substantial increase in Sewage flow through the City System is expected.

(d) Before an Interconnect is placed in service: (i) City shall provide the WWTP Engineer with one set of "as built" record drawings of those facilities and the related measuring equipment, with certification in the customary form that they were constructed in accordance with the plans and specifications approved by District and the other regulatory authorities, and (ii) City shall ensure that the Interconnect is in compliance with regulations adopted by the TCEQ, the Operating District and all other regulations governing sewage systems (including regulations regarding testing and certification).

(e) City may not change the design or construction of the Interconnect, its lift stations, force mains, associated facilities, measuring equipment or other parts of the Interconnect without complying with all the provisions stated above (e.g., submission of plans, approval, certification, etc.).

(f) The provisions stated above apply to the initial Interconnect as well as any additional Interconnects subsequently authorized by the Operating District pursuant to the agreement of the parties.

B2.03: Customer Connections. No customers shall be permitted to connect directly to an Interconnect. City shall ensure that all taps and entry points to the City System are made in compliance with regulations adopted by the TCEQ and all other applicable Governmental Regulations.

B2.04: Future WWTP Expansions. (a) City may notify the District and the other Participants of its desire to trigger a future expansion of the WWTP after the current expansion and reconstruction. The notice must specify the City's capacity requirements in the future expansion. Following receipt of such a notice, the District and the other Participants shall have 45 days to send a reply notice to the triggering party and the District to indicate whether it will participate in the future expansion. Any such reply notice must specify the replying party's capacity requirements in the future expansion. Capacities of the parties in the future expansion shall be as specified in the triggering notice and (if applicable) the reply notices, unless adjusted as provided below.

(b) After expiration of the 45-day reply period, the Operating District may collect the initial installments of Expansion Costs (to cover preliminary engineering work) and shall proceed with preliminary engineering work, to the extent necessary to determine the appropriate capacity and scope of the future expansion. The WWTP Engineer, by notice to the parties, may adjust the requested capacities of the parties proportionally to make the capacity of a future expansion comply with sound engineering principles, including feasibility and economy of construction and operation. If the requested capacities are adjusted as provided above, a participating party shall have the option to withdraw from the future expansion by so notifying the other participating parties and the District within 45 days following receipt of notice of the adjustment. If no participating party withdraws, the Participants's capacities in the future expansion shall be as provided in the engineer's notice.

(c) After determining the appropriate capacity and scope of a future expansion, the District shall pursue the remaining work for design and construction with commercially reasonable diligence, following the steps listed below. Expansion Costs, and the resulting capacity, shall be apportioned among the participating parties in accordance with the quantities allocated to each party participating in such expansion. After completion of construction, the Start Date for the expansion is set as provided in Section 2.06. On the Start Date: (i) the City Capacity may increase (if City participated in that expansion), and (ii) billing will be adjusted accordingly.

(d) For each expansion, City shall pay its apportioned share of the Expansion Costs in installments, as requested by the Operating District. The Operating District may request installments for each contract or phase of work, beginning with preliminary engineering. The following shall apply to installments and Expansion Costs:

- (1) Each installment shall be made within 30 days following a written request for same from Operating District. Installments may be requested both before and after Operating District enters contracts or incurs other costs, including contracts for design, acquisition and construction. An installment may include reasonable estimates and contingency amounts. In lieu of paying pre-contract costs, estimates or contingency amounts, City may provide an escrow, a letter of credit, a guarantee or other assurance of immediate payment. If such assurance is not acceptable to the Operating District, the Operating District may work with City to develop an alternate payment method that will allow the Operating District to proceed with the work with assurance that the costs will be paid when due.
- (2) When the Operating District has received the full installment requested for each contract or phase of the expansion (or acceptable assurance of payment), Operating District will proceed with the work. In the case of an installment for a construction contract, the Operating District agrees to reduce the installment after the contract is signed, so that it will not exceed 105% of the contract amount; and the Operating District shall refund any excess promptly upon request by City.
- (3) If the City's apportioned share of the actual Expansion Costs exceeds the installments paid, Operating District may request City (and any

other Participant) to pay its share of the excess, and City agrees to pay its share within 30 days of the request. Likewise, if the actual Expansion Costs are less than the installments paid, Operating District will refund the excess to the Participants who paid it, within 30 days following the time when the actual Expansion Costs are known.

(e) Operating District shall assure that the plans and specifications for the expansion will be approved by each regulatory authority having approval jurisdiction over the work. Operating District will permit City to inspect the construction and will provide written notice to City of the commencement of each phase of construction.

(f) Operating District shall provide City's engineer with one set of "as built" record drawings of the expansion with certification, in the customary form, that it was constructed in accordance with the plans and specifications approved by regulatory authorities.

(g) Notwithstanding anything in this Agreement to the contrary, it is understood and agreed that: (i) the Operating District is not obligated to do work toward any expansion beyond the work paid for by City and the other Participants, if any, and (ii) if the full amount to be paid by City toward an expansion (or any other Participant in that expansion) is not timely paid, the Operating District may suspend work and may exclude the non-paying Participant from further participation in that expansion (with no refund of amounts previously paid by that Participant).

(h) If one or more Participants pay for a future expansion that triggers Governmental Regulations that would not otherwise apply, any resulting increase in WWTP Expenses directly attributable to such expansion shall be borne by those Participants. Such increase shall be borne in proportion to their respective increases in capacity resulting from the expansion.

(i) Work necessary to increase the current capacity of the WWTP to the Design Capacity (e.g., upsizing pumps and adding dechlorination facilities) shall not be considered an expansion and shall be paid for as a Non-Flow-Related WWTP Expense.

(j) Work toward an expansion required by TCEQ rules and triggered by increasing discharges from the WWTP shall be paid for as a Non-Flow-Related WWTP Expense if no Participant desires capacity in excess of the Design Capacity, and the Operating District shall endeavor to avoid or reduce such expense in those circumstances. *Exception:* If any Participant(s) are delivering flows in excess of contractual limits, and if that excess triggered the expansion, the costs of the work shall be paid by such Participant(s), in proportion to their respective shares of the excess.

(k) Except as provided by (j) above, City shall have no obligation to participate in the cost of any expansion unless City has requested and agreed to accept additional capacity resulting from the expansion.

B2.05: Capacities; Changes; Ownership, Etc. (a) If the Design Capacity of the WWTP is reduced by regulatory action, casualty or other cause, the City Capacity and the other capacity in the WWTP are reduced proportionally, "share and share alike."

(b) The Design Capacity or the City Capacity, or both, may change as a result of a future expansion as provided in Section B2.04, effective on the Start Date of that expansion. The City Capacity may be reduced by transfer, as provided in Article IV of this

Agreement.

(c) The WWTP Engineer shall make determinations of the Design Capacity and City Capacity from time to time, in accordance with this Appendix.

(d) The WWTP, including each expansion, will be owned and controlled by the District and the Interconnected District, but shall be subject to this Agreement, including, in particular: (i) City's right to receive Sewage Disposal Services from the WWTP as provided in Division III, and (ii) the provisions relating to the Operations Committee.

B2.06: Start Date. The Operating District shall set a Start Date for the current expansion and reconstruction and for each future expansion by giving a notice to the Participants. The Start Date for an expansion may not be later than thirty days following the date when all the following have occurred:

- (1) The TCEQ has approved any changes in the discharge permit necessary to allow operation of the expansion.
- (2) The expansion has been substantially completed and is operating successfully.
- (3) City has made all of its installment payments of Expansion Costs (for an expansion after the current expansion and reconstruction of the WWTP).

**DIVISION III.
Sale and Delivery of Services**

B3.01: Delivery, Etc. (a) Beginning on the Full Purpose Annexation Date and continuing during the remainder of the term of this Agreement, District agrees to provide Sewage Disposal Services to City at the Delivery Point, and City agrees to purchase such services at the Delivery Point, all subject to the terms and conditions of this Agreement. The City's deliveries of Sewage to the Delivery Point are limited by the following parameters:

Parameter	Limit
Maximum GPD (gallons per average day)	The lesser of: (i) the City Capacity as of the time of delivery; or (ii) 150% of the City's average deliveries (in GPD) during the preceding calendar month.
Maximum delivery of Sewage on any day (gallons per peak day)	The lesser of: (i) the City Capacity as of the time of delivery multiplied by the peaking factor of 4.0; or (ii) the City's average deliveries (in GPD) during the preceding calendar month multiplied by the peaking factor of 4.0.
Maximum delivery of Sewage in any minute (gallons per minute)	City Capacity as of the time of delivery, divided by 1440 (minutes per day) and multiplied by the peaking factor of 4.0.
Maximum number of ESFC's served by City System	Not limited. <i>Exception:</i> If the TCEQ imposes a limit on the ESFC's that may be

	<p>served by City System (or takes the City's ESFC's into account to impose a limit on the number of ESFC's that may be served by the WWTP or another Participant), the limit on ESFC's imposed by the TCEQ shall apply to the City in the same manner that it applies to other Participants. If such a limit is imposed upon the City, the City shall have the right to seek "re-rating" of its ESFC's so that they more accurately reflect actual flow levels.</p>
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B3.02: Billing and Payment. (a) Monthly Charges shall start accruing when the City begins physical delivery of Sewage to the WWTP. Each billing period shall be approximately one month. The Monthly Charges payable by City for each billing period shall include the following:

- (1) any fee, service charge, penalty, tax or fine required to be paid by any government or regulatory authority as a direct result of serving City; plus
- (2) costs of reading, maintaining, calibrating, testing or replacing Sewage measuring equipment for each Interconnect; plus
- (3) a part of the Flow-Related WWTP Expenses incurred during the billing period, such part being determined by the ratio of the measured flow of Sewage delivered by the City to the total discharge from the WWTP during the billing period; plus
- (4) any increase in WWTP Expenses triggered by an expansion triggered by City, as provided in Section B2.04(h); plus
- (5) any other payments required by this Appendix or agreements entered into pursuant to this Appendix.

(b) At the end of each billing period, the Operating District shall read the measuring equipment (if any) and prepare a statement showing the volume of substances delivered (if any) and the appropriate Monthly Charges. Each statement shall be sent to the City, and payment shall be due and payable at Operating District's designated payment address (as shown on the statement) no later than the 45th day following the date of the statement.

(c) The Monthly Charges billed to City under this section shall not include any WWTP Expenses covered by the annual Capacity Reservation Fee (or the annual actual-cost "true up" amount) under Section 4.04 of the Agreement.

B3.03: Failure to Pay when Due. Should City fail to tender payment of any amount when due, interest thereon shall accrue at the rate of ten percent per annum from the date when due until paid. In the event City fails to timely tender payment of any amount within the 45-day period established in Section 3.02 hereof, and such failure continues for 45 days after notice to City of such default, City shall not allow any new, enlarged or expanded premises to be served by the City System until the default is cured. This is in addition to all other remedies provided in this Agreement, and limitations on remedies do not apply.

B3.04: Title to and Responsibility for Sewage. Title to, possession, and control of Sewage shall remain in City until it passes through the Delivery Point, where title to, possession, and control shall pass to the Operating District.

B3.05: Regulatory Action. The obligations of the Operating District to supply Sewage Disposal Services are subject to all present and future regulatory requirements, and the parties agree to cooperate reasonably to make such applications and to take such action as may be reasonably necessary to obtain compliance therewith.

B3.06: Maintenance of City System. The City shall be responsible for operating, maintaining, repairing, replacing, extending, improving and enlarging the City System in good working condition and shall promptly repair any leaks or breaks. If a leak, break, contamination or other defect occurs within that system which, in the Operating District's reasonable opinion, could either endanger, contaminate or overload the WWTP or prejudice any Participant's ability to serve its customers, the Operating District, after providing notice to the City, shall have the right to take reasonably necessary action to protect the public health or welfare, or the City System, until such leak, break, contamination or other defect has been repaired. In these circumstances, the Operating District may at its option effect a repair and charge the City the reasonable and necessary cost thereof (including, but not limited to, engineering fees, operator fees, legal fees, and contractor costs) as part of the Monthly Charges.

B3.07: Plumbing Regulations. It is a condition of receiving service that the City adopt and enforce adequate plumbing regulations with provisions for the proper enforcement thereof, to ensure compliance with applicable regulations and to make sure that neither cross connection or other undesirable plumbing practices are permitted, including agreements with customers and regulations that allow City and the Operating District to inspect individual water and sewer facilities prior to providing service to ensure that no substandard materials are used and to prevent cross-connection and other undesirable plumbing practices. Should a condition in violation of these requirements be discovered, City shall promptly cure same.

B3.08: Service Regulations. Operating District may establish and amend sewer service regulations required to comply with Governmental Regulations. City shall promptly comply with such regulations and cause its customers to comply.

B3.09: Measurement of Quantity. (a) The parties agree to use the best practical method for measuring Sewage delivered to the WWTP by City, as follows:

- (1) Readings of the measuring equipment for each Interconnect shall be used whenever they are available, adjusted, if necessary, as provided in Division VI.
- (2) If such readings are not available, the flow shall be estimated using the best available data, which may include pump run-time measurements and pumping rates, metered consumption of retail water at premises served by the City System and an estimate of other substances entering the City System. Any such estimate shall be made by the Operating District and shall

give effect to the historical relationship between retail water consumed and Sewage deliveries, the number of customers, the weather, the condition of the facilities in question, any available field data on leaks, inflows, infiltration and other available data.

(b) City will require all users connected to the City System that receive potable water from the City's water utility to have a metering device capable of measuring the amount of water delivered to the user. City shall use reasonable diligence in installing, maintaining and repairing said retail meters and shall provide the Operating District a list of the meter readings, if requested, including the location of use and a total of the estimated amounts of water used.

B3.10: Testing of Sewage. Operating District may collect samples from the Interconnect and cause the same to be analyzed. If analysis discloses that a sample does not comply with applicable regulations, and that the likely source is the City System or premises served by that System, City must take necessary corrective action immediately and reimburse District for costs incurred by District; otherwise, the costs shall be paid as a WWTP Expense.

B3.11: Regulation of Quality. Only Sewage may be delivered to the WWTP. The chemical, biological and physical composition of Sewage delivered to the WWTP must comply with the design parameters for the WWTP's influent, including parameters for biological oxygen demand, total suspended solids, ammonia, etc. *Exception:* With the written agreement of the Operating District, City may deliver substances of other types, subject to pre-treatment or other conditions that may be imposed by the agreement.

B3.12: WWTP Account. (a) The Operating District shall establish the WWTP Account and account for it separately. The annual Capacity Reservation Fee and all of City's monthly payments or other assessments made under this Appendix will be made into the WWTP Account, and all WWTP Expenses and Expansion Costs shall be paid from the WWTP Account.

(b) The District will cause the WWTP Account to be covered by the District's general annual audits and will provide a copy of each such audit report to City upon request. City shall have the right to have special or detailed audits of the WWTP Account performed, at the sole expense of City.

DIVISION IV. Operations Committee, Budgets, Etc.

B4.01: Operations Committee. The Operations Committee means the existing operations committee for the WWTP established by the District and the Interconnected District, as amended from time to time. The City may designate a representative to attend and participate in all meetings and deliberations of the committee beginning when the City begins physical delivery of Sewage. The City representative will not have a vote. The City may designate one or more alternate representatives.

B4.02: Annual Budget; Allocations. (a) By September 30 of each year, or as soon thereafter as practicable, the Operations Committee shall adopt a budget for WWTP Expenses for the upcoming calendar year. The Operations Committee may amend a budget after it is adopted.

(b) All WWTP Expenses shall be categorized and allocated between Flow-Related WWTP Expenses and Non-Flow-Related WWTP Expenses by the annual budget. A sample budget template showing categories and the allocation factors is shown below:

Categories and Amounts		Flow-Related		Non-Flow-Related	
		%	\$	%	\$
LINE EXPENSES	\$			100	
6221 AUDIT FEES				100	
6222 ENGINEERING				100	
6224 LAB FEES				100	
6226 PERMIT FEES				100	
6230 SLUDGE MANAGEMENT		100			
6232 OPERATOR				100	
6233 BOOKKEEPING				100	
6234 MOWING				100	
6235 MAINT & OPERATIONS				100	
6240 GENERAL OFFICE EXP				100	
6242 CHEMICALS		100			
6251 TELEPHONE				100	
6252 UTILITIES		50		50	
6253 INSURANCE				100	
6331 GENERAL MANAGER				100	
6358 MISC				100	
CAPITAL OUTLAY (major repairs, replacements, betterments, etc.)				100	
TOTALS					

(c) By notice to the Operations Committee, any Participant may propose to re-categorize expenses or change the allocation of an expense between Flow-Related WWTP Expenses and Non-Flow-Related WWTP Expenses. If the Operations Committee does not approve the proposed change within 30 days following the notice, the operator of the WWTP shall rule upon the proposed change (based upon the criteria set out in this Appendix). Changes so approved—or ruled upon by the operator—shall be applied to the current budget and the most recently-issued bills (at the time of the original request) as well as future budgets and bills, but not to prior budgets or bills.

B4.02: Books and Records. Each party, at its own expense, may inspect and copy the books and records of the other party (or under control of the other party) that are related to this Appendix, except for items that are confidential by law.

**DIVISION V.
Performance by the Parties**

B5.01: Force Majeure. In the event either party is rendered unable, wholly or in part, by Force Majeure, to carry out any of its obligations under this Appendix, it is agreed that upon such party's giving notice and full particulars of such Force Majeure in writing to the other party as soon as possible after the occurrence of the Force Majeure, the obligations of the party giving such notice, to the extent it is affected by Force Majeure and to the extent that due diligence is being used to resume performance, shall be suspended for the duration of the Force Majeure. Such cause shall, as far as possible, be remedied with all reasonable dispatch.

B5.02: Force Majeure Defined. The term "Force Majeure," as used herein, shall include, but not be limited to, acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests and restraints of government and people, explosions, breakage or damage to machinery, pipelines or canals, and any other incapacities of either party, whether similar to those enumerated or otherwise, and not within the control of the party claiming such incapacity, which by the exercise of due diligence and care such party could not have avoided.

B5.03. Duties Not Affected. Generally, the duties of the District and the Interconnected District owed to each other, including ownerships and divisions of costs, are not affected by this Appendix.

**DIVISION VI.
Measuring Equipment**

B6.01: In General. As provided above, each Interconnect shall include Sewage measuring equipment. It shall transferred to, read and maintained by the Operating District after installation, and the costs are passed-through to the City as part of the Monthly Charges. The City must make appropriate access arrangements for reading and maintenance.

B6.02: Access. During any reasonable hours, the Operating District and City shall have access to the measuring equipment. City shall have access to Operating District's records pertinent to determining the measurement and quantity of Sewage actually delivered, but the Operating District will read the measuring equipment for the purpose of billing.

B6.03: Billing Adjustments for Inaccurate Measurement. Should the test of the measuring equipment show that the equipment registers either more than 105% or less than 95% of the Sewage delivered for a given flow rate of flow: (i) District shall calibrate the equipment to the manufacturer's specifications for the given rate of flow, or replace it, and (ii) the billings shall be adjusted to the actual Sewage delivered, using the percentage of

inaccuracy disclosed by the test. Any billing adjustment under this Section shall be for a period extending back to the time when the inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment or 120 days, whichever is shorter. As used in this paragraph, the expression "given rate of flow" means one of the following selected by District for each calibration or test:

- 1) the total quantity of Sewage delivered during the preceding period (usually a calendar month) as reflected by the totalizer, converted to gallons per minute
- 2) high, low, and intermediate rates of flow in the flow range, as reflected by the flow recording devices;
- 3) the applicable maximum daily quantity converted to gallons per minute; or
- 4) AWWA-specified test flow rates for that size and type of measuring equipment.

B6.04: Disputes as to Testing. In the event of dispute between Operating District and City as to the accuracy of the testing equipment used by Operating District to conduct the accuracy test, an independent check shall be mutually agreed upon between City and the Operating District to be conducted by an independent measuring equipment company acceptable to both City and the Operating District. The cost of such test will be at the requesting party's sole expense. The Operating District and City shall accept and be bound by the test results of the independent measuring equipment company, provided that the calibration procedure and test equipment are mutually agreeable to City and to the Operating District. City may as a matter of right require independent third party testing on an annual basis.

B6.05: Check Meters. City may install, at its own cost and expense, such check meters or other devices as it deems appropriate in each Interconnect, but Operating District shall have the right of ingress and egress to such check meters or devices during all reasonable hours; provided, however, that billing computations shall be on the basis of the results of the measuring equipment set forth above.

**DIVISION VII.
Miscellaneous Provisions**

B7.01: Quality, Quantity, Etc. Subject to the other provisions of this Agreement, the Operating District will make Sewage Disposal Services available to City on substantially the same basis they are made available to other users of the WWTP, it being understood that there may be interruptions, stoppages and variations in quality, quantity and other attributes. **DISTRICT MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, REGARDING THE QUALITY, QUANTITY OR OTHER ATTRIBUTE OF SEWAGE DISPOSAL SERVICES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR WORKMANLIKE PERFORMANCE. DISTRICT DISCLAIMS ALL SUCH OTHER WARRANTIES.**

B7.02: Ingress and Egress. During the term of this Agreement, District shall have the right of ingress and egress in, upon under and over any and all land, easements and rights of-way of City relating to the City System. Each party agrees that the other party may conduct inspections from time to time to determine if conditions exist in the other's facilities or connections to its customers' premises which would or might adversely affect the inspecting party's facilities.

B7.03: Subject to Laws and Regulations. This Appendix shall be subject to Governmental Regulations, and all rights and duties shall be interpreted and applied in accordance therewith. The parties agree to cooperate to obtain compliance therewith. In the event that District is required by any regulatory authority to pay any fee, service charge, penalty, or fine because of, or as a condition to, providing service to City pursuant to this Appendix, said fee, service charge, penalty, or fine shall be billed to City as part of the Monthly Charges. If a certificate of convenience and necessity or similar authorization from the TCEQ is required for one party to serve the other under this Agreement, the party receiving the service shall be responsible for obtaining same.

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**APPENDIX C
PAYMENTS UNDER SECTION 4.02**

City agrees to make two payments to the District per year (City Payments). Each City Payment corresponds to a debt service payment to be made by the District (District D/S Payment) on a date listed in the left-hand column of the chart below (District Payment Date). Each City Payment must be made by bank wire transfer (unless otherwise agreed) into an account designated by the District, and each transfer must be received no later than the *tenth business day preceding the District Payment Date* for the corresponding District D/S Payment. The amount of each City Payment is the amount of the corresponding District D/S Payment; in addition, the City Payment for the first District Payment Date in each calendar year must include the additional sum of \$54,937 (which is 1/16 of amounts agreed to be deferred from prior periods).

Example: The amount of the District D/S Payment for the 3/1/15 District Payment Date is \$220,000 (principal) plus \$111,542.50 (interest), or \$331,542.50. Therefore the amount of the City Payment corresponding to that District D/S Payment would be \$331,542.50 plus \$54,937 (the deferred amount), or **\$386,479.50**. This City Payment must be received no later than the tenth business day preceding 3/1/15, which would be **February 16, 2015**.

District Payment Date**	Principal	Coupon	Interest	District D/S Payment**
3/ 1/15	220,000.00	5.500000	111,542.50	331,542.50
9/ 1/15			105,492.50	105,492.50
3/ 1/16	230,000.00	5.500000	105,492.50	335,492.50
9/ 1/16			99,167.50	99,167.50
3/ 1/17	245,000.00	5.500000	99,167.50	344,167.50
9/ 1/17			92,430.00	92,430.00
3/ 1/18	255,000.00	5.500000	92,430.00	347,430.00
9/ 1/18			85,417.50	85,417.50
3/ 1/19	270,000.00	5.500000	85,417.50	355,417.50
9/ 1/19			77,992.50	77,992.50
3/ 1/20	285,000.00	3.000000	77,992.50	362,992.50
9/ 1/20			73,717.50	73,717.50
3/ 1/21	300,000.00	3.125000	73,717.50	373,717.50
9/ 1/21			69,030.00	69,030.00
3/ 1/22	315,000.00	3.250000	69,030.00	384,030.00
9/ 1/22			63,911.25	63,911.25
3/ 1/23	335,000.00	3.500000	63,911.25	398,911.25
9/ 1/23			58,048.75	58,048.75
3/ 1/24	350,000.00	3.625000	58,048.75	408,048.75
9/ 1/24			51,705.00	51,705.00
3/ 1/25	370,000.00	3.875000	51,705.00	421,705.00
9/ 1/25			44,536.25	44,536.25
3/ 1/26	390,000.00	3.875000	44,536.25	434,536.25
9/ 1/26			36,980.00	36,980.00
3/ 1/27	410,000.00	4.050000	36,980.00	448,980.00
9/ 1/27			28,677.50	28,677.50
3/ 1/28	435,000.00	4.050000	28,677.50	463,677.50
9/ 1/28			19,868.75	19,868.75
3/ 1/29	455,000.00	4.250000	19,868.75	474,868.75
9/ 1/29			10,200.00	10,200.00
3/ 1/30	480,000.00	4.250000	10,200.00	490,200.00
9/ 1/30				

****IMPORTANT:** See text above, for the due dates and amounts of City Payments.

APPENDIX D
TRACT OF LAND CONSENTED-TO UNDER SECTION 3.04

The land consented-to under Section 3.04 is described in the metes-and-bounds description attached to and made a part of this Agreement, for all purposes.

(METES-AND-BOUNDS DESCRIPTION OF 4.871 ACRES, 2 PAGES,
FOLLOWS THIS PAGE)

EXHIBIT "A"

BEING 4.871 ACRES OF LAND IN THE WILLIAM ATKINS SURVEY, A-3, MONTGOMERY COUNTY, TEXAS, SAID 4.871 ACRES BEING ALL OF THE APRIL PLAZA MARINA, INC; 4.5105 ACRE TRACT OF LAND DEED OF WHICH IS RECORDED UNDER COUNTY CLERK'S FILE NUMBER 2002-032917, MONTGOMERY COUNTY REAL PROPERTY RECORDS, AND THE APRIL PLAZA MARINA, INC; 0.670 ACRE TRACT OF LAND DEED OF WHICH IS RECORDED UNDER COUNTY CLERK'S FILE NUMBER 2004-064629, MONTGOMERY COUNTY REAL PROPERTY RECORDS, SAVE AND EXCEPT THE SAN JACINTO RIVER AUTHORITY 0.104 ACRE TRACT OF LAND DEED OF WHICH IS RECORDED UNDER COUNTY CLERK'S FILE NUMBER 2004-064630, MONTGOMERY COUNTY REAL PROPERTY RECORDS, SAVE AND EXCEPT THE SAN JACINTO RIVER AUTHORITY 0.1962 ACRE TRACT AND THE 0.0149 ACRE TRACT OF LAND DEED OF WHICH IS RECORDED UNDER COUNTY CLERK'S FILE NUMBER 8934971, MONTGOMERY COUNTY REAL PROPERTY RECORDS. SAID 4.871 ACRES BEING DESCRIBED MORE PARTICULARLY AS FOLLOWS:

BEGINNING at a ½" iron rod found in the Northeast line of State Highway 105. (Right of Way varies) for the South corner of the said 4.5105 acre tract, the West corner of the residual of the Aleta Ferne Lapaglia 1.0 acre tract of land deed of which is recorded in Volume 1139, Page 715, Montgomery County Deed Records, same being the South corner of the herein described tract;

THENCE N. 63° 50' 00" W., along the Northeast line of Highway 105, the Southwest line of the 4.5105 acre tract for a distance of 534.30 feet to a ½" iron rod found for the Southwesterly corner of the herein described tract, the South corner of the said 0.1962 acre tract, the Southwesterly corner of the 4.5105 acre tract;

THENCE N. 00° 51' 14" W., leaving the Northeast line of Highway 105, along the East line of the 0.1962 acre tract for a distance of 39.08 feet to a ½" iron rod set for the Southwest corner of the said 0.104 acre tract;

THENCE S. 87° 15' 04" E., along the South line of the 0.104 acre tract for a distance of 59.31 feet to a ½" iron rod set for it's Southeast corner;

THENCE N. 20° 11' 01" E., along the East line of the 0.104 acre tract for a distance of 15.38 feet to a 60d nail set;

THENCE N. 13° 26' 18" E., continuing along said East line for a distance of 40.06 feet to a " V " set in a concrete boat ramp for the Northeast corner of the 0.104 acre tract;

THENCE N. 79° 50' 35" W., along the North line of the 0.104 acre tract for a distance of 26.86 feet to a " X " set in said boat ramp;

THENCE N. 50° 30' 48" W., continuing along said North line for a distance of 16 50 feet to an " X " set in said boat ramp;

THENCE N. 65° 22' 20" W., continuing along said North line for a distance of 39.49 feet to a P K nail set for the Northwest corner of the 0.104 acre tract, in the East line of the said 0.1962 acre tract, a line of the said 0.670 acre tract;

THENCE S. 00° 06' 57" W., along the above mentioned lines for a distance of 1.27 feet;

THENCE N. 52° 50' 39" W., along the Northerly line of the 0.670 acre tract, generally along a wood bulkhead, passing at 0.69 feet a P K nail set for reference and continuing in all for a distance of 19.38 feet to a 60d nail set;

THENCE N. 03° 11' 15" E., continuing along the above mentioned line and bulkhead for a distance of 54.58 feet;

THENCE N. 61° 49' 44" E., continuing along the above mentioned line and bulkhead, passing at 0.50 feet a P K nail set for reference and continuing in all for a distance of 225.30 feet to a 60d nail set;

THENCE N. 66° 01' 28" E., continuing along the above mentioned line and bulkhead for a distance of 87.72 feet to a 60d nail set for the North corner of the 0.670 acre tract, the most Northerly corner of the herein described tract;

THENCE S. 57° 42' 33" E., along the Easterly line of the 0.670 acre tract continuing along said bulkhead for a distance of 43.82 feet to a ½" iron rod set;

THENCE S. 21° 05' 22" E., continuing along said Easterly line and said bulkhead for a distance of 18.56 feet to a 60d nail set;

THENCE S. 13° 47' 00" E., continuing along said Easterly line and bulkhead passing at 24.50 feet the Northwest corner of the said 0.0149 acre tract, same being the North line of the said 4.5105 acre tract and continuing along the West line of the 0.0149 acre tract for a distance of 111.00 feet to a 60d nail set for its South corner;

THENCE S. 10° 12' 54" E., continuing along the said Easterly line and bulkhead for a distance of 68.15 feet to a 60d nail set;

THENCE S. 47° 51' 38" E., continuing along said Easterly line and bulkhead for a distance of 54.33 feet to a 60d nail set;

THENCE N. 83° 10' 10" E., along a Lower North line of the said 0.670 acre tract, continuing along said bulkhead for a distance of 193.47 feet to a 60d nail set;

THENCE N. 72° 38' 59" E., continuing along said Lower North line, and bulkhead for a distance of 183.36 feet to the Lower Northeast corner of the 0.670 acre tract, the Lower Northeast corner of the herein described tract;

THENCE S. 17° 21' 01" E., along the East line of the 0.670 acre tract, passing at 1.00 foot a ½" iron rod set for reference and continuing in all for a distance of 31.26 feet to a ½" iron rod found for the most Easterly corner of the herein described tract, the East corner of the said 4.5105 acre tract, the Northwest corner of Colony Place, a Subdivision, map of which is recorded in Cabinet I, Sheet 84A, Condominium Records;


THENCE S. 22° 11' 10" W., along the East line of the 4.5105 acre tract, the West line of Colony Place for a distance of 283.10 feet to a " X " set for corner, same being Lapaglia's Northeast corner;

THENCE N. 58° 27' 43" W., along Lapaglia's North line for a distance of 116.32 feet to a P K nail found for her North corner;

THENCE S. 26° 12' 36" W., along Lapaglia's West line for a distance of 176.52 feet to the POINT OF BEGINNING and containing in all 4.871 acres of land.

FILED FOR RECORD

02/28/2013 4:37PM



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in file number
sequence on the date and at the time stamped herein
by me and was duly RECORDED in the Official Public
Records of Montgomery County, Texas.

02/28/2013



County Clerk
Montgomery County, Texas