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Hope Jeffers  
Legal Assistant

March 27, 2018

Ms. Diana Stapp  
City Secretary  
City of League City  
300 W. Walker St.  
League City, Texas 77573

*Re: Galveston County Municipal Utility District No. 46 (the "District")*

Dear Ms. Stapp:

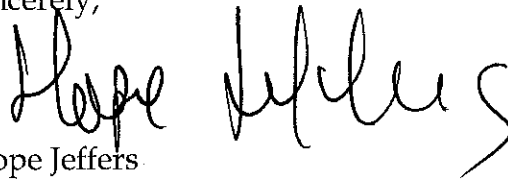
Enclosed please find a Utility Conveyance and Security Agreement for the following project for acceptance by the City of League City (the "City"):

- Water, sewer, and drainage facilities to serve Mar Bella, Section 14A

Please add acceptance of this Agreement to the City Council agenda for approval as soon as possible. Following acceptance and execution by the City, please return the Agreement to me for recordation.

Should you have any questions, please feel free to call me at the above number.

Sincerely,



Hope Jeffers  
Legal Assistant

Enclosure

## UTILITY CONVEYANCE AND SECURITY AGREEMENT

STATE OF TEXAS                   §  
  §       KNOW ALL PERSONS BY THESE PRESENTS:  
COUNTY OF GALVESTON       §

Galveston County Municipal Utility District No. 46 (the "District") has constructed certain improvements, structures, and facilities designed to provide water, wastewater, and drainage to serve areas within the District's boundaries and the boundaries of the City of League City, Texas (the "City"). For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the District does hereby convey, transfer, and deliver to the City, its successors and assigns those certain facilities described as follows:

Those certain facilities constructed to date on behalf of the District pursuant to the construction contract for the of water, sewer, and drainage facilities to serve Mar Bella, Section 14A between the District and Bay Utilities, LLC in the original amount of \$743,394.40 (Job No. 0074-0554D), and together with any improvements, structures, storm sewer mains, plants, service pumps, storage reservoirs, electrical equipment, plant equipment, distribution lines, collection lines, water mains, meters, valves, pipes, fittings, connections, meter boxes, laterals, easements, rights-of-way, licenses, operating rights and all other property therein whether real, personal or mixed, owned by the District in connection with the facilities being conveyed hereby (the "Facilities").

The District constructed the Facilities and is conveying the Facilities to the City pursuant to the Utility Agreement by and between the City, the District, and Grason Communities, Ltd. (the "Utility Agreement"). Section 1.03 of the Utility Agreement requires that the System (as defined therein) be conveyed to the City for ownership, operation and maintenance, subject to a security interest retained by the District.

The District hereby reserves a security interest in the Facilities, more particularly described in Section 6.01 of the Utility Agreement, to secure the performance of the City's obligations under the Utility Agreement. The District reserves said security interest under Texas law.

The District hereby reserves the full capacity of the Facilities.

The District hereby assigns to the City all rights, maintenance bonds, warranties and manufacturer's warranties, if any, owned or acquired by the District for the Facilities.

The City hereby agrees by its acceptance of this conveyance to operate and maintain the Facilities in accordance with the terms of the Utility Agreement.

IN WITNESS WHEREOF, this conveyance is executed on this 6th day of March, 2018.

GALVESTON COUNTY MUNICIPAL UTILITY  
DISTRICT NO. 46

By: E. Rusty Vidrine  
President, Board of Directors

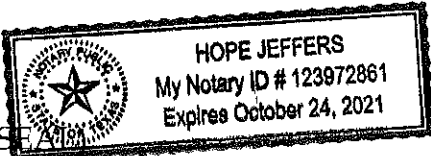
ATTEST:

By: Hobart Sibley  
Secretary, Board of Directors

THE STATE OF TEXAS           §  
  §  
COUNTY OF GALVESTON       §

This instrument was acknowledged before me on the 6<sup>th</sup> day of March, 2018, by Rusty Vidrine as President and Hobart Sibley as Secretary of the Board of Directors of Galveston County Municipal Utility District No. 46, a political subdivision of the State of Texas, on behalf of said political subdivision.

Hope Jeffers  
Notary Public, State of Texas

(NOTARY SEAL) 

In accordance with the Utility Agreement, as defined above, and the authorization by City Council of the City of League City, Texas (the "City") on December 3, 2003, the City hereby accepts this Utility Conveyance and Security Agreement on this \_\_\_\_ day of \_\_\_\_\_, 2018.

CITY OF LEAGUE CITY, TEXAS

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

THE STATE OF TEXAS           §  
  §  
COUNTY OF GALVESTON       §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2018, by \_\_\_\_\_ as Mayor of the City of League City, Texas, on behalf of said City.

\_\_\_\_\_  
Notary Public, State of Texas

(NOTARY SEAL)

AFTER RECORDING RETURN TO: Hope Jeffers, Allen Boone Humphries Robinson LLP,  
3200 Southwest Freeway, Suite 2600, Houston, TX 77027.