INTERLOCAL PROJECT DEVELOPMENT AND FINANCING AGREEMENT BETWEEN CITY OF LEAGUE CITY AND WESTWOOD MANAGEMENT DISTRICT

THE STATE OF TEXAS §
§
COUNTY OF GALVESTON §

THIS AGREEMENT is made and entered into effective as of the date herein last specified, by and between the **CITY OF LEAGUE CITY, TEXAS** (the "City"), a municipal corporation and home-rule city located in Galveston County, Texas, and **WESTWOOD MANAGEMENT DISTRICT** (the "District"), a political subdivision of the State of Texas duly created by Senate Bill 1884, 83rd Regular Session of the Texas Legislature, codified at Chapter 3917, Texas Special District Local Laws Code (the "Act"), and, in addition, operating pursuant to the Act, Chapter 375, Texas Local Government Code, and Chapter 49, Texas Water Code. The City and the District are sometimes hereinafter referred to singularly, as "Party", and collectively, as "Parties".

WITNESSETH:

WHEREAS, the District has been created within the City, for the purposes of, among other things, providing water distribution, wastewater collection and drainage facilities, road facilities, and park and recreational facilities (as more fully defined below, the "Facilities"), to serve development occurring within and near that portion of the City situated within the boundaries of the District, by financing the acquisition and construction of the Facilities; and

WHEREAS, pursuant to Section 3917.156 of the Act, before the District may issue bonds, impose taxes, or borrow money, the District and the City must enter into an interlocal project development agreement regarding the development plans and rules for the development and operation of the district and financing of improvement projects; and

WHEREAS, under the authority of Local Government Code Section 552.014, as amended, the City and the District may enter into an agreement under the terms of which the District will acquire for the benefit of, and for ultimate conveyance to, the City, the Facilities needed to serve lands being developed within and near the boundaries of the District; and

WHEREAS, the City and the District have determined that they are authorized by the Constitution and laws of the State of Texas to enter into this Agreement and have further determined that the terms, provisions, and conditions hereof are mutually fair and advantageous to each; NOW, THEREFORE;

AGREEMENT

For and in consideration of these premises and of the mutual promises, obligations, covenants and benefits herein contained, the District and the City contract and agree as follows:

ARTICLE I
DEFINITIONS

The capitalized terms and phrases used in this Agreement shall have the meanings as follows:

"Approving Bodies" shall mean, as applicable, the City, the Texas Commission on Environmental Quality, the Attorney General of Texas, the Comptroller of Public Accounts of Texas, the United States Department of Justice and all other federal and state governmental authorities having regulatory jurisdiction and authority over the financing, construction or operation of the Facilities or the subject matter of this Agreement.

"Bonds" shall mean the District's bonds, notes or other evidences of indebtedness issued from time to time for any lawful purpose, including for the financing the costs of acquiring, constructing, purchasing, operating, repairing, improving or extending the Facilities, paying developer interest, capitalized interest, costs of issuance, costs of District creation or operation, whether payable from ad valorem taxes or the proceeds of one or more future bond issues or otherwise, and including any bonds, notes or similar obligations issued to refund such bonds.

"Capital Improvement Plan" or "CIP" shall be that document attached to this agreement as **Exhibit "A"**.

"Development Agreement" shall mean that certain Development Agreement entered into on December 12, 2013, by and between the City of League City, Texas, and Westwood Development, Inc. as **Exhibit "B"**.

"District" shall mean Westwood Management District, a political subdivision of the State of Texas duly created by Senate Bill 1884, 83rd Regular Session of the Texas Legislature, codified at Chapter 3917, Texas Special District Local Laws Code (the "Act"), and, in addition, operating pursuant to the Act, Chapter 375, Texas Local Government Code, and Chapter 49, Texas Water Code, and which currently includes within its boundaries approximately 415.353 acres of land situated wholly within the corporate limits of the City, as described in **Exhibit "C"** attached hereto, and adjusted by any land that is annexed into or disannexed from the District with the consent of the City.

"District's Assets" shall mean (i) all rights, title and interests of the District in and to the Facilities, (ii) any Bonds of the District which are authorized but have not been issued by the District, (iii) all rights and powers of the District under any agreements or commitments with any persons or entities pertaining to the financing, construction or operation of all or any portion of the Facilities and/or the operations of the District, and (iv) all books, records, files, documents, permits, funds and other materials, and (v) any other real or personal property of the District.

"District's Obligations" shall mean any and all obligations or liabilities of the District, including (i) all outstanding Bonds of the District, (ii) all other debts, liabilities and obligations of the District to or for the benefit of any persons or entities relating to the financing, construction or operation of all or any portion of the Facilities or the operations of the District, and (iii) all functions performed and services rendered by the District, for and to the owners of

property within the District and the customers of the Facilities or otherwise.

"Engineers" shall mean Civil Concepts, Inc., the District's consulting engineers, or its replacement, successor or assignee.

"Engineering Reports" shall mean and refer to that certain Preliminary Engineering Report prepared by the Engineers, as described in **Exhibit "D"**, relating to the creation of the District and describing, among other things, the initial scope and extent of the Facilities and any additional engineering reports prepared by the Engineers from time to time relating to the scope and extent of the Facilities and/or the issuance of Bonds by the District, copies of which shall be on file in the offices of the District as required by applicable law.

"Facilities" shall mean and include any and all facilities that the District is authorized by law to construct, acquire, or purchase, including, without limitation, water supply, treatment, storage and distribution facilities; sanitary sewer collection, transportation and treatment facilities; stormwater collection, detention, and drainage systems; transportation network of roads, sidewalks, trails, and associated enhancements; and recreational amenities, parks and green spaces constructed or acquired or to be constructed or acquired by the District to serve lands within and adjacent to its boundaries, and all improvements, appurtenances, additions, extensions, enlargements or betterments thereto, together with all contract rights, permits, licenses, properties, rights-of-way, easements, sites and other interests related thereto, including those facilities more fully described in the Engineering Reports.

ARTICLE II
DEVELOPMENT AGREEMENT

2.01. Development Agreement. The District agrees to comply in all material respects with the design and development policies set forth in the Development Agreement.

ARTICLE III
DESCRIPTION, DESIGN, FINANCING AND CONSTRUCTION OF THE FACILITIES

3.01. Facilities. The Facilities, as substantially described in the Engineering Reports, shall be designed and constructed in compliance with all applicable requirements and criteria of the applicable Approving Bodies. The District may (but shall not be required to) design and construct the Facilities to requirements more stringent than the requirement outlined in State law or the City's requirements and criteria applicable to all design and construction within the City's jurisdiction. The District shall design, construct or extend the Facilities in such phases or stages as the District, in its sole discretion, from time to time may determine to be economically feasible. The District and the City acknowledge and agree that the District is currently expected to require approximately 1,404 equivalent dwelling units ("EDUs") of water and sewer capacity for full build out. The City agrees that it shall make available to the District, in the amount and at the time needed by the District, water and sewer capacity sufficient to serve as many as a total of 1,404 EDUs. For purposes of this Section, water and sewer capacity shall not be interpreted as being needed by the District until an application for a building permit has been filed for the facility or facilities requiring such capacity. The City shall not be obligated to provide any water or sewer capacity exceeding the amount set forth hereunder without its prior written consent;

provided, however, that the City will agree to consider requests from the District for additional water and sewer capacity in good faith and on the same basis that it considers other such requests from other persons and entities.

3.02. Water Distribution and Supply Facilities. Based on the current development plan contained within the Development Agreement (the "Development Plan") the District shall provide the City with its ultimate requirements for water supply as needed and required by the District. Unless otherwise agreed to by the Parties, the City shall supply water through existing water mains located along Maple Leaf Drive. The District may make one or more connections to such water mains at any time; provided, however, that any connection to the water mains must meet the requirements of the City and be supervised by a City representative. The City agrees to make at least one representative available for same at all reasonable times after reasonable prior written request from the District.

3.03. Wastewater Treatment Plant Facilities. Based on the Development Plan for the District, the City and the District agree that the property located within the District is designated as part of the service area of the City's Southwest Water Reclamation Facility. The City will make available capacity in the Southwest Water Reclamation Facility to serve the development of the District pursuant to Section 3.01. Should the City and the District agree in writing to changes in the Development Plan for the District, the City and District agree that the City will provide sufficient sewer capacity in the Southwest Water Reclamation Facility or such other sewer facility(ies) as and when necessary to serve the District's development.

3.04 Wastewater Connections. The District may construct multiple connections between the District's sanitary sewer collection system and the existing City trunk lines located adjacent to District, the locations of which shall be mutually agreed upon by the District and the City (the "Wastewater Points of Discharge"). All wastewater collected from customers within the District shall be delivered through the Wastewater Points of Discharge.

Notwithstanding the foregoing, the City shall not allow to be made any connection to the District's sanitary sewer system until, with respect to such connection:

(1) the City has inspected the connection and premises and has issued a building permit for that connection; and

(2) all buildings or structures served by connections shall be located entirely within the boundaries of a lot or parcel shown in a plan, plat or replat filed with and finally approved by the City Planning Commission of the City of League City and duly recorded in the official records of the county where the property is located (provided this limitation shall not apply if no plan, plat or replat is required by applicable State statutes, City ordinances or City Planning Commission regulations).

3.05. Letter of Assurance and Issuance of Assignments of Capacity by the District. The City agrees that, from time to time, the City shall, upon reasonable request, issue a letter of assurance to purchasers or prospective purchasers that the District is entitled to the use and benefit of, upon payment of the requisite capital recovery fees (which shall be equal and uniform to those charged to similar classifications of customers), capacity in the City's potable water system and in the City's Southwest Water Reclamation Facility or such other City facility(ies) as

may serve the District based on mutually agreeable changes in Development Plan for the District.

ARTICLE IV
OWNERSHIP, OPERATION AND MAINTENANCE OF FACILITIES

4.01. Ownership, Operation and Maintenance by the City. As construction of each phase of the Facilities is completed, the District shall provide notice to the City of such completion. Within a reasonable time thereafter (not to exceed forty-five (45) days), representatives of the City shall inspect such Facilities and, if the City finds that the same has been completed in accordance with the final plans and specifications, the City will accept the ownership of same, whereupon such portion of the Facilities shall be operated and maintained by the City at its sole cost, expense and liability. In the event that the Facilities have not been completed in accordance with the final plans and specifications, the City will, as soon as practicable but in no event greater than thirty (30) days, advise the District in writing describing in detail how the Facilities are defective, and the District shall correct the same within a reasonable time; whereupon the City shall again inspect the Facilities within a reasonable time thereafter (not to exceed forty-five (45) days) and accept the same if such defects have been corrected. During the term of this Agreement, the City will operate the Facilities and provide service to all users within the District on the same basis that it provides service to similar classifications of customers in non-municipal utility district areas of the City. The City shall at all times maintain the Facilities or cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles in operating and maintaining the Facilities, and the City will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders by any governmental administrative or judicial body promulgating the same.

4.02 Retained Facilities; Ownership by District/Homeowners' Association.

(a) Retained Facilities. Notwithstanding anything to the contrary in Section 4.01, no Facilities other than those related to the provision of water and sewer service, roadways and related facilities, and sidewalks (collectively, the "Conveyed Facilities") shall be conveyed by the District to the City without the City's prior written consent. All Facilities not conveyed by the District to the City pursuant to the immediately preceding sentence shall be retained by the District (the "Retained Facilities") until such time as the District is dissolved. However, until such time as the District is dissolved, the District shall have the right, in its sole discretion, to convey the ownership of and/or maintenance responsibility for the Retained Facilities to the Westwood Homeowners' Association or other non-profit entity or entities formed for the purpose, among others, of maintaining the common areas of the District. Without limiting the generality of the immediately preceding sentence, the Retained Facilities shall include, but not be limited to, fee simple interests in real property used for detention/drainage purposes, open spaces, trails, parks, play areas, and recreational facilities. Notwithstanding the immediately preceding sentence, the District shall convey all detention/drainage easements as may be requested in writing by the City within a reasonable time of receipt of such request.

(b) Conveyance of Retained Facilities at Dissolution of District. The District has entered into or will enter into that certain Conveyance of Retained Facilities Agreement, the

form of which is attached hereto as **Exhibit "E"**, with the Westwood Homeowners' Association to, among other things, provide for the conveyance of ownership of and maintenance responsibility for the Retained Facilities from and after the dissolution of the District. The District also agrees to take all other reasonable actions necessary to ensure that the ownership of and maintenance responsibility for the Retained Facilities are conveyed to the Westwood Homeowners' Association or other non-profit entity or entities formed for the purpose, among others, of maintaining the common areas of the District from and after the dissolution of the District.

4.03. Rates and Meters. The City shall bill and collect from customers of the Facilities and shall from time to time fix such rates and charges for such customers of the Facilities as the City, in its sole discretion, determines are necessary; provided that the rates and charges for services afforded by the Facilities will be equal and uniform to those charged similar classifications of customers in non-municipal utility district areas of the City. All revenues from the Facilities shall belong exclusively to the City. The City shall be responsible for providing and installing any necessary meters with the individual customers in accordance with its policies and adopted rates and charges.

4.04. Connection Charges. Subject to Sections 3.02 and 3.04 herein, the City may impose tap or connection fees for connection to the Facilities at a rate to be determined from time to time by the City, provided the charge is equal and uniform to the sums charged other City users for similar classifications of customers, and the connection charges shall belong exclusively to the City.

ARTICLE V
FINANCING OF FACILITIES

5.01 Authority of District to Issue Bonds.

(a) Bonds. The District shall have the authority to issue, sell and deliver Bonds from time to time, as deemed necessary and appropriate by the Board of Directors of the District, for the purposes, in such form and manner and as permitted or provided by federal law, the general laws of the State of Texas and the City's ordinance consenting to the creation of the District (the "Consent Ordinance") including for projects identified in the CIP. The District shall not be authorized to sell Bonds until it has provided the City with a certified copy of the Texas Commission on Environmental Quality order approving the Bond issue, as applicable, a copy of the Preliminary Official Statement (or term sheet, as applicable) and a draft of the order or resolution authorizing the issuance of such Bonds.

(b) Tax Levy. In order to pay for the day-to-day operations of the District, the District may levy and assess and collect an operation and maintenance tax, provided that the District's combined debt service and operation and maintenance tax in a given year does not exceed $1.00 per $100 in valuation without the written consent of the City. Notwithstanding the foregoing, the District shall be permitted to levy a debt service tax to the maximum extent provided by law to provide for the repayment of its then outstanding Bonds. The immediately preceding sentence shall not permit the District, unless it receives written consent from the City, to issue additional Bonds if such issuance would cause its total combined tax rate to exceed $1.00 for the immediately following tax levy. To the extent that the District's debt service tax

rate equals or exceeds $1.00 per $100 in valuation, the District shall not be permitted to levy a maintenance tax without the prior written consent of the City. The City and the District agree that the District approved an initial assessment of $1.00 per $100 in valuation at a meeting conducted on September 29, 2014.

5.02 Purpose for Bonds and Use of Bond Proceeds. The District may issue Bonds for any lawful purpose, including, without limitation, for the purpose of purchasing and constructing or otherwise acquiring the Facilities or parts of the Facilities, and to make any and all necessary purchases, construction, improvements, extensions, additions, and repairs thereto, and purchase, acquire or construct all necessary equipment, buildings, plants, structures, and facilities therefor within or outside the boundaries of the District, for paying the costs of the creation and operation of the District, providing for developer interest and for any necessary capitalized interest and costs of issuance.

5.03 Bond Provisions. Unless the City otherwise agrees in writing, the District's Bonds shall comply with the conditions in this section. The District's Bonds shall: (a) reserve the right to redeem the Bonds not later than fifteen (15) years after their issuance; (b) such redemption right shall not require the payment of premium to the holder(s) of the Bonds; and (c) such redemption shall be permitted not less frequently than each interest payment date after the Bonds first become optionally redeemable. Unless permitted by applicable law, the Bonds shall be sold only after the taking of public bid therefor. None of such Bonds, other than refunding bonds, will be sold for less than 95% of par. The net effective interest rate on the District's Bonds as calculated by Chapter 1204 of the Texas Government Code will not exceed two percent (2%) above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such bonds is given, and that bids for the bonds, if solicited, will be received not more than forty-five (45) days after notice of sale of the bonds is given. Bonds may be sold by the District only with the approval of the City Council, which the City Council will endeavor to provide within ninety (90) days after receiving from the District the items required by Section 5.01(a) hereof.

5.04. Bonds as Obligations of District. Unless and until the City shall dissolve the District and assume the properties, assets, obligations and liabilities of the District, the Bonds of the District, as to both principal and interest, shall be and remain obligations solely of the District and shall never be deemed or construed to be obligations or indebtedness of the City. The Bonds shall not contain any pledge of the revenues from the operation of the Facilities.

5.05. Construction by Third Parties. From time to time, the District may enter into one or more agreements with landowners or developers of property located within or in the vicinity of the District whereby such landowners or developers will undertake, on behalf of the District, to pre-finance and pre-construct, in one or more phases, all or any portion of the Facilities. Under the terms of such agreements, the landowners or developers will be obligated to finance and construct the Facilities in the manner which would be required by law if such work were being performed by the District. Each such agreement will provide for the purchase of the Facilities by the District from the landowners or developers using the proceeds of one or more issues of Bonds, as permitted by law and the applicable rules, regulations and guidelines of the applicable Approving Bodies or as provided in Section 6.01 below.

5.06. Capital Improvement Plan. The District has adopted, as part of this Agreement,

the five year Capital Improvement Plan attached hereto as **Exhibit "A"**.

5.07. Construction Audit. The District shall have the construction cost of each part of the Facilities audited upon completion of that part, and all records of the District shall be subject to inspection by the City at all reasonable times; provided that the City gives reasonable written prior notice of such inspection.

ARTICLE VI
DISTRICT TAXES

6.01. District Taxes. The District is authorized to assess, levy and collect ad valorem taxes upon all taxable properties within the District to provide for (i) the payment in full of the District's Obligations, including principal, redemption premium, if any, or interest on the Bonds and to establish and maintain any interest and sinking fund, debt service fund or reserve fund and (ii) for maintenance purposes, all in accordance with applicable law. The Parties agree that, except for the rate cap contained in Section 5.01(b), nothing herein shall be deemed or construed to prohibit, limit, restrict or otherwise inhibit the District's authority to levy ad valorem taxes as the Board of Directors of the District from time to time may determine to be necessary. The City and the District recognize and agree that all ad valorem tax receipts and revenues collected by the District shall become the property of the District and may be applied by the District to the payment of all or any designated portion of the principal or redemption premium, if any, or interest on the Bonds or otherwise in accordance with applicable law. Each Party to this Agreement agrees to notify the other Party as soon as is reasonably possible in the event it is ever made a party to or initiates a lawsuit for unpaid taxes.

6.02. Sale or Encumbrance of Facilities. It is acknowledged that the District may not dispose of or discontinue any portion of the Facilities, except as permitted hereunder or as permitted by the City in writing.

ARTICLE VII
DISSOLUTION OF THE DISTRICT

7.01. Dissolution of District Prior to Retirement of Bonded Indebtedness. The City and the District recognize that, as provided in the laws of the State of Texas, the City has the right to dissolve the District and to acquire the District's Assets and assume the District's Obligations. Notwithstanding the foregoing, the City agrees that it will not dissolve the District prior to December 31, 2037 as the date of termination of the District in accordance with the Act, until the following conditions have been met:

1. At least 90% of the District's Facilities have been developed; and

2. The developer(s) developing Facilities has/have been reimbursed by the District in accordance with their respective development reimbursement agreements.

Upon dissolution of the District, the City shall acquire the District's Assets and shall assume the District's Obligations. Nothing herein shall be interpreted to make the City obligated for any of the District's Obligations until such time as the City dissolves the District and assumes the District's Assets and the District's Obligations.

7.02. Transition upon Dissolution. In the event all required findings and procedures for the dissolution of the District have been duly, properly and finally made and satisfied by the City, and unless otherwise mutually agreed by the City and the District pursuant to then existing law, the District agrees that its officers, agents and representatives shall be directed to cooperate with the City in any and all respects reasonably necessary to facilitate the dissolution of the District and the transfer of the District's Assets to, and the assumption of the District's Obligations by, the City.

ARTICLE VIII
REMEDIES IN EVENT OF DEFAULT

The parties hereto expressly recognize and acknowledge that a breach of this Agreement by either Party may cause damage to the nonbreaching Party for which there will not be an adequate remedy at law. Accordingly, in addition to all the rights and remedies provided by the laws of the State of Texas, in the event of a breach hereof by either Party, the other Party shall be entitled but not limited to the equitable remedy of specific performance or a writ of mandamus to compel any necessary action by the breaching Party. In the event that a Party seeks a remedy as provided in this Article or any monetary damages as otherwise provided in this Agreement, the breaching Party shall be required to pay for the non-breaching Party's attorneys fees and court costs.

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.01. Permits, Fees, Inspections. The District understands and agrees that all City ordinances and codes, including applicable permits, fees and inspections, shall be of full force and effect within its boundaries the same as to other areas within the City's corporate limits.

9.02. 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 Agreement, then the obligations of such Party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused, to the extent provided, but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the Party whose contractual obligations are affected thereby shall give notice and the full particulars of such force majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence.

9.03. Approvals and Consents. Approvals or consents required or permitted to be given under this Agreement shall be evidenced by an ordinance, resolution or order adopted by the governing body of the appropriate party or by a certificate executed by a person, firm or entity previously authorized to give such approval or consent on behalf of the Party. Approvals and consents shall be effective without regard to whether given before or after the time required for giving such approvals or consents. Any approvals or consents required herein shall not be unreasonably withheld, conditioned or delayed.

9.04. Address and Notice. Unless otherwise provided in this Agreement, any notice to

be given under this Agreement shall be given in writing and may be given either by depositing the notice in the United States mail postpaid, registered or certified mail, with return receipt requested; or delivering the notice to an officer of such party. Notice deposited by mail in the foregoing manner shall be effective the day after the day on which it is deposited. Notice given in any other manner shall be effective only when received by the party to be notified. For the purposes of notice, the addresses of the parties shall be as follows:

If to the City, to:
City Manager
City of League City
300 W. Walker
League City, Texas 77573

If to the District, to:
Westwood Management District
c/o Hawes Hill Calderon LLP
Attn: Mr. David Hawes
P.O. Box 22167
Houston, Texas 77227-2167

If to Developer, to:
Westwood Development, Inc.
Attn: Mr. Travis Campbell
P.O. Box 936
League City, Texas 77573

The parties shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days written notice of such change to the other parties at the address listed above or any subsequent address provided in accordance with this Section.

9.05. Assignability. This Agreement may not be assigned by either Party without the prior written consent of the other Party.

9.06. No Additional Waiver Implied. The failure of either Party to insist upon performance of any provision of this Agreement shall not be construed as a waiver of the future performance of such provision by the other Party.

9.07. Reservation of Rights. All rights, powers, privileges and authority of the Parties hereto not restricted or affected by the express terms and provisions hereof are reserved by the Parties and, from time to time, may be exercised and enforced by the Parties.

9.08. Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the Parties hereto and shall not be construed to confer any rights upon any third parties.

9.09. Merger. This Agreement embodies the entire understanding between the Parties and there are no representations, warranties or agreements between the parties covering the subject matter of this Agreement other than the Consent Ordinance and the Development Agreement. If any provisions of the Consent Ordinance or the Development Agreement appear

to be inconsistent or in conflict with the provisions of this Agreement, then, to the extent possible, the provisions contained in this Agreement shall be interpreted in a way which is consistent with the Consent Ordinance and the Development Agreement. If this Agreement cannot be reconciled with the Consent Ordinance, the Consent Ordinance shall control. If this Agreement cannot be reconciled with the Development Agreement, this Agreement shall control.

9.10. Captions. The captions of each section of this Agreement are inserted solely for convenience and shall never be given effect in construing the duties, obligations or liabilities of the Parties hereto or any provisions hereof, or in ascertaining the intent of either Party, with respect to the provisions hereof.

9.11. Interpretations. This Agreement and the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Agreement.

9.12. Severability. If any provision of this Agreement or the application thereof to any person or circumstances is ever judicially declared invalid, such provision shall be deemed severed from this Agreement and the remaining portions of this Agreement shall remain in effect.

9.13 No Allocation Agreement. The Parties acknowledge and agree that this Agreement is not an "allocation agreement" as such term is defined in Section 54.016(f), Texas Water Code, as amended. The Parties hereby agree to forever waive any and all rights they may now or in the future have arising under or out of Section 54.016(f), Texas Water Code, as amended, to contest the levy of the ad valorem tax rates imposed by either the City or the District. Nothing herein shall be deemed to substantively alter or amend the provisions of this Agreement, it being the intent of the Parties to clarify their mutual understanding and agreement concerning the application of Section 54.016(f), Texas Water Code, as amended.

Notwithstanding the contrary intent of the Parties, if there is a determination that this Agreement does constitute an "allocation agreement" within the meaning of Section 54.016(f), Texas Water Code, as amended, then this Agreement shall be terminated and the Parties agree to enter into such subsequent agreement(s) as may be necessary to implement the intent of this Agreement as nearly as possible without creation of an "allocation agreement". Each Party agrees to cooperate with the other to implement the intent of this paragraph.

9.14 Goods and Services Contract. The Parties acknowledge and agree that this Agreement is a contract for goods and services as described in Chapter 271, Texas Local Government Code.

9.15 Term and Effect. This Agreement shall remain in effect until the earlier to occur of (i) the dissolution of the District by the City or (ii) December 31, 2037.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple copies, each of equal dignity, on this ____ day of _____, 2015.

THE CITY OF LEAGUE CITY, TEXAS

_____
R. MARK ROHR
City Manager

ATTEST:

_____
DIANA M. STAPP
City Secretary

APPROVED AS TO FORM:

_____
NGHIEM V. DOAN
City Attorney

WESTWOOD MANAGEMENT DISTRICT

By: _____

Name: MARIA MORALES

Title: President, Board of Directors

Date: 8-19-2015