LCTX
LEAGUE CITY

WEST FM 517, LTD. WATER CRF CREDIT AGREEMENT

(Version 6-10-2025)

This WATER CRF CREDIT AGREEMENT ("Agreement") is made and entered into this **June 24, 2025**, by and between the **City of League City**, a **City** organized under the laws of the State of Texas ("Grantor"), and **West FM 517, LTD.**, a Texas limited partnership ("Grantee").

RECITALS:

WHEREAS, Grantee is developing the **Pedregal Subdivision, Section 4A** (the "Project") located entirely within the corporate limits of the City, as more fully described by the Preliminary Plat attached hereto as **Exhibit "A"** (the "Property") within Grantor's water service area;

WHEREAS, in order to provide water service to the Project, Grantee will be required to construct a water main line (the "Water Main") on or adjacent to the Property;

WHEREAS, Grantor has determined that it would be beneficial for the long-term water infrastructure needs of its service area for Grantee to construct the Water Main with additional capacity beyond what is required to solely serve the Project (the "Oversized Portion");

WHEREAS, in exchange for Grantee's agreement to construct the Oversized Portion, Grantor desires to award Grantee water Capital Recovery Fee ("CRF") credits; and

WHEREAS, the parties now desire to enter into this Agreement to set forth the terms and conditions of Grantor's award of water CRF credits to Grantee.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Oversized Water Main. Grantee agrees to design and construct the Water Main with an Oversized Portion, the specifications of which are set forth in **Exhibit B** attached hereto. The Oversized Portion shall be designed and constructed in accordance with Grantor's then-current standards and specifications, as may be amended from time to time.

2. Award of Water CRF Credits.

   (a) In consideration of Grantee's agreement to construct the Oversized Portion of the Water Main, Grantor shall award Grantee water CRF credits in the amount of **$9,074** per **¾" Water Meter for each Residential Home** of the Oversized Portion.
   (b) The total water CRF credits to be awarded to Grantee shall not exceed **$797,783.55 (See attached Exhibit C)**.
   (c) Grantee shall be entitled to apply the awarded water CRF credits against any water CRF fees due to Grantor in connection with the Project or any future project developed by Grantee within Grantor's water service area.

(d) The water CRF credits awarded under this Agreement **shall not expire**.

3. Grantee's Obligations.

(a) Grantee shall obtain all necessary permits, approvals, and authorizations required for the design, construction, and installation of the Oversized Portion of the Water Main, including any approvals required from the **State of Texas and/or City of League City**.
(b) Grantee shall be responsible for the full cost of designing, constructing, and installing the Oversized Portion of the Water Main in accordance with Grantor's standards and specifications.
(c) Grantee shall maintain the Oversized Portion of the Water Main in good working condition for a period of **one (1) year** from the date of Grantor's written acceptance of the completed construction.
(d) Grantee shall provide Grantor with as-built drawings and other documentation related to the Oversized Portion of the Water Main upon completion of construction.
(e) Grantee shall indemnify, defend, and hold harmless Grantor from and against any and all claims, losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees) arising out of or related to the design, construction, maintenance, or use of the Oversized Portion of the Water Main, including but not limited to:
    (i) Third-party claims for bodily injury, death, or property damage;
    (ii) Claims related to intellectual property infringement;
    (iii) Environmental claims or violations;
    (iv) Claims arising from Grantee's negligence or willful misconduct; and
    (v) Claims resulting from Grantee's breach of this Agreement.
(f) Grantee shall comply with all applicable federal, state, and local laws, regulations, and ordinances related to the design, construction, and maintenance of the Oversized Portion of the Water Main.

4. Grantor's Obligations.

(a) Grantor shall review and approve the design of the Oversized Portion of the Water Main to ensure compliance with its then-current standards and specifications.
(b) Grantor shall inspect the construction of the Oversized Portion of the Water Main and provide written acceptance upon satisfactory completion.
(c) Grantor shall award the water CRF credits to Grantee in accordance with the terms set forth in Section 2 of this Agreement.
(d) Grantor shall maintain the Oversized Portion of the Water Main in good working condition after the expiration of the maintenance period set forth in Section 3(c).
(e) Grantor shall comply with all applicable federal, state, and local laws, regulations, and ordinances related to the oversight and maintenance of the Oversized Portion of the Water Main.

5. Term and Termination.

(a) This Agreement shall commence on the date first written above and shall continue in full force and effect until the expiration of the water CRF credit term set forth in Section 2(d), unless earlier terminated as provided herein.
(b) Grantor may terminate this Agreement upon **60 calendar** days' written notice to Grantee in the event of Grantee's material breach of any provision of this Agreement, which breach

remains uncured for a period of **60 calendar** days after Grantee's receipt of written notice thereof.

(c) Grantee may terminate this Agreement upon **60 calendar** days' written notice to Grantor if Grantor fails to award the water CRF credits in accordance with the terms of this Agreement.

(d) Upon termination of this Agreement:

(i) Any outstanding water CRF credits shall be immediately forfeited by Grantee;

(ii) Grantee shall complete any ongoing construction of the Oversized Portion of the Water Main to Grantor's satisfaction or, at Grantor's option, remove any partially completed work and restore the affected area to its original condition;

(iii) Grantee shall deliver to Grantor all plans, drawings, specifications, and other documents related to the Oversized Portion of the Water Main; and

(iv) The parties shall cooperate in good faith to ensure a smooth transition of responsibilities related to the Oversized Portion of the Water Main.

(e) The following provisions shall survive the termination or expiration of this Agreement: Sections 3(e), 6, 7, 8, and 9.

6. Dispute Resolution.

(a) The parties agree to attempt in good faith to resolve any dispute, controversy, or claim arising out of or relating to this Agreement through informal negotiations between their respective designated representatives.

(b) If the parties are unable to resolve the dispute through informal negotiations within **60 calendar** days, either party may initiate mediation by providing written notice to the other party. The mediation shall be conducted by a mutually agreed-upon mediator in **League City, TX**. The parties shall share equally in the costs of the mediation.

(c) If the dispute is not resolved through mediation within **60 calendar** days of the initiation of such procedure, or if either party refuses to participate in mediation, then either party may initiate binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

(d) The arbitration shall be conducted by a single arbitrator mutually selected by the parties, or if the parties cannot agree, appointed by the American Arbitration Association.

(e) The arbitration shall be held in **League City, TX**, and the language of the arbitration shall be English.

(f) The arbitrator's award shall be final and binding upon the parties, and judgment on the award may be entered in any court having jurisdiction thereof.

(g) Nothing in this Section 6 shall prevent either party from seeking injunctive or equitable relief from a court of competent jurisdiction in appropriate circumstances.

7. Limitation of Liability.

(a) EXCEPT FOR OBLIGATIONS ARISING UNDER SECTION 3(e) (INDEMNIFICATION), IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, LOSS OF DATA, LOSS OF USE, OR COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, WHETHER IN AN ACTION IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(b) EXCEPT FOR OBLIGATIONS ARISING UNDER SECTION 3(e) (INDEMNIFICATION), EACH PARTY'S TOTAL CUMULATIVE LIABILITY UNDER

THIS AGREEMENT SHALL NOT EXCEED THE GREATER OF (i) THE TOTAL AMOUNT OF WATER CRF CREDITS AWARDED UNDER THIS AGREEMENT OR (ii) $797,783.55.

(c) The limitations set forth in this Section 7 shall not apply to the extent prohibited by applicable law.

8. Inspection and Reporting Requirements.

(a) Grantee shall permit Grantor's authorized representatives to inspect the Oversized Portion of the Water Main at any reasonable time during construction and during Grantee's maintenance period.
(b) Grantee shall provide Grantor with quarterly progress reports during the construction phase, detailing the status of the Oversized Portion of the Water Main, any issues encountered, and proposed solutions.
(c) During Grantee's maintenance period, Grantee shall provide Grantor with annual inspection reports detailing the condition of the Oversized Portion of the Water Main and any maintenance or repair activities performed.
(d) Grantor shall have the right to conduct its own inspections of the Oversized Portion of the Water Main at any time, provided that such inspections do not unreasonably interfere with Grantee's operations.
(e) If Grantor identifies any deficiencies or issues during its inspections, it shall promptly notify Grantee in writing, and Grantee shall address such deficiencies or issues within a reasonable timeframe as agreed upon by the parties.

9. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of **Texas**, without giving effect to any choice of law or conflict of law provisions.
(b) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties, whether oral or written.
(c) Amendments. This Agreement may be amended or modified only by a written instrument executed by both parties.
(d) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Electronic or facsimile signatures shall be deemed original signatures for all purposes.
(e) Severability. If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
(f) Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. No failure or delay by either party in exercising any right, power, or remedy under this Agreement shall operate as a waiver of any such right, power, or remedy.
(g) Assignment. Neither party may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the other party, except that Grantor may assign this Agreement to any successor entity or agency without Grantee's consent.
(h) Force Majeure. Neither party shall be liable for any failure or delay in performance under this Agreement due to fire, explosion, earthquake, storm, flood, strike, war, insurrection, riot, act of God or the public enemy, law, act, order, export control regulation, proclamation, decree,

regulation, ordinance, or instructions of Government or other public authorities, or any other event beyond the reasonable control of such party.

(i) Notices. All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally, or sent by registered or certified mail, return receipt requested, postage prepaid, or by overnight courier service, addressed to the party at the address set forth below:

If to Grantor:
City of League City
City Hall
300 West Walker St.
League City, TX 77573
Attention: City Manager

If to Grantee:
West FM 517, Ltd.
211 E. Parkwood, Suite 100
Friendswood, TX 77546
Attention: Tracy Goza

(j) Relationship of Parties. Nothing in this Agreement shall be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party shall have any authority to bind the other party in any way.

(k) Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

(l) Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Water CRF Credit Agreement as of the date of execution.

(signature block on next page)

Executed on _____. *(date to be filled in by City Secretary)*

WEST FM 517, LTD. - "Grantee"
A Texas limited partnership

By: LinGo West FM 517 GP, LLC, a Texas limited liability company, its general partner

_____
Tracy Goza, Member

CITY OF LEAGUE CITY – "Grantor"

_____
John Baumgartner, City Manager

Attest:

_____
Diana Stapp, City Secretary

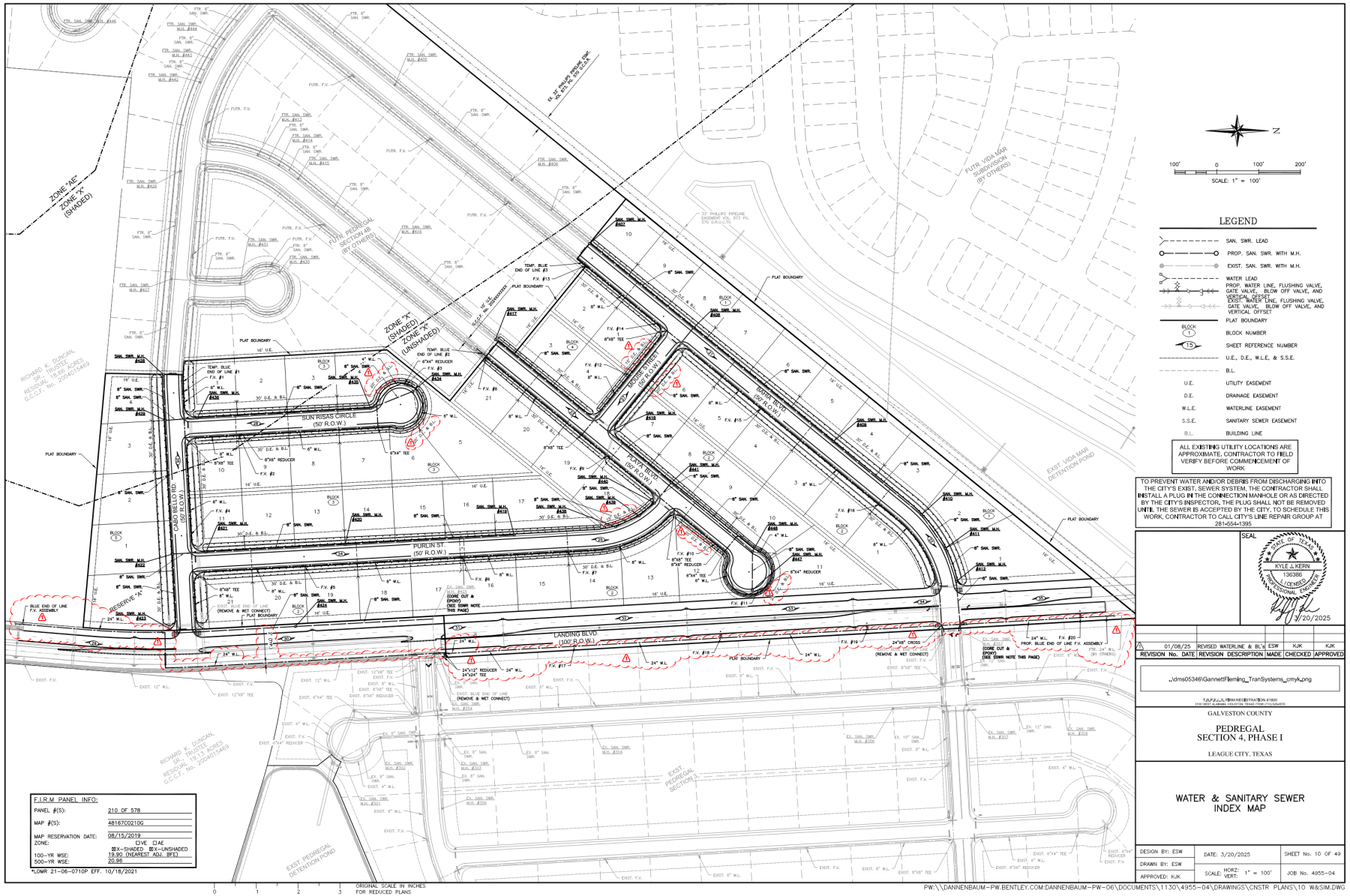
Approved as to Form:

_____
Office of the City Attorney

Exhibit A

Pedregal Subdivision, Section 4A
(There are **2** pages for Exhibit A, including this page)

The following page is from the construction plans showing the location of the 24" water main within the Pedregal Section 4 platting area (to be platted in 2 phases). The total lot count for Section 4 will be 94 lots.



LEGEND

- SAN. SWR. LEAD
- PROP. SAN. SWR. WITH M.H.
- EXIST. SAN. SWR. WITH M.H.
- WATER LEAD
- PROP. WATER LINE, FLUSHING VALVE, GATE VALVE, BLOW OFF VALVE, AND VERTICAL OFFSET
- EXIST. WATER LINE, FLUSHING VALVE, GATE VALVE, BLOW OFF VALVE, AND VERTICAL OFFSET
- PLAT BOUNDARY
- BLOCK NUMBER
- SHEET REFERENCE NUMBER
- U.E., D.E., W.L.E, & S.S.E.
- B.L.
- U.E. UTILITY EASEMENT
- D.E. DRAINAGE EASEMENT
- W.L.E. WATERLINE EASEMENT
- S.S.E. SANITARY SEWER EASEMENT
- B.L. BUILDING LINE

ALL EXISTING UTILITY LOCATIONS ARE APPROXIMATE. CONTRACTOR TO FIELD VERIFY BEFORE COMMENCEMENT OF WORK

TO PREVENT WATER AND/OR DEBRIS FROM DISCHARGING INTO THE CITY'S EXIST. SEWER SYSTEM, THE CONTRACTOR SHALL INSTALL A PLUG IN THE CONNECTION MANHOLE OR AS DIRECTED BY THE CITY'S INSPECTOR, THE PLUG SHALL NOT BE REMOVED UNTIL THE SEWER IS ACCEPTED BY THE CITY. TO SCHEDULE THIS WORK, CONTRACTOR TO CALL CITY'S LINE REPAIR GROUP AT 281-554-1395

SEAL

STATE OF TEXAS
KYLE J. KERN
136386
LICENSED PROFESSIONAL ENGINEER
3/20/2025

REVISION No.	DATE	REVISION DESCRIPTION	MADE	CHECKED	APPROVED
1	01/08/25	REVISED WATERLINE & BL's	ESW	KJK	KJK

../dms05346\GannettFleming_TranSystems_cmyk.png

T.B.P.E.F.S. FIRM REGISTRATION #18600
2500 WEST ALABAMA, HOUSTON, TEXAS 77098 (713) 529-8478

GALVESTON COUNTY

PEDREGAL SECTION 4, PHASE I

LEAGUE CITY, TEXAS

WATER & SANITARY SEWER INDEX MAP

DESIGN BY: ESW	DATE: 3/20/2025	SHEET No. 10 OF 49
DRAWN BY: ESW	SCALE: HORZ: 1" = 100' VERT:	JOB No. 4955-04
APPROVED: KJK		

F.I.R.M PANEL INFO:

PANEL #(S):	210 OF 578
MAP #(S):	48167C0210G
MAP RESERVATION DATE:	08/15/2019
ZONE:	☐VE ☐AE ☒X-SHADED ☒X-UNSHADED
100-YR WSE:	19.90 (NEAREST ADJ. BFE)
500-YR WSE:	20.96

*LOMR 21-06-0710P EFF. 10/18/2021

ORIGINAL SCALE IN INCHES FOR REDUCED PLANS

PW:\\DANNENBAUM-PW.BENTLEY.COM:DANNENBAUM-PW-06\DOCUMENTS\1130\4955-04\DRAWINGS\CNSTR PLANS\10 W&SIM.DWG

Exhibit B

SPECIFICATIONS FOR OVERSIZED PORTION OF WATER MAIN

(There are **1** pages for Exhibit B, including this page)

The Water Main Design, Material Specifications and Construction Methods shall follow the current adopted version of the City's General Design and Construction Standards Manual, incorporated by reference.

Exhibit C

PROPOSED COST ESTIMATE FOR UPSIZING 12" WATER MAIN TO 24" WATER MAIN

(There are **2** pages for Exhibit C, including this page)

The following page is the in place cost for the needed upsizing.

FELLERS & CLARK, LP

18111 DOMINO ROAD
WALLER, TEXAS 77484
PHONE: (281) 581-0770

REQUEST FOR CHANGE ORDER

03/12/25

To WEST FM 517, LTD
c/o
GANNETT FLEMING TRANSYSTEMS
Attn: KYLE KERN, PE

Project: PEDREGAL SEC 4A WS&D — Job #: 124086

Scope: REVISED 12" WATERLINE TO 24" — Change Order: 1

#	DESCRIPTION	QUANTITY	REVISED QUANTITY	UNIT	UNIT PRICE	REVISED UNIT PRICE	TOTAL
	Contract Items & Quantity						
1	Polyvinyl chloride pipe, AWWA C-900, DR-18, 12-inch diameter	1611	20	LF	$ 73.15	$ 73.15	$ (116,381.65)
9	Resilient Seated Gate Valve with Box 12-inch diameter	3	1	VF	$ 4,412.40	$ 4,412.40	$ (8,824.80)
	Additional Items & Quantity						
CO1.1	24-inch diameter PVC WL	0	2710	LF	$ 214.00	$ 214.00	$ 579,940.00
CO1.2	24-Inch diameter Gate Valve	0	5	EA	$ 39,000.00	$ 39,000.00	$ 195,000.00
CO1.3	Removal of existing sidewalk	0	3750	SF	$ 7.50	$ 7.50	$ 28,125.00
CO1.4	Additional cost to bore 24" WL	0	45	LF	$ 215.00	$ 215.00	$ 9,675.00
CO1.5	Additional cost to bore 24" RJ WL w/ 30" steel casing	0	80	LF	$ 915.00	$ 915.00	$ 73,200.00
CO1.6	Replace 6' Sidewalk	0	650	LF	$ 57.00	$ 57.00	$ 37,050.00
	Total Request for Change Order						**$ 797,783.55**

Sincerely,

Nate Davis