

**CONTRACT GOVERNING IMPROVEMENTS TO WEST
DELIVERY SYSTEM AND THE TRANSMISSION OF COLORADO RIVER WATER**

This Contract (“Contract”), dated as of _____, 201__ (“Effective Date”), is between the Lavaca-Navidad River Authority (“LNRA”), a conservation and reclamation district and political subdivision of the State of Texas, organized and operating under Article XVI, Section 59 of the Texas Constitution and the City of Corpus Christi, Texas (“City”), a Texas home-rule city.

RECITALS

1. LNRA and the City entered into a Water Delivery and Conveyance Contract dated December 14, 1993 (“Delivery Contract”). Under the Delivery Contract, LNRA conveys 41,840 acre-feet/year of water from Lake Texana to the City from an intake structure, pipeline, and pumps (“West Delivery System”) constructed by LNRA to a pipeline constructed by the City (“Mary Rhodes Phase I Pipeline”). On July 24, 2001, the City of Corpus Christi contracted with LNRA to receive up to 4,500 acre-feet of water per year on an interruptible basis. On July 22, 2003 the City amended its 2001 contract for interruptible water and contracted for an additional 7,500 acre-feet per year bringing the total interruptible volume to 12,000 acre-feet per year and the contracted total to 53,840 acre-feet per year.
2. The Mary Rhodes Phase I Pipeline was designed for the transport of additional water.
3. The Delivery Contract provides that the City and LNRA will endeavor in good faith to agree to terms for the future acquisition and transfer of water supplies acquired by the City to be conveyed to the Delivery Point.

4. In 1998, the City finalized its purchase of 35,000 acre-feet/year from Garwood Irrigation Company by obtaining a water right authorizing the City to divert the water from the Colorado River (“Colorado River Water”). The water right restricts the transport of water to an enclosed pipeline which would preclude the Colorado River Water from entering Lake Texana, and requires moving water from a diversion site on the Colorado River via a pipeline (“Mary Rhodes Phase II Pipeline”) to the West Delivery System for conveyance (“wheeling”) to the Mary Rhodes Pipeline.
5. The City intends to construct the Mary Rhodes Phase II Pipeline and desires to enter into this agreement with LNRA to address the construction of facilities on LNRA property and the necessary improvements to the West Delivery System (“West Delivery System Improvements”) to accommodate the wheeling of Colorado River Water to the Mary Rhodes Pipeline.

In consideration of the mutual covenants and agreements contained in this Contract, LNRA and the City agree as follows:

I.
DEFINITIONS

1.01 Definition of Terms. Unless otherwise defined in this Contract, or unless the context clearly requires otherwise, the following terms and phrases shall have the meanings indicated:

“Authorized Representative” means either of the two persons at the time designated as such in a written certificate, containing a specimen signature of such person, which in the case of the City’s representative is signed on behalf of the City by the City Manager and which is furnished to LNRA, and, in the case of LNRA’s representative, is signed by the General Manager.

“Butterfly Valve” means the butterfly valve immediately downstream of the Surge Tank (approximately 25 feet from the Surge Tank) to which the West Delivery Intake Extension will connect.

“City-Constructed Facilities” means facilities constructed by the City on LNRA property including the Mary Rhodes Phase II Pipeline, Surge Tank, Colorado River Water Meter, Butterfly Valve, West Delivery System Intake Extension and West Delivery System Improvements.

“Completion Date” means the date the City declares the LNRA Facilities and the Mary Rhodes Phase II Pipeline to be complete, operational, and fully capable of diverting, transporting, and delivering Colorado River Water to the West Delivery System and delivering Colorado River Water and Texana Water simultaneously, or independently, to the Delivery Point.

“Delivery Contract” means Water Delivery and Conveyance Contract dated December 14, 1993 between LNRA and the City.

“Delivery Point” means the point where water is delivered to the City as defined in the Delivery Contract.

“Effective Date” means _____, 201__.

“Mary Rhodes Phase I Pipeline” means the City’s pipeline owned by the City, which begins at a point near Dry Creek, which is approximately 2000 feet from LNRA’s West Delivery Intake Pump Station and extending to the O. N. Stevens Water Treatment Plant near Corpus Christi, Texas.

“Mary Rhodes Phase II Pipeline” means the City’s pipeline from a diversion point on the Colorado River to a Surge Tank located on LNRA property.

“Colorado River Water” means water transmitted through the Mary Rhodes Phase II Pipeline.

“Colorado River Water Meter” means a metering device on Mary Rhodes Phase II Pipeline before the Surge Tank to measure volume of Colorado River Water that is to be passed through LNRA’s West Delivery System.

“Lake Texana” means the lake and related facilities and real property located in Jackson County, Texas, owned and operated by LNRA.

“LNRA Project Operating and Maintenance Expenses” shall have the meaning as defined in the Delivery Contract.

“LNRA Facilities” means facilities owned by LNRA including the West Delivery System and any improvements, modifications or appurtenances thereto (“West Delivery System Improvements”) and also including the gravity line connecting the Surge Tank to the West Delivery System existing intake structure beginning at the Butterfly Valve (“West Delivery System Intake Extension”) to be conveyed to LNRA in accordance with Section 2.06.

“Management Fee” means an administrative fee assessed by LNRA for the usage of LNRA’s facilities in conjunction with the transport of Colorado River Water for the benefit of the City. This fee only applies to the volume of Colorado River Water actually wheeled through the West Delivery System and delivered to the City at the Delivery Point. The volume to be used in calculating the fee will be the City’s Colorado River Water Meter reading less nineteen acre-feet, which is the estimated volume of Colorado River Water that passed through the Colorado River Water Meter yet remains in storage. The use of funds derived from this fee may be used for LNRA for any lawful purpose.

“Plans and Specifications” means the plans and specifications prepared for the improvements to be made to LNRA Facilities by the Project Engineer, as the same may be revised from time-to-time in accordance with this Contract.

“Project Engineer” means the engineering firm of Freese & Nichols and any other firms as may be designated by the City and approved by LNRA that is responsible for the design and construction oversight of any improvements to be incorporated on or made to LNRA Facilities.

“Service Commencement Date” means the date on which LNRA’s obligation to transport and deliver Colorado River Water under this Contract begins as described in Section 3.01.

“Easement Agreement” means the easement agreement attached hereto and incorporated herein as Exhibit B, allowing City and/or its contractor ingress and egress on LNRA property to construct, operate and maintain City-owned facilities located on LNRA property.

“Surge Tank” means a six (6) million gallon concrete tank to be constructed on LNRA property in which Colorado River Water is discharged for temporary storage and equalization before gravity flow through the West Delivery System Intake Extension to the West Delivery System.

“Texana Water” means the water delivered to the City under the Delivery Contract dated December 14, 1993 and the Interruptible Water Supply Contract dated July 24, 2001 and as amended July 22, 2003 between LNRA and the City.

“West Delivery System” means the intake structure, pipeline, pumps, metering and related facilities on LNRA property financed and constructed by LNRA as part of the original construction of Mary Rhodes Phase I Pipeline.

“West Delivery System Improvements” means the modifications to the West Delivery System which are necessary to accept Colorado River Water and deliver Colorado River Water and/or Colorado River Water comingled with Texana Water to the Delivery Point as described in Exhibit C.

“West Delivery System Intake Extension” means the gravity-feed portion of pipe necessary to connect the West Delivery System’s existing intake structure to the Surge Tank and the Mary

Rhodes Phase II Pipeline, more specifically delineated from the downstream side of the Butterfly Valve immediately downstream of the Surge Tank (approximately 25 feet from Surge Tank to which the West Delivery System Intake Extension will connect.) See Exhibit A. The West Delivery System Intake Extension will be constructed by the City, operated by LNRA, and conveyed to LNRA as provided in Section 2.06.

1.02 Interpretation. Terms used in this Contract with initial letters capitalized and not otherwise defined in this Contract have the meanings assigned to them in Section 1.01. The table of contents and caption headings of this Contract are for reference only and shall not affect its interpretation in any respect. Except where the context otherwise requires, words impacting the singular number shall include the plural number and vice versa. Reference to any document means that document as amended or supplemented from time to time. Reference to any party or governmental regulatory agency means the entity and its successors and assigns. This Contract and all terms and provisions, including exhibits, shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Contract.

II.
IMPROVEMENTS TO WEST DELIVERY SYSTEM AND
CONSTRUCTION OF TRANSMISSION LINE
AND SURGE TANK LOCATED ON LNRA PROPERTY

2.01 General. Under this agreement, the West Delivery System will be used for receiving Colorado River Water from the Mary Rhodes Phase II Pipeline, and for transmission, independently or commingled with water from Lake Texana (“Texana Water”), to the Delivery Point specified in the Delivery Contract. The City will manage, design, construct, expand, extend, enlarge, and improve the West Delivery System to accommodate the receipt and transmission of the Colorado River Water. LNRA will continue to own and operate the West

Delivery System. After Colorado River Water enters LNRA Property, Colorado River Water will pass through the Colorado River Water Meter, feed into a Surge Tank located on LNRA Property and then gravity flow through the West Delivery System Intake Extension to the West Delivery System whereby it will be re-lifted into the Mary Rhodes Phase I Pipeline. The City will construct the Mary Rhodes Phase II Pipeline, a Surge Tank, Colorado River Water Meter, Butterfly Valve, West Delivery System Improvements and West Delivery System Intake Extension on LNRA property. Exhibit A is a drawing that depicts the location of the LNRA Facilities and the City-Constructed Facilities on LNRA property. Upon conveyance by the City as provided herein in Section 2.06, LNRA shall own West Delivery System Intake Extension and West Delivery System Improvements.

2.02 Design and Construction by the City.

a. The City shall be responsible for the construction of the City-Constructed Facilities. The City agrees to be responsible for all costs of design, engineering, contracting, construction, and inspection of the City-Constructed Facilities.

b. The City agrees to engage or cause to be engaged the services of a Project Engineer registered in Texas to provide the engineering design, including detailed Plans and Specifications for the City-Constructed Facilities. The Plans and Specifications will include the sizing, routing, material selection, service method, cost estimates, proposed construction schedule, easements, and such other and further information as deemed reasonably necessary or advisable for proper review and assessment of the plans and specifications. The design for the City-Constructed Facilities shall be procured at the City's sole expense and will be submitted to LNRA for review prior to construction.

c. All Plans and Specifications for the City-Constructed Facilities and the location of the Surge Tank, West Delivery System Intake Extension, and that portion of the Mary Rhodes Phase II Pipeline located on LNRA property and adjacent to the Palmetto Bend Dam will be subject to the review of LNRA prior to commencement of construction. LNRA will provide written comments to the City specifying in detail the suggested changes, if any, to the Plans and Specifications for the City-Constructed Facilities or location of the Surge Tank, West Delivery System Intake Extension, and the Mary Rhodes Phase II Pipeline adjacent to the Palmetto Bend Dam. From the date the Plans and Specifications are submitted to LNRA by the City, LNRA has thirty (30) days to review the Plans and Specifications and provide any written comments. The City will provide LNRA with a written explanation of its treatment of LNRA's suggestions and comments.

d. If, after review of Plans and Specifications by LNRA, the City fails to enter a construction contract for facilities within two years, the City must resubmit the Plans and Specifications for review by LNRA to assure their conformity with sound engineering practices.

2.03 Notification of Commencement of Construction of City-Constructed Facilities. After all required approvals for construction of the City-Constructed Facilities are obtained but prior to commencement of construction, City will provide, or cause to be provided, written notice to LNRA of the date on which construction of the City-Constructed Facilities is scheduled to commence. LNRA must receive this written notice at least thirty (30) days before the scheduled construction date.

2.04 Inspection and Acceptance of Completion of Construction of a Portion or all of the City-Constructed Facilities. The Parties agree that LNRA has the right to make periodic inspections during the construction phase of the City-Constructed Facilities. The City shall

notify LNRA at least five (5) days prior to acceptance of the completion of City-Constructed Facilities, and City's acceptance of the completion of City-Constructed Facilities shall be subject to final inspection by LNRA.

2.05 Agreement to Submit As-Built or Record Drawings. The City agrees to provide, or cause to be provided, to LNRA as-built or record drawings of all City-Constructed Facilities within 30 days of City accepting them, not to exceed six (6) months following completion and acceptance of the construction of such facilities.

2.06 Ownership and Operation of West Delivery System Improvements. Except as otherwise agreed upon by City and LNRA, LNRA shall own, control and operate, the West Delivery System Improvements, and the West Delivery System Intake Extension upon the Completion Date. Ownership and possession of the West Delivery System Intake Extension and the West Delivery System Improvements shall be conveyed, free and clear of any liens, claims, encumbrances, or charges, to LNRA. All documents of conveyance shall be in a form substantially similar to the Bill of Sale and Conveyance of Improvements provided in Exhibit D.

2.07 Easement. LNRA will authorize under a separate Easement Agreement, in a form substantially similar to the easement agreement provided in Exhibit B, ingress and egress by the City and/or City's contractors on lands owned by LNRA to construct the City-Constructed Facilities. The consideration for the easement conveyed by LNRA under this agreement is the conveyance of the West Delivery System Intake Extension and West Delivery System Improvements by the City to LNRA in accordance with Section 2.06.

2.08 Permits and Approvals. The City shall obtain all permits and approvals required for the construction of the City-Constructed Facilities. If permits and approvals are required, LNRA shall obtain all permits and approvals required for the operation of the LNRA Facilities. If, by

virtue of regulatory, legal, financial, or other requirements, it is necessary or appropriate that any permit or approval should be held jointly, LNRA and the City agree to fully cooperate with each other in efforts to obtain, hold, and comply with such permits or approvals.

III. **SERVICE TO CORPUS CHRISTI**

3.01 Wheeling City's Water. LNRA agrees to wheel Colorado River Water under the terms of this Contract via the LNRA Facilities for delivery at the Delivery Point, whereupon the City will take control of the Colorado River Water. This Contract is for the wheeling of water delivered to LNRA by the City. It shall be the responsibility of the City to maintain and keep in force the right to divert the Colorado River Water and the City acknowledges that LNRA has no responsibility thereof. LNRA's obligations under this Contract are subject to the City's delivery of water to LNRA. LNRA's obligation to wheel Colorado River Water under this Contract shall begin on the Service Commencement Date, which shall occur on or before thirty (30) days after the Completion Date.

3.02 Amount Subject to Delivery. Unless otherwise agreed by the Parties in writing, the amount of Colorado River Water transported through the West Delivery System under this Contract shall not exceed 35,000 acre-feet/year.

3.03 Measurement of Water. The City shall install as a part of, and located on the Mary Rhodes Phase II Pipeline upstream of the Surge Tank , metering facilities and equipment ("Colorado River Water Meter"), including associated telemetry and remote control equipment, to measure and record the quantity of Colorado River Water transported for the City by LNRA. The design for such metering facilities and specifications for equipment to be installed by the City shall be submitted to LNRA for review prior to design finalization. The City shall be the

owner of such metering facilities and metering equipment installed by the City, as required by this section of the Contract.

a. The City, being the owner of the metering facilities, shall be responsible for the operation and maintenance of the metering facilities.

3.04 Quality of Water. LNRA makes no representation or warranty, expressed or implied, as to the character, quality or availability of the Colorado River Water transported and delivered to the City under this Contract.

3.05 No Water Sale Agreement. The Parties acknowledge and agree that this Contract is an agreement for services and does not constitute an agreement regarding the sale or purchase of water. Neither does this contract amend or alter the Delivery Contract. The Parties agree that the Texas Commission on Environmental Quality has no jurisdiction to set rates under this Contract. The Contract may be enforced, however, in a court of competent jurisdiction.

3.06 No Discharge into Lake Texana. Nothing in this Contract may be construed to give the City the right to discharge Colorado River Water into Lake Texana.

IV. RATES AND CHARGES

4.01 Payments by the City. Upon the Service Commencement Date, the City shall pay monthly for services provided under this Contract at rates established from time to time by the Board of Directors of LNRA. LNRA's rates shall be based upon recovery of the following costs:

1. The portion of the LNRA Project Operating and Maintenance Expenses (as defined in the Delivery Contract) attributable to operating and maintaining the West Delivery System for wheeling Colorado River Water and;

2. Management Fee. The Management Fee is \$2.00 per acre-foot and shall be calculated on a monthly basis.

In connection with the costs described under item “1” above, the City agrees to pay additional costs, including but not limited to additional electricity charges billed to LNRA by LNRA electricity provider which are caused by wheeling of the Colorado Water through West Delivery System.

4.02 Budgets. All costs to be paid by the City pursuant to Section 4.01 for the services provided under this Contract shall be based upon actual expenditures by LNRA established by the budget methodology under the Terms of the Delivery Contract.

4.03 Obligation of the City. The Parties agree that the City’s obligations under this Contract to make payments to LNRA for service in any fiscal year are a current expense for that fiscal year.

4.04 LNRA Debt. LNRA shall notify the City of any LNRA planned issuance of debt related to LNRA Facilities.

V.
OPERATION AND MAINTENANCE OF
PROJECT; INSURANCE; MODIFICATION

5.01 Operation and Maintenance; Insurance. LNRA shall provide, or cause to be provided, management, manpower and all other services required for the operation and maintenance of the LNRA Facilities. LNRA agrees to use, or cause to be used, reasonable diligence and care in operating, maintaining and keeping in good repair the LNRA Facilities and all equipment and apparatus relating thereto, to permit it to wheel water to the City in the quantities to which the City is entitled pursuant to Section 3.02. LNRA shall assume complete responsibility for and shall have sole obligation to maintain, repair or replace the LNRA Facilities or any portions thereof. LNRA will acquire and maintain the liability insurance coverage and property damage insurance on the LNRA Facilities and on all of its operations relating to the same; the City or its assign will be named as additional insured parties for liability coverage.

5.02 Modification after the Completion Date. After the Completion Date, LNRA shall have the right to remodel or alter any portion of the LNRA Facilities, make substitutions, additions or improvements thereto, or to abandon or remove any part thereof; provided, however, no such remodeling, alteration, substitution, addition or improvement shall have the effect of interrupting the continuous transport of the City's Colorado River Water or lessening of the capacity of the LNRA Facilities to transport water unless the written consent of the City Director of Water Operations is first obtained. Notwithstanding the preceding sentence, it is expressly recognized by the City that LNRA may be required to make necessary alterations, repairs and extensions of new or additional facilities to be made a part of the LNRA Facilities from time to time during the term of this Contract, and any suspension of delivery to the City due to such operation shall not be cause for claim or damage on the part of the City, provided the following: (1) LNRA is using

its best efforts to provide the City with transmission of water in accordance with this Contract;

(2) LNRA provides the City as much advanced notice as may be practicable of the suspension of delivery but no event less than three (3) business days advance written notice to City Director of Water Operations of the necessity of alterations, repairs and extensions of new or additional facilities to be made a part of the LNRA Facilities and of the estimated duration of the suspension; and, (3) in the event of an emergency repair, LNRA provides written notice within 24 hours of LNRA's discovery of need for emergency repairs. Following resumption of delivery capability, the City will provide direction to LNRA as to the delivery rate of Colorado River Water desired by the City.

5.03 Auxiliary Electric Service and West Delivery System. The City acknowledges the need for LNRA and the City to ensure the emergency operation of West Delivery System during an extended power outage. To ensure the ability to provide emergency operations of the West Delivery System, LNRA and the City will investigate the implementation of alternatives such as on-site electrical generation, distributed electrical generation facilities, the hardening of the electrical transmission and distribution system serving the West Delivery System and other means of providing sufficient emergency power to operate the West Delivery System.

VI. CASUALTY

6.01 Casualty of LNRA Facilities. If any material damage or destruction of the LNRA Facilities shall occur, LNRA shall with reasonable promptness notify the City, as to the nature and extent of such damage, destruction or taking and whether, in the judgment of LNRA, it is practicable to restore the LNRA Facilities. If the Authorized Representatives of the City and LNRA determine that restoration is practicable, LNRA shall proceed to restore and complete

such portion of the LNRA Facilities and an amount equal to the proceeds of any insurance award received in connection with such damage, destruction or taking after payment of all expenses incurred in the collection thereof, shall be used to pay restoration costs. If the Authorized Representatives determine that it is impracticable to restore the LNRA Facilities, the amount equal to the net proceeds of any insurance award shall be equitably distributed between LNRA and the City.

If the Parties' Authorized Representatives are unable to reach agreement on the practicality of restoring the LNRA Facilities, LNRA agrees nevertheless to restore the LNRA Facilities, if the City bears all unreimbursed costs of the LNRA Facilities restoration.

6.02 Effect of Casualty. The occurrence of a casualty shall not entitle the City to any abatement, postponement or reduction in the amount of the payments payable under Section 4.01 of this Contract, and the City hereby waives the benefits and provisions of all laws and rights which by reason of the casualty might relieve the City from any of its obligations under this Contract.

VII. SPECIAL COVENANTS

7.01 Removal of Liens. If any lien, encumbrance or charge of any kind based on any claim of any kind (including, without limitation, any claim for income, franchise or other taxes, whether federal, state or otherwise), based upon act of the City shall be asserted or filed against any amount paid or payable by the City to LNRA under or pursuant to this Contract or any order (whether or not valid) of any court shall be entered with respect to any such amount by virtue of any claim of any kind based upon act of the City, in either case so as to interfere with the payment of such amount by City to LNRA then the City will promptly take such action to the

extent permitted by law (including, but not limited to, the payment of money) as may be necessary to prevent, or to nullify the cause or result of, such interference.

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VIII.
TERMINATION; OPTION TO RENEW; GENERAL PROVISIONS

8.01 Term. This Contract shall terminate December 14, 2035, unless sooner terminated as herein provided.

8.02 Termination by LNRA. This Contract may be terminated by LNRA if it becomes illegal or impossible for LNRA to perform its obligations under this Contract as a result of the occurrence of any one or more of the following:

a. The cancellation, amendment or other limitation by state or federal agency of any of the permits, amendments, licenses or authorizations required for the delivery to the City of the water transported hereunder, or for the construction or operation of the LNRA Facilities, after expiration of any appeal available to the City or

b. The promulgation or issuance of any order, rule, regulation or determination by a court or Federal or State governmental agency, after expiration of any appeal available to the City.

8.03 Termination by City. This Contract may be terminated by the City if:

a. It becomes illegal or impossible for the City to take the water as a result of the occurrence of any one or more of the following:

1. The failure of any local, state or federal agency to issue or approve any of the permits, amendments, licenses or authorizations required for the LNRA Facilities or the Mary Rhodes Phase II Pipeline, after expiration of any appeal available to LNRA;

2. The revocation or modification of any such permit, amendment, license or authorization; or

3. The promulgation or issuance of any order, rule or regulation or determination by a court or Federal or State governmental agency, after expiration of any appeal available to LNRA.

b. It becomes illegal or impossible for the City to utilize the Colorado River Water as a result of the occurrence of any one or more of the following:

1. The cancellation, amendment or other limitation by any local, state or federal agency of any of the permits, amendments, licenses or authorizations required for the appropriation of water from the Colorado River for industrial or municipal use, or for the use by the City of the water to be transported hereunder, or for the construction or operation of the Mary Rhodes Phase II Pipeline, or

2. The promulgation or issuance of any order, rule, regulation or determination by a court or governmental agency.

8.04 Notice of Termination. If a party desires to terminate this Contract by reason of any of the events described in Section 8.02 or Section 8.03 above, it shall, within three (3) months after it acquires knowledge of such event, deliver to the other party a written notice stating such desire, describing the event, and specifying the date on which this Contract is to terminate, which date shall be at least six (6) months from the date of such notice.

8.05 Option to Renew. If, at the expiration of the fixed term of this Contract as above provided, City is not in default and this Contract is then in full force and effect, the City shall have a right to renew and extend this Contract for an additional period of fifty (50) years on the terms and conditions, providing for the service at a cost which is reasonable, just and nondiscriminatory, provided that City delivers written notice to LNRA by registered or certified,

prepaid and properly addressed first class United States mail of its intention to do so not less than ninety (90) days prior to the expiration of the original term herein provided.

8.06 Default. If either party defaults in the observance or performance of any of the provisions, agreements or conditions to be observed or performed on its part under this Contract, the other party may give written notice to the party in default of its intention to terminate this Contract, specifying the failure or default relied upon. Upon the expiration of forty-five (45) days after the giving of such notice, this Contract shall terminate, unless, within such forty-five (45) day period, or such longer period as may be specified in such notice or any amendment of or supplement to such notice, the default specified in such notice shall have been fully cured.

8.07 Rights after Termination. If the City terminates this Contract pursuant to Section 8.03 above, the City shall pay all costs identified in Section 4.01 through the date of termination, including any claims or damages arising out of contracts entered into by LNRA for operation of LNRA Facilities. This provision shall survive any such termination.

8.08 Force Majeure. If by reason of force majeure, either party shall be rendered unable, wholly or in part, to carry out its obligations under this Contract, and if such party gives notice and full particulars of such force majeure, in writing, to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than obligations for the payment of money), so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed, including a reasonable time for removal of the effect thereof. The term “force majeure” shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States, or any state, or any agency or political subdivision of the United States or any state, or any other civil or military authority, insurrection, riots,

epidemics, landslides, lightening, earthquakes, fire, hurricanes, tornadoes, storms, floods, washouts, droughts, arrests, civil disturbances, explosions, breakage or accidents to machinery, transmission pipes or canals, shortages of labor, materials, supplies or transportation, or any other cause not reasonably within the control of the party claiming such inability. The requirement that any force majeure shall be reasonably beyond the control of the party shall be deemed to be fulfilled even though the existing or impending strike, lockout or other industrial disturbance may not be settled but could have been settled by acceding to the demand of the opposing person or persons. The parties shall use their best efforts to remove the cause of any force majeure; provided further, to the extent the inability does not continue the City shall retain its right to receive the volume of water that would have otherwise been delivered, and LNRA shall make delivery of such water as soon as is reasonably possible following resumption of deliveries, or upon such other terms as the parties may agree.

8.09 Assignment. The City may not transfer or assign this Contract, or transfer its rights or delegate its duties hereunder, without the consent of LNRA, which consent shall not be unreasonably withheld. Upon any permitted assignment of this Contract, effective as of the date of such permitted assignment, the City shall be released from all of its obligations under this Contract except any pending and unsatisfied payment obligations as of the date of the permitted assignment.

LNRA shall not assign this Contract nor transfer its rights or delegate its duties hereunder without the written consent of the City, except to a successor of the duties and functions of LNRA.

8.10 City Audit. Upon reasonable notice, during normal business hours, the City shall be entitled to inspect and review LNRA records of any costs assessed or incurred under this Contract.

8.11 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when sent by first-class mail, postage prepaid, addressed

if to LNRA:

Lavaca-Navidad River Authority
PO Box 429
Edna, TX 77957
Attention: General Manager

and if to the City:

City of Corpus Christi, Texas
PO Box 9277
Corpus Christi, TX 78469-9277
Attention: City Manager

or, in each case, at such other address as may hereafter have been designated most recently in writing by the addressee to the addressor.

8.12 Governing Law, Entire Agreement, Etc. This Contract (a) may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument; (b) constitutes the entire agreement between LNRA and the City with respect to the subject matter hereof; (c) shall be governed in all respects, including validity, interpretation and effect, by and shall be enforceable in accordance with the laws of the State of Texas; (d) may be modified only by an instrument signed by the duly Authorized Representative of each of the parties, and (e) shall not be construed as a contract for the benefit of a third party other than a permitted successor or assign of a party. In the event that any clause or provisions of this Contract shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provisions shall not affect any of the remaining provisions hereof. Each party may specifically, but only in writing, waive any breach of this Contract by the other party, but no such waiver shall be deemed to constitute a waiver of similar or other breaches by such other party.

8.13 Exhibits. Exhibits to this Contract include:

- Exhibit A Drawing of LNRA Facilities and City-Constructed Improvements
- Exhibit B Easement Agreement
- Exhibit C Description (List) of West Delivery System Improvements
- Exhibit D Bill of Sale and Conveyance of Improvements

IN WITNESS WHEREOF, LNRA and the City have caused this Contract to be executed on their behalf by their duly Authorized Representatives, as of the date first set forth above.

LAVACA-NAVIDAD RIVER AUTHORITY

By: _____
President and Director

[SEAL]

ATTEST:

Vice-President and Director

CITY OF CORPUS CHRISTI, TEXAS

By: _____
City Manager

[SEAL]

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney