



**RIVERBEND RESOLUTION NO. 20160817-01**

**AUTHORIZING AN AMENDMENT TO THE IRREVOCABLE LINE OF CREDIT FOR UP TO \$20,000 FOR AT LEAST 24 MONTHS OF CONSECUTIVE ON-TIME PAYMENTS WITH AUTOMATIC RENEWAL AND 90-DAY CANCELLATION FROM THE STATE BANK OF DEKALB TO AEP/SWEPCO FOR THE PURPOSE OF MEETING REQUIRED DEPOSITS ON PUMP AND LIFT STATIONS REQUIRING ELECTRICITY**

**WHEREAS**, Riverbend Water Resources District is a conservation and reclamation district created under and essential to accomplish the purposes of Section 59 Article XVI, Texas Constitution, existing pursuant to and having the powers set forth in Chapter 9601 of the Special District Local Laws Code of the State of Texas; and

**WHEREAS**, Riverbend Water Resources District requires the use of electricity for the operation of a number of pump and lift stations associated with the operation of its wet utilities; and

**WHEREAS**, AEP/SWEPCO has previously provided electric services to the predecessor of the wet utilities now owned and operated by Riverbend Water Resources District and requires that certain deposits now be made on these various accounts for a period of one year; and

**WHEREAS**, the State Bank of DeKalb currently provides bank depository services for the Riverbend Water Resources District wet utilities; and

**WHEREAS**, in lieu of providing cash deposits of up to \$20,000 to AEP/SWEPCO for these various accounts necessary for the operation of pump and lift stations, Riverbend Water Resources District wishes to amend its previous Irrevocable Line of Credit (or several Irrevocable Lines of Credit) issued by the State Bank of DeKalb to meet the depository requirements, authorized under RESO 20160713-01;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Riverbend Water Resources District approves this resolution authorizing an amendment Irrevocable Line of Credit (or several Irrevocable Lines of Credit) for up to \$20,000 for at least 24 months of



consecutive on-time payments with automatic renewal and 90-day cancellation from the State Bank of DeKalb to AEP/SWEPCO for the purpose of meeting required deposits on all accounts associated with the Riverbend Water Resources District.

**PASSED and APPROVED this 17th day of August, 2016**

A handwritten signature in blue ink, appearing to read "S. Rommel", written over a horizontal line.

Sean Rommel, President

ATTEST:

A handwritten signature in blue ink, appearing to read "Fred Milton", written over a horizontal line.

Fred Milton, Secretary



**Irrevocable Letter of Credit**

|  |   |   |
|--|---|---|
| <p><b>Customer - Name and Address:</b><br/>                 Riverbend Water Resources District<br/>                 228 Texas Ave., Ste A<br/>                 New Boston, TX 75570</p> <p><b>ACCOUNT NUMBERS</b><br/>                 962-428-216-2-5<br/>                 965-489-526-2-9<br/>                 960-954-085-1-2<br/>                 969-884-693-3-2<br/>                 962-774-693-2-4<br/>                 966-474-693-4-3<br/>                 963-374-693-2-2<br/>                 964-964-693-2-9<br/>                 967-074-693-2-4<br/>                 963-064-693-2-9<br/>                 960-954-693-2-4<br/>                 969-264-693-2-9<br/>                 966-164-693-2-4<br/>                 960-274-693-2-7<br/>                 966-883-866-1-2</p> | <p><b>Issuing Financial Institution -Name and Address:</b><br/> <b>Name: State Bank of DeKalb</b></p> <p><b>Address: 3315 Richmond Rd.<br/>                 Texarkana, TX 75503</b></p> <p><b>To the attention of: Joe Nichols, President<br/>                 Mollie Payne, Assistant</b></p> <p><b>Phone Number: 903 831-3057</b></p> | <p><b>Number of Letter of Credit: 108</b></p> <p><b>Effective Date: 07/22/2016</b></p> <p><b>AMOUNT (U. S. DOLLARS)<br/> <u>\$13,108.00</u></b></p> |
| <p><b>BENEFICIARY – NAME AND ADDRESS</b></p>   |   |   |
| <p>American Electric Power<br/>                 Company/SWEPCO<br/>                 Attn: Business Operations Center<br/>                 #1 AEP Way<br/>                 Hurricane, WV 25526<br/>                 1-888-710-4237</p>  |   | <p><b>Expiration Date: 07/20/2018</b></p> <p><b>(90-Day Notification<br/>                 Required Prior to Expiration)</b></p>                     |

To Whom It May Concern:

For the account of **Riverbend Water Resources District, 228 Texas Ave., Ste A, New Boston, TX 75570.**, the customer, we hereby issue this Irrevocable Letter of Credit and authorize you as Beneficiary to draw on ourselves for each of the accounts of the customer for Thirteen Thousand One Hundred Eight DOLLARS 00/100 (**\$13,108.00**) not exceeding the amount of this credit as indicated above. Partial drawings are permitted hereunder.

Drafts must be accompanied by the following documents:

1. A letter stating the drafts are drawn under the provisions of this letter, and the amount owing from Customer to you; and
2. A copy of your billing statement to Customer reflecting the amount owing to you from Customer.

Drafts drawn under this credit must be marked that they are drawn under this Letter of Credit and must show the Date and Number of the Letter of Credit.

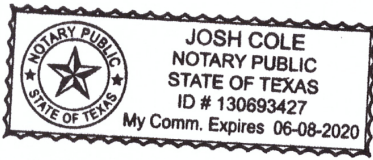
This Letter of Credit is given for an initial period of two (2) years from the date hereof. This Letter of Credit shall be extended for an unlimited number of renewal periods having a term of one (1) year. Each renewal shall begin concurrently with the expiration date of the initial or renewal period immediately preceding such renewal, unless ninety (90) days prior to such expiration and renewal date American Electric Power is notified in writing at the above noted address that we elect not to renew this Letter of Credit for such renewal period. Upon receipt of such notification of non-renewal, Beneficiary may, until the expiry date thereof, draw all available funds hereunder by draft without the presentation of the accompanying documents recited herein.

Unless otherwise expressly stated, the Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 revision), International Chamber of Commerce Brochure No. 600. This Agreement shall be governed by and construed in accordance with the laws of the state of Texas, United States of America, except to the extent such laws are inconsistent with the UCP.

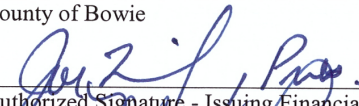
Notary:  
State of Texas

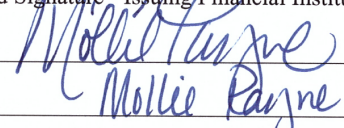
Notary Signature

  
Commission Expires (Seal)



County of Bowie

  
Authorized Signature - Issuing Financial Institution

Attest:   
Mollie Payne



## APPLICATION AND AGREEMENT FOR IRREVOCABLE LETTER OF CREDIT

| Amount of Credit | Issue Date | Expiration Date | Loan Number | Letter of Credit Number | Officer ID | Initials |
|------------------|------------|-----------------|-------------|-------------------------|------------|----------|
| \$13,108.00      | 07-20-2016 | 07-20-2018      | 6583172-10  | 108                     | ***        |          |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** RIVERBEND WATER RESOURCES DISTRICT  
228 TEXAS AVE., STE A  
NEW BOSTON, TX 75570

**Lender:** State Bank of De Kalb  
102 S Runnels Street  
P.O. Box 668  
De Kalb, TX 75559



**Beneficiary:** AMERICAN ELECTRIC POWER COMPANY/SWEPCO  
#1 AEP WAY  
HURRICANE, WV 25526

**APPLICATION FOR LETTER OF CREDIT.** Borrower hereby requests Lender indicated above to issue a Letter of Credit substantially in the form attached hereto and incorporated herein by this reference. In issuing the Letter of Credit, Borrower expressly authorizes Lender to make such changes from the terms set forth in this Agreement as the Lender in Lender's sole discretion may deem advisable provided that no such change shall vary the material terms hereof.

**INSPECTION OF DRAFTS AND ACCOMPANYING DOCUMENTS.** Borrower authorizes Lender to accept, honor, or pay (as applicable) against any draft or other document which on its face appears otherwise in order and is signed, issued, or presented by any party or under the name of any party a) purporting to act with authority (actual or apparent) on behalf of the Beneficiary in whose name the Letter of Credit requires that any draft or document must be drawn, issued, or presented; b) purporting to claim through such Beneficiary; or c) posing as such Beneficiary. Borrower agrees to reimburse Lender any and all amounts which Lender pays under the Letter of Credit notwithstanding any legal or factual insufficiency or infirmity in such party's conduct or documents under clauses a), b), or c) in this paragraph.

**FEES.** Borrower shall pay Lender an Application Fee of \$100.00 upon submission of this Agreement to Lender for processing.

**REPAYMENT OF DRAFTS.** Borrower shall immediately repay Lender upon demand, unless otherwise provided, in United States currency for any amounts paid by Lender under the Letter of Credit. Borrower's obligation to repay Lender for any such amounts paid under the Letter of Credit shall be absolute, unconditional, and irrevocable.

**INTEREST.** All fees and all other amounts payable under this Agreement shall bear interest from their due date or with respect to any draft presented under the Letter of Credit, from the date of payment of any draft at the interest rate and under the terms set forth in the Note executed in conjunction with this Agreement. The Note shall evidence the obligation of Borrower herein to repay Lender for any amounts paid under the Letter of Credit.

**SECURITY INTEREST.** To secure the payment and performance of Borrower's obligations and duties described in this Agreement and Related Documents, if any, Borrower grants Lender a security interest in: 1) all goods and documents that come into Borrower's actual or constructive possession, custody, control, or in which Borrower may acquire an interest in connection with the Letter of Credit; 2) all goods and documents that come into Lender's actual or constructive possession, custody or control, or that of any of Lender's correspondents in connection with the Letter of Credit; 3) all of Borrower's right, title and interest in Borrower's accounts, monies, instruments, savings, checking, share and other accounts (excluding IRA, Keogh, trust accounts and other accounts subject to tax penalties) that come into Lender's actual or constructive possession, custody or control. Borrower's obligations under this Agreement and Related Documents are also secured by the collateral described in any security instrument(s) executed in connection with this Agreement, and any collateral described in any other security instrument(s) securing this Agreement or all of Borrower's obligations to Lender.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Indebtedness.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Change in Ownership.** Any change in the ownership interest of a business entity Borrower without Lender's prior written consent thereto.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**RIGHTS OF LENDER ON EVENT OF DEFAULT.** If there is an Event of Default as set out in the Default paragraph of this Agreement, Lender shall be entitled to exercise one or more of the following remedies without notice or demand (except as required by law):

a) to declare any unpaid amounts plus accrued interest under this Agreement and under the Note, if any, and all other present and future obligations of Borrower immediately due and payable in full, such acceleration shall be automatic and immediate if the Event of Default is a filing under the Bankruptcy Code;



**APPLICATION AND AGREEMENT FOR IRREVOCABLE LETTER OF CREDIT  
(Continued)**

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- b) to require Borrower to deposit with Lender the full amount of any additional monies capable of being drawn under the Irrevocable Letter of Credit;
- c) to collect the outstanding obligations of Borrower;
- d) to forthwith setoff and/or segregate without notice or demand, Borrower's obligations against any amounts due to Borrower including, but not limited to, monies, instruments, and deposit amounts maintained with Lender;
- e) to sell any goods or documents covered by any security interest granted above; and
- f) to exercise all other rights available to Lender under any other written agreement or applicable law.

Lender's rights are cumulative and may be exercised together, separately, and in any order. Lender's remedies under this paragraph are in addition to those available at common law, including, but not limited to, the right to set-off. The sale of secured goods or documents will be governed by the Uniform Commercial Code for the State of Texas. If the sale does not pay for the whole amount due, Borrower will pay the shortage to Lender immediately. If the sale results in more than the amount due, Lender will pay the surplus to Borrower or those who have a right to it. If the value of the secured goods declines, Borrower will deliver to Lender on Lender's demand additional collateral that is acceptable to Lender.

**INSURANCE.** If applicable, Borrower, or a third party, will obtain insurance on all goods described in the Letter of Credit. The insurance will cover fire and other usual risks, and any additional risks Lender may request. Borrower authorizes Lender to collect the proceeds of insurance and apply it against any of Borrower's obligations to Lender.

**ASSIGNMENT.** Borrower shall not be entitled to assign any of Lender's rights, remedies, or obligations described in this Agreement without the prior written consent of Lender which may be withheld by Lender in Lender's sole discretion. Lender shall be entitled to assign some or all of Lender's rights and remedies described in this Agreement without notice to or the prior consent of Borrower in any manner. The obligations under this Agreement shall bind the heirs, executors, administrators, successors and assigns of Borrower, and all rights, benefits and privileges hereby conferred on Lender shall be and hereby are extended to and conferred upon and may be enforced by Lender's successors and assigns.

**RESPONSIBILITIES AND LIABILITIES.** Neither Lender nor any of Lender's correspondents shall be responsible for, and Borrower's obligation to reimburse Lender shall not be affected by any change of circumstances or conditions or action of any person related to the Letter of Credit or this Agreement including without limitation: a) the validity, accuracy, sufficiency or genuineness of drafts, documents, certificates, statements or endorsements thereon, even if such drafts, documents, certificates, statements or endorsements thereon prove, in fact, to be in any respect invalid, insufficient, fraudulent or forged; b) any breach of any agreement between Borrower and the Beneficiary of the Letter of Credit or any other party, even if Lender has received notice of same; c) any failure of any draft to bear any reference or adequate reference to the Letter of Credit; d) any act or omission by Lender in connection with the Letter of Credit or related drafts and documents if done in good faith; e) any omissions, interruptions, errors, mis-deliveries or delays in the transmission or delivery of any documents, message or communication by mail, cable, telegram or other media in connection with the Letter of Credit; f) any act, error, default, omission or failure in business of the Beneficiary, any correspondent or any other party, or any other act or omission beyond Lender's control; g) any acceptance or payment of overdrafts or irregular drafts or extensions of time limits or other changes or variations in, the Letter of Credit if assented to, orally or in writing, by Borrower; Borrower shall be conclusively deemed to have waived any right to object to such variation unless within three days of receipt of such irregular drafts or documents or notice of such variation, Borrower files written notice with Lender; h) any delay by any party in giving, or failing to give notice of any default under any agreement involving Lender; i) failure by Lender to perfect any interest in or exercise any right with respect to the collateral securing this Agreement or any other security, endorsement, or guarantee it may have for payment of Borrower's obligations; and, j) any amendments to which Borrower has assented.

**LIMITED LIABILITY.** Lender shall not be responsible to Borrower for, and Lender's right to reimbursement, indemnification, and other payments hereunder shall not be impaired by any act or omission for which an issuer of a letter of credit is relieved of responsibility under the 2007 Revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce, ICC Publication No. 600 (the "UCP") or other applicable law. In addition, Borrower acknowledges that it has reviewed and agreed to the proposed language of the Letter of Credit and that Lender shall not be responsible for the inclusion or absence of any terms or conditions in that document. Lender shall not be liable for any special, indirect, or consequential damages, unless there is clear and convincing evidence that such damages resulted from Lender's bad faith.

**INDEMNITY.** Borrower agrees to defend and indemnify Lender (and Lender's directors, officers, employees, attorneys, and agents), on demand and to the fullest extent permitted by law, against each and every claim and liability (and the reasonable costs and legal fees relating thereto) which may arise under or in connection with this Agreement or the Letter of Credit, including, without limitation, actions commenced by the Beneficiary of the Letter of Credit for wrongful dishonor and actions commenced by Borrower to enjoin honor or attach the proceeds of honor.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Additional Assurances.** Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Borrower's obligations under the Letter of Credit.

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including Lender's reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Commercial Purposes.** This Agreement is being executed for commercial, which includes agricultural, purposes.

**Financial Statements.** Borrower agrees to provide Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions, and except to the extent such laws are inconsistent with the



## APPLICATION AND AGREEMENT FOR IRREVOCABLE LETTER OF CREDIT

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2007 Revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce, ICC Publication No. 600. This Agreement has been accepted by Lender in the State of Texas.

**Joint and Several Liability.** All obligations of Borrower under this Agreement shall be joint and several, and all references to Borrower shall mean each and every Borrower. This means that each Borrower signing below is responsible for all obligations in this Agreement.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, shall constitute a waiver of any of Lender's rights or of any of Borrower's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Subsidiaries and Affiliates of Borrower.** To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any indebtedness or other financial accommodation to any of Borrower's subsidiaries or affiliates.

**Successors and Assigns.** All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**Waiver By Borrower.** Borrower waives presentment, demand for payment, notice of dishonor and protest and further waives any right (if any) to require Lender to proceed against anyone else before proceeding against Borrower.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

**Agreement.** The word "Agreement" means this Application and Agreement for Irrevocable Letter of Credit, as this Application and Agreement for Irrevocable Letter of Credit may be amended or modified from time to time, together with all exhibits and schedules attached to this Application and Agreement for Irrevocable Letter of Credit from time to time.

**Beneficiary.** The word "Beneficiary" means AMERICAN ELECTRIC POWER COMPANY/SWEPCO, and Beneficiary's successors and assigns.

**Borrower.** The word "Borrower" means RIVERBEND WATER RESOURCES DISTRICT, and all other persons and entities signing the Agreement in whatever capacity.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**Guaranty.** The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means State Bank of De Kalb, its successors and assigns.

**Letter of Credit.** The words "Letter of Credit" mean a letter of credit in the amount of \$13,108.00 issued on 07-20-2016, by Lender on behalf of Borrower and in favor of Beneficiary.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.



**APPLICATION AND AGREEMENT FOR IRREVOCABLE LETTER OF CREDIT  
(Continued)**

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BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS APPLICATION AND AGREEMENT FOR IRREVOCABLE LETTER OF CREDIT AND BORROWER AGREES TO ITS TERMS. THIS APPLICATION AND AGREEMENT FOR IRREVOCABLE LETTER OF CREDIT IS DATED JULY 20, 2016.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS APPLICATION AND AGREEMENT FOR IRREVOCABLE LETTER OF CREDIT.

BORROWER:

RIVERBEND WATER RESOURCES DISTRICT

By: \_\_\_\_\_  
ELIZABETH A FAZIO HALE, Executive Director/CEO  
of RIVERBEND WATER RESOURCES DISTRICT

## PROMISSORY NOTE

| Principal   | Loan Date  | Maturity | Loan No    | Call / Coll | Account | Officer | Initials |
|---|------------|----------|------------|-------------|---------|---------|----------|
| \$13,108.00   | 07-20-2016 |          | 6583172-10 |             |         | ***     |          |
| References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations. |            |          |            |             |         |         |          |

|  |   |
|--|---|
| <b>Borrower:</b> RIVERBEND WATER RESOURCES DISTRICT<br>228 TEXAS AVE., STE A<br>NEW BOSTON, TX 75570 | <b>Lender:</b> State Bank of De Kalb<br>102 S Runnels Street<br>P.O. Box 668<br>De Kalb, TX 75559 |
|--|---|

**Principal Amount: \$13,108.00**

**Date of Note: July 20, 2016**

**PROMISE TO PAY.** RIVERBEND WATER RESOURCES DISTRICT ("Borrower") promises to pay to State Bank of De Kalb ("Lender"), or order, in lawful money of the United States of America, the principal amount of Thirteen Thousand One Hundred Eight & 00/100 Dollars (\$13,108.00), together with interest on the unpaid principal balance from July 20, 2016, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 6.000% per annum based on a year of 360 days, until maturity. The interest rate may change under the terms and conditions of the "POST MATURITY RATE" section.

**PAYMENT.** Borrower will pay this loan in full immediately upon Lender's demand. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any unpaid collection costs. Borrower will pay lender at Lender's address show above or at such other places as Lender may designate in writing.

**INTEREST CALCULATION METHOD.** Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding, unless such calculation would result in a usurious rate, in which case interest shall be calculated on a per diem basis of a year of 365 or 366 days, as the case may be. All interest payable under this Note is computed using this method.

**PREPAYMENT.** Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, and in no event will Borrower ever be required to pay any unearned interest. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: State Bank of De Kalb, 102 S Runnels St De Kalb, TX 75559.

**POST MATURITY RATE.** The Post Maturity Rate on this Note is the lesser of (A) the maximum rate allowed by law or (B) 18.000% per annum above the note rate in effect at the time of final maturity. Borrower will pay interest on all sums due after final maturity, whether by acceleration or otherwise, at that rate.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note:

**Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Death or Insolvency.** The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance under this Note, all accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, immediately due, without notice, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's reasonable attorneys' fees. Borrower also will pay Lender all other amounts Lender actually incurs as court costs, lawful fees for filing,



**PROMISSORY NOTE  
(Continued)**

Loan No: 6583172-10

Page 2

recording, releasing to any public office any instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security; and fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for this Note, or premiums or identifiable charges received in connection with the sale of authorized insurance.

**GOVERNING LAW.** This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Texas.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts.

**COLLATERAL.** This loan is unsecured.

**SUCCESSOR INTERESTS.** The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

**GENERAL PROVISIONS.** This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. **NOTICE:** Under no circumstances (and notwithstanding any other provisions of this Note) shall the interest charged, collected, or contracted for on this Note exceed the maximum rate permitted by law. The term "maximum rate permitted by law" as used in this Note means the greater of (a) the maximum rate of interest permitted under federal or other law applicable to the indebtedness evidenced by this Note, or (b) the higher, as of the date of this Note, of the "Weekly Ceiling" or the "Quarterly Ceiling" as referred to in Sections 303.002, 303.003 and 303.006 of the Texas Finance Code. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted to charge or collect by federal law or the law of the State of Texas (as applicable). Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. The right to accelerate maturity of sums due under this Note does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Lender does not intend to charge or collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the loan evidenced by this Note until payment in full so that the rate or amount of interest on account of the loan evidenced hereby does not exceed the applicable usury ceiling. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, notice of dishonor, notice of intent to accelerate the maturity of this Note, and notice of acceleration of the maturity of this Note. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

**PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.**

**BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.**

**BORROWER:**

**RIVERBEND WATER RESOURCES DISTRICT**

By: \_\_\_\_\_  
**ELIZABETH A FAZIO HALE, Executive Director/CEO**  
of RIVERBEND WATER RESOURCES DISTRICT



## DISBURSEMENT REQUEST AND AUTHORIZATION

| Principal   | Loan Date  | Maturity | Loan No    | Call / Coll | Account | Officer | Initials |
|-------------|------------|----------|------------|-------------|---------|---------|----------|
| \$13,108.00 | 07-20-2016 |          | 6583172-10 |             |         | ***     |          |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** RIVERBEND WATER RESOURCES DISTRICT  
228 TEXAS AVE., STE A  
NEW BOSTON, TX 75570

**Lender:** State Bank of De Kalb  
102 S Runnels Street  
P.O. Box 668  
De Kalb, TX 75559

**LOAN TYPE.** This is a non-precomputed Fixed Rate (6.000%) Nondisclosable Single Principal Payment (with periodic interest payments) Loan to a Government Entity for \$13,108.00 due on .

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for:

- Personal, Family or Household Purposes.
- Personal Investment.
- Business, Agricultural and All Other.

**SPECIFIC PURPOSE.** The specific purpose of this loan is: ISSUE LETTER OF CREDIT.

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$13,108.00 as follows:

|   |             |
|---|-------------|
| <b>Other Disbursements:</b>                                       | \$13,108.00 |
| \$13,108.00 TO BE DISBURSED ONLY UPON CALL OF LETTER<br>OF CREDIT |             |

|                        |             |
|------------------------|-------------|
| <b>Note Principal:</b> | \$13,108.00 |
|------------------------|-------------|

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JULY 20, 2016.

**BORROWER:**

RIVERBEND WATER RESOURCES DISTRICT

By: ELIZABETH A FAZIO HALE, Executive Director/CEO  
of RIVERBEND WATER RESOURCES DISTRICT

## NOTICE OF FINAL AGREEMENT

| Principal   | Loan Date  | Maturity | Loan No    | Call / Coll | Account | Officer | Initials |
|-------------|------------|----------|------------|-------------|---------|---------|----------|
| \$13,108.00 | 07-20-2016 |          | 6583172-10 |             |         | ***     |          |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** RIVERBEND WATER RESOURCES DISTRICT  
228 TEXAS AVE., STE A  
NEW BOSTON, TX 75570

**Lender:** State Bank of De Kalb  
102 S Runnels Street  
P.O. Box 668  
De Kalb, TX 75559

**THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

**As used in this Notice, the following terms have the following meanings:**

**Loan.** The term "Loan" means the following described loan: a non-precomputed Fixed Rate (6.000%) Nondisclosable Single Principal Payment (with periodic interest payments) Loan to a Government Entity for \$13,108.00 due on .

**Loan Agreement.** The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

**LOAN DOCUMENTS**

- Application and Agreement for Irrevocable Letter of Credit: 108
- Disbursement Request and Authorization
- Errors and Omissions Agreement: RIVERBEND WATER RESOURCES DISTRICT
- Irrevocable Letter of Credit: 108
- Promissory Note
- Notice of Final Agreement

**Parties.** The term "Parties" means State Bank of De Kalb and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

**Borrower:** RIVERBEND WATER RESOURCES DISTRICT

This Notice of Final Agreement is given by State Bank of De Kalb pursuant to Section 26.02 of the Texas Business and Commerce Code. Each Party who signs below, other than State Bank of De Kalb, acknowledges, represents, and warrants to State Bank of De Kalb that it has received, read and understood this Notice of Final Agreement. This Notice is dated July 20, 2016.

**BORROWER:**

RIVERBEND WATER RESOURCES DISTRICT

By: \_\_\_\_\_  
ELIZABETH A FAZIO HALE, Executive Director/CEO  
of RIVERBEND WATER RESOURCES DISTRICT

**LENDER:**

STATE BANK OF DE KALB

X \_\_\_\_\_  
Authorized Signer



## ERRORS AND OMISSIONS AGREEMENT

| Principal   | Loan Date  | Maturity | Loan No    | Call / Coll | Account | Officer | Initials |
|-------------|------------|----------|------------|-------------|---------|---------|----------|
| \$13,108.00 | 07-20-2016 |          | 6583172-10 |             |         | ***     |          |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** RIVERBEND WATER RESOURCES DISTRICT  
228 TEXAS AVE., STE A  
NEW BOSTON, TX 75570

**Lender:** State Bank of De Kalb  
102 S Runnels Street  
P.O. Box 668  
De Kalb, TX 75559

**LOAN NO.:** 6583172-10

The undersigned Borrower for and in consideration of the above-referenced Lender funding the closing of this loan agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing documentation if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority or the Department of Veterans Affairs.

The undersigned Borrower does hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable in the marketplace in the instance of transfer, sale or conveyance by Lender of its interest in and to said loan documentation.

DATED effective this July 20, 2016

**BORROWER:**

RIVERBEND WATER RESOURCES DISTRICT

By: \_\_\_\_\_  
ELIZABETH A FAZIO HALE, Executive Director/CEO  
of RIVERBEND WATER RESOURCES DISTRICT

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

X \_\_\_\_\_  
(Notary Public)

My Commission Expires: \_\_\_\_\_