

MANAGEMENT AGREEMENT

This Management Agreement is made and entered into by and between the City of Wolfforth, in Lubbock County, Texas (referred to herein as Owner and/or "City"), and Merri-Hill Ranch, (referred to herein as "Manager"). The parties agree that the Manager will manage the Property according to the terms herein to operate and utilize the Property, or parts thereof for agricultural production including management of the pecan orchard.

1. Under arrangements with prior owners of the land, the City of Wolfforth provided for treated effluent water produced by the City's facility on Section 31, Block D-6, in Lubbock County piped to the Property and used for irrigation of trees, crops etc. and land farming on the SE/4 of Section 19, Block CB, Lubbock County, Texas. A pipeline is in place to transport said effluent water to the Property into settling ponds and the irrigation systems which were designed to take and use the treated effluent water. A sixty acre pecan orchard was developed on the Property as well as other systems for handling the waste water. This Property also has a playa lake which is involved in these systems. Although the title to the property has changed, the City as the new owner of the Property desires that the prior owner of the Property continue to operate the pecan orchard and its related systems so that the City may continue to send the treated effluent to the Property and continue to utilize this as a component part of the City's wastewater treatment plan.

The September 6, 1966 contract, all extensions and any verbal agreements regarding the City's wastewater treatment and effluent water handling and use as irrigation water on the Property with prior owners has been terminated. The Manager will not hold any permits in relation to the wastewater and all regulatory compliance is to be done by the City and its staff. The Manager has no input or control regarding environmental law compliance. Manager will receive and use the treated effluent for irrigation of crops and trees and/or apply it to the land through the irrigation systems in a comparable manner to past practices used on the Property.

The City will be solely responsible with compliance with all applicable laws and regulations relating to the wastewater treatment including environmental and other laws and regulations which arise from the application of treated effluent to the Property.

2. This Management Agreement between the City and the Manager applies to operations on the following tract of land:

A 157.49 acre tract of land out of a 159.9 acre tract described in Volume 4873, Page 27 of the Real Property Records of Lubbock County, Texas, located in the Southeast quarter of Section 19, Block CB, C & M Railroad Company Survey, Lubbock County, Texas, being further described as follows:

BEGINNING at a point in the South line of said Section 19 and the West right-

of-way line of F. M. Road 179 as described in Volume 384, Page 63 of the Deed Records of Lubbock County, Texas for the Southeast corner of this tract, which bears N. 88°08'22" W. a distance of 40.00 feet from a railroad spike found at the Southeast corner of Section 19, Block CB, C & M Railroad Company Survey, Lubbock County, Texas;

THENCE N. 88°08'22" W., along the South line of said Section 19, a distance of 2600.00 feet to a 3/8" iron rod found at the Southwest corner of the Southeast Quarter of said Section 19 and this tract;

THENCE N. 01°51'53" E., along the West line of the Southeast Quarter of said Section 19, at 25.00 feet pass a 1/2" iron rod with cap marked "HRA" set in reference, continuing for a total distance of 2637.18 feet to a 1/2" iron rod with cap marked "HRA" set for the Northwest corner of the Southeast Quarter of said Section 19 and this tract;

THENCE S. 88°12'53" E., along the North line of the Southeast Quarter of said Section 19, a distance of 2599.52 feet to a 1/2" iron rod with a cap marked "HRA" set in the said West right-of-way line for the Northeast corner of this tract, from whence an 80 penny nail found at the Northeast corner of the Southeast Quarter of said Section 19 bears S. 88°12'53" E. 40.00 feet;

THENCE S. 01°51'15" W., along said West right-of-way line, a distance of 2640.59 feet to the POINT OF BEGINNING.

3. This Management Agreement including the following terms:

- a) the Management Agreement is for a five-year term with the optional subsequent five-year terms;
- b) Manager will pay to City \$12,000.00 on each annual anniversary under this Agreement;
- c) Manager will continue to operate the effluent irrigation system;
- d) Manager will provide the City with a liability insurance policy naming City as an additional insured in the amount of \$1,000,000 per event and \$2,000,000 aggregate;
- e) City will pay electric bills for the Property;
- f) Manager will be responsible for the maintenance and operation of the Property or portion of the Property used for the pecan orchard if City constructs a reclamation plant on the Property, including mowing, fencing and maintaining the effluent

irrigation system;

g) Manager may continue, subject to applicable laws and regulations, to do the following:

- 1) burn brush;
- 2) hunt (with the execution of waivers approved by City);
- 3) harvest crops;
- 4) remove topsoil only from existing piles which will be defined in the management agreement;
- 5) graze livestock; and
- 6) have exclusive use of all existing structures on the Property.

4. City will continue to monitor the wells on the Property. City may drill additional wells on the Property and owns any and all water and groundwater on or under the Property.

5. The term of this Management Agreement commences on July 15, 2020, for a term of five years, unless terminated earlier by reason of other provisions.

6. This Management Agreement terminates upon expiration of the Term specified unless extended or unless terminated earlier by either party to this Agreement providing ninety (90) days prior written notice of termination to the other party. If terminated during the growing season, Manager shall be entitled to continue the maintenance of growing crops until ready to harvest and then to harvest such crops.

7. Manager may use the Property for commercial uses including specifically the uses to which the Property had been employed when owned by Manager and as provided in this Agreement, including but not limited to grazing, growing pecans and crops.

8. Manager accepts the Property in its present condition and state of repair at the commencement of the Management Agreement. Upon termination, Manager shall surrender the Property to City in the condition required under the Contract, except normal wear and tear and any casualty loss.

9. Manager may assign this Management Agreement (i) without City's written consent, to a commonly owned entity, specifically, West Texas Services, Inc. DBA Tom's Tree Place, or (ii) with City's prior written consent, which will not be unreasonably withheld, to any other party upon completion of appropriate documentation hereinafter required. If Manager assigns this Management Agreement under item (i) above, Manager must deliver notice of such assignment to City within 60 days after such assignment. Any purported assignment not made in accordance

with these provisions is voidable and of no force and effect at the option of City.

10. A. Manager is obligated to maintain fences and gates to hold livestock it is grazing on the Property.

B. City agrees to repair any fence it might damage in its operations, to keep all gates closed, and to conduct its operations in a manner to accommodate the Manager's use of the premises for grazing livestock and protect livestock on the property from City's operations. Any fence cuts will be repaired with H-braces to maintain the integrity of the fence.

C. City agrees to pay for all livestock injured or killed by the negligence of its agents, employees or contractors. All livestock damages are to be paid within 30 days after the receipt by City of the invoice from the Manager for such damages. Damages for injury to livestock shall be the market value of the livestock as established by a mutually agreeable livestock trader in this area if the parties cannot agree to such value. City and the Manager will negotiate any livestock damages not covered herein.

D. As allowed by law, City hereby agrees to indemnify Manager and its agents, successors and assigns from and against, and to reimburse Manager and its agents, successors and assigns with respect to, any and all liabilities (including without limitation strict liability) claims, demands, damages, expenses or causes of action which arise if gate or fence opened or cut by City's agents, employees, contractors or the like which allow livestock to escape the fenced enclosure and enter any road right-of-ways, specifically including, but not limited to, reasonable attorneys' fees and costs of suit paid or incurred by Manager, its agents, successors and assigns, asserted by others in any way related, directly or indirectly, to the Property or City's use and that are caused by or arise in any manner out of acts or omissions of City, its agents, employees, representatives, or any other persons acting under its control or at City's direction or request.

11. A. Manager shall comply with all applicable laws, restrictions, ordinances, rules and regulations with respect its management and operations on the Property.

B. By the exercise of its rights, City will not (i) cause the Property, or Manager to be in violation of Applicable Environmental Laws (as defined); or (ii) do anything or permit anything to be done by City, its contractors, subcontractors, agents or employees that will result in any contamination of soils, ground water, surface water, or natural resources on or adjacent to the Property resulting from any cause, including but not limited to spills or leaks of hazardous materials, hazardous wastes, or other chemical compounds, or will subject the Property, or Manager to any remedial obligations under applicable laws pertaining to health or the environment (such laws as they now exist or are hereafter enacted and/or amended are sometimes collectively called "Applicable Environmental Laws"), including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (as amended, called "CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended by the Used Oil Recycling Act of 1980, the Solid Waste Disposal Act Amendments of 1980, and the Hazardous and Solid Waste Amendments of 1984 (as amended, called "RCRA"), the Texas Water Code and the Texas Solid Waste Disposal Act, as each of said laws may be amended from time to time, assuming disclosure to the applicable governmental authorities of all relevant facts, conditions and circumstances, if any, pertaining to City's exercise of its rights hereunder. City agrees to

obtain any permits, licenses or similar authorizations for the operation by reason of any Applicable Environmental Laws that concern or result from the use of the Property. City will promptly notify Manager in writing of any existing, pending or, to the best knowledge of City, threatened, investigation or inquiry by any governmental authority in connection with any Applicable Environmental Laws concerning the Operation and/or City's use of the Property. In connection with any new construction and/or maintenance of its wastewater systems, City will not cause or permit the disposal or other release of any hazardous substance or solid waste on or to the Property. In connection with the wastewater system and any appurtenant facilities, City covenants and agrees to keep or cause the Property to be kept free of such hazardous substance or solid waste and to remove the same (or if removal is prohibited by law, to take whatever action is required by law) promptly on discovery, at City's sole cost and expense. If City fails to comply with or perform any of the foregoing covenants and obligations, Manager may (without any obligation, express or implied) remove any hazardous substance or solid waste from the Property or any other property of Manager (or if removal is prohibited by law, take whatever action is required by law) and the cost of the removal or such other action will be reimbursed by City to Manager. City grants to Manager and its agents, employees, contractors and consultants access to the Property and the license (which is coupled with an interest and irrevocable) to remove such hazardous substance or solid waste (or if removal is prohibited by law, to take whatever action is required by law) and agrees to reimburse Manager for and to hold Manager harmless from all costs and expenses involved. The terms "hazardous substance" and "release" as used in this Agreement the meanings specified in CERCLA, and the terms "solid waste" and "disposal" (or "disposed") have the meanings specified in RCRA; provided, that if either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning will apply subsequent to the effective date of such amendment and provided further, to the extent that any other federal or state law establishes a meaning for "hazardous substance," "re," "solid waste," or "disposal" that is broader than that specified in either CERCLA or RCRA, such broader meaning will apply.

C. As allowed by law, City agrees to release and indemnify Manager from and against, and to reimburse Manager with respect to, any and all claims, demands, losses, damages (including consequential damages), liabilities, causes of action, judgment, penalties, costs and expenses (including attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, imposed on, asserted against or incurred by Manager at any time and from time to time by reason of, in connection with or arising out of (a) the failure of City to perform any obligation required to be performed by City regarding Applicable Environmental Laws, (b) any violation of Applicable Environmental Laws by City, its contractors, subcontractors, agents or employees occurring after City's acquisition of the Property, (c) the removal of hazardous substances or solid wastes that result from the use by City, its contractors, subcontractors, agents or employees, from the Property or any other property of Manager (or if removal is prohibited by law, the taking of whatever action is required by law), and (d) any act, omission or event occurring after City's acquisition of the Property (including, without limitation, the presence on the Property or release from the Property of hazardous substances or solid wastes disposed of or otherwise released after City's acquisition of the Property, resulting from or in connection with the City's operations), regardless of whether the act, omission, event or circumstance constituted a violation of any Applicable Environmental Law at the time of its existence or occurrence. Any

amount to be paid under this paragraph by City to Manager must be paid within 30 days of City's receipt of demand therefor from Manager. Nothing in this paragraph or elsewhere in this Management Agreement limits or impairs any rights or remedies of Manager against City or any third party under Applicable Environmental Laws, including without limitation, any rights of contribution available thereunder.

12. Except as otherwise provided in this Management Agreement, Manager shall bear all expense of repairing and maintaining those parts of the Property it is using during the term of this Management Agreement. Manager shall promptly repair, at Manager's expense any damage to the Property caused directly or indirectly by any act or omission of the Manager, Manager's agents or employees, but not damage caused by City's agents, employees, invitees or third parties.

13. A. Defaults by City are failing to comply with any provision of this Management Agreement within thirty days after written notice.

B. Manager's remedies for City's default are to sue for damages.

C. Defaults by Manager are (a) failing to pay timely required annual payment, (b) failing to comply within thirty days after written notice with any provision of this Management Agreement other than the default set forth in (a).

D. City's remedies for Manager's default are to terminate this Management Agreement by written notice and sue for damages.

14. This Management Agreement terminates upon the expiration of the term specified herein unless earlier terminated by either party as otherwise provided herein. Upon Manager's default and failure to cure, City may give 30 days notice that it is electing to terminate the Management Agreement.

15. All notices from one party to the other must be in writing and are effective when mailed to, hand-delivered at or transmitted by facsimile or electronic transmission addressed to other party of the Contract. Each party shall timely notify the other party in writing of any changes in address or contact information.

16. A. City and Manager agree to mediate in good faith before filing a suit for damages.

B. If either party retains an attorney to enforce this Management Agreement, the party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court and other costs.


C. This Management Agreement may be amended only by an instrument in writing signed by City and Manager.

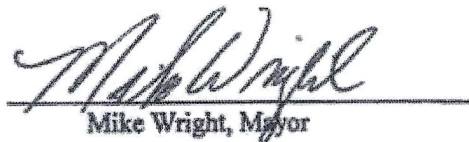
D. This Agreement shall not be deemed to give rise to a joint venture or partnership relation and neither party shall have authority to obligate the other without written consent, except as specifically provided in this Agreement.

Executed this 15th day of July 2020.

MERRI HILL RANCH

CITY OF WOLFFORTH, TEXAS


signature of representative


Mike Wright, Mayor

Partner in Merri Hill
title of representative

and

President of West Texas Services Inc
dba Tom's Tree Place