

RELEASE AND SETTLEMENT AGREEMENT

This RELEASE AND SETTLEMENT AGREEMENT (this "Agreement") is entered into this 5th day of July, 2016 (the "Effective Date"), by and among FORT BEND COUNTY, TEXAS a political subdivision of the State of Texas (the "County"), ROYAL LAKES LTD., a Texas limited partnership ("Developer"), and WESTERN SURETY COMPANY ("Surety"). The County, Developer and Surety are referred to herein collectively at time as the "Parties".

RECITALS

WHEREAS, Developer constructed a subdivision within the County known as Royal Lakes Estates, Section 2 (the "Subdivision") in 2000 and constructed 15,093.75 linear feet of roads, streets, bridges and drainage (collectively, the "Roads") within the Subdivision; and

WHEREAS, in connection with the construction of the Roads, Developer provided Bond No. 22438475 (the "Maintenance Bond") to the County pursuant to which Developer agreed to maintain the Roads until they were accepted for maintenance by the Commissioners' Court of Fort Bend County; and

WHEREAS, Developer constructed the Roads in three phases: (i) 12,203.35 linear feet in the southern portion of the Subdivision in May of 2002; (ii) 1,524.40 linear feet in the western half of the northern portion of the Subdivision in July of 2007; and (iii) 1,366 linear feet in the eastern half of the northern portion of the Subdivision in June of 2012; and

WHEREAS, a dispute has arisen between the Parties regarding the maintenance obligations of Developer under the Bond and the cost of repairs to the Roads before the County will accept the Roads for maintenance; and

WHEREAS, the Parties desire to resolve all disputes and controversies between them regarding the Roads and the Bond, and have agreed to formalize the terms of their settlement in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Repair Payment. Developer will pay the County the sum of ONE HUNDRED THOUSAND and NO/100 DOLLARS (\$100,000.00) within fourteen (14) business days of the date that the Commissioners' Court of Fort Bend County, Texas, approves and accepts this Agreement (the "Repair Payment"). The County understands and agrees that the Repair Payment is the only sum of money that will be paid by Developer or Surety in connection with the repair and maintenance of the Roads and that after tender of the Repair Payment, neither Developer nor Surety will have any further obligation to the County or any other person or entity in connection with the construction, repair, replacement and/or maintenance of the Roads. The County hereby

warrants, represents and agrees that upon its receipt of the Repair Payment, the Surety's obligations under the Bond are satisfied and the Bond will be considered void and of no further force and effect.

2. Use of Repair Payment. The County agrees to use the Repair Payment solely to reconstruct and overlay the Roads (the "Road Work") and for no other purpose. The County also agrees that it is responsible for paying any additional funds over and above the Repair Payment that may be necessary to cause the Roads to be repaired and accepted by the County for maintenance. The County agrees to complete the Road Work for the 12,203.35 linear feet of Roads in the southern portion of the Subdivision and have such portion of the Roads accepted into the County maintenance system no later than October 31, 2016. The County will complete the Road Work for the 1,524.40 linear feet of Roads in the western half of the northern portion of the Subdivision and the 1,366 linear feet in the eastern half of the northern portion of the Subdivision, which were constructed in July of 2007 and June of 2012, respectively, and have such portion of the Roads accepted into the County maintenance system no later than October 31, 2017.

3. Release. Upon receipt of the Repair Payment, the County fully and finally acquits, releases and fully discharges Developer and Surety and their respective partners, shareholders, officers, directors, insurers, agents, employees, representatives, successors and assigns of and from any and all claims, liabilities, demands, damages, actions, causes of actions or suits, whether at law or in equity, of whatsoever kind or nature, whether in contract or in tort, arising under or by virtue of any statute or regulation or other law of any kind, and for all losses or damages of every kind, including, but not limited to, claims for breach of contract, money damages of every kind, and liquidated, exemplary, punitive and statutory damages, whether heretofore or hereafter accruing, or whether known or unknown to the County and that relate to the construction, repair and/or replacement of the Roads and further releases and discharges Developer and Surety from any further obligations under the Bond.

4. Applicable Law; Forum. This Agreement shall be interpreted under Texas law and shall be performable in Fort Bend County, Texas. In the event that any dispute or disagreement arises in regards to the terms, execution or substance of this Agreement and such dispute or disagreement cannot be resolved by an "informal meeting" between the Parties, then the Parties agree to engage in a one-day mediation in an effort to resolve their disputes or disagreements. Thereafter, any and all disputes arising under this Agreement shall be brought only in a court of competent jurisdiction in Fort Bend County, Texas. For purposes of construction, this Agreement shall be deemed to have been jointly drafted by the Parties, and the rule of construction of contracts that ambiguities are construed against the drafting party shall not be applied against any Party hereto.

5. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. All prior agreements, negotiations and understandings with respect to the subject matter hereof, whether written or oral, are cancelled and superseded by this Agreement. This Agreement shall not be varied in its terms by any oral agreement, representation or otherwise, but only by an instrument in writing duly executed by the Parties. The Parties each warrant and represent to the other that they have read this Agreement and reviewed it with counsel of their own choosing, and that they are entering into

this Agreement based only on their own judgment as opposed to reliance on any statement, representation or silence on the part of the other Party hereto.

6. Binding of Affiliates and Successors. This Agreement, and the rights and obligations granted and undertaken hereunder, shall be binding upon and inure to the benefit of the Parties' respective partners, shareholders, officers, directors, insurers, agents, employees, representatives, successors and assigns. It is expressly understood and agreed that the terms of this Agreement are contractual in nature and are not mere recitals.

7. Legal Counsel. The Parties have had an opportunity to consult with independent legal counsel during the negotiation, drafting and execution of this Agreement.

8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9. Additional Documents. The Parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions which may be necessary to give full force and effect to the basic terms and intent of this Agreement.

10. Headings. The headings in this Agreement are inserted for convenience only.

IN WITNESS WHEREOF, the Parties, through their duly authorized undersigned representatives, have executed this Agreement on the dates indicated below.

FORT BEND COUNTY, TEXAS

By: *Robert E. Hebert*
Name: Robert E. Hebert
Title: County Judge
Date: July 5, 2016

ATTEST:

By: *Laura Richard*
Name: Laura Richard
Title: County Clerk

APPROVED AS TO FORM:

By: *Marcus D. Spencer*
Name: Marcus Spencer
Title: Assistant County Attorney
Date: 6/30/2016



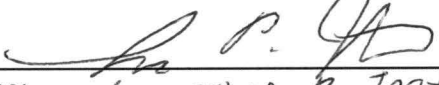
ROYAL LAKES LTD, a Texas limited partnership

By: Its General Partner, The Millis Group, Inc.,
a Texas corporation

By: *Mark Millis*
Name: Mark Millis
Title: President

Date: June 8, 2016

WESTERN SURETY COMPANY

By: 
Name: LAURENCE P. JORDAN
Title: CLAIM DIRECTOR
Date: JUNE 29, 2016

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:
2016-67142

Date Filed:
06/07/2016

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Royal Lakes Ltd.
Sugar Land, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Fort Bend County, Texas

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

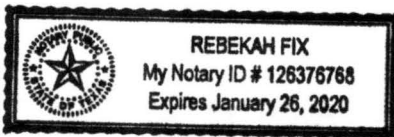
2016.22438475
Release and Settlement Agreement - Developer

4	Name of Interested Party	City, State, Country (place of business)	Nature of Interest (check applicable)	
			Controlling	Intermediary
	The Millis Group, Inc.	Sugar Land, TX United States	X	

5 Check only if there is NO Interested Party.

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.



AFFIX NOTARY STAMP / SEAL ABOVE

[Handwritten Signature]

Signature of authorized agent of contracting business entity

Sworn to and subscribed before me, by the said Mark W Millis, this the 9th day of June, 2016, to certify which, witness my hand and seal of office.

[Handwritten Signature]

Signature of officer administering oath

Rebekah S Fix

Printed name of officer administering oath

Title of officer administering oath

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Fort Bend County, Texas

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2016.22438475
 Release and Settlement Agreement - Developer

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	The Millis Group, Inc.	Sugar Land, TX United States	X	

5 Check only if there is NO Interested Party.

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.

 Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20_____, to certify which, witness my hand and seal of office.

 Signature of officer administering oath Printed name of officer administering oath Title of officer administering oath

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.
Western Surety Company
Chicago, IL United States

Certificate Number:
2016-66853

Date Filed:
06/07/2016

Date Acknowledged:

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.
Fort Bend County, Texas

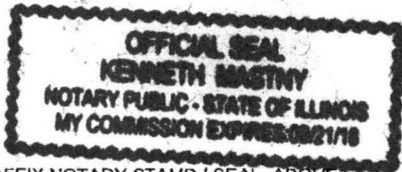
3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.
2016.22438475
Release and Settlement Agreement-Surety

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.

6. AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.



AFFIX NOTARY STAMP / SEAL ABOVE

Western Surety Company
[Signature]
Signature of authorized agent of contracting business entity
LAURENCE P. JOHNSON, CLAIM ADJUSTER

Sworn to and subscribed before me, by the said LAURENCE P. JOHNSON, this the 20TH day of JUNE, 2016, to certify which, witness my hand and seal of office.

[Signature] Kenneth Mastny Senior Claims Counsel
Signature of officer administering oath Printed name of officer administering oath Title of officer administering oath

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
 Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:
 2016-66853

Date Filed:
 06/07/2016

Date Acknowledged:
 07/05/2016

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 Chicago, IL United States

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Fort Bend County, Texas

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2016.22438475
 Release and Settlement Agreement-Surety

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.

6 AFFIDAVIT I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.

 Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20_____, to certify which, witness my hand and seal of office.

 Signature of officer administering oath Printed name of officer administering oath Title of officer administering oath