



November 8, 2011

Mr. Robert Conyer, Chairman  
Sabine River Authority, State of Louisiana  
15091 Texas Hwy.  
Many, LA 71449

Re: Request for Proposal

Dear Mr. Conyer:

We wish to thank you and your fellow Board members for all the time spent supporting the Sabine River Authority of Louisiana's ("SRA") efforts to utilize its excess water allocation in Toledo Bend Reservoir. Jim Pratt and SRA's Board of Commissioners have been very generous with their attention on behalf of the State of Louisiana, and we particularly appreciate the opportunity you provided us to submit a proposal that will improve Toledo Bend lake levels, generate additional revenue for SRA, and effect a meaningful reduction to the amount of water released for power generation. We also recognize that SRA's Board of Commissioners serve in a volunteer capacity, and our team is very impressed by their dedication to representing the best interests of SRA and the State of Louisiana throughout this process.

Over the past two years, we have expended considerable time and resources towards better understanding SRA's efforts with respect to its excess water allocation. We believe Toledo Bend Reservoir is an outstanding resource that should be managed with an eye towards the benefits that will be realized by current and future generations of local residents. Moreover, we respect the pride SRA has in its staff, their operating objectives, and SRA's prospects moving forward.

We also appreciate SRA's intention to achieve a full and fair price in connection with any project involving its excess water allocation. We would expect nothing less and have sought to deliver a proposal which meets your expectations as best we are able.

By way of example, please note the following:

- Recognizing SRA is experiencing revenue shortfalls in connection with previously scheduled power generation, we will prepay reservation fees that would not otherwise become due until

future years. SRA will receive an initial payment of \$4 million, so as to offset the current revenue shortfalls and costs associated with SRA's ongoing FERC relicensing efforts.

- The water purchase price is more than 30x that which is currently earned through power generation. Additionally, this represents a significant increase over SRA's standard in-state rate.
- The Revenue and Profit-sharing provisions enable SRA to participate in the project's upside potential – an amount which may generate billions of dollars in incremental revenue.
- By incorporating drought contingency restrictions into this agreement – something that has never been included in prior water sales – SRA can ensure that Toledo Bend lake levels will be effectively managed in the years and decades ahead.

In addition to the terms set forth in this proposal, we are happy to consider any further reflections SRA might have on the agreement. Indeed, given our strong interest in partnering with SRA on this project, we believe any time spent collaborating on an agreement that meets everyone's needs is time well spent.

Sincerely,



Donald "Boysie" Bollinger      B.J. "Red" McCombs      Aubrey Temple, Jr.



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## INTRODUCTION

TB Partners' team members have been dedicated to this project for greater than two years. During this time, we have utilized our experience to develop a high value, low risk project for the Sabine River Authority of Louisiana ("SRA") that takes into consideration the capital, construction and governmental coordination required for a project of this size, scope and complexity.

***TB Partners Provides SRA the Most Immediate Path to Commencing Water Sales at the Lowest Possible Risk.***



***More Importantly, TB Partners will Maximize the Long-Term Value of SRA's Excess Water and Provide an Immediate Payment of \$4 Million.***

### Corporate Commitment

TB Partners was formed exclusively for the purpose of purchasing, selling and delivering a portion of SRA's excess allowable yield in Toledo Bend Reservoir ("Toledo Bend") to customers in Texas. The team is dedicated to working with SRA towards the development and completion of a project that is worthy of the current and past SRA Board members and staff who have worked many years in an effort to improve Toledo Bend for the benefit of their community.

The professionals guiding TB Partners are widely recognized as the foremost water experts in Louisiana and Texas. They have designed, financed and constructed billions of dollars in water and infrastructure projects. More importantly, TB Partners is comprised of individuals who have a strong track record of looking out for the best interests of the State of Louisiana. It is this type of commitment that will ensure the success of what is an important and worthwhile project (the "Project").

### Capability to Perform

TB Partners possesses a high level of project understanding, experience, technical capability and financial responsibility. This singular focus on end results is imperative to executing a project of this magnitude.

- **Planning.** TB Partners' Business Plan is tailored to meet the significant obstacles incumbent in the Project. The work already completed during the past two years will serve to expedite the completion of long-term water sales agreements with customers in Texas, and streamline the permitting and construction process. This will result in more revenue being delivered to SRA, more quickly. In addition, the progress already made by TB Partners affords SRA a meaningful competitive advantage relative to competing water providers.
- **Financial.** TB Partners has a distinguished record of financing complex water and infrastructure projects. In addition, TB Partners' financial resources will eliminate the types of delays that oftentimes negatively impact projects attempted by groups lacking capital markets expertise or a sufficient level of funding. For example, TB Partners' capability to internally fund all development and project construction expenses is a significant advantage for the Project.
- **Leadership Team.** TB Partners is comprised of self-made entrepreneurs and highly accomplished development professionals. In addition, the engineering and environmental experts supporting the Project have a strong track record working with local, state and federal government agencies in Louisiana, Texas and Washington D.C.





✓ **CREDENTIALLED LEADERSHIP TEAM AND INDUSTRY EXPERTS  
WITH A DEMONSTRATED TRACK RECORD OF SUCCESS**



**AUBREY TEMPLE**

- Served as Chairman of the Sabine River Authority of Louisiana.
- Founding Chairman of the Louisiana Workers Compensation Corporation.
- Extensive Background in Operations, Project Financing and Risk Management Practices.

**JOE BEAL**

- Served as Chief Executive Officer of the Lower Colorado River Authority (“LCRA”).
- Served as Chairman of the Texas Board of Professional Engineers.
- Served as President of the Texas Water Conservation Association.

**STEVE CUMMINGS**

- More than 20 Years of Capital Markets and Public Finance Experience.
- Oversaw Founder Investment in Clear Channel Communications and McCombs Automotive.

**PAUL THORNHILL**

- Served as Deputy General Manager, Chief Engineer and Chief Risk Officer of the LCRA.
- Negotiated Multiple Water Supply Agreements, Including the Cities of Austin and San Antonio.

**WILLIAM MADDEN**

- Served as Chairman of the Texas Water Development Board (“TWDB”).
- Oversaw the Development and Implementation of the State Water Plan.

- **Construction.** TB Partners’ demonstrated track record of technical and design-build expertise is critical to the Project’s construction efforts. In partnering with TB Partners, SRA will be working with a team of professionals whose credentials span more than 125 years and greater than \$4.2 billion of completed water and infrastructure projects.
- **Toledo Bend Stakeholders.** Over the last two years, TB Partners has demonstrated a focus and ability to understand the specific needs of Toledo Bend Stakeholders and tailor its business plan accordingly. This level of sustained attentiveness will benefit SRA and Toledo Bend residents in the years and decades ahead.

### Benefits of the TB Partners Proposal

TB Partners will deliver a project that provides SRA immediate revenue, significantly improves Toledo Bend lake levels, maximizes the long-term value of SRA’s excess water and effects a meaningful reduction to the amount of water released for power generation.

- **\$4 Million Upfront.** SRA will receive an initial payment of \$4 million. This may serve to fund SRA’s day-to-day operations, as an offset against the current shortfall in power sales revenue, and/or to defray the costs associated with the ongoing FERC relicensing efforts.
- **Improved Lake Levels.** By incorporating drought contingency restrictions into the Project, Toledo Bend lake levels will be significantly improved. For example, more than 22 million acre-feet of water





was released from Toledo Bend for power generation between 2002-2009. In contrast, TB Partners' water withdrawals would have been limited to an annual maximum of 600,000 acre-feet during this time period – *a reduction of nearly 80%*.

- **Annual Reservation Fees.** SRA will receive escalating reservation fees totaling greater than \$40 million in revenue over the next ten years. Unlike the revenue earned from power sales, SRA will continue receiving reservation fees – even when drought contingency restrictions take effect.
- **Long-Term Value.** TB Partners' water purchase price is more than 30x that which is currently earned through power generation. Additionally, the revenue and profit-sharing provisions enable SRA to participate in the Project's upside potential – *an amount which may generate billions of dollars in incremental revenue* – while significantly improving lake levels.

## Fundamental Competitive Advantage

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TB Partners' project development efforts up until this point constitute a sustained competitive advantage relative to other proposers. By virtue of commencing legal, engineering, and governmental relations efforts in Texas more than 2 year ago, TB Partners has already cleared project hurdles that are now insurmountable for other proposers.

TB Partners' proposal reflects a willingness and ability to find innovative solutions to complex problems. TB Partners' in-depth consideration of SRA's long-term interests has yielded a project framework that meets SRA's multifaceted needs and this sustained attention to detail will further enable TB Partners to secure the customer, construction and financing agreements needed to complete this very complex and challenging project.

TB Partners' capabilities, experience and dedication to the Project has always been focused on SRA's need for a solution that provides immediate revenue, significantly improves Toledo Bend lake levels, maximizes the long-term value of SRA's excess water and effects a meaningful reduction to the amount of water released for power generation. In meeting these requirements, TB Partners' proposal delivers short-term revenue to assist with SRA's immediate budget shortfall and long-term value through a lucrative profit-sharing model.

## Proposal Roadmap

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Per the RFP requirements, our proposal is presented in the following order:

- **Section 1 General**
- **Section 2 Qualifications**
- **Section 3 Offer to Purchase**
- **Section 4 Changes to Sample Contract**
- **Minimum Requirements Affidavit**

In order to aid the evaluation process, TB Partners has included the following cross reference matrix indicating the exact location of all RFP evaluation criteria and Letters of Support within our response.





**Table 1: Evaluation Criteria Cross Reference**

EVALUATION CRITERIA			
CRITERIA	SECTION(S)	QUESTION(S)	LETTERS OF SUPPORT
Water Price	3	3	N/A
Price Escalations/Compensation Mechanisms	3	4	N/A
Water Volume	3	2	Exhibit A-2, A-3
Projected Revenue to SRA	3	4	Exhibit A-1
Schedule of Performance	2	8	N/A
Ability to Finance the Project	1, 2	11, 5	Exhibit A-1, A-2, A-4
Technical Ability to Perform the Project	3	3	Exhibit A-2, A-4
Projected Water End user and customer	2	2	Exhibit A-2, A-4
Experience with Relevant Regulatory Regimes and Authorities	2	7	Exhibit A-1, A-2
Experience With Projects of Similar Type or Magnitude	2, 2	4, 5	Exhibit A-1, A-2, A-4
Adherence and Changes to the Sample Contract	4	1	N/A
Projected Use of the Water	2	9	Exhibit A-2, A-3, A-4
Effect on Toledo Bend Lake Levels	2	9	Exhibit A-2, A-3, A-4
Reputation in the Water industry	1	10	Exhibit A-2, A-4
Effect on Toledo Bend Stakeholders	2	2,3,9	Exhibit A-3
Adherence to RFP	All	All	N/A





## SECTION 1: GENERAL

Section 1 summarizes the general information required by the RFP and highlights TB Partners' Board of Directors, Officers and Leadership Team, as well as TB Partners' financial capability to support a project of this size and scope. The team's project development experience and financial resources enable TB Partners to deliver a strong, stable and long-term solution that meets SRA's needs. Toledo Bend Partners, L.P., its team and their current and past affiliates are collectively referred to as "TB Partners" throughout this document.

*Comprised of Business Leaders and Industry Experts Committed to Ensuring the Project is Successful for all Toledo Bend Stakeholders, SRA and the State of Louisiana.*



1. **Name of Proposer:** Toledo Bend Partners, L.P.
2. **Proposer Address:** 8365 Hwy. 308 South, Lockport, LA 70374
3. **Date of Organization:** 12/3/2010
4. **State of Organization:** Delaware (Registered in Louisiana)
5. **State File Number:** DE: 4907102
6. **Tax ID Number:** 27-4604014
7. **Publicly Held?** No
8. **Officers and Board of Directors (or equivalents):** (Please list Titles, Names, Addresses and length of time each has been with the Proposers).







**Table 2: TB Partners Board of Directors, Officers and Leadership Team**

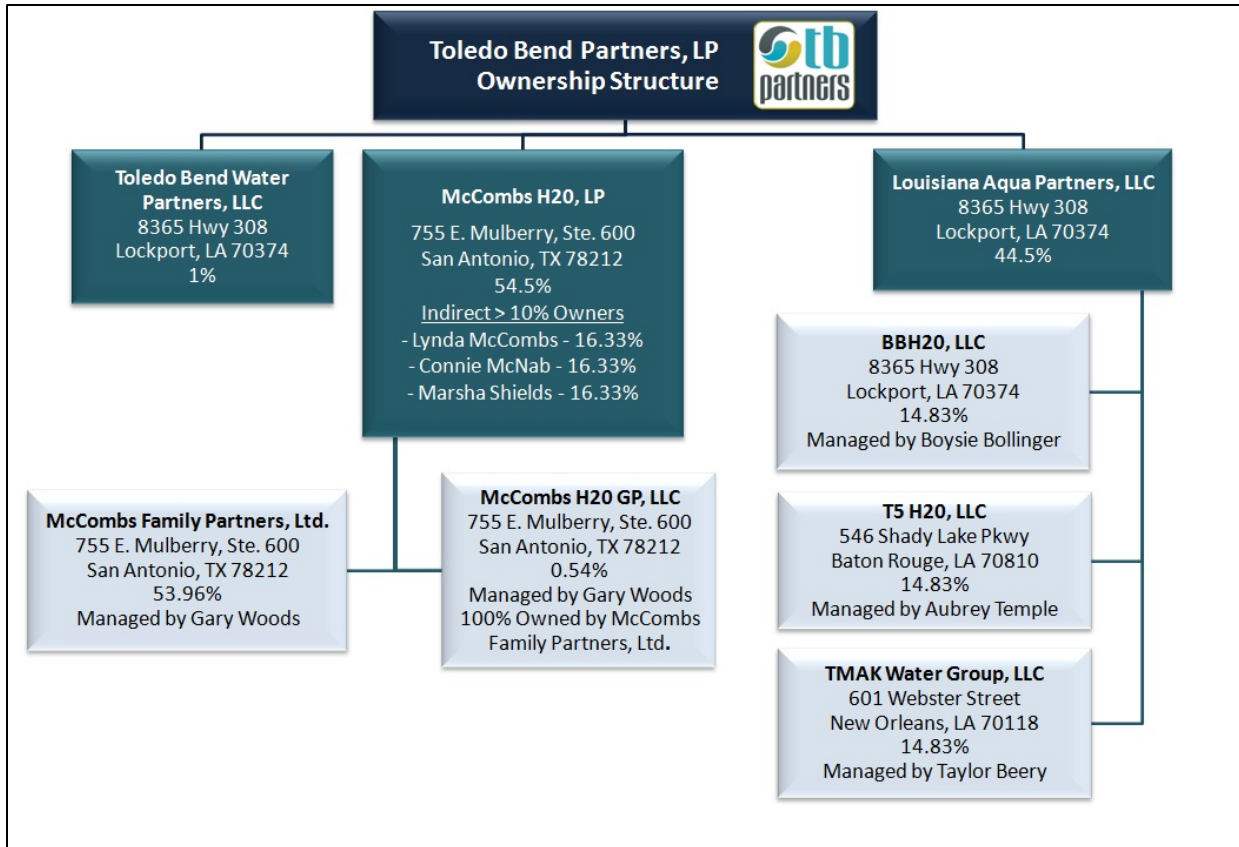
NAME	TITLE	ADDRESS	LENGTH
<b>BOARD OF DIRECTORS</b>			
<b>Donald T. “Boysie” Bollinger</b>	Chairman of the Board of Directors	8365 Hwy. 308 South Lockport, LA 70374	Since Inception
<b>B.J. “Red” McCombs</b>	Board of Directors	755 E. Mulberry, Ste. 600 San Antonio, TX 78212	Since Inception
<b>Aubrey Temple</b>	Board of Directors	4885 Hwy 190 W. Deridder, LA 70634	Since Inception
<b>Marsha Shields</b>	Vice-Chairman of the Board of Directors	755 E. Mulberry, Ste. 600 San Antonio, TX 78212	Since Inception
<b>James “Rad” Weaver</b>	Board of Directors	755 E. Mulberry, Ste. 600 San Antonio, TX 78212	Since Inception
<b>Gary Woods</b>	Board of Directors	755 E. Mulberry, Ste. 600 San Antonio, TX 78212	Since Inception
<b>OFFICERS &amp; LEADERSHIP TEAM</b>			
<b>Aubrey Temple</b>	Chief Executive Officer	4885 Hwy 190 W. Deridder, LA 70634	Since Inception
<b>Joe Beal</b>	Project Construction & Operations	6504 Bridge Point Parkway, Ste. 200 Austin, TX 78730	Since Inception
<b>Richard N. “Dick” Bollinger</b>	Senior Advisor to Board of Directors	8365 Hwy. 308 South Lockport, LA 70374	Since Inception
<b>Dr. Robert Brandes</b>	Environmental Flows & Lake Levels	6504 Bridge Point Parkway, Ste. 200 Austin, TX 78730	Since Inception
<b>Steve Cummings</b>	Chief Financial Officer & Treasurer	755 E. Mulberry, Ste. 600 San Antonio, TX 78212	Since Inception
<b>William Madden</b>	Project Development	755 E. Mulberry, Ste. 600 San Antonio, TX 78212	Since Inception
<b>Shawn Rosenzweig</b>	Governmental Partnerships	755 E. Mulberry, Ste. 600 San Antonio, TX 78212	Since Inception
<b>Jodi Satches</b>	Permitting; Regulatory	8365 Hwy. 308 South Lockport, LA 70374	Since Inception
<b>Ryan Temple</b>	General Counsel	12345 Perkins Rd. Baton Rouge, LA 70810	Since Inception
<b>Paul Thornhill</b>	Project Design & Technical Analysis	6504 Bridge Point Parkway, Ste. 200 Austin, TX 78730	Since Inception





**9. Board of Directors/Owners and percent of ownership (Please list names and addresses, if any are the same as listed in 8 above please state so rather than repeat the same information). (List all direct or indirect owners in the Proposer holding a 10% or greater direct or indirect ownership of Proposer’s equity)**

TB Partners is owned and operated by a Board of Directors comprised of self-made entrepreneurs who bring their personal skills, capabilities and resources to the Project. In addition, the skills, capabilities and resources of their affiliate companies will greatly enhance the overall support for this Project.



**Figure 1: TB Partners’ Ownership Structure.** *TB Partners’ ownership structure ensures the correct balance of expertise, skills, commitment, and financial capability are in place to meet SRA’s project needs.*



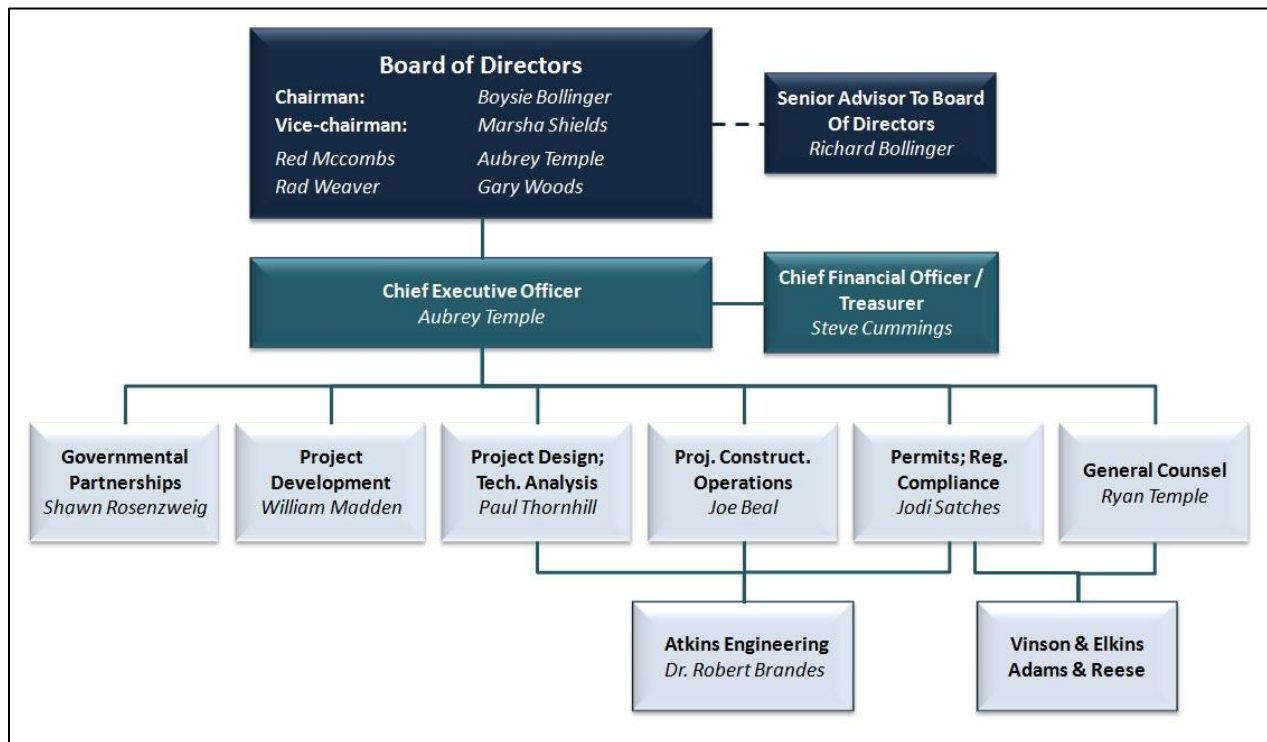


**10. Management Team (Please list the Titles, Names, Background, and Experience of the Proposer’s Key Personnel who will be involved in this project).**

The individuals directing TB Partners’ financing, engineering and environmental efforts are generally recognized as the foremost water experts in the States of Louisiana and Texas. In addition, TB Partners’ management team has extensive experience working with government officials and regulatory agencies from Louisiana, Texas and Washington D.C.

The management structure of the organization is illustrated in Figure 2. The background and experience of TB Partners’ Board of Directors, Officers and Leadership Team is highlighted in Table 3. TB Partners has also engaged the Atkins Corporation (“Atkins”), one of the most well-respected engineering, environmental and design firms in the world, to ensure the quality control and success of the Project. Legal support has been provided by the Adams & Reese and Vinson & Elkins law firms.

**Management Team Organizational Chart**



**Figure 3: TB Partners’ Management Team.** TB Partners’ organizational structure ensures the appropriate mix of authority, autonomy and accountability needed to execute a successful project.





**Officers & Leadership Team Background and Experience**

**Table 3: Management Team**

NAME	TITLE	BACKGROUND AND EXPERIENCE
<b>Officers &amp; Leadership Team</b>		
<b>Aubrey T. Temple Jr.</b>	CEO and Board of Directors	Mr. Temple serves as the Chief Executive Officer and on the Board of Directors for TB Partners. Mr. Temple co-founded Amerisafe (NASDAQ: AMSF), a publicly traded financial services/specialty workers compensation insurer focused on small to midsized employers. Mr. Temple has served as Chairman of the Board of the Louisiana Works Compensation Corporation (LWCC) since its inception in 1992. During his tenure as Chairman, the LWCC has gone from \$0 to \$1.3 Billion in assets with \$150 Million in annual written premiums and providing coverage to 18,000 policyholders in Louisiana. Mr. Temple has more than 40 years of financial services experience and an extensive background in risk management practices. Mr. Temple also has over 25 years of bank board service.
<b>Joseph Beal</b>	Project Construction & Operations	Joseph Beal oversees all aspects of TB Partners’ infrastructure construction and water operations, including pipeline engineering, procurement activities and coordination with Texas river authorities. Mr. Beal previously served as Chief Executive Officer and General Manager of the LCRA, one of the largest and most successful river authorities in the United States. In this capacity, Mr. Beal directed all aspects of the LCRA’s infrastructure development, operations and regulatory affairs. During his tenure as Chief Executive Officer, Mr. Beal doubled the LCRA’s annual operating revenues to greater than \$1 billion in the course of providing services to 53 counties across Texas. Mr. Beal, a Senior Advisor to Atkins, also served as Chairman of the Texas Board of Professional Engineers, President of the Texas Water Conservation Association and as a helicopter pilot in the United States Marine Corps.
<b>Richard “N.” Dick Bollinger</b>	Senior Advisor to Board of Directors	Richard Bollinger serves as a Senior Advisor to TB Partners’ Board of Directors in connection with water development issues encompassing the construction and operation of transmission pipelines and distribution infrastructure. Mr. Bollinger served as President of Bollinger Shipyards and on the Board of Commissioners for the Lafourche Water District, in which capacity he was responsible for the expansion, operation and construction of a 78-mile water transmission pipeline and distribution system. Mr. Bollinger also served as President of the Louisiana Shipbuilding Association, in the Louisiana Engineering Society and in the United States Marine Corps.
<b>Dr. Robert Brandes</b>	Environmental Flows & Lake Levels	Robert Brandes supports TB Partners’ environmental and project design efforts, including water availability modeling, EPA certification and wetlands mitigation. Dr. Brandes, a Senior Advisor to Atkins, has more than 35 years of experience directing the performance of studies on Texas surface water, reservoirs, stream flows, flooding conditions and water availability. Dr. Brandes’ technical credentials include service on behalf of the Texas Commission on Environmental Quality (the “TCEQ”), the TWDB, the Office of the Governor, the Office of the Attorney General and as Chairman of the Texas Legislature’s Science Advisory Committee for the Study Commission on Water for Environmental Flows.





NAME	TITLE	BACKGROUND AND EXPERIENCE
<b>Steve Cummings</b>	Chief Financial Officer & Treasurer	Steve Cummings directs all aspects of TB Partners' financial operations, including public finance, financial reporting and capital market transactions. Mr. Cummings is the Chief Financial Officer of McCombs Enterprises, in which capacity he has directed a wide array of direct investments and development initiatives including Clear Channel Communications, Red McCombs Automotive Group, the Minnesota Vikings, the San Antonio Spurs and more than 8 million square-feet of real estate investments.
<b>William Madden</b>	Project Development	William Madden supports TB Partners' water development and regional planning efforts, including municipal water sales, governmental partnerships and coordination with the TWDB. Mr. Madden previously served as Chairman of the TWDB, in which capacity he was responsible for the development and implementation of the State's Water Plan. Mr. Madden has guided Texas water policy and project development for more than 20 years, having served under three Governors and held leadership positions on the Coastal Coordination Council and the Executive Committee of the Western States Water Council. Mr. Madden also served on the Board of Directors for the Texas Parks and Wildlife Foundation and in the United States Marine Corps.
<b>Shawn Rosenzweig</b>	Government Partnerships	Shawn Rosenzweig oversees TB Partners' project financing and governmental partnerships, including policy initiatives, coordination with municipal entities and strategic programs. Mr. Rosenzweig is a Partner at McCombs Enterprises, where he directs infrastructure projects and complex public-private partnerships. In this capacity, Mr. Rosenzweig has successfully completed more than \$2.2 billion in capital markets transactions involving the State of Texas, international financial institutions and insurance companies. Mr. Rosenzweig served as a Chairman for The University of Texas 1883 Council, on the Board of Trustees for the St. Philips School of Dallas and on the working group for the North Texas Super Bowl XLV Bid Committee.
<b>Jodi Satches</b>	Permitting; Regulatory Compliance	Jodi Satches directs all aspects of TB Partners' permitting issues and regulatory compliance, in which capacity she also oversees environmental and safety operations. Ms. Satches is a Vice-President of Bollinger Shipyards, where she has responsibility for all permitting, health, safety and environmental divisions company-wide. Ms. Satches has more than 15 years of experience securing state and federal permits and maintaining regulatory compliance with agencies including the U.S. Environmental Protection Agency, the Louisiana Department of Environmental Quality, the Louisiana Department of Natural Resources and the Texas Commission on Environmental Quality.
<b>Ryan Temple</b>	General Counsel	Ryan Temple oversees all aspects of TB Partners' legal issues and requirements. Mr. Temple has served on TB Partners' contract negotiation team for the past 12 months. Mr. Temple has served as the General Counsel for Temptan, Inc. and DTBR Investments, L.L.C. where he oversaw the acquisition, management and legal issues of a national real estate portfolio with greater than \$30 Million in managed assets.
<b>Paul D. Thornhill</b>	Project Design & Tech. Analysis	Paul Thornhill oversees TB Partners' project design, engineering analysis and corridor/route selection. Mr. Thornhill previously served as the Deputy General Manager, Chief Engineer and Chief Risk Officer at the LCRA, in which capacity he oversaw the management of the lower Colorado River basin and developed environmental and risk mitigation protocols for water resources, utilities and other LCRA resources. Mr. Thornhill, a Senior Advisor to Atkins, has previously completed long-term water supply agreements with public and private sector entities, including the City of Austin, the LCRA and the San Antonio Water System.





Board of Directors		
<b>Donald T. “Boysie” Bollinger</b>	Chairman of the Board of Directors	Donald T. “Boysie” Bollinger serves as Chairman of the Board of Directors for TB Partners. Mr. Bollinger is the Chairman, President and Chief Executive Officer of Bollinger Shipyards, a full service marine construction and ship repair company headquartered in Lockport, Louisiana with 13 locations throughout Louisiana and Texas. Mr. Bollinger has served as Chairman of the National World War II Museum, Chairman of the Port of New Orleans, Vice-Chairman of the United States Coast Guard Foundation and on the Board of Regents for the University of Louisiana System. Mr. Bollinger has also served on the Board of Directors for the Louisiana Recovery Authority, as Chairman of the Governor’s Advisory Committee on Military Affairs, Chairman of the Governor’s Maritime Advisory Task Force and as a delegate to Louisiana’s Constitutional Convention in 1973. Mr. Bollinger is a past recipient of the Woodrow Wilson Award and the Boy Scouts of America “Distinguished Citizen” Award.
<b>Marsha Shields</b>	Vice-Chairman of the Board of Directors	Marsha Shields serves as Vice-Chairman of the Board of Directors for TB Partners. Ms. Shields is the Chief Executive Officer of Koontz-McCombs Construction, President of the McCombs Foundation and Vice-Chairman of McCombs Enterprises. In this capacity, Ms. Shields oversees an extensive array of domestic and international operating companies, real estate holdings and energy investments. Ms. Shields has served on the Board of Directors for Clear Channel Outdoor Holdings, the University of Texas M.D. Anderson Cancer Center and as Dealer Principal for the McCombs Automotive Group.
<b>B.J. “Red” McCombs</b>	Board of Directors	B.J. “Red” McCombs serves on the Board of Directors for TB Partners. Mr. McCombs is the Chairman of McCombs Enterprises and the co-founder of Clear Channel Communications, a global media and entertainment firm employing more than 18,000 people throughout 45 countries. Mr. McCombs previously founded Red McCombs Automotive Group and is a former owner of several professional sports teams including the Minnesota Vikings, San Antonio Spurs and Denver Nuggets. Mr. McCombs is the namesake of the McCombs School of Business at The University of Texas at Austin and the McCombs Institute for the Early Detection and Treatment of Cancer. Mr. McCombs is a past recipient of the Woodrow Wilson Award and has previously served as Chairman of the Board of Trustees at Southwestern University, Chairman of the University of Texas M.D. Anderson Cancer Center and in the United States Army.
<b>James “Rad” Weaver</b>	Board of Directors	Rad Weaver serves on the Board of Directors for TB Partners. Mr. Weaver is the Chief Executive Officer of McCombs Partners, where he oversees the continued implementation of the firm’s long-held investment strategies. Mr. Weaver serves on the Board of Directors for the United States Grand Prix, the Advisory Board of Xe Services and on the Board of Managers for MPOWER Ventures. Mr. Weaver serves as President of The University of Texas 1883 Council and on the Board of Trustees for the McCombs School of Business at The University of Texas at Austin.
<b>Gary Woods</b>	Board of Directors	Gary Woods serves on the Board of Directors for TB Partners. Mr. Woods is the President of McCombs Enterprises. In this capacity, Mr. Woods has overseen the management and expansion of greater than \$5.4 billion of development projects and operating investments involving Clear Channel Communications, Red McCombs Automotive Group and Koontz-McCombs Construction. Mr. Woods has served as Chairman of the Board of Directors for the Argonaut Group International Holdings (NSDQ: AGII) and on the Board of Directors for Avalon Advisors, the Southwest Research Institute and the Cancer Therapy and Research Center Foundation.





## 11. Financial Capability: Describe the Proposer's capability and plans to fund development expenses and project construction.

TB Partners has the capability to internally fund the Project's development expenses and project construction. Comprised of well-regarded business and civic leaders from Louisiana and Texas, TB Partners' financial wherewithal is evidenced by the more than \$100 million that its principal owners have contributed to charitable and non-profit organizations benefitting education, healthcare and U.S. veteran programs. Separately, TB Partners' project credentials include the completion of greater than \$8 billion in capital development and infrastructure financings spanning water, transportation, electricity and telecommunications.

For ease of review, a discussion of TB Partners' financial capability is divided between expenses related to development and project construction.

### Development Expenses

The development expenses needed to complete this Project are estimated to range from \$56.2-\$71.4 million. This encompasses a wide array of development work including engineering services, legal support and the completion of regulatory filings (i.e. FERC). To date, TB Partners has internally funded greater than \$500,000 of development costs and will continue to internally fund development expenses during the initial portion of the reservation period.

Once development efforts are substantially underway, TB Partners intends to identify strategic investors whose involvement in the Project could increase the overall value delivered to SRA – *by virtue of the Net Profits and Gross Revenue provisions* – and TB Partners. For example, in the course of engaging design-build partners, TB Partners will evaluate whether allowing such partners to make a minority equity investment will further the interests of SRA and TB Partners.

For the avoidance of doubt, TB Partners is not dependent upon outside investors in order to fund development costs. Rather, absent TB Partners' identification of high-value strategic investors, TB Partners will continue to fund such development costs internally.

### Project Construction Expenses

TB Partners' capability to fund the construction and operating costs associated with this Project is a product of the following:

- Ability to internally fund equity requirements and/or provide credit-worthy financial guarantees;
- Significant capability to leverage wide-reaching capital markets relationships; impeccable reputation with banks and lenders; and
- Demonstrated track record of successfully completing water and infrastructure development projects.

TB Partners anticipates that upon executing water sales agreements with customers in Texas and entering into a series of design-build agreements with credit-worthy engineering and construction firms, a substantial portion of the costs associated with building and operating the required infrastructure will be financed through a bond package totaling greater than \$2 billion. To the extent the Project is eligible for credit enhancement provided by the State of Texas, TB Partners is in a strong position to secure such support. For example, TB Partners' development of an automotive racing and entertainment complex in Austin is being supported through a \$250 million contribution by the State of Texas. Furthermore, should the bond package require financial guaranties and/or an equity contribution, TB Partners has the financial wherewithal to satisfy any credit enhancement provisions required by lenders.





Financing efforts for the Project will be directed by Steve Cummings and supported by Shawn Rosenzweig, William Madden and Joe Beal. These individuals' infrastructure and project financing track records collectively account for greater than \$3.6 billion in capital markets transactions. TB Partners' deep experience and demonstrated capability to effectively structure complex financial transactions is vital to the completion of this Project. By way of example, SRA and TB Partners successfully completed a bond validation process in October 2011 that will substantially improve the Project's financing costs and timeframe for achieving a bond issuance.

In conclusion, and as further evidenced by the Financial Capability Schedule set forth in Table 4, TB Partners is well-capable of financing the construction and operating costs associated with this Project.

**Table 4: Evidence of Financial Capability**

Company / Industry	Leadership Team	Roles / Responsibilities	Relevance to Financial Capability
Clear Channel Communications	B.J. "Red" McCombs	Co-Founder	Financed infrastructure and telecommunications assets in 45 countries; Company sold for \$26.7 billion in 2006.
Bollinger Shipyards	Donald T. "Boysie" Bollinger	Chairman / Chief Executive Officer	Financing global transportation firm; Secured financing in connection with greater than \$2.5 billion in government and private sector contracts.
Texas Water Development Board	William Madden	Chairman	Directed Water Development planning for the State of Texas; Set forth plan involving greater than \$30 billion in water projects.
Lower Colorado River Authority	Joseph Beal	Chief Executive Officer	Secured financing in connection with greater than \$1.8 billion in infrastructure development and capital improvement projects.
Sports, Entertainment & Stadium Assets	Steve Cummings	Chief Financial Officer of Parent Company	Secured acquisition financing, negotiated lender agreements and oversaw the disposition of greater than \$1.6 billion in sports and stadium assets.
Koontz-McCombs Construction	Marsha Shields	Chief Executive Officer	Financing regional construction firm; Secured financing in connection with greater than 5 million sq. ft. of real estate projects and investments.
Louisiana Workers Compensation Corporation	Aubrey Temple	Chairman	Greater than \$1.3 billion in total assets under management; Providing workers compensation coverage to more than 18,000 Louisiana residents.
McCombs Partners	Rad Weaver	Chief Executive Officer	Directing investments into private operating companies; Secured financing on behalf of firms with a collective value of greater than \$2.3 billion.
Red McCombs Automotive Group	Gary Woods	President of Parent Company	Financing sales and lending operations; Secured growth capital and oversaw the disposition of greater than \$1 billion in dealership assets.
Specialty Financial Investments	Shawn Rosenzweig	Partner of Parent Company	Secured financing in connection with greater than \$2.2 billion of portfolio acquisitions from banks and third-party finance companies.







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**12. Performance Guarantees (Performance Bond or Letter of Credit required) Proposer shall provide a minimum performance guarantee in the amount of \$5,000,000**

TB Partners will provide SRA a Performance Guarantee in the amount of \$5,000,000.





## SECTION 2: QUALIFICATIONS

### 1. Principal Business of the Proposer

TB Partners was formed exclusively for the purpose of purchasing, selling and delivering a portion of SRA's excess allowable yield in Toledo Bend to customers in Texas.

### 2. Outline of business plan to market, transport, and distribute the quantity of water involved, including targeted customers

TB Partners' Business Plan is tailored to meet the significant obstacles inherent in a project of this magnitude. In anticipation of completing a water purchase agreement with SRA, TB Partners has undertaken efforts that will streamline the process of completing long-term sales agreements with customers in Texas and expedite the Project's permitting and construction requirements.

Strong support from the public sector is a central component to the Project. Coordination with government officials and regulatory agencies is essential to fulfilling all permitting requirements, administrative approvals and prerequisites to public financing. In addition, TB Partners believes it is important that Toledo Bend Stakeholders are in support of the Project generally, and TB Partners specifically.

To this end, a wide array of Toledo Bend Stakeholders throughout the States of Louisiana and Texas are actively supporting TB Partners' participation in the Project and have provided Letters of Support which may be included in Exhibit A. A partial list of individuals and groups supporting TB Partners is as follows:

- Toledo Bend Residents
- Hon. David Dewhurst, Lt. Governor of Texas
- Hon. Murphy "Mike" Foster, former Governor of Louisiana
- Hon. Joe Strauss, Speaker of the Texas House of Representatives
- Hon. Charles "Buddy" Roemer, former Governor of Louisiana
- Hon. Troy Fraser, Chairman of Texas Senate Natural Resources Committee
- Hon. Kathleen Blanco, former Governor of Louisiana
- Hon. Ronald "Ronnie" Johns, Louisiana State Senator
- Dr. William H. Cunningham, former Chancellor of The University of Texas System

For ease of reference, TB Partners' Business Plan is presented as follows:

- Reputation in the Water Industry
- Analysis of Potential Customers' Water Needs
- Conceptual Design of Project Alternatives
- Outline of Plan to Market, Transport and Distribute Water

*For the Past Two Years, TB Partners has been Developing its Business Plan, Meeting Toledo Bend Stakeholders and Garnering Support from Business, Civic and Governmental Leaders Across the States of Louisiana and Texas.*



*This will Enable TB Partners to Commence Water Sales Prior to the Expiration of SRA's Power Sales Agreement in 2018.*





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## Reputation in the Water Industry

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TB Partners has a demonstrated track record of successfully completing long-term water and infrastructure projects. Consequently, TB Partners enjoys an unmatched reputation for success in the Texas water industry. Examples of this success are demonstrated through the experience of our leadership team:

**Joe Beal** served as the Chief Executive Officer and General Manager of the LCRA, during which time he doubled the LCRA's annual operating revenues to greater than \$1 billion. Mr. Beal also served as Chairman of the Texas Board of Professional Engineers and President of the Texas Water Conservation Association.

**William Madden** served as Chairman of the TWDB where he was responsible for the statewide water planning process involving Texas water supply projects and conservation efforts. Mr. Madden has guided Texas water policy for more than 20 years, having served under three Governors and on the Executive Committee of the Western States Water Council.

**Paul Thornhill** served as the Deputy General Manager, Chief Engineer and Chief Risk Officer of the LCRA, during which time he completed long-term water supply agreements with public and private sector entities, including the City of Austin, the LCRA and the San Antonio Water System.

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## Analysis of Potential Customers' Water Needs

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TB Partners recognizes the importance of understanding the specific project requirements sought by its potential customers. Municipal water providers are negatively impacted by infrastructure challenges, regulatory hindrances and financial constraints. Therefore, fulfilling a municipal customer's water requirements implicitly means providing the localized industry expertise and financial wherewithal needed to resolve all three of these issues.

Separately, statewide government officials are tasked with developing consensus around Texas' broader planning objectives – a formidable challenge that is complicated by a diverse set of constituencies competing for a finite amount of financial resources. To this end, the TWDB estimates that \$53 billion of capital expenditures and 22 million acre-feet of water will be required to meet state demands in 2060, with municipal water needs growing 10-fold during this period. With this in mind, the Texas communities having the greatest long-term water needs are as follows:

- **IH 35 Corridor** (includes Austin and San Antonio)
- **Upper Texas Coast** (includes Houston and surrounding counties)
- **North Central Texas** (includes the Dallas-Ft. Worth Metroplex)

In connection with TB Partners' customer needs analyses, Atkins assisted in the identification of supply routes that are conducive to serving areas located between Toledo Bend and its primary water demand centers. In addition, coordinating with Texas government officials in the course of identifying intermediate delivery points is a crucial aspect of TB Partners' marketing approach, as this lowers the infrastructure costs incurred by taxpayers – thereby increasing the Project's overall profitability.

By virtue of undertaking comprehensive water needs analyses for each of the areas listed above, TB Partners has made significant strides in connection with its efforts to engage potential customers. To this end, a number of Texas government officials and project stakeholders are actively supporting TB Partners' efforts. Evidence of the progress made by TB Partners during the past two years is illustrated in the accompanying Letters of Support included in Exhibit A. TB Partners' supporters include the following:

- **Alex Briseño**, Chairman of the San Antonio Water System (ret. as of 6/11); former City Manager of San Antonio





- **Paul Hobby**, Chairman for the Federal Reserve Bank of Dallas (Houston); Board of Directors for NRG Energy
- **Corbin Robertson**, Board of Directors for the Texas Medical Center, the University of Houston and the Houston Chamber of Commerce

### Conceptual Design of Project

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After performing detailed customer needs analyses, TB Partners began preparing a series of Conceptual Design studies for each of the primary water demand centers. The Conceptual Design studies were prepared over the course of eight months under the direction of Joe Beal and Paul Thornhill. Additionally, as the Project scope was broadened, TB Partners utilized Atkins to provide engineering services and program management support.

The engineering work performed for TB Partners includes a series of Corridor analyses that may be utilized for delivering excess Toledo Bend water into Texas. Although the precise delivery routes will evolve during the course of contract negotiations and environmental analyses, the proprietary engineering work performed up until this point has served as an essential basis for conversations with Texas administrative and elected officials. Excerpts from the research and analysis performed by TB Partners is attached as Exhibit B.



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## Plan to Market, Distribute and Transport Water

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### I. Engineering

#### A. Planning Phase

- i) Mapping/GIS
  1. Data Collection (Infrastructure, Constraints, Aerial Photography, etc.)
  2. Data Gap Analysis
  3. Preparation of Base Maps
- ii) Annual Costs and Performance Criteria
- iii) River Authority Issues
- iv) Interstate Compact Issues
- v) Perfected Water Rights
  1. Permits
  2. Contracts
- vi) Customer Needs Assessment
  1. Develop Graphics, Spreadsheets and Other Analyses Specific to Potential Customer Needs and Schedule of Future Water Management Strategies
  2. Identify Potential Customer Markets (Primary and Secondary)
- vii) Develop and Prepare Phasing; Timeline of Deliveries for Potential Customers
- viii) Prepare Project Criteria Memoranda
  1. Technical Design Memorandum
  2. Alternative Selection Criteria Technical Memorandum
    - a. Facility Selection Methodology for:
      - Intake/Booster Pumping Stations
      - Pipeline (Corridor, Route and Alignment)
      - Operational Storage
    - b. Interdisciplinary Approach to Criteria Associated with:
      - Cultural Resources
      - Land Use
      - Environmental Constraints
      - Engineering Constraints
      - Regulatory or Permitting Constraints
- ix) Negotiations with Potential Customers
- x) Refine Water Supply Concepts and Phasing/Timing of Deliveries
- xi) Hydrologic Analysis
  1. Modeling of Reservoir Operations

- a. Effect of FERC Relicensing
- b. Effect of Environmental Flows
- c. Effect of Hydroelectric Operations (as Modified)
- d. Water Availability Analyses
2. System Yield Studies
  - a. Direct Delivery Options
  - b. System Use Options (Multiple Customers and/or Reservoir-Owner Participants)
- xii) Other Issues
  1. Repeal of Interbasin Transfer Restrictions
  2. Competition from SRA-TX
  3. Diversion Point Selection
  4. USACE Sabine-Neches Waterway Channel Improvement Project
  5. Cutoff Bayou (Change in the Flow Proportion to Louisiana and Texas in the Lower Sabine Basin)
  6. Lower Neches Saltwater Barrier
  7. Proposed Lower Sabine Salt Water Barrier
  8. Effect of Lake Columbia Construction
- B. Conceptual Design Phase
  - i) Establish and Compile Design Criteria
    1. Pipelines
    2. Intake and Booster Pumping Stations
    3. Operational Storage
    4. Reservoir Ranges; System Operating Rules
  - ii) Pipelines
    1. Hydraulic Analyses
      - a. Pipeline
      - b. Preliminary Surge Analyses
    2. Route Alternatives (Segmented)
    3. Crossings
    4. Desktop Environmental Analyses (see Environmental)
    5. Route Selection
  - iii) Intake and Booster Pumping Stations
    1. Hydraulic Analyses
    2. Site Alternatives
    3. Desktop Environmental Analyses (see Environmental)
    4. Site Selection

- iv) Water Quality and Treatability
  - v) Conceptual Level Cost Estimates for Selected Alternative
    - 1. Cost Parameters and Methodology
      - a. Energy Cost Calculation and Methodology
      - b. Environmental/Mitigation Cost Calculation and Methodology
      - c. Capital Cost Calculation and Methodology
      - d. Life Cycle Cost Calculation and Methodology
    - 2. Conceptual Level Cost Analyses
  - vi) Comparison to Competing Water Management Strategies; Alternatives Being Considered by Potential Customers
    - 1. Cost
    - 2. Schedule
    - 3. Permitting
    - 4. Legal Issues
- C. Design Phase
- i) Site Access Agreements for Field Work
  - ii) Geology; Geotechnical Analyses; Investigations
  - iii) Survey (LIDAR and Ground Control)
  - iv) Pipeline Design
  - v) Pipeline Plans and Profiles
  - vi) Intake Design
  - vii) Intake Plans
  - viii) Intake and Booster Pumping Stations Design
  - ix) Intake and Booster Pumping Stations Plans
  - x) Surge Analyses
  - xi) Environmental Analyses (see Environmental)
  - xii) Risk Analyses
  - xiii) Design Cost Estimates
  - xiv) Pipeline and Pumping Stations Specifications
  - xv) Permitting or Regulatory Considerations

## II. Program Management

- A. Internal Project Management
  - i) Partner Meetings and Administration
  - ii) Project Controls
  - iii) Customer Agreements
    - 1. Customer Negotiations

2. Draft Definitive Water Purchase Agreements
3. Finalize and Validate Water Purchase Agreements
- iv) Contractor Evaluation and Selection
  1. Solicitation
  2. Selection
  3. Contract
- B. External Project Management
  - i) Project Administration
    1. Invoicing
    2. Project Status Reports
  - ii) Cost Controls
    1. Cost
    2. Schedule
    3. Documents
  - iii) Project Communications
    1. Meetings
    2. Project Support
    3. Task Order Development (Scope, Schedule and Budget)
- C. Construction Phase Services
  - i) Construction Services
    1. Partnering and Pre-Construction Conferences
    2. Review Construction Schedules
    3. Provide On-Site Inspection and Quality Assurance
    4. Prepare Owner-Initiated Change Orders
    5. Provide Continuous Budget Control
    6. Review, Monitor, Track and Manage:
      - a. Contract Requests for Information (RFIs) and Change Order Logs
      - b. Compliance with Environmental Regulations and Permits
      - c. Construction Submittals
      - d. Construction Activities and Progress
      - e. Claims and Resolution
      - f. Payments to Contractor
  - ii) Post-Construction Services
    1. Assist in the Scope of Facility Operations and Transition to O&M Providers
    2. Define Warranty Operation Requirements
    3. Verify Proper Project Close-Out



4. Prepare Final Close-Out Report
5. Assure Compliance with any Regulatory Requirements
6. Obtain and Review O&M Manuals
7. Perform 11<sup>th</sup> Month Post Construction Workmanship Guaranty and Equipment Warranty Inspections

### **III. Legal**

- A. Legislative Issues
- B. Interstate Issues
- C. Texas Non-Jurisdiction Issues
- D. Condemnation Issues
- E. Legal Liability
- F. Bond/Contract Validation
- G. Miscellaneous

### **IV. Public Relations**

- A. Governmental
- B. Strategic Messaging
- C. Public Outreach
  - i) Prepare Outreach Plan
  - ii) Meetings Support/Facilitation
- D. Media
  - i) Print Materials
  - ii) Website; E-mail
  - iii) Social Media

### **V. Right-of-Way Services**

- A. Limited Title Certificates
- B. Right-of-Entry and Landowner Bill of Rights
- C. Value Preparation
- D. Easement and Fee Acquisition
- E. Condemnation
- F. Property Management including Lease Negotiations

### **VI. Environmental and Cultural Resources; Permitting and Mitigation**

- A. Planning Phase
  - i) FERC Relicensing Issues
  - ii) Water Quality
  - iii) Cultural Resources
  - iv) Aquatic Resources

- v) Recreation
- vi) Terrestrial Resources
- vii) Texas Instream Flows
- B. Conceptual Design; Preliminary Feasibility Phase
  - i) Land Cover and Land Use
  - ii) Wildlife Habitat
  - iii) Threatened and Endangered Species
  - iv) Surface Waters and Wetlands
  - v) Cultural Resources
- C. Design Phase; Detailed Investigations
  - i) Land Cover and Land Use
  - ii) Wildlife Habitat
  - iii) Threatened and Endangered Species
  - iv) Surface Waters and Wetlands
  - v) Cultural Resources
  - i) Invasive and Noxious Species Transfer
- D. Permitting and Mitigation
  - i) Permit Documents
    - 1. Environmental Studies
      - a. NEPA (Environmental Impact Statement; Environmental Assessment)
      - b. USFS National Forests
      - c. FERC Easements
      - d. USACE Impoundments
    - 2. Preparation and Submittal of Permit Applications
    - 3. Public Process
  - ii) Federal
    - 1. NEPA Process
    - 2. USACE Section 404 and Section 10 Permits
    - 3. USFWS Section 7 (Endangered Species Act Compliance)
    - 4. Section 106 (Historical and Cultural Resources)
    - 5. EPA 401 WQ Certification
  - iii) State
    - 1. Texas Water Development Board
    - 2. Texas Parks and Wildlife (Crossing Wildlife Management Area; Obtaining Sand, Gravel and Marl Permits for Crossing State-Owned Rivers)
    - 3. Texas Commission on Environmental Quality (Water Quality; SWPPP)

4. Texas General Land Office River Easements

**VII. Economic and Procurement Model Support**

- A. Comprehensive Examination of Energy Costs
- B. Development of Cost Allocation Framework
- C. Evaluation of End-User Impact
- D. Evaluation of Funding Options
- E. State and Federal Grants
- F. Project Procurement Analysis
  - i) Alternative Project Delivery (APD)
  - ii) Comparison of APD Models
  - iii) Identify Preferred Procurement Model
    - 1. Assemble APD Team
    - 2. Perform Qualitative Strategic APD Model Analysis
    - 3. Select Preferred Procurement Model
    - 4. Complete a Detailed Financial Comparison of the Preferred Procurement Model to Traditional Project Delivery Financing Method
  - iv) Development of Preliminary Financing Plan
- G. Bonding

**VIII. Project Development**

- A. Feasibility Design Report
  - i) Compile Interdisciplinary Information; Results
  - ii) Documentation
    - 1. Design Parameters
    - 2. Project Alternative Procurement Methods
    - 3. Construction Methods
    - 4. Permitting Strategies
    - 5. Route Determinations
    - 6. Demands
- B. Procurement Documents and Contractor Selection
  - i) Coordination with Lenders and Bonding Companies
  - ii) Preparation of Draft Procurement Package
  - iii) Issuance of Request for Qualifications; Review Submittals
  - iv) Select “Shortlisted” Contractor Teams
    - 1. Additional Information Requests
    - 2. Contract Interviews and Meetings
  - v) Contractor Selection

### 3. Describe the Proposer's technical capability to design, construct and operate a pipeline and distribution system for this project.

TB Partners holds more than 125 years of combined experience overseeing the design, construction, and operation of large-scale water infrastructure projects including pipelines and distribution systems. The leadership team has extensive technical expertise in Texas, which includes service as Chairman of the Texas Board of Professional Engineers, Chairman of the TWDB and Chairman of the Texas Legislature's Science Advisory Committee for the Study Commission on Water for Environmental Flows.

In addition, Atkins, engaged by TB Partners since inception, is the one of the top engineering and design firms in the world, with more than 18,000 employees and 80 offices in the United States. *Engineering News* ranks Atkins among the top industrial design firms in the world for projects involving water transmission lines and aqueducts. In addition, Atkins is well-regarded in the State of Louisiana, having provided support to state and federal agencies in connection with Hurricane Katrina and the Deepwater Horizon clean-up.

Atkins is assisting the San Antonio River Authority's regional development plans surrounding the San Antonio River Basin. This project entails watershed modeling and availability analysis. Therefore, Atkins has experience coordinating with federal, state, and local agencies such as the U.S. Army Corps of Engineers (the "USACE"), TCEQ, FEMA and the Texas Department of Transportation.

This summary of TB Partners' technical capabilities is presented as follows:

- **Technical Expertise:** Engineering and Environmental Issues
- **Project Design:** Coordination with Legislative Stakeholders, Regulatory Agencies, River Authorities and Water Municipalities
- **Project Construction and Operations:** Leveraging a Successful Track Record

#### **Technical Expertise: *Engineering and Environmental Issues***

The individuals directing TB Partners' engineering and environmental efforts are generally recognized as the foremost water experts in the State of Texas. During Joe Beal's tenure as Chief Executive Officer of the LCRA, the organization grew to become one of the largest and most successful River Authorities in the United States, providing services to more than 53 counties across Texas. Additionally, Mr. Beal's technical credentials are impeccable, having served as Chairman of the Texas Board of Professional Engineers and President of the Texas Water Conservation Association. Mr. Beal's project engineering and construction experience will yield benefits to the design, construction and operations phase of the Project.

Jodi Satches' more than 15 years of dedication to implementing high standards of health and safety performance and environmental protection has won Bollinger Shipyards numerous awards and other recognition related to their Health, Safety, and Environmental initiatives. During her tenure with Bollinger, Ms. Satches has established a professional staff that is considered one of the most talented in the industry in terms of innovation and performance. Further, Ms. Satches has established a consistent track record of contribution to the constructive dialogue on safety and environmental stewardship, the impact of employee safety, and a commitment to the environment within the shipyard industry.

Paul Thornhill has more than 35 years of experience directing engineering projects on behalf of public and private sector entities including the Texas Water Rights Commission, the TCEQ, the Guadalupe-Blanco River Authority, the Upper Guadalupe River Authority and the San Antonio Water System. While serving as the Deputy General Manager, Chief Engineer and Chief Risk Officer of the LCRA, Mr. Thornhill oversaw the environmental management of the lower Colorado River basin and implemented technical and risk mitigation protocols for water resources, utilities and other programs at the LCRA. Mr. Thornhill's technical expertise will substantially enhance the design, construction and ongoing operations of the Project.

Robert Brandes has more than 35 years of experience directing the performance of studies on Texas surface water, reservoirs, stream flows, flooding conditions and water availability. Dr. Brandes' technical credentials include service on behalf of the TCEQ, the TWDB, the Office of the Governor, the Office of the Attorney General of Texas and the Texas Legislature's Science Advisory Committee. Toledo Bend Stakeholders will benefit from Dr. Brandes' water modeling expertise, as his guidance will enhance SRA and TB Partners' joint efforts to continuously improve Toledo Bend lake levels.

Finally, Mr. Beal, Mr. Thornhill and Dr. Brandes serve as Senior Advisors to Atkins. Along with Atkins vast technical expertise, the firm maintains a first-hand awareness of the environmental and policy issues impacting the State of Texas. In fact, Atkins' current efforts on behalf of Texas government include the creation of local focus groups that meet periodically to discuss and provide input on issues involving hydrology, hydraulic modeling, water quality modeling and GIS system evaluations. This specialized insight will assist TB Partners' development of the Project.

### ***Project Design: Coordination with Legislative Stakeholders, Regulatory Agencies, River Authorities and Water Municipalities***

Designing the Project is a complex undertaking that necessitates input from government officials and other project stakeholders. For example, water pipelines built in Texas are subject to legal restrictions that are not present in other states. Perhaps more challenging, the permitting and regulatory requirements associated with developing water pipelines in Texas are substantially different from other fluid pipelines.

Projects delivering large amounts of water within Texas require approvals, right-of-way easements and/or financial commitments from River Authorities, Water Municipalities, the TWDB, the TCEQ and the Texas Parks and Wildlife Department ("TPWD").

TB Partners has significant experience working with Legislative Stakeholders, Regulatory Agencies, River Authorities and Water Municipalities including the following:

- During William Madden's tenure as Chairman of the TWDB, he coordinated with River Authorities, Water Municipalities, the TCEQ and the TPWD in connection with developing a State Water Plan entailing greater than \$30 billion in water projects.
- Jodi Satches manages Bollinger Shipyards work with federal and local governmental agencies to obtain permits and ensure proactive compliance across a broad range of projects. Ms. Satches has worked hand-in-hand with all Regulatory Agencies with oversight over the Project including: EPA, Louisiana Department of Environmental Quality ("LDEQ"), TCEQ, USACE, DNR, U.S. Coast Guard ("USCG"), Louisiana Department of Health and Hospitals ("DHH"), Louisiana Department of Wildlife and Fisheries ("LDWF"), National Research Council ("NRC"), and Texas General Land Office ("TGLO") agencies.
- Joe Beal and Paul Thornhill have directed the design, permitting and engineering work associated with greater than \$2.4 billion in infrastructure development and capital improvement projects.

TB Partners recognizes that a large-scale, Texas water project is not viable without the active support of the Senate Natural Resources Committee ("Natural Resources Committee"). The Natural Resources Committee works with River Authorities and Water Municipalities, while also overseeing regulatory agencies such as the TWDB, the TCEQ and the TPWD. Viewed accordingly, support from the Natural Resources Committee's members and staff is instrumental to the development of this Project.

Having worked closely with these entities, TB Partners is well-positioned to coordinate with Legislative Stakeholders, Regulatory Agencies, River Authorities and Water Municipalities on the Project. This collaboration and support is significant, as it will substantially enhance TB Partners' ability to design a project

that meets the needs of River Authorities and Water Municipalities, thereby achieving legislative and regulatory approvals in a complete and timely manner.

As evidence of TB Partners' technical capability to design a project that meets the approval of Legislative Stakeholders, River Authorities and Water Municipalities tasked with overseeing the construction and operation of such projects in Texas, attached as Exhibit A please find letters of support from the following:

- **Chairman Troy Fraser**, Senate Natural Resources Committee for the State of Texas
- **Dr. William H. Cunningham**, former Chancellor of The University of Texas System

### **Project Construction and Operations: *Leveraging a Track Record***

TB Partners' demonstrated track record of technical expertise is critical to the Project's construction efforts. A reputation the caliber of TB Partners is essential to take full advantage of business development opportunities and access the capital markets in furtherance of optimizing a financing structure that will encompass greater than \$2 billion of debt and equity financing. As it relates to constructing and operating Texas infrastructure projects, TB Partners' track record is exemplary.

Having both worked on infrastructure projects for more than 35 years, Joe Beal and Paul Thornhill have collectively directed greater than \$2.4 billion in construction and capital improvement projects. Additionally, Mr. Beal achieved unprecedented success directing the LCRA's project operations, growing its revenue to greater than \$1.3 billion – *an annual increase of more than \$700 million*. Mr. Beal and Mr. Thornhill would not have been able to complete these projects absent their ability to demonstrate a high level of technical ability to lenders, rating agencies and auditors.

TB Partners' construction and operating credentials encompass the development and growth of more than \$8 billion in capital improvement and infrastructure projects. Among other projects, this includes responsibility for the expansion, operations and construction of a 78-mile water transmission pipeline and distribution system. Viewed accordingly, TB Partners has technical capabilities and operating capacity that are exemplary for purposes of constructing and operating the Project's pipeline and distribution system.

#### **4. Does the Proposer currently own/operate a fluid pipeline?**

Yes. Additionally, TB Partners has commenced efforts to secure existing pipeline infrastructure and rights-of-way that are presently abandoned or underutilized, yet follow a path which meets the needs of TB Partners' potential water customers. TB Partners believes this proactive effort will shorten construction lead times and expedite the overall project timeline. TB Partners' efforts in furtherance of securing the infrastructure and rights-of-way needed to complete the Project will provide SRA a substantial competitive advantage relative to competing water providers.

#### **5. List previous projects of comparable magnitude (Minimum of \$50 Million):**

TB Partners' Board of Directors, Officers and Leadership Team have a great deal of experience completing projects ranging from \$50 million to greater than \$1 billion. Beyond project size, TB Partners has significant expertise implementing projects which involve coordination amongst multiple public and private sector stakeholders; complex technical and environmental requirements; and strict time constraints. Table 5 illustrates a snapshot of each of the projects presented in parts 5 and 6 of this section. Additionally, Table 6 provides a summary of other relevant projects.



**Table 5: Snapshot of Projects Presented in Parts 5 and 6.**

PROJECT / INDUSTRY	VALUE	GREATER THAN \$50M	LOCATION OF WORK
United States Coast Guard Sentinel Class	\$1.7B	Yes	Louisiana
City of Austin-LCRA Water Sales Agreement	\$250M+ (estimated)	Yes	Texas
Louisiana Workers Compensation Corp	\$1.3B	Yes	Louisiana
United States Coast Guard Patrol Boats	\$339M	Yes	Louisiana
Circuit of the Americas / U.S. Grand Prix	\$400M	Yes	Texas
BeeMar OSV Fleet	\$200M	Yes	Louisiana



## USCG - SENTINEL CLASS - FAST RESPONSE CUTTER (FRC)

Project Name	Location
USCG - Sentinel Class - Fast Response Cutter (FRC)	Louisiana
Customer / Agency Name	Project / Contract Number (If Applicable)
Department of Homeland Security/U.S. Coast Guard	HSCG23-08-C-2FR125
Project Type (Fixed Price, Cost Reimbursable, etc.)	Total Project Value
Fixed Price – Economic Adjustment	Current Value – 12 cutters: \$597,336,937 Planned Value – 34 cutters: \$1,692,454,654
Project Start Date	Project End Date
September 26, 2008	Contract Remains Active

### Brief Project Description

After an open competition, company was selected for the design and construction of the newest U.S. Coast Guard cutter - the Sentinel Class Fast Response Cutter (FRC). The 154-foot Sentinel Class FRC is planned to replace the Coast Guard's aging fleet of 110-foot Island Class WPBs designed and built by company during the mid 1980s; having reached their 20 year design service life. The Coast Guard initially planned for 34 cutters of the class to be built and to date has awarded options for construction of 12 patrol boats.

The FRC represents the third class of US Coast Guard cutter designed and built in Louisiana and underscores the value, performance and quality of company's patrol boat products.

**Scope:** Once again responding to the Coast Guard's requirement for a patrol boat design based on a low risk, proven parent-craft and a performance-based Circular of Requirements, company's Naval Architects, designers and engineers specifically tailored the Damen STAN Patrol 4708; a fast, light-weight, parent craft in service with the South African Department of Environmental Affairs, selected by Bollinger as the ideal parent craft design to adapt to the rigorous Coast Guard requirements for the FRC.

**Scale:** To prepare for FRC program execution, company completely redesigned the Lockport, Louisiana shipyard, converting the facility from commercial vessel and small patrol boat shipbuilding to large patrol boat production in a manufacturing like environment. Capitalizing on lessons learned from three previously successful patrol boat programs and incorporating mass production and lean manufacturing principals, company expanded, improved and enhanced every aspect of production workflow, designed to build and deliver FRC in the most cost effective, efficient manner possible.

**Schedule:** The FRC build strategy is based on a 12 week standard interval in which a new 154-foot FRC is started every 12 weeks and a nearly completed 154-foot FRC is launched every 12 weeks. The lead cutter and the first of 11 follow on cutters are on schedule, having been launched and undergoing final outfit, test and integration, prior to sea trials.



**Figure 4: USCGC Richard B. Etheridge – FRC-2154-Foot Fast Response Cutter**





## USCG - SENTINEL CLASS - FAST RESPONSE CUTTER (FRC)

### Relevance to this RFP

#### **Project Management and Program Execution Relevance:**

Design, engineering, program management and production capabilities are fully relevant to the Project. The expertise needed to successfully execute the Water Project match-up with the skills necessary to design, construct and deliver a complex Coast Guard patrol boat or a large Offshore Supply Vessel. Structural and mechanical engineers are experts in the design and integration of complex, large diameter piping systems and routinely design pumping systems for storing and transferring a variety of liquids in support of offshore oil and gas operations in the Gulf of Mexico and worldwide. Production facilities easily accommodate the fabrication, transfer and erection of large scale components up to 200 tons and vessels up to 3000 tons.

Company routinely executes large scale, multi-year construction contracts for design and construction of complex systems in excess of \$100 Million Dollars. ISO-9001 certified Quality Management System (QMS) provides the underlying framework for the conduct of every aspect of our business. Our experience planning, designing, building and managing large, complex Government and commercial shipbuilding projects is unsurpassed. These capabilities demonstrate the Company's ability to deliver complex projects on time and on schedule with reduced cost, schedule and technical risk.

To ensure the most efficient use of time and resources on each project, internally proven method of project management creates accountability at every level. Full-scale manufacturing processes ensure schedule adherence and quality control at each step of the project. This proven model of efficiency has allowed company to complete on time and on budget, Government contracts totaling over \$1.09 Billion, with Government contracts currently in work totaling \$687 Million.

### Results / Benefits Achieved

TB Partners and its Board of Directors place a great deal of importance on job growth in Louisiana. Louisiana's workforce benefits from this project, as design and construction was performed in the State, thereby creating jobs and bolstering economic development.

FRC program is on budget and on schedule and has met every schedule milestone on time.\


The American taxpayer and the men and women of the US Coast Guard directly benefit from the affordability, superior design, habitability, and operability of the latest built 154-foot FRC.

Company selected the parent craft design, in large part for its vastly improved crew habitability and operability which result from the design's elongated hull forward of the pilothouse and the main cutter operations areas. This design concept moves the ships center of gravity nearer the center of the cutter where ships vertical motions in rough seas are significantly reduced resulting in improved crew comfort and reduced fatigue during rough sea operations.

To date, 124 patrol boats have been built and delivered for the Coast Guard, comprising their entire patrol boat inventory.

The 154-foot internally designed and built FRC will serve the Coast Guard for the foreseeable future in its simultaneous multi-mission, fast response role which includes Search and Rescue, Enforcement of Laws and Treaties, Alien Interdiction and Migrant Operations, Counter Narcotics, Living Marine Resources Protection, Maritime Domain Awareness, and Defense Operations.



USCG COASTAL PATROL BOAT (MARINE PROTECTOR CLASS)	
Project Name	Location
USCG Coastal Patrol Boat (Marine Protector Class)	Louisiana
Customer / Agency Name	Project / Contract Number (If Applicable)
U.S. Coast Guard	DTCG23-96-C-AWP040
Project Type (Fixed Price, Cost Reimbursable, etc.)	Total Project Value
Fixed Price – Economic Adjustment	\$339,408,937.00
Project Start Date	Project End Date
March 19, 1996	Contract Remains Active
Brief Project Description	
<p>Company was responsible for the design and construction of the US Coast Guard 87-foot Marine Protector Class - Coastal Patrol Boat (CPB). The 87-foot CPB was developed to replace the then aging Coast Guard fleet of 82' Point Class cutters.</p> <p><b>Scope:</b> Responding to the Coast Guard's requirement for a patrol boat design based on an existing, proven, parent-craft and performance-based Circular of Requirements, company's engineering department tailored the Damen STAN Patrol 2600; a fast, light-weight, parent craft in service with the Hong Kong police, selected as the ideal parent craft design to adapt to the stringent Coast Guard requirements.</p> <p><b>Scale:</b> To prepare for program execution, design team conducted an extensive producibility analysis to examine cutter performance, weight control, safety systems, human interface, and production build strategy. Design team standardized the CPB design and production processes, adopted an ISO-9001 certified Quality Management System and instituted an Enterprise Resource Planning system, optimizing Louisiana shipbuilding facility for long series production of the 87-foot CPB.</p> <p><b>Schedule:</b> The build strategy was based on a 4-week standard interval in which a new 87-foot CPB was started every 4 weeks and a nearly completed 87-foot WPB was launched every 4 weeks. Every 87-foot CPB was delivered on schedule and all but one was delivered early. To date, 72 of 73 Marine Protector Class CPBs were delivered early, with the lead cutter delivered on schedule. In addition, four 87-foot CPB variants were built and delivered to the Republics of Malta and Yemen under a US Foreign Military Sales case. The contract remains active allowing the Coast Guard to exercise additional options, should it choose.</p>	
	
<p><b>Figure 5: USCGC Osprey – CPB 87307 87 Foot Coastal Patrol Boat</b></p>	
Relevance to this RFP	
<p><b>Project Management and Program Execution Relevance:</b></p> <p>Design, engineering, program management and production capabilities are fully integrated under the framework of an ISO-9001 certified Quality Management System (QMS). Our experience planning, designing, building and managing large, complex Government and commercial shipbuilding projects is unsurpassed. These capabilities demonstrate the Company's ability to deliver complex projects on time and on schedule with reduced cost, schedule and technical risk.</p>	



## USCG COASTAL PATROL BOAT (MARINE PROTECTOR CLASS)

To ensure the most efficient use of time and resources on each project, internally proven method of project management creates accountability at every level. Full-scale manufacturing processes ensure schedule adherence and quality control at each step of the project. This proven model of efficiency has allowed company to complete on time and on budget, Government contracts totaling over \$1.09 Billion, with Government contracts currently in work totaling \$687 Million.

### Results / Benefits Achieved


TB Partners and its Board of Directors place a great deal of importance on job growth in Louisiana. Louisiana's workforce benefits from this project, as design and construction was performed in the State, thereby creating jobs and bolstering economic development.

The American taxpayer and the men and women of the US Coast Guard directly benefit from the affordability, superior design, habitability, and operability of the 87-foot CPB, designed and built by Bollinger in Lockport, Louisiana.

CPB program cost increases over the life of the program were limited to customer-desired changes and Economic Price Adjustment increases. The 87-foot WPB program continues to be one of the most cost effective acquisition programs in the history of US Coast Guard acquisitions. The CPB is so capable and affordable, the Coast Guard continually exercised additional options far beyond the original planned number of patrol boats until the advent of their newest cutter, the larger and significantly more capable Fast Response Cutter was awarded to company.

The 87-foot CPB will continue to serve the Coast Guard for the foreseeable future in its coastal marine protector role which includes Search and Rescue, Enforcement of Laws and Treaties, Marine Environmental Protection and Port Security and Safety.



<b>BEEMAR, LLC OSV FLEET</b>	
Project Name	Location
Series Construction of (5) Busy Bee Class 210-ft DP-2 Platform Supply Vessels and (5) 230-ft DP-2 Platform Supply Vessels	Louisiana
Customer / Agency Name	Project / Contract Number (If Applicable)
BeeMar LLC	N/A
Project Type (Fixed Price, Cost Reimbursable, etc.)	Total Project Value
Fixed Price - New Vessel Construction	\$200 Million
Project Start Date	Project End Date
Q3-2007	December 2009
Brief Project Description	
<p>In Q3-2007, while planning for award of a major US Government patrol boat program planned for Q3-2008, company chose to build two state-of-the-art 210-foot Platform Supply Vessels (PSVs) to preserve and retain experienced skilled labor necessary to support the upcoming Government contract.</p> <p>By Q2-2009, with the market for new offshore supply vessels in decline and taking advantage of their vast resources, the Bollinger family quickly repositioned to form BeeMar LLC to operate these 2 vessels. A highly-seasoned executive team was quickly able to assemble first-class marine vessel operators and crews, and commenced vessel operations in July 2009, successfully booking over 400 days contract work representing an 83% utilization rate (no small task for a market in decline). With this success, the Company committed to further expand the BeeMar fleet with additional PSVs.</p> <p>Although the BP Macondo oil spill in April 2010, shut down drilling operations in the Gulf of Mexico, BeeMar's experienced management successfully navigated these turbulent waters, time chartering the fleet to Government and commercial oil spill response operators, providing mobile command, control and logistics support to oil spill response vessels, and recovery and decontamination operations. The result was an increase in fleet utilization to 92% where it remains today. During this time, BeeMar personnel logged nearly 19,000 man hours with no recordable incidents or lost time accidents.</p> <p>Currently, the technologically advanced BeeMar fleet consists of nine vessels (including five new "Busy Bee Class" 210-foot vessels, and four new "Bumble Bee Class" 234-foot designs with a fifth soon to deliver) with over 4000 days of time charter contract work booked and 94 employees worldwide, all accomplished in less than 30 months.</p> <p>Bollinger's commitment to safety, quality and customer satisfaction combined with BeeMar's HSA (Health, Safety, Environmental) record have allowed BeeMar to successfully grow into a dominant player worldwide with land based support of marine operations in six major ocean operating areas, dealing with numerous multinational corporations and regulatory agencies. BeeMar has accomplished this with an impeccable safety record of zero recordable incidents since beginning operation. Larger designs are currently on the drawing board with capability to service the deepest deep water drilling activities throughout the world's oceans.</p>	
	
	<p><b>Figure 6: M/V Bumble Bee 234-Foot Offshore Supply Vessel</b></p>

## BEEMAR, LLC OSV FLEET

### Relevance to this RFP

In less than 3 years, company successfully built a \$200 million dollar global company which quickly became a major player in the industry. This project offers program relevance by demonstrating the company's financial strength, its ability to execute quickly, and its market agility in a complex regulatory environment. The Bee Mar fleet was designed to stringent American Bureau of Shipping (ABS) classification rules and had to meet all US Coast Guard and Safety of Life at Sea (SOLAS) regulatory requirements.

Strong balance sheet, ready access to capital and proven management and technical expertise is well established. When experienced and competent management is needed for a new program, principals have has the strength and reputation to attract superior, qualified management, operations and technical talent, regardless of how complex the political, business, judicial, regulatory, or environmental challenges may be.

### Results / Benefits Achieved

The workers employed by company's local shipyard and the local economy directly benefited from this program as jobs were retained and layoffs avoided while the Company assumed all the financial risk of building vessels valued at several tens of millions of dollars each.

When the offshore supply market turned down, the company's diversified agility and financial strength allowed it to quickly launch a highly successful and dynamic new business unit.

Company is proud to have readily rendered environmental assistance providing experienced crews and state of the art vessels to support oil spill command and control, recovery and clean up operations duty during the catastrophic Macondo oil spill.



**6. Previous experience with State Contracts in Louisiana/Texas:**

<b>CITY OF AUSTIN – LOWER COLORADO RIVER AUTHORITY (LCRA) WATER PARTNERSHIP</b>	
<b>Project Name</b>	<b>Location</b>
City of Austin - LCRA Water Partnership	Texas
<b>Customer / Agency Name</b>	<b>Total Project Value</b>
City of Austin	\$250M+ (estimated)
<b>Project Start Date</b>	<b>Project End Date</b>
June 2007	Term extends to 2100
<b>Brief Project Description</b>	
<p>The City of Austin-LCRA water partnership was created to facilitate the sale of 250,000 acre-feet of water per year. The Water Partnership was formed to provide a cooperative management structure through which City of Austin and LCRA staff can work to collaborate and more effectively manage both entities' water supplies and resources. The water partnership formalized the on-going meetings between the staffs of the two entities to assure regular communication on matters of mutual concern.</p> <p>LCRA is a conservation and reclamation district created by the Texas Legislature in 1934. It operates solely on utility revenues and fees generated from supplying energy, water and community services. LCRA manages water supplies and other services across 58 Texas counties.</p>	
<b>Relevance to this RFP</b>	
<p>The City of Austin-LCRA water partnership demonstrates the capability of TB Partners and its proposed management team to engage in large, water partnership agreements with Texas State and Local authorities. It also demonstrates the experience of the TB Partners team in developing and executing large, water purchase agreements with river authorities in Texas. Two members of the TB Partners team, Joseph Beal and Paul Thornhill were integral in developing, negotiating, and coordinating the partnership agreement and then executing the agreement once it was approved and signed.</p>	
<b>Results / Benefits Achieved</b>	
<p>This agreement significantly boosted the revenues of the LCRA while also providing the City of Austin with consistent, reliable, long-term access to the water resources necessary to support the growing city.</p>	





<b>LOUISIANA WORKERS COMPENSATION CORPORATION</b>	
<b>Project Name</b>	<b>Location</b>
Louisiana Workers Compensation Corporation	Louisiana
<b>Customer / Beneficiary</b>	<b>Total Project Value</b>
All Businesses and Workers in Louisiana	\$1.3 Billion (Current Assets)
<b>Project Start Date</b>	<b>Project End Date</b>
October 1991	Current
<b>Brief Project Description</b>	
<p>LWCC is private, nonprofit mutual insurance company that is largest workers' compensation carrier in the state, providing coverage to about 18,000 policy holders. The company was created in response to a 477% increase in workers' comp insurance rates for Louisiana businesses from 1980-1990. LWCC's creation stabilized the Louisiana Workers Comp market allowing Louisiana businesses to not only survive but thrive on a local and national level. The company's mission is to provide workers' compensation insurance to Louisiana employers at the lowest feasible cost while also providing the injured worker with rapid, efficient and complete compensation for injuries and the best opportunity to return to work.</p>	
<b>Relevance to this RFP</b>	
<p>LWCC is relevant to the Sabine River Authority project due to its large size, its quasi-state agency relationship with Louisiana, and its complex operation and regulatory requirements. With annual written premiums in excess of \$150 Million and total assets of \$1.3 Billion, LWCC is one of the largest and most successful mutual insurance companies of its kind. Aubrey Temple, a CEO and founder of TB Partners, is the founding and current Chairman of the LWCC Board of Directors, serving in this capacity for over 20 years. In addition, Mr. Bollinger serves as Vice-Chairman of Board of Director. During Mr. Temple and Mr. Bollinger's tenure, the company has managed the complex relationships between the state, insurance industry, employers and Louisiana workers and excelled.</p>	
<b>Results / Benefits Achieved</b>	
<p>LWCC's creation revitalized a workers' comp system that was on the verge of collapse, and the company has continued to provide much-needed stability in Louisiana. While other carriers will come and go as market conditions fluctuate, LWCC is there to meet the needs of Louisiana businesses and their hardworking employees.</p>	





<b>FLOOD CONTROL RELATED PROJECTS</b>	
<b>Project Name</b>	<b>Location</b>
Flood Control - USACE & Sewerage & Water Board of New Orleans	Louisiana
<b>Project Type (Fixed Price, Cost Reimbursable, etc.)</b>	<b>Total Project Value</b>
Fixed Price & Cost Reimbursable	\$13,135,277
<b>Project Start Date</b>	<b>Project End Date</b>
Post Hurricane Katrina - 2007	2011
<b>Brief Project Description</b>	
<p>The purpose of this series of projects was to rebuild and restore unique, large scale, flood control components for the Sewage and Water Board of New Orleans (S&amp;WB) drainage system damaged by catastrophic flooding from Hurricane Katrina and the assembly of enormous new pump components designed by the USACE to prevent future flooding.</p> <ul style="list-style-type: none"> <li>▪ Soon after Katrina, rebuilt sixteen massive 25 cycle electrical motors, each over 100 years old, restoring the City's ability to pump storm water out of the city. These unique motors power the City's screw-type drainage pumps designed over a century ago to remove over 700,000 gallons of storm water per minute. This work was performed by master electricians and machinists directly under a USACOE contract on-site at pumping stations located throughout the city, many in dismal post flood conditions. USACOE had a very aggressive 35-day timeframe for each of the pump motors, which was met successful, earning a citation of appreciation from the U.S. Army Corps of Engineers.</li> <li>▪ In 2010, with recovery well underway, Bollinger was selected by manufacturer Fairbanks Pentair to assemble eleven enormous new state-of-the-art 800,000 GPM pumps planned as part of the USACOE's post Katrina 100 year hurricane proofing of the City's flood control system.</li> <li>▪ In early 2011, when a large 15,000 KVA S&amp;WB generator failed, it once again put the power generating capabilities of the entire S&amp;WB system at risk. This main power plant generator provides electrical power to drive the large pumps that supply drinking water to the city and provides backup power to the city's unique "Woods" screw type drainage pumps. Bollinger rebuilt and rewound the main power generator working directly for the S&amp;WB, meeting the strict electrical requirements and schedule dates set by the Board.</li> </ul>	
<b>Relevance to this RFP</b>	
<p>This project is typical of company's unique machine shop and electrical shop capabilities. Company routinely installs, maintains and repairs very large and complex water system components including large diameter water pumps, valves, and associated electrical generating equipment. Company has the experienced master craftsmen, machine shop and electrical shop capabilities and resources to perform complex, very large scale repairs wherever they are needed; customer on-site or in our extensive facilities located throughout South Louisiana and in Southeast Texas.</p> <p>Not only does this project demonstrate company's capability to work with State and Federal entities, but the scale of this project is relevant to the Sabine River Authority Contract in that company was able to quickly assemble and/or rebuild the electrical systems/generator capable of powering 15,000 households and enough special-use water pumps to (collectively) move 600,000 acre feet of water in 7.2 days.</p>	







## FLOOD CONTROL RELATED PROJECTS

### Results / Benefits Achieved

Citizens and taxpayers of New Orleans and residential, and commercial Sewage & Water Board customers directly benefit from company's extensive water system capabilities. As a local Louisiana company with facilities in and near New Orleans, company understands the unique danger local residents and businesses face should the S&WB system fail before, during or after a major tropical weather event.

Company is proud to have been a part of restoring flood protection to such a great city, and its capability to comply with Municipal, State and Federal agencies completing each project on-time and under budget.



<b>CIRCUIT OF THE AMERICAS (COTA)</b>	
<b>Project Name</b>	<b>Location</b>
Circuit of the Americas Facility Construction	Texas
<b>Customer / Agency Name</b>	<b>Total Project Value</b>
Circuit of the Americas, LLC. (COTA)	\$400M
<b>Project Start Date</b>	<b>Project End Date</b>
June 2010	November 2012
<b>Brief Project Description</b>	
<p>Circuit of the Americas (the “Circuit”) is a world class multi-purpose racetrack facility under construction in Austin, Texas. The Circuit will be the first venue in North America to annually host the world championship series of four wheel racing – the Formula One Grand Prix (“F1”) – and the world championship series of two-wheel racing – MotoGP. The Circuit is designed for year-round functionality and attractions. In addition to hosting premier racing events, the venue will serve as a multi-purpose community resource in Austin designed to attract other racing events, motor sport related events, touring concert series, secondary music series, conventions, conferences, and other public and private events. The Circuit will also be home to a Motor Sports Driving Club and a major luxury manufacturer driving school.</p> <p>The project is under construction with nearly all of the mass excavation work completed and building pads substantially completed. Necessary reviews for building permits are nearly complete and ready for issuance.</p>	 <p><b>Figure 7: Circuit of the Americas Racetrack</b></p>
<b>Relevance to this RFP</b>	
<p>The Circuit project is relevant to the Sabine River Authority project due to its large size, its partnership with the Texas State Government, and its complex construction and environmental requirements. With estimated construction costs of greater than \$240M, the Circuit is one of the largest and most complex projects currently under construction in the State of Texas. The project is supported by the State of Texas through an financial commitment of up to \$250M from the State’s Major Events Trust Fund (METF).</p> <p>Construction of the facility is complex due to the large size and specialized nature of the facility. Throughout this project, TB Partners’ team has worked with some of the world’s top architectural, engineering and construction firms including.</p> <p>This recent, relevant project experience shows that TB Partners has the capabilities, funding resources, governmental understanding, and know-how to make a large, complex project successful.</p>	
<b>Results / Benefits Achieved</b>	
<p>Upon project completion, the Circuit will provide new jobs for the region and drive tourism revenue from the races as well as other public and private events held at the facility. The F1 and MotoGP alone are expected to draw more than 250,000 attendees to Austin for the events.</p>	



## **7. Previous experience with obtaining governmental permits and compliance with environmental and other governmental mandates (Including those set forth by Environmental Protection Agency (EPA), Department of Natural Resources (DNR), Treasury Department, River Authorities, Department of Economic Development (DED), analogous Texas agencies, etc.)**

TB Partners has more than 125 years of combined experience obtaining governmental permits; complying with health, safety and environmental (HSE) regulations; and ensuring compliance with government mandates issued by state and federal agencies in Louisiana, Texas and Washington D.C. As noted elsewhere in this document, the development of water projects requires a comprehensive understanding of permitting and regulatory issues. For these reasons, TB Partners' experience developing such projects will serve as a great asset to this Project.

In addition to river authorities, the DNR, DED, the Department of Health and Hospitals, and the Louisiana Department of Environmental Quality, TB Partners will also manage necessary permitting and compliance with Texas Water Municipalities, the TWDB, the TCEQ, the TPWD, the EPA and FERC. TB Partners' internal team has an extensive track record obtaining and complying with governmental regulations in Louisiana and Texas. This expertise will ensure the efficient receipt and compliance with all permits and environmental matters required for the Project.

For ease of review, a discussion of TB Partners' experience of obtaining permits and compliance with relevant government entities is divided between an overview of the internal team, experience in Louisiana and experience in Texas.

### **Core Team with Extensive Track Record of Permitting and Compliance**

TB Partners' permitting efforts will be led by Jodi Satches and supported by Joseph Beal, Paul Thornhill and other Atkins professionals.

Ms. Satches has served the Health, Safety and Environmental arena for more than 15 years. Ms. Satches has an extraordinary track record implementing high standards of health and safety performance and environmental protection. Furthermore, Ms. Satches directs a professional staff that is considered one of the most talented in the industry in terms of innovation and performance. Viewed accordingly, her team has received a number of awards and other recognitions related to their Health, Safety, and Environmental initiatives.

### **Proven Reputation with Relevant Government Departments/Agencies in Louisiana and Texas**

TB Partners is experienced at working closely with federal, state and local governmental agencies to develop and maintain a proactive and compliant program ensuring continued access to water, beneficial reuse, air, and waste permits, as well as emergency response, security and hazardous waste plan approvals. Ms. Satches and other TB Partners team members have worked hand-in-hand with the EPA, the LDEQ, the TCEQ, the USACE, the DNR, the USCG, the DHH, the LDWF, the NRC and TGLO agencies.

Two key examples of experience coordinating projects involving with the private sector, as well as federal, state and local governing agencies are provided below:

- ***Revision of Louisiana Administrative Code, Title 33, Part III, Chapter 13 Regulations, Concerning Abrasive Blasting Activities:*** During the Louisiana Department of Environmental Quality (LDEQ) regulation development process, Ms. Satches worked closely with the LDEQ regulatory personnel on interpretation and industry implementation of revised abrasive blasting regulations from an industry perspective. LDEQ then included these industry considerations in the final revisions to existing written regulations. In turn, Bollinger assisted the LDEQ in establishing



industry standards for water and air quality based on the regulation revisions and continues to set the bar for industry environmental compliance.

- ***Instrumental Role in Remediation Efforts of the 2010 Mocondo Oil Spill:*** Due in part to Ms. Satches' comprehensive environmental compliance program and exemplary record of cooperation with the LDEQ, her team was chosen as a key private industry leader to assist with clean-up from the 2010 Mocondo oil spill. The HSE decontamination plan, training materials, and drills/exercises were audited by a collaboration of BP appointed HSE specialists and approved within 1 week of the request. One Bollinger facility also acquired a variance through the LDEQ to allow for the offload, storage and separation of the spill material and treat water collected through clean-up efforts.

TB Partners clearly recognizes the essential need for industry to establish partnerships with governing authorities to improve industry productivity while respecting the environment. TB Partners is bolstered by the experience of Ms. Satches and her well-established environmental and permitting protocols, including implementation of a comprehensive and wide-ranging environmental management program that exceeds Federal and State requirements.

TB Partners' proven reputation for working with government agencies in Texas was earned through past projects completed by its team members. TB Partners' quality reputation with government departments and agencies in Texas is evidence by the Letter of Support from Senator Troy Fraser, Chairman of the Texas Senate Natural Resources Committee. Additional evidence of TB Partners' proven reputation with government departments and agencies is provided in Table 6.



**Table 6: Permit History**

PERMIT HISTORY BY GOVERNMENT AGENCY				
EPA/LDEQ/ TCEQ	LDEQ / TCEQ / DHH	EPA	LDEQ	DNR/USACE/ LDWF
2140-00119-01	LA0075191	LAR05M803	N/A	"DNR/USACE/USACE P20051699/
Title V 2660-00105-VI	LA0112089	LAR05M763	BRP - 255	DNR/USACE P20071179/ MVN-2009-00272-WJJ
Title V 0520-00100-VI	LA0062588	LAR05M714	N/A	DNR/USACE P20071882/ MVN-2007-917-WB
1560-00140-02	LA0104051	LAR05N071	BRP-27468	DNR/USACE P20081142/ MVN-2008-02805-WKK
1340-00120-01	LA0103799	LAR05M713	N/A	DNR/USACE/USACE P20051480/ MVN-2006-0645-EII and DACW29-2-99-152
Title V, 1560-00049-V2	LA0084077	LAR05N064	BRP-40832	UASCE MVN-2006-2214-CT
Title V 1560-00051-VI	LA0084069	LAR05N063	BRP-10132	UASCE/LDWF MVN-2005-2501-CX/ WLF 201112
Title V 2660-00105-VI	LA0105708	LAR05N214	BRP-27417	N/A
Title V2660- 00105-VI	LA0102601	LAR00B713	BRP-26061	DNR/USACEP20090216/MVN-1997- 03039-WY
1340-00008-04	LA0007137	LAR05M762	BRP-1266	N/A
33054	WQ0004824000	TXR05Q187	N/A	UASCE/USACE SWG-2007-69 and 21853
N/A	N/A	LAG531785	N/A	N/A



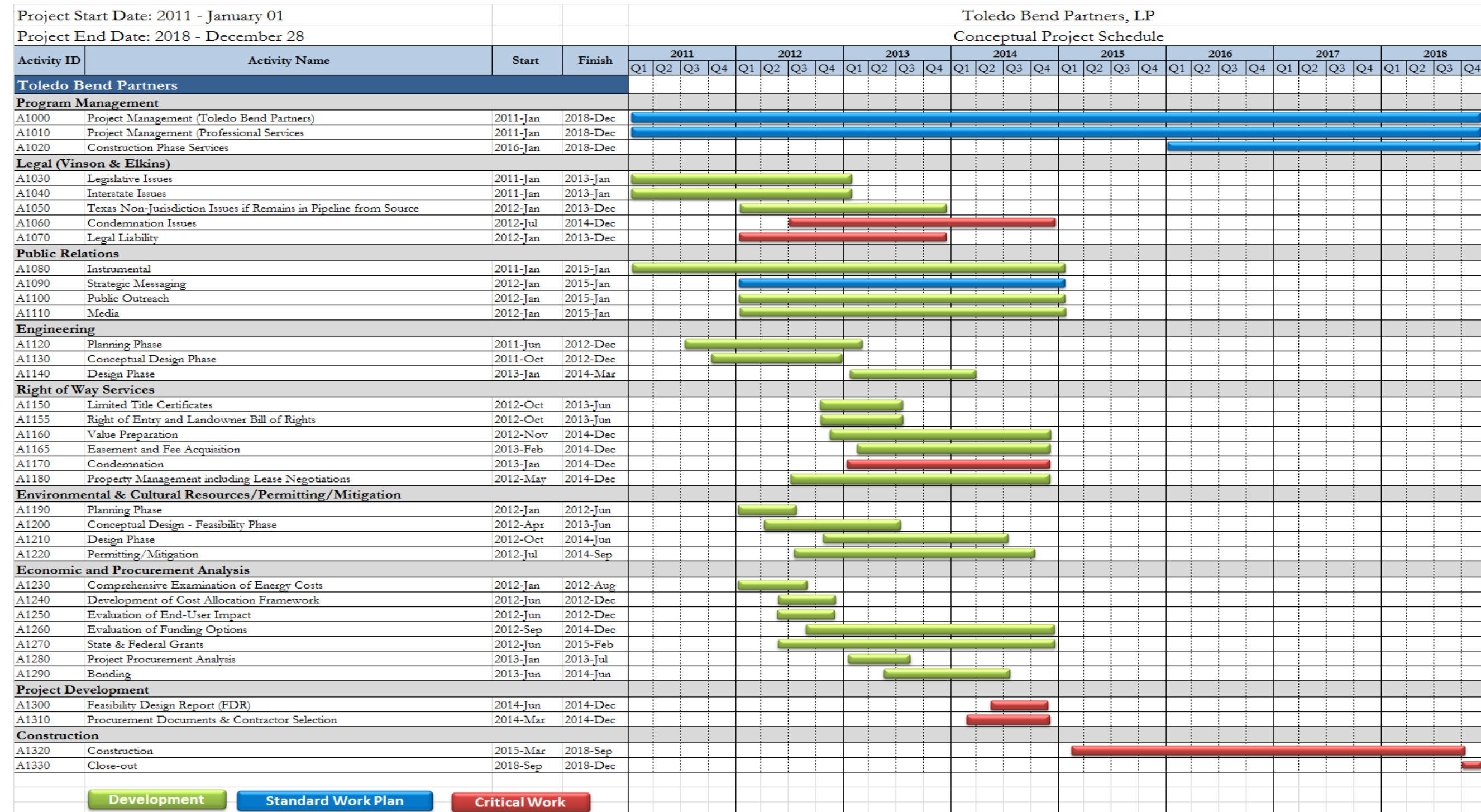


8. Estimated schedule from date of Contract signing until initial withdrawal of water for distribution and sale:

TB Partners expects to complete a small volume of water deliveries into East Texas (less than 10,000 acre-feet) commencing during 2012.

TB Partners' projected timeframe for initial withdrawals of water outside the Sabine River basin is Q4 2018. This schedule was developed based upon the prior experience of TB Partners and its project development experts

Figure 8: Project Schedule to Commence Water Withdrawals Outside the Sabine River Basin.





Beyond completing a small volume of water deliveries into East Texas during 2012, TB Partners has established a series of internal milestones that will be achieved prior to commencing water deliveries outside the Sabine River Basin in 2018. The critical path milestones needed to achieve this schedule are summarized in Table 7.

TB Partners understands the steps necessary to complete large-scale water deliveries in a timely manner and has developed an achievable schedule of internal project milestones.

**Table 7: SRA Water Purchase Project Milestones**

MILESTONE	DESCRIPTION	PROJECTED DATE
Management Team Assembly	Determine Project Management Structure and Assemble Management Team	Q1 2011 (Completed)
East Texas Water Sales	Commence Local Water Sales	Q3 2012
Completion of Legal Requirements	Resolution of Legislative, Interstate, and Texas Non-Jurisdiction Issues	Q1 2013
Project Financing	Completion of Bond Issuance; Initial Development Fees Received	Q3 2013
Right of Way Services	Limited Title Certificates	Q3 2013
Right of Way Services	Right of Entry and Landowner Bill of Rights	Q3 2013
Environmental and Permitting	Completion of Design Phase	Q3 2014
Engineering	Completion of Design Phase	Q4 2014
Right of Way Services	Value Preparation, Easement and Fee Acquisition, Condemnation, Property Management Including Lease Negotiation	Q4 2014
Environmental and Permitting	Completion of Permitting/Mitigation	Q4 2014
Project Development	Completion of Feasibility Design Report (FDR)	Q4 2014
Project Development	Completion of Procurement Documents & Contractor Selection	Q4 2014
Construction	Construction Startup	Q1 2015
Construction	Construction Closeout; Commence Water Deliveries Outside the Sabine River Basin	Q4 2018



## 9. Purposes for which the water sold from Toledo Bend Reservoir will be used and what benefits will be derived from that use:

### Purpose

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TB Partners understands that SRA's operating objectives encompass the development of "*water supply as the primary source of revenue to support the Toledo Bend Project.*" With this in mind, TB Partners' proposal and Drought Contingency Plan encompasses the reservation of up to 600,000 acre feet of SRA's excess water for ultimate delivery to Texas.

For the avoidance of doubt, the purpose of TB Partner's proposed water reservation does not include power generation.

### Benefits

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TB Partners' proposal will benefit SRA and Toledo Bend Stakeholders by providing an immediate payment of \$4 million, significantly improving lake levels, and maximizing the long-term value of SRA's excess allowable yield in Toledo Bend.

- **Improve Toledo Bend Lake Level.** By facilitating a shift in SRA's primary purpose from power generation to water supply, SRA will be afforded an improved mechanism for managing lake levels.

Importantly, power generation is heavily concentrated during the summer months. In fact, during May-September power generation releases may total in excess of 1 million acre-feet. In contrast, TB Partners will be limited to a maximum of 356,220 acre feet during May-September. As compared to power generation, this reduces the aggregate permitted water usage by more than 65%.

Further, from 2002-2009 more than 22 million acre-feet of water was released from Toledo Bend for power generation. In contrast, TB Partners' water withdrawals would have been limited to an annual maximum of 600,000 acre-feet during this time period – *a reduction of nearly 80%*. Finally, the limitations on monthly water diversions are also subject to a Drought Contingency Plan, which enables SRA to further reduce TB Partners' water diversions by up to an additional 20% per month.

- **Deliver Value to Toledo Bend Stakeholders.** The difficulties encountered by Toledo Bend residents in connection with the current drought highlight why SRA's objective of shifting to traditional water sales is beneficial to Toledo Bend Stakeholders. Whereas power companies stop paying SRA anytime Toledo Bend water releases come to a halt, such is not the case with TB Partners' proposal.

TB Partners' proposal ensures that SRA will always receive reservation fee revenue – even during times of drought. Furthermore, SRA can utilize the revenue earned through reservation fees and water sales to further its day-to-day operations, build-out infrastructure and/or fund specialty projects (i.e. FERC relicensing, stump mitigation). This will better ensure that SRA is well-funded should droughts arise in the future.

Additional benefits that will be realized by SRA and Toledo Bend Stakeholders include the following:

- **Immediate Reservation Fees:** TB Partners will pay SRA escalating reservation fees totaling \$40.2 million in revenue over the initial 10 years, including an upfront of \$4 million.
- **Water Charges:** TB Partners' water price is more than 30x times greater than that which is currently earned from power generation.





- **Net Profits and Gross Revenue Participation:** SRA may receive billions of dollars in additional compensation through the Project's Net Profits and Gross Revenue sharing provisions.
- **Consistent with SRA's Legislative Mandate:** Recognizing that the State of Louisiana is not in a position to utilize SRA's excess yield in Toledo Bend, selling such water to Texas is consistent with the authority previously granted to SRA under Act 251 of the 2005 Regular Session of the Louisiana Legislature.
- **Collaboration with SRA-TX:** TB Partners' proposal will serve to enhance the already strong working relationship enjoyed between SRA and its Texas counterpart, the Sabine River Authority of Texas.

In consideration of the factors detailed above, it is clear that SRA and Toledo Bend Stakeholders will realize significant economic benefits from TB Partners; an improved mechanism for managing Toledo Bend lake levels; environmental benefits; and social value through increased collaboration with the Sabine River Authority of Texas.




## SECTION 3: OFFER TO PURCHASE

TB Partners' proposal reflects a focus on the needs of SRA and Toledo Bend Stakeholders, as well as an ability to find innovative solutions in furtherance of completing a complex project. For example, SRA's prior water sales agreements have never included a Drought Contingency Plan or Net Profits participation.

TB Partners' proposal reflects the foremost importance it places on completing a highly successful, world-class Project – *not just "winning" a bid by offering unrealistic pricing terms.*

***TB Partners' Proposal Meets SRA's Financial Objectives and Ensures Lake Levels will be Continuously Improved in the Years Ahead for the Benefit of all Toledo Bend Stakeholders.***



Factors that TB Partners deems relevant when considering the Offer to Purchase are as follows:

- How would SRA generate revenue starting in 2018 if an unrealistic pricing offer has been terminated?
- Which proposer is most likely to act in the best interests of the State of Louisiana – even when there is a financial cost to doing so?
- What happens to SRA's excess water after Texas interbasin transfer restrictions are relaxed and the Sabine River Authority of Texas is unwilling to partner with a group that it deems to lack credibility?

As SRA answers these questions, TB Partners believe its financial terms will be well-received as the proposal ensures SRA will realize full and fair value from the sale of its excess water.



**1. Indicate the length of Contract for which you are applying, including any proposed extension(s):**

The length of the requested contract is 50 years after the Diversion Commencement Date with a right to extend the Termination Date by 49 years by giving SRA written notice of extension at least one year prior to the Termination Date.

**2. Indicate the quantity of water you are applying to purchase per annum (maximum of 600,000 minimum 300,000 acre-ft. for out of state sales):**

TB Partners requests up to 600,000 acre-feet per annum.

**3. State your initial offer price per 1000 gallons and per acre-ft:**

TB Partners' initial offer price is \$0.32/1,000 gallons (\$104.27 per acre-ft.), subject to the "current value" adjustment below.

**4. Describe your proposal to ensure the price paid for water remains current with the value of water throughout the life of the Contract, such as periodic adjustment in the price paid per 1000 gallons/acre-ft or other compensation payable to the SRA**

In an effort to ensure the price paid for water remains current with the value of water throughout the life of the contract – *while also meeting SRA's other short and long-term needs* – TB Partners is providing SRA 3 pricing alternatives.

SRA can select whichever pricing alternative it prefers as SRA finalizes the water purchase agreement. Moreover, should SRA wish to discuss some other pricing structure, TB Partners is open to discussing any ideas SRA may have for a pricing structure that meets everyone's needs.

The 3 pricing alternatives are as follows:

**Alternative 1 (Inflation; Price Increase During Extension Term)**

SRA receives:

- Water price during the initial 50 year term that is equal to \$0.32/1,000 gallons (\$104.27 per acre-ft.). The water price will include adjustments for inflation; and
- Water price during the 49 year extension term that is equal to \$1.50/1,000 gallons (\$488.77 per acre-ft.). The water price will include adjustments for inflation.

**Alternative 2 (Gross Revenue; Price Increase During Extension Term)**

SRA receives:

- Water price during the initial 50 year term that is equal to \$0.32/1,000 gallons (\$104.27 per acre-ft.);
- Water price during the 49 year extension term that is equal to \$1.50/1,000 gallons (\$488.77 per acre-ft.); and
- 1.25% of gross revenue earned from water sales.

**Alternative 3 (Net Profits; Development Fees; Gross Revenue; Inflation; Price Increase During Extension Term)**

SRA receives:



- Water price during the initial 50 year term that is equal to \$0.28/1,000 gallons (\$91.24 per acre-ft.);
- Water price during the 49 year extension term that is equal to \$1.00/1,000 gallons (\$325.85 per acre-ft.); and
- SRA's choice of one of the following:
  - a) *Net Profits and Development Fees*; or
    - 20% of net profits earned from water sales; and
    - 10% of initial Development Fee and 20% of all subsequent Development Fees
  - b) *1% of gross revenue earned from water sales*; or
  - c) *CPI-adjusted increase in water price based upon a baseline price of \$0.15/1,000 gallons.*

Please note: SRA will have the ability to switch between choices (a), (b) and (c) several times over the duration of the contract.

**\*Note: A complete description of Net Profits is attached as Exhibit D.**

**5. Specify your proposal for reservation fees to include point at which you begin to pay full value for the reserved water whether or not Proposer's project is ready to withdraw (Take or Pay).**

TB Partners agrees to pay a Reservation Fee to SRA to reserve the Maximum Annual Quantity in accordance with the schedule set forth below.

TB Partners is also willing to make an upfront payment of \$4 million upon the Effective Date. Thus, TB Partners will be prepaying the Year 2 reservation fee in its entirety and making a partial prepayment of the Year 3 reservation fee.

TB Partners is not seeking any financial concession in connection with its offer to prepay an additional \$3 million (\$4 million paid - \$1 million owed for Year 1). Rather, TB Partners views this concession as a demonstration of good faith.



**Table 8: Water Reservation Fees**

	Contract Year	Reservation Fee	Contract Year	Reservation Fee
<b>\$4 Million Upfront Payment</b>	1	\$1,000,000.00	20	\$10,000,000.00
	2	\$2,000,000.00	21	\$10,000,000.00
	3	\$3,000,000.00	22	\$10,000,000.00
	4	\$4,000,000.00	23	\$10,000,000.00
	5	\$5,000,000.00	24	\$10,000,000.00
	6	\$5,000,000.00	25	\$15,000,000.00
	7	\$5,000,000.00	26	\$15,000,000.00
	8	\$5,000,000.00	27	\$15,000,000.00
	9	\$5,000,000.00	28	\$15,000,000.00
	10	\$5,150,000.00	29	\$15,000,000.00
	11	\$5,304,500.00	30	\$20,000,000.00
	12	\$5,463,635.00	31	\$20,000,000.00
	13	\$5,627,544.05	32	\$20,000,000.00
	14	\$5,796,370.37	33	\$20,000,000.00
	15	\$5,970,261.48	34	\$20,000,000.00
	16	\$6,149,369.33	35	\$25,000,000.00
	17	\$6,333,850.41	36	\$25,000,000.00
	18	\$6,523,865.92	37	\$25,000,000.00
	19	\$6,719,581.90	38+	Take or Pay

**Conclusion**

TB Partners believes the proposal meets SRA’s immediate, short-term and long-term revenue needs. With this in mind, please note the following:

- SRA will receive an immediate Reservation Fee payment of \$4 million, with \$40.2 million paid during the initial 10 years of the contract.
- Reservation Fees escalate throughout the contract, until becoming “Take or Pay” in Year 38. In addition, the Reservation Fee schedule includes substantial price escalations in Years 20, 25, 30 and 35m when Reservation Fees are increased to \$10 million, \$15 million, \$20 million and \$25 million, respectively.
- The water price escalations detailed above will generate hundreds of millions of dollars in increased revenue to SRA.

TB Partners hope SRA will find its financial terms to be acceptable and that this proposal will serve as a meaningful path forward.



## SECTION 4: CHANGES TO SAMPLE CONTRACT

### 1. Provide a mark-Up of the Sample Contract that provides specific alternative or additional provisions to those in the Sample Contract that are not acceptable to the Proposer.

A marked-up copy of the Sample Contract is provided below. TB Partners accepts almost all aspects of the Sample Contract in its current form.

The only proposed revisions involve instances where the Sample Contract deviates from the SRA water sales agreement validated by the 11<sup>th</sup> Judicial District of Louisiana (“SRA Contract”). In such instances, it is proposed that SRA and TB Partners discuss whether it is in SRA’s best interest to deviate between the Sample Contract and the SRA Contract. For ease of reference, a copy of the judicial opinion issued by the Louisiana Third Circuit Court of Appeals is attached as Exhibit C.

As was noted in an opinion issued by the Louisiana Third Circuit Court of Appeals, the SRA Contract has been preempted under Louisiana law. The importance of this judicial opinion cannot be overstated. Absent the presence of a validated contract, customers in Texas almost certainly will not consider a purchase of SRA water unless SRA executes a waiver of sovereign immunity that is in turn ratified by the Governor of the State of Louisiana.

Similarly, the capital markets will not provide financing without proof of a validated contract or a valid waiver of sovereign immunity. For all these reasons, the SRA Contract is a valuable tool for purposes of expediting SRA’s project timeline – so long as there are no material deviations to the contract under Louisiana law.

For the avoidance of doubt, TB Partners does not view the pricing changes set forth in Section 3 of this document as constituting a material deviation under Louisiana’s bond validation statute. Rather, TB Partners proposes that in the course of finalizing contract negotiations, SRA and TB Partners come to a mutual agreement on what deviations from the SRA Contract are beneficial to SRA’s project timeline in light of the existing contract validation.



## MINIMUM REQUIREMENTS AFFIDAVIT

Sabine River Authority of Louisiana  
Competitive Water Purchase Proposal  
File Number: 60-813-10-11, Solicitation No. 1



## MINIMUM REQUIREMENTS AFFIDAVIT

### MINIMUM REQUIREMENTS AFFIDAVIT

The undersigned hereby acknowledges the undersigned has read and understands all requirements and specifications of the Request for Proposals (RFP), including attachments.

OFFICIAL CONTACT. The SRA requires that Proposer designate one person to receive all documents and the method in which the documents are best delivered. Identify the Contact Person's name and fill in the information below: (Print Clearly):

Date: 11/7/11

Official Contact Name: Aubrey Temple Jr.

A. E-Mail Address: atempla@earthlink.net

B. Fax Number with area code: ( 225 ) 612-6609

C. US Mail Address: 4885 Hwy 190 West Deridder, LA 70810

Proposer certified that the above information is true and grants permission to SRA to contact the above named person or otherwise verify the information the Proposer has provided.

By its submission of this proposal and authorized signature below, Proposer certifies that:

- (1) The information contained in its response to the RFP is accurate;
- (2) Proposer complies with each of the minimum requirements listed in the RFP;
- (3) Proposer accepts the procedures, evaluation criteria, minimum requirements and all other administrative requirements set forth in the RFP;
- (4) Proposer understands that if selected as the successful Proposer, it will have thirty (30) days, subject to extension by mutual agreement, from the date of delivery of SRA's notice of award in which to complete contract negotiations, if any, and execute the final contract document:

SIGNATURE of Proposer's Authorized Representation: \_\_\_\_\_ DATE: 11/7/11

Authorized Signature: *Aubrey Temple Jr.*

Typed or Printed Name: Aubrey Temple Jr.

Title: Chief Executive Officer

Company Name: Toledo Bend Partners, LP

Address: 8365 Hwy 308 South

City: Lockport State: LA Zip: 70374

Notary

*[Signature]*

Toledo Bend Partners  
Bar L.L. # 30755





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## **EXHIBIT A: LETTERS OF SUPPORT**

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### **EXHIBIT A-1: LOUISIANA GOVERNMENT OFFICIALS**

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Murphy J. "Mike" Foster  
Governor of Louisiana 1996 to 2004  
8296 East Oaklawn Drive Franklin La. 70538

October 2, 2011

Governor Bobby Jindal  
Office of the Governor, State of Louisiana  
Post Office Box 94004  
Baton Rouge, LA 70804-9004

Re: Toledo Bend Partners

Dear Governor Jindal:

I am writing to give my support to the Toledo Bend water project and Toledo Bend Partners. I have personally known the Louisiana members of Toledo Bend Partners in excess of 20 years. They a proven track record of success in the State of Louisiana but more importantly a reputation of placing Louisiana and its citizens first.

As a former Governor, I understand the Toledo Bend Reservoir and challenges associated with lake levels. The Sabine River Authority of Louisiana currently generates revenue by releasing water for power generation. Because power generation is heavily concentrated between May-September, Toledo Bend lake levels are oftentimes strained during the summer months. Further, downstream residents may experience flooding as a result of the water releases.

I support the Sabine River Authority's stated mission of developing water supply as the primary source of revenue to support the Toledo Bend Project and if an agreement is reached between SRA and Toledo Bend Partners it will be a win-win for the State of Louisiana.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Foster'.

Murphy "Mike" Foster  
Governor, Louisiana -1996- 2004



November 5, 2011

Governor Bobby Jindal  
Office of the Governor, State of Louisiana  
Post Office Box 94004  
Baton Rouge, LA 70804-9004

Re: Toledo Bend Partners

Dear Governor Jindal:

I understand that Toledo Bend Partners, LP is negotiating with the Sabine River Authority to purchase water from the Toledo Bend Reservoir. I have known the Louisiana principals of Toledo Bend Partners, Boysie Bollinger and Aubrey Temple for over 30 years. Their business experiences span many decades and have proven extremely successful but more importantly the backbone of this success is the honesty and integrity in which they operate. They have served the State of Louisiana in various capacities over the years and you will not find a harder working group of individuals.

Sincerely,

A handwritten signature in black ink that reads "Charles 'Buddy' Roemer".

Charles "Buddy" Roemer  
Former Governor, State of Louisiana

cc:

Chairman Robert Conyer  
Sabine River Authority, State of Louisiana  
15091 Texas Hwy.  
Many, LA 71449

Mr. Donald "Boysie" Bollinger  
Toledo Bend Partners  
8365 Hwy. 308  
South Lockport, LA 70374



*Kathleen Babineaux Blanco*

*Louisiana Governor 2004-2008  
702 Myrtle Place  
Lafayette LA 70506  
337 233-5859*

November 8, 2011

Governor Bobby Jindal  
Office of the Governor  
P.O. Box 94004  
Baton Rouge LA 70804-9004

Dear Governor Jindal:

I have been asked to contact you regarding the pending sale of water from the Toledo Bend Reservoir. I have given this issue a great deal of thought over the years and realize it makes good economic sense for the Sabine River Authority and the State of Louisiana to find customers for the excess water often filling the Reservoir beyond capacity. During my term of office many other critical issues arose which captured our full attention and while this issue was put aside at the time, it continues to surface.

Of course, the difficulty in making the decision to go forward with a sale of this water hinges on not exacerbating the well documented low water periods experienced in the reservoir during periods of drought which we now understand because of profound weather changes can happen any time of the year.

I have not seen the proposed contracts, but feel certain your lawyers can or perhaps have already drafted language in the contracts to stop or dramatically limit draw-downs during low-water periods. The residents of Toledo Bend deserve assurances that the sale of water will not exacerbate their on-going problems and if this is done the sale can prove to be quite beneficial to all.

I do believe if protections are in place, the Sabine River Authority and the State of Louisiana can go forward with the sale of excess Reservoir water to any customers in need of this resource.

Please feel free to call me to discuss any other concerns you may have.

Sincerely,

Kathleen Babineaux Blanco  
Louisiana Governor  
2004-2008



*ACD*

November 2, 2011

Governor Bobby Jindal  
Office of the Governor, State of Louisiana  
Post Office Box 94004  
Baton Rouge, LA 70804-9004

Re: Toledo Bend Partners

Dear Governor Jindal:

Louisiana has a long-standing track record of working with Texas on issues that impact our state. One of our states' more notable collaborations is the joint construction and operation of Toledo Bend Reservoir. Toledo Bend is the largest man-made reservoir in the Southern United States, with a storage capacity of 4,477,000 acre-feet and more than 1,200 miles of shoreline used for camping, fishing and other recreational activities.

Due to a historic lack of water sales, the Sabine River Authority of Louisiana currently generates revenue by releasing water for power generation. Because power generation is heavily concentrated between May-September, Toledo Bend lake levels are oftentimes strained during the summer months. Further, downstream residents may experience flooding as a result of the water releases.

While the Sabine River Authorities of Louisiana has the right to sell approximately 1 million acre-feet of water from the Toledo Bend Reservoir per year, annual withdrawals presently total less than 30,000 acre-feet. Consequently, over 95% of usable water flows into the Gulf of Mexico each year, thereby representing millions of dollars in lost annual revenue.

Bearing this in mind, the Sabine River Authority of Louisiana recently validated an agreement with Toledo Bend Partners that will encompass the reservation of up to 600,000 acre-feet of water. Further, the contract requires that water withdrawals are limited during the summer months, which will substantially improve Toledo Bend lake levels.

For example, from 2002-2009 more than 22 million acre-feet of water was released from Toledo Bend for power generation. TB Partners' water withdrawals would have been limited to an annual maximum of 600,000 acre-feet – a reduction of nearly 80%. Furthermore, the limitations on monthly water diversions are also subject to a Drought Contingency Plan, which enables SRA to reduce TB Partners' water diversions by up to an additional 20% per month

Relevantly, Toledo Bend Partners encompasses a group of individuals whose business and civic leadership in Texas and Louisiana span many decades. Their contributions to education, public health and other charitable endeavors are a reflection of a commitment to undertaking projects that are beneficial to the State of Louisiana.



I believe Toledo Bend Reservoir is an outstanding resource that should be managed with an eye towards the benefits that will be realized by current and future generations of Louisiana residents. I also share the appreciation that individuals residing near Toledo Bend have for the lake, its natural attributes and its prospects for improvement moving forward. To this end, I support the efforts of the Sabine River Authority of Louisiana and Toledo Bend Partners as they undertake an important project that is worthy of our state.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Johns'.

Ronnie Johns

Senator-Elect District 27

cc:

Chairman Robert Conyer  
Sabine River Authority, State of Louisiana  
15091 Texas Hwy.  
Many, LA 71449

Mr. Donald "Boysie" Bollinger  
Toledo Bend Partners  
8365 Hwy. 308  
South Lockport, LA 70374



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## **EXHIBIT A-2: TEXAS GOVERNMENT OFFICIALS**

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The State of Texas

David Dewhurst  
Lieutenant Governor  
P.O. Box 12068  
Austin, Texas 78711-2068  
(512) 465-0001

Joe Straus  
Speaker of the House  
P.O. Box 2910  
Austin, Texas 78768-2910  
(512) 465-5000

October 21, 2011

The Honorable Bobby Jindal  
Governor of Louisiana  
Post Office Box 94004  
Baton Rouge, LA 70804-9004

Dear Governor Jindal:

For the last four decades, Toledo Bend Reservoir has been a major asset for both Louisiana and Texas and its management has served as a model of interstate cooperation. Although not immune from the effects of the current drought, Toledo Bend remains one of the largest reservoirs in the country, and has significant potential as a water supply source for future generations.

The Texas Water Development Board recently published a draft of the ninth State Water Plan, a roadmap to guide state and local governments, and help provide adequate water resources to meet the future needs of our growing population. This planning is especially important during severe drought conditions like those we are currently experiencing. The draft plan clearly illustrates Texas' need to secure additional water supplies, and—as with previous State Water Plans—identifies Toledo Bend as a potential source.

In light of the challenges caused by Texas' historic drought, we appreciate the Sabine River Authority of Louisiana's receptiveness to efforts to secure a portion of available water from Toledo Bend for use in Texas. The volume of water involved—up to 600,000 acre-feet per year—would provide one of the single-largest sources of additional water described in the State Water Plan, and without the additional cost of new reservoir construction.

We are encouraged that so much has been accomplished to complete an agreement that would benefit both Louisiana and Texas, and are very hopeful that a final product can be produced that will meet with your approval. We are also confident that Toledo Bend will continue to serve as a great example of the many important uses of large reservoirs while expanding its value as a needed water supply source.

Sincerely,

David Dewhurst  
Lieutenant Governor

Joe Straus  
Speaker

cc: Robert Conyer, Chairman, Sabine River Authority, State of Louisiana  
Don Covington, President, Sabine River Authority, State of Texas



Senator Troy Fraser  
Chairman  
Senator Craig Estes  
Vice Chairman  
Senator Bob Deuell  
Senator Robert Duncan  
Senator Kevin Eltife

The Texas Senate  
Committee on Natural Resources

Senator Glenn Hegar  
Senator Juan "Chuy" Hinojosa  
Senator Mike Jackson  
Senator Robert Nichols  
Senator Kel Seliger  
Senator Carlos Uresti

September 30, 2011

The Honorable Bobby Jindal  
Governor of Louisiana  
Post Office Box 94004  
Baton Rouge, LA 70804-9004

Re: Toledo Bend Partners

Dear Governor Jindal:

More than 50 years ago, the Sabine River Authorities of Texas and Louisiana began developing Toledo Bend Reservoir. Having a present-day storage capacity of nearly 4.5 million acre-feet, Toledo Bend is one of the largest reservoirs in the United States and is licensed to operate as a water supply facility.

Although the Sabine River Authority of Louisiana has the right to sell approximately 1 million acre-feet of water per year, annual withdrawals presently total less than 30,000 acre-feet. Consequently, more than 95% of Louisiana's excess water flows into the Gulf of Mexico each year, thereby representing millions of dollars in lost annual revenue.

As the Texas population is projected to nearly double over the next 50 years, it is critical for our state to address the growing need for cost-effective water sources. By 2060, the Texas Water Development Board estimates that approximately 22 million acre-feet of water per year will be required to meet our state's demands, with municipal water needs growing 10-fold over the projected period. Absent the implementation of new water management strategies, an estimated 80-85% of the state's population will not have adequate water supplies for their homes, businesses and agricultural enterprises during droughts.

Bearing this in mind, the Sabine River Authority of Louisiana recently completed an agreement with Toledo Bend Partners that will facilitate the delivery of up to 600,000 acre-feet of water to Texas. This agreement will bolster our state's water supply and generate incremental revenue for Louisiana.

Post Office Box 12068, Austin, Texas 78711  
512/463-0390 FAX 512/463-6769 Dial 711 For Relay Calls







For these reasons, I support the efforts undertaken by the Sabine River Authority of Louisiana and Toledo Bend Partners to deliver a portion of Louisiana's excess Toledo Bend water to Texas.

Sincerely,

A handwritten signature in black ink, appearing to read "Troy Fraser".

Senator Troy Fraser, Chairman  
Texas Senate Committee on Natural Resources

cc:

Chairman Robert Conyer  
Sabine River Authority, State of Louisiana  
15091 Texas Hwy.  
Many, LA 71449

Mr. B.J. "Red" McCombs  
Toledo Bend Partners  
755 E. Mulberry, Ste. 600  
San Antonio, TX 78212



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## **EXHIBIT A-3: TOLEDO BEND RESIDENTS/STAKEHOLDERS**

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November 7, 2011

Governor Bobby Jindal  
Office of the Governor, State of Louisiana  
Post Office Box 94004  
Baton Rouge, LA 70804-9004

Re: Toledo Bend Partners

Dear Governor Jindal:

I am a stakeholder on the Toledo Bend Reservoir. I am writing to express my support for Toledo Bend Partners, LP ("TB Partners") and the Sabine River Authority's ("SRA") shift from hydroelectric generation to water supply. I have fished, hunted, camped, boated and enjoyed Toledo Bend Reservoir for over 22 years. I have spent countless days enjoying the lake with family and friends. I understand the lake well and also understand the tremendous burden generation places on lake levels and the SRA's ability to manage them.

It is my understanding that TB Partners proposes to reduce the annual withdrawals from 1,000,000 acre-ft to 600,000 acre-ft. I also understand that selling for water supply purposes will generate more than 30x the annual revenue for SRA. I don't know much about selling water or managing lakes but getting 30x the revenue while using 40% less water can only have a positive effect on the lake.

I also know some of the principals of TB Partners and they are mainstays of the community with a track record of success. If anyone can accomplish such a great project, it's TB Partners. This deal is the win-win for the residents of Toledo Bend and the State of Louisiana.

Sincerely,

A handwritten signature in black ink that reads "Michael Clanton, Jr." with a flourish at the end.

Michael Clanton Jr.

Property Owner

cc:

Chairman Robert Conyer  
Sabine River Authority, State of Louisiana  
15091 Texas Hwy.  
Many, LA 71449



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**EXHIBIT A-4: BUSINESS AND CIVIC LEADERS**

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**ALEXANDER E. BRISEÑO**  
**15306 Pebble Dew**  
**San Antonio, Texas 78232**

October 24, 2011

The Honorable Bobby Jindal  
Governor of Louisiana  
P.O. Box 94004  
Baton Rouge, LA 70804-9004

Re: Toledo Bend Partners

Dear Governor Jindal:

First, let me extend my sincere congratulations on your recent re-election as Governor of Louisiana. I know that you must be looking forward to continuing your policy initiatives for another term and wish you continued success.

I am writing this letter in support of the recently completed agreement between the Sabine River Authority of Louisiana and Toledo Bend Partners to access up to 600,000 acre-feet of water from the Toledo Bend Reservoir for Texas. As the retired City Manager of San Antonio and the immediate past Chairman of the Board of Trustees for the San Antonio Water System, I am intimately familiar with the challenges facing Texas and our region to provide enough water to meet the demand of our growing population and projected business development.

It is my understanding that current utilization by the Sabine River Authority effectively allows over 95% of its one million acre-feet annual yield to flow downstream to the Gulf of Mexico. This agreement will succeed in productively applying that otherwise lost resource for the benefit of customers in Texas while providing additional revenue in your State. Clearly, this assures a "win-win" opportunity.

Significantly noteworthy is the perspective that we treasure water as a valuable resource that is managed wisely while sustaining life and economic viability. Indeed, San Antonians consume the same amount of water now as we used 25 years ago, despite a 67% growth in population, due to creative conservation measures and extensive wastewater re-use initiatives.





Finally, I would like to emphasize that I have known one of the principals for Toledo Bend Partners, B.J. "Red" McCombs, for almost thirty years and have found him to be a straightforward, successful businessman who shares a positive spirit in support of many worthy initiatives. A community pillar, you can always count on him to deliver!

Thank you for taking the time to review my correspondence and for considering support for this agreement. If I can answer any questions, I can be reached at (210) 496-1967.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Alex Briseño'.

Alexander E. Briseño

cc:  
Chairman Robert Conyer  
State of Louisiana Sabine River Authority  
15091 Texas Hwy.  
Many, LA 71449

✓ Mr. B.J. "Red" McCombs  
Toledo Bend Partners  
755 E. Mulberry, Ste. 600  
San Antonio, TX 78212



**WILLIAM H. CUNNINGHAM**  
P. O. Box E  
Austin, Texas 78713

October 31, 2011

Governor Bobby Jindal  
Office of the Governor, State of Louisiana  
Post Office Box 94004  
Baton Rouge, LA 70804-9004

Re: Toledo Bend Partners

Dear Governor Jindal:

I am writing this letter in support of the agreement between the Sabine River Authority of Louisiana and Toledo Bend Partners to reserve up to 600,000 acre-feet of water from the Toledo Bend Reservoir.


Texas and Louisiana have a long-standing track record of working together on issues that impact our respective states. One of our more notable collaborations is the joint construction and operation of Toledo Bend Reservoir. Although the Sabine River Authority of Louisiana has the right to sell approximately 1 million acre-feet of water from the Toledo Bend Reservoir per year, due to a historic lack of demand, annual withdrawals presently total less than 30,000 acre-feet. Consequently, over 95% of usable water flows into the Gulf of Mexico each year – thereby representing millions of dollars in lost annual revenue.

The recently completed agreement between the Sabine River Authority of Louisiana and Toledo Bend Partners will mutually benefit current and future generations of Louisiana and Texas residents. This agreement will augment Texas water supplies, while converting an unused resource into millions of dollars in incremental revenue for the State of Louisiana. Indeed, productively employing an otherwise lost water resource is consistent with Louisiana's commitment to undertaking initiatives that are environmentally beneficial to the Gulf States region.

On a personal note, Toledo Bend Partners encompasses a group of individuals whose exemplary business and civic leadership spans many decades and has positively impacted Louisiana and Texas residents alike. Indeed, Red McCombs' commitment to undertaking this valuable endeavor is not surprising in light of his remarkable track record of successful collaborations involving business and government entities. In addition, Red McCombs' generous support of The University of Texas System, M.D. Anderson Cancer Center and other community, education, and health-oriented organizations are reflective of his commitment to undertaking projects that benefit individuals throughout our region.

For all these reasons, I strongly support the efforts undertaken by the Sabine River Authority of Louisiana and Toledo Bend Partners as they launch an environmentally beneficial project that is worthy of our respective states.

Sincerely,



William H. Cunningham  
Former Chancellor, The University of Texas  
System

cc: Chairman Robert Conyer  
Mr. B.J. "Red" McCombs



GENESIS  
PARK

November 3, 2011

Governor Bobby Jindal  
Office of the Governor, State of Louisiana  
Post Office Box 94004  
Baton Rouge, LA 70804-9004

Re: Toledo Bend Partners

Dear Governor Jindal:

Texas and Louisiana have blended interests in many ways. Some of those are cultural some are economic, but perhaps the most physical example is Toledo Bend. Toledo Bend Reservoir has endured as a notable collaboration between our states since its joint construction in 1955 when it was conceived, financed and licensed to function as a water supply facility. As you know, Toledo Bend is the largest man-made reservoir in the Southern United States, with a storage capacity of 4,477,000 acre-feet and more than 1,200 miles of shoreline used for camping, fishing and other recreational activities. I have followed western water issues for many years and one fact that is largely agreed among experts is that Toledo Bend was over designed in the sense that it holds more water that downstream users will need for several lifetimes or longer.

While the Sabine River Authorities of Texas and Louisiana have the right to sell approximately 2 million acre-feet of water per year, annual withdrawals presently total less than 50,000 acre-feet. Due to the historic lack of water sales, the Sabine River Authority of Louisiana currently generates revenue by releasing water for power generation. Because power generation is heavily concentrated during the summer, more than 1 million acre-feet of water is typically released between the months of May-September. Consequently, Toledo Bend lake levels are unnecessarily strained, which in turn precludes individuals and businesses residing near Toledo Bend from fully enjoying the recreational benefits of the lake. Downstream residents may experience flooding as a result of the water releases, but even more importantly the irregularity of large releases can alter salinity levels in the estuaries that threatens their very important place in Louisiana's economy.

Moving from the over supply side of the equation to the demand side, the Texas Water Development Board estimates that absent the implementation of new water management strategies, water shortages may ultimately cost Texas \$115.7 billion in income, 1.1 million jobs and 1.4 million potential residents. With this in mind, the Sabine River Authority of Louisiana recently completed an agreement with Toledo Bend Partners that will encompass the delivery of up to 600,000 acre-feet of water to Texas.

GENESIS PARK LP  
2131 San Felipe  
Houston, Texas 77019  
Phone 713.521.2626  
[www.genesis-park.com](http://www.genesis-park.com)





This will afford our state a much-needed new water resource, while providing Louisiana millions of dollars in incremental annual revenue. The contract also requires that water withdrawals are limited during the summer months, which will substantially improve Toledo Bend lake levels. For these reasons, I support the project undertaken by the Sabine River Authority of Louisiana and Toledo Bend Partners.

A project of this magnitude should of course only be undertaken with seasoned and capable principals. Accordingly, Toledo Bend Partners encompasses a group of individuals whose business and civic leadership in Texas and Louisiana span many decades. Specifically, B.J. "Red" McCombs' track record of successful collaborations involving business and government entities in Texas is long-standing and distinguished. Mr. McCombs' contributions to education, public health and other charitable endeavors are a reflection of his commitment to undertaking projects that are beneficial to the entire region.

I believe Toledo Bend Reservoir is an outstanding resource that should be managed with an eye towards the benefits that will be realized by current and future generations of Texas and Louisiana residents. I also share the appreciation that individuals residing near Toledo Bend have for the lake, its natural attributes and its prospects for improvement moving forward. To this end, I support the efforts of the Sabine River Authority of Louisiana and Toledo Bend Partners as they undertake an important project that is worthy of our respective states.

Thank you for your important and effective public service, and please don't hesitate to call if I may assist you further in your analysis.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul W. Hobby'.

Paul W. Hobby

cc:

Chairman Robert Conyer  
Sabine River Authority, State of Louisiana  
15091 Texas Hwy.  
Many, LA 71449

Mr. B.J. "Red" McCombs  
Toledo Bend Partners  
755 E. Mulberry, Ste. 600  
San Antonio, TX 78212



CORBIN J. ROBERTSON, JR.  
36TH FLOOR, 801 JEFFERSON  
HOUSTON, TEXAS 77002  
(713) 761-7660 FAX: (713) 761-7610

November 1, 2011

Governor Bobby Jindal  
Office of the Governor, State of Louisiana  
Post Office Box 94004  
Baton Rouge, LA 70804-9004

Re: Toledo Bend Partners

Dear Governor Jindal:

Texas and Louisiana have a long-standing track record of working together on issues that impact our respective states. One of our states' more notable collaborations is the joint construction and operation of Toledo Bend Reservoir. Commenced in 1955, Toledo Bend was conceived, financed and licensed to function as a water supply facility. Presently, Toledo Bend is the largest man-made reservoir in the Southern United States, with a storage capacity of 4,477,000 acre-feet and more than 1,200 miles of shoreline used for camping, fishing and other recreational activities.

While the Sabine River Authorities of Texas and Louisiana have the right to sell approximately 2 million acre-feet of water per year, annual withdrawals presently total less than 50,000 acre-feet. Due to the historic lack of water sales, the Sabine River Authority of Louisiana currently generates revenue by releasing water for power generation. Because power generation is heavily concentrated during the summer, more than 1 million acre-feet of water is typically released between the months of May-September. Consequently, Toledo Bend lake levels are unnecessarily strained, which in turn precludes individuals and businesses residing near Toledo Bend from fully enjoying the recreational benefits of the lake. Further, downstream residents may experience flooding as a result of the water releases.

The Texas Water Development Board estimates that absent the implementation of new water management strategies, water shortages may ultimately cost Texas \$115.7 billion in income, 1.1 million jobs and 1.4 million potential residents. With this in mind, the Sabine River Authority of Louisiana recently completed an agreement with Toledo Bend Partners that will encompass the delivery of up to 600,000 acre-feet of water to Texas.

This will afford our state a much-needed new water resource, while providing Louisiana millions of dollars in incremental annual revenue. The contract also requires that water withdrawals are limited during the summer



months, which will substantially improve Toledo Bend lake levels. For these reasons, I support the project undertaken by the Sabine River Authority of Louisiana and Toledo Bend Partners.

As you know, Toledo Bend Partners encompasses a group of individuals whose business and civic leadership in Texas and Louisiana span many decades. Specifically, B.J. "Red" McCombs' track record of successful collaborations involving business and government entities in Texas is long-standing and distinguished. Mr. McCombs' contributions to education, public health and other charitable endeavors are a reflection of his commitment to undertaking projects that are beneficial to the entire region.

I believe Toledo Bend Reservoir is an outstanding resource that should be managed with an eye towards the benefits that will be realized by current and future generations of Texas and Louisiana residents. I also share the appreciation that individuals residing near Toledo Bend have for the lake, its natural attributes and its prospects for improvement moving forward. To this end, I look forward to supporting the efforts of the Sabine River Authority of Louisiana and Toledo Bend Partners as they undertake an important project that is worthy of our respective states.

Sincerely,



Corbin J. Robertson, Jr.

cc:

Chairman Robert Conyer  
Sabine River Authority, State of Louisiana  
15091 Texas Hwy.  
Many, LA 71449

Mr. B.J. "Red" McCombs  
Toledo Bend Partners  
755 E. Mulberry, Ste. 600  
San Antonio, TX 78212



## EXHIBIT B: CUSTOMER RESEARCH AND ANALYSIS

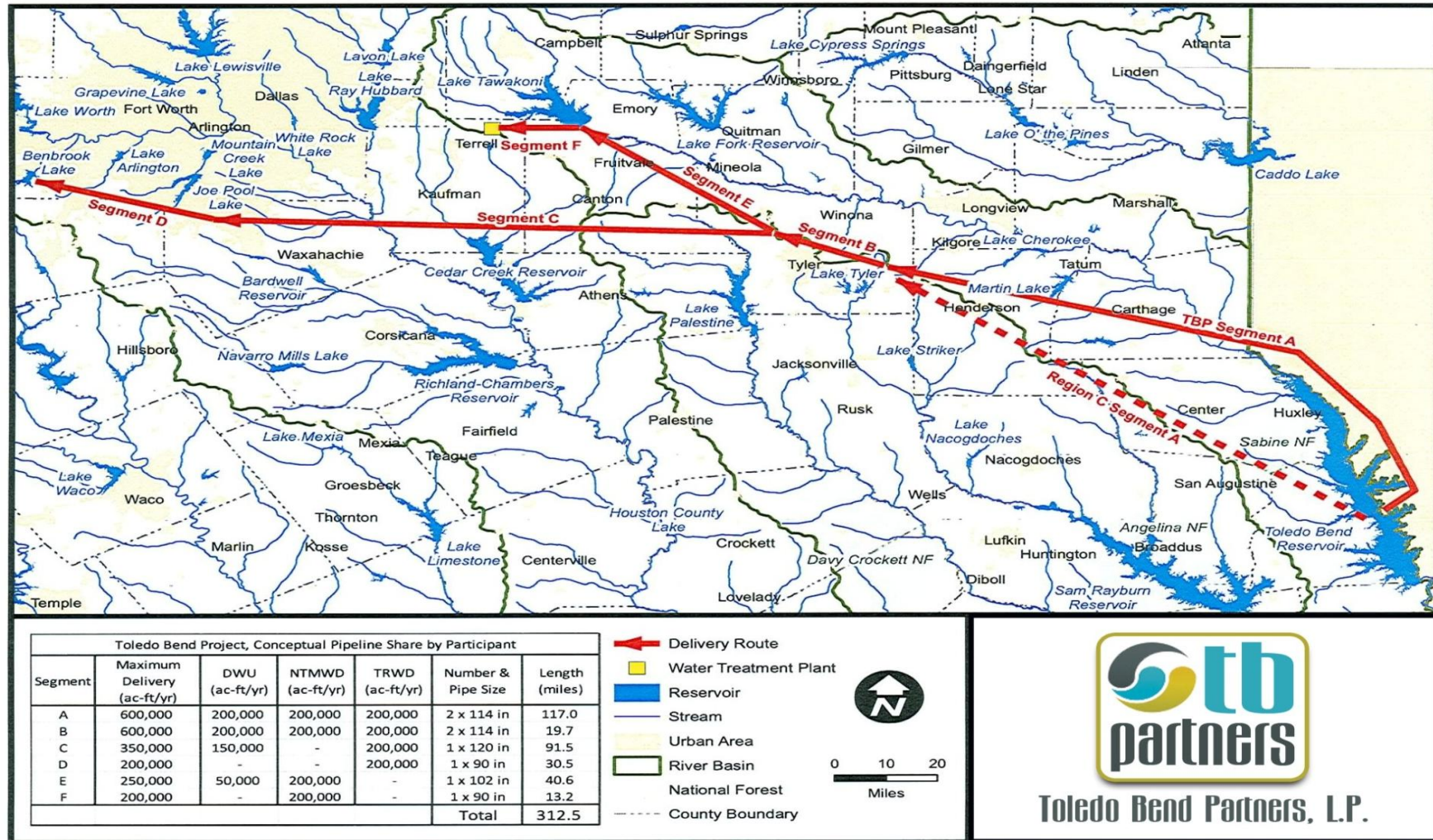


Figure 8: Pipeline Conceptual Corridor Route

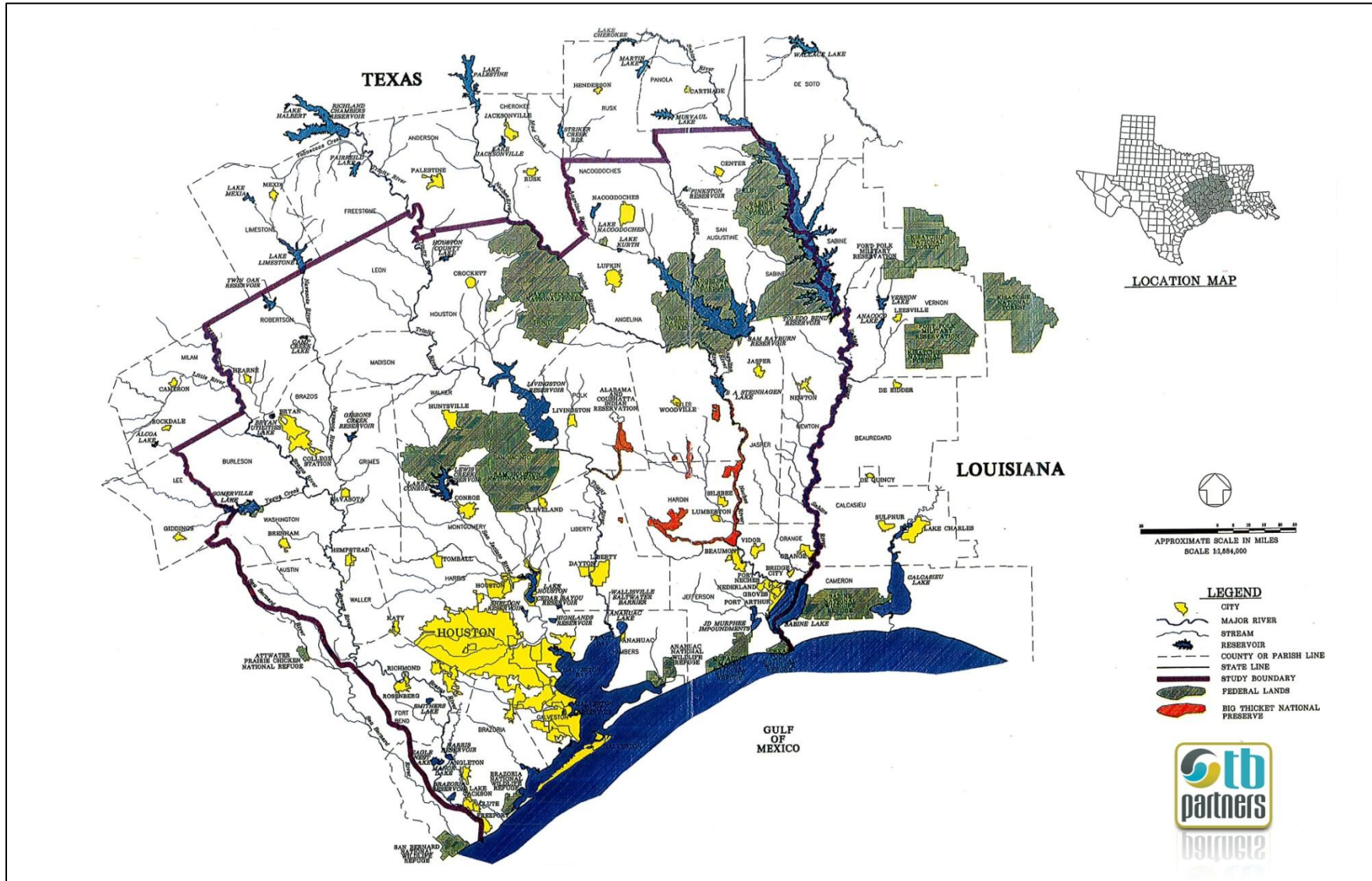


Figure 9: Customer Needs Analysis for Harris and Surrounding Counties

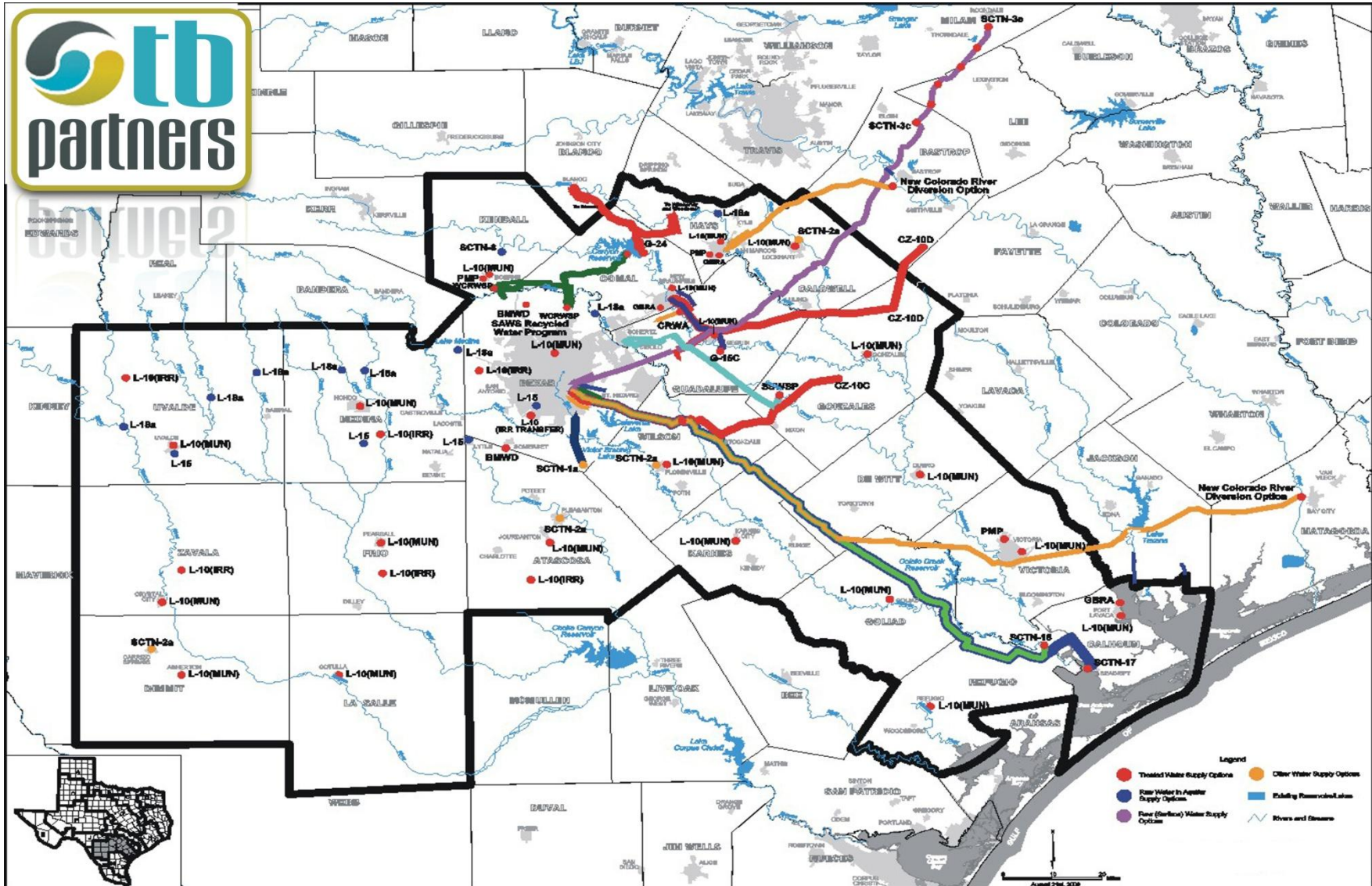


Figure 10: Customer Needs Analysis for Bexar and Surrounding Counties

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## **EXHIBIT C: CONTRACT VALIDATION**

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RECEIVED AND FILED  
2011 OCT 11 P 12:09

**SABINE RIVER AUTHORITY,  
STATE OF LOUISIANA**

**DOCKET NO.: 63867**

**VERSUS**

**11<sup>TH</sup> JUDICIAL DISTRICT COURT**

**ALL TAXPAYERS, PROPERTY OWNERS AND  
CITIZENS OF THE CONSERVATION AND  
RECLAMATION DISTRICT KNOW AS THE  
SABINE RIVER AUTHORITY, STATE OF  
LOUISIANA AND ALL NONRESIDENTS  
OWNING PROPERTY OR SUBJECT TO  
TAXATION THEREIN, AND ALL OTHER  
PERSONS INTERESTED IN OR AFFECTED  
IN ANY WAY BY THE ISSUANCE OF  
NOT TO EXCEED \$10,000,000.00 SABINE RIVER  
AUTHORITY REVENUE BONDS IN ONE OR  
MORE SERIES, THE MEANS PROVIDED  
FOR THE PAYMENT AND SECURITY  
THEREOF AND RELATED MATTERS.**

**J U D G M E N T**

**THIS CAUSE HATH COME BEFORE THIS HONORABLE COURT** on a Motion for Judgment (the "Motion") filed July 21, 2011 by Plaintiff under the provisions and authority of Sections 5121 -5130 of the Title 13 of the Louisiana Revised Statutes of 1950, as amended, seeking judgment establishing and declaring: (i) the legality and validity of the Sabine River Authority Revenue Bonds, in one or more series, in an amount not to exceed \$10,000,00 (the "Bonds"); (ii) the legality and validity of all actions and proceedings of the Authority taken in connection with the authorization of issuance of the Bonds and the terms and provision regarding the security and payment of the Bonds; (iii) the legality and validity of a Water Reservation and Sale Agreement to be executed by and between the Authority and Toledo Bend Partners, LP; (iv) the legality and validity of all pledges of revenues and other means provided for the payment and security of the Bonds, and (v) and any other matters related to the validity or approvals related to the Bonds, or the security therefor. A contradictory hearing was had on August 16, 2011 with the following persons present: Fred L. Chevallier, Esq., counsel to Plaintiffs. No appearance on behalf of parties-defendant. After oral argument, the matter was submitted to the court for discernment.





**AFTER DUE AND REVERENT CONSIDERATION HAD OF THE LAW,  
PLEADINGS, AND ARGUMENT OF DISTINGUISHED COUNSEL, THIS  
HONORABLE COURT DOETH FIND:**

1. satisfactory compliance with La. R.S. 13:5121, *et seq.*,
2. no challenges to the Bonds, the Bond Resolution, or the Water Sale Agreement were asserted, and no opposition to the SRA's motion for judgment were filed,
3. no party appeared in opposition to the SRA's motion, and
4. satisfactory compliance with the court's order for publication.

**THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED** that said Motion be and is hereby **GRANTED** and the validity of the Bonds and the underlying security provisions have been established pursuant to the Louisiana Constitution article 6, sec. 35(B) and La. R.S. 13:5121, *et seq.*; and

**IT IS FURTHER ORDERED** that costs of court for this motion be cast upon movant;  
and

**IT IS FURTHER ORDERED** that the Clerk of Court notify the parties of the signing of this Judgment.

**THUS DONE AND SIGNED** in Chambers, in the Town of Many, Parish of Sabine and State of Louisiana on this, the 10<sup>th</sup> day of October, 2011.

  
\_\_\_\_\_  
**HON. STEPHEN B. BEASLEY  
DISTRICT COURT JUDGE**

**SERVICE INFORMATION:**

**Fred L. Chevallier, Esq.**  
8555 United Plaza Blvd., 5<sup>th</sup> Floor  
Baton Rouge, LA 70809  
*Counsel to Plaintiff*

**COPY-ATTEST**  
*Salter*

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## EXHIBIT D: NET PROFITS AGREEMENT

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### NET PROFITS

1.1 Definitions. All capitalized terms used in this Exhibit 2 but not otherwise defined herein have the meanings provided in the body of the Agreement. Further, the following definitions apply to this Exhibit 2:

**“Affiliate Financing”** means any TB Partners Financing provided by an Affiliate of TB Partners.

**“Arm’s-Length Terms”** mean, at the time such terms are (or are to be) agreed upon, fair market commercial terms that Persons who are not Affiliates would negotiate in the same circumstances.

**“Authorized Costs”** mean the documented and commercially reasonable cash expenditures made by TB Partners in connection with the planning, engineering, marketing, acquisition, construction, ownership, operation, maintenance, repair and replacement of any proposed or existing TB Partners Project(s) and/or Other Toledo Bend Project(s), including: (i) all market rate salaries and related payroll expenses and benefits of all employees of TB Partners working on proposed or existing TB Partners Projects and/or Other Toledo Bend Projects, (ii) market rate occupancy and other related costs, such as rent, duplication, telephone, data processing and information technology, postage, and similar expenses allocable to proposed or existing TB Partners Projects and/or Other Toledo Bend Projects, (iii) all expenditures from purchasing, installing, maintaining, testing, repairing or replacing all pipelines, machinery, and buildings necessary for TB Partners Projects and/or Other Toledo Bend Projects, (v) all Reservation Fees paid to SRA, (vii) all Water Rate Charges paid to SRA, (viii) reservation fees and water charges paid to other Persons supplying water from the Toledo Bend Reservoir for Other Toledo Bend Projects, (ix) reasonable travel expenses, (x) engineering, bookkeeping, accounting, legal, and other fees that are allocable to the planning, acquisition, ownership, operation, and maintenance of any proposed or existing TB Partners Projects and/or any Other Toledo Bend Projects, (xi) the cost of maintaining the insurance coverages on the TB Partners Project and/or Other Toledo Bend Projects (including the insurance coverages required by the Agreement), (xii) Taxes, and (xiii) Financing Transaction Expenses. Notwithstanding the foregoing, Authorized Costs exclude all Excluded Costs and only include such portion of the Shared Costs as are allocable to TB Partners under Section 1.7 of this Exhibit 2. Further, nothing contained in this Agreement shall ever be interpreted or applied in any manner that will require or permit any duplication of any cost or expense in more than one category of Authorized Costs or in more than one category of deduction from Net Profits. For the avoidance of doubt, any cash expenditure that is funded with debt proceeds shall not be an Authorized Cost. Further, no cost shall be categorized as both an Authorized Cost and a Development Cost, and TB Partners shall reasonably allocate any cash expenditures consisting partially of Authorized Costs and partially of Development Costs into one or the other of such categories based upon all relevant circumstances. If there is any dispute between SRA and TB Partners as to whether any cost is an Authorized Cost or a Development Cost, it shall be deemed to be an Authorized Cost.

**“Control Affiliate”** means, with respect to TB Partners and without duplication, (i) any other Person under common control with TB Partners, with “control” meaning the ability to direct the actions of a Person by contract, family relation or equity ownership, (ii) any Person in the Original Principal Group, (iii) any other direct or indirect owner of TB Partners owning directly or indirectly 15% or more of the outstanding equity interests in TB Partners, (iv) any employee of any Control Affiliate, and (v) any Person, 15% or more of whose outstanding equity interests are owned by Control Affiliates.

**“Debt Service Payments”** mean payments actually made by TB Partners during a Contract Year for principal, interest, premiums (if any) and fees due lenders under any TB Partners Financing.

**“Deductible Debt Service Payments”** mean Debt Service Payments, but excluding (i) payments of any type with respect to financings of business activities or investments other than TB Partners Projects or Other Toledo Bend Projects, (ii) Debt Service Payments paid with respect to Affiliate Financings incurred to finance Development Costs (provided, however, that any Debt Service Payments made to Third Parties who enable the recovery of Development Costs by refinancing such Affiliate Financing are Deductible Debt Service Payments), (iii) with respect to other Affiliate Financings, interest payments in excess of 12% per annum or principal repayments or prepayments in excess of those principal repayments required to amortize the Affiliate Financing over ten years, and (iv) Debt Service Payments funded with the proceeds of indebtedness.

**“Developer Fee”** means a fee, not to exceed 2.5% of any Gross Financing Proceeds, charged by TB Partners or an Affiliate of TB Partners for its services in procuring such TB Partners Financing and administering the proceeds of such TB Partners Financing. For the avoidance of doubt, TB Partners and SRA agree that Developer Fees shall not be deducted in the calculation of Net Profits, except to the extent incorporated in Deductible Debt Service Payments. In addition, no Developer Fee shall be charged in connection with an Affiliate Financing.

**“Development Costs”** mean the sum of (i) all documented out-of-pocket cash expenditures made by TB Partners to Third Parties in furtherance of TB Partners’ planned development of the TB Partners Project(s) and/or Other Toledo Bend Projects to divert Water from the Toledo Bend Reservoir for sale through a pipeline distribution system to Third Parties; (ii) all documented out-of-pocket cash expenditures made by TB Partners to its Affiliates in furtherance of TB Partners’ planned development of the TB Partners Project(s) and/or Other Toledo Bend Projects to divert Water from the Toledo Bend Reservoir for sale through a pipeline distribution system to Third Parties, provided that such costs were expended on Arm’s Length Terms and provided further that no more than 10% of all Development Costs may consist of cash expenditures to Control Affiliates; plus (iii) simple interest at the rate of 10% per annum on Unrecovered Development Costs from the date of the original expenditure thereof through the date of recovery of such Development Costs. Interest shall be deemed paid on the recovery from a TB Partners Financing under Section 1.9 of this Exhibit 2 (provided, however, that the Unrecovered Development Cost balance shall be calculated only once per calendar quarter on the first day of such quarter, and all Development Costs incurred until the next recalculation of Unrecovered Development Costs shall be carried interest free until the inclusion of such Development Costs in the Unrecovered Development Cost balance upon its next recalculation). Development Costs may only be recovered from the proceeds of TB Partners Financings obtained from Third Parties and not from Affiliate Financing. Development Costs shall not include any Excluded Costs.

**“Distributable Financing Proceeds”** mean such portion (not less than zero) of the Gross Financing Proceeds of all TB Partners Financings closing during each Contract Year or becoming Released Financing Proceeds available for distribution to the owners of TB Partners, after subtracting any Financing Transaction Expenses allocable to such TB Partners Financings. Suspended Financing Proceeds are excluded from Distributable Financing Proceeds.

**“Excluded Costs”** mean (i) management fees paid to Affiliates of TB Partners which do not reflect arm’s length, fair market terms, (ii) audit costs for which TB Partners must reimburse SRA under Section 5.3 of the Agreement, (iii) any costs for which TB Partners must reimburse SRA under Sections 5.5, 9, 10.3(g) and/or 10.4(c)(7) of the Agreement, (iv) costs incurred by TB Partners but reimbursed to TB Partners by Third Parties, (v) charitable donations by TB Partners, (vi) political contributions by TB Partners, (vii) any costs associated with owning recreational property, such as boats or vacation homes; (viii) any costs associated with travel that are not reasonably related to any proposed or existing TB Partners Project(s) or Other Toledo Bend Projects, (ix) artwork and office decoration costs to the extent exceeding customary costs to furnish Class A office space in the San Antonio, Texas market, (x) the cost of repairs or replacements

incurred by reason of fire or other casualty or condemnation to the extent that TB Partners is compensated therefor through proceeds of insurance or condemnation awards, (xi) any criminal fines or penalties incurred because TB Partners violated any Law, (xii) compensation costs (including benefit costs) for employees who are Affiliates of TB Partners, to the extent such compensation costs (including benefit costs) are deemed not to reflect Arms-Length Terms under Section 1.6 or Section 1.11 of this Exhibit 2, (xiii) any other costs that are deemed Excluded Costs under Section 1.6 or Section 1.11 of this Exhibit 2, (xiv) costs incurred by TB Partners for partnership or corporate organizational expenses, (xv) costs incurred by TB Partners as the result of litigation, arbitration or other disputes solely among the owners of TB Partners and/or their Affiliates, (xvi) Shared Costs to the extent such violate Section 1.7 of this Exhibit 2, (xvii) any income, franchise, transfer, mortgage, inheritance, estate or similar taxes not included in the definition of Taxes, (xviii) Debt Service Payments, (xix) Development Costs, and (xx) costs incurred under Sections 1.11(e), 1.11(f), 1.12(e), and 1.12(f) of this Exhibit 2.

**“Financing Transaction Expenses”** mean the aggregate payments to Third Parties during a Contract Year for reasonable expenses incurred in connection with all TB Partners Financings pursued by TB Partners (whether or not closed and funded) during such Contract Year, including attorneys’ fees, accounting fees, underwriter fees, investment banking fees, recordation fees, mortgage taxes, commitment fees to lenders, trustee fees, appraisal fees, environmental assessment fees, engineering studies required by lenders, title insurance premiums and costs, survey costs, and rating agency fees.

**“Gross Financing Proceeds”** mean the gross proceeds of any TB Partners Financing without any deduction whatsoever, whether received by TB Partners or by any Affiliate of TB Partners (but, in the case of an Affiliate, only if the TB Partners Financing is secured by assets of TB Partners or a guaranty by TB Partners).

**“Net Profits”** mean an amount (not less than zero) determined for each Contract Year by subtracting (a) the total charges, properly made thereto during such Contract Year under Section 1.4 of this Exhibit 2 from (b) the total credits properly made thereto during such Contract Year under Section 1.3 of this Exhibit 2. To the extent that the aggregate credits exceed the aggregate charges at the end of any Contract Year, 20% of the resulting Net Profits shall be payable to SRA, as provided in Section 4.2 of the Agreement, and the Net Profits Account shall be adjusted to reflect each such distribution. To the extent that the aggregate charges exceed the aggregate credits at the end of any Contract Year, such excess charges shall not be carried forward to the succeeding Contract Year(s). Nothing contained in this Agreement shall ever be interpreted or applied in any manner that will require or permit any duplication of all or any part of any credit or charge to the Net Profits Account with respect to the same transaction.

**“Other Toledo Bend Project”** means any proposed or existing project undertaken by TB Partners to divert and sell water from the Toledo Bend Reservoir that is not under the control of or sold by SRA.

**“Qualified Net Affiliate Revenue”** means revenue received by an Affiliate of TB Partners as the result of such Affiliate’s ownership or control of tangible or intangible assets necessary for the operation of a TB Partners Project or an Other Toledo Bend Project, net of all documented Affiliate operating expenses that are reasonably necessary to obtain such revenue.

**“Released Financing Proceeds”** mean any proceeds of a TB Partners Financing from a prior Contract Year that were Suspended Financing Proceeds but which, following satisfaction of the restrictions imposed by the lenders thereof, are now available to TB Partners in the current Contract Year.

**“Shared Costs”** mean Authorized Costs that do not result exclusively from proposed or existing TB Partners Projects and/or Other Toledo Bend Projects and that result in part from (i) costs incurred by a

Person other than TB Partners and shared with TB Partners or (ii) costs incurred by TB Partners that relate to projects other than proposed or existing TB Partners Projects and/or Other Toledo Bend Projects.

**“Suspended Financing Proceeds”** mean such portion of the proceeds of any TB Partners Financing closed during a Contract Year that are not available to TB Partners during the Contract Year due to restrictions imposed by lenders that TB Partners does not satisfy during such Contract Year.

**“Taxes”** means all taxes and governmental charges, fees and assessments imposed on or with respect to, directly or indirectly, any proposed or existing TB Partners Project, any Other Toledo Bend Project, Toledo Bend Reservoir water, Water or the proceeds therefrom and actually paid by TB Partners during the Contract Year in question (and not simply accrued), including ad valorem, property, occupation, gathering, pipeline, severance, gross production, gross receipts, sales, use, import/export, energy and excise taxes, charges, fees and assessments, but excluding income, franchise (except to the extent based on gross receipts), mortgage, inheritance, or estate taxes. If TB Partners subsequently receives a refund of any Taxes, such refund shall, in the Contract Year of receipt, be a deduction from the aggregate amount of Taxes paid for such Contract Year for purposes of calculating Net Profits.

**“TB Partners Financing”** means any debt or financing of any kind (including any Bond financing) issued or incurred or proposed to be issued or incurred, to finance the design, acquisition, equipping and/or construction of proposed or existing TB Partners’ Facilities or any portion thereof and/or the design, acquisition, equipping and/or construction of improvements, fixtures, facilities and/or equipment for any Other Toledo Bend Project, or otherwise to finance, support or benefit any proposed or existing TB Partners Project and/or Other Toledo Bend Project including land acquisition, and any refinancing of any of the foregoing.

**“Third Parties”** mean Persons other than TB Partners and its Affiliates.

**“Unrecovered Development Costs”** mean accrued Development Costs minus the TB Partners Financing proceeds released by the Lenders to TB Partners for recovery of Development Costs under Section 1.9 of this Exhibit 2.

1.2 Net Profits Account. For purposes of calculating annual Net Profits, TB Partners shall maintain an account (the **“Net Profits Account”**) in accordance with the terms of this Exhibit 2 that sets forth the charges and credits made thereto pursuant to this Agreement on a quarterly basis.

1.3 Credits to the Net Profits Account. Each Contract Year, the Net Profits Account shall be credited with an amount equal to the sum of (i) total proceeds from the sale of Water from any TB Partners Project or water from any Other Toledo Bend Project (provided, however, that disputed amounts paid by a customer but held by an escrow agent shall not be considered to have been received by TB Partners) plus (ii) any proceeds from the sale of all or any portion of any TB Partners Project, Other Toledo Bend Project or any tangible personal property, material, supplies, equipment, facilities, or fixtures located thereon or used in connection therewith plus (iii) Qualified Net Affiliate Revenue, that, in the case of clauses (i) and (ii), are actually received by TB Partners during such Contract Year and in the case of clause (iii) is actually received by TB Partners’ Affiliates during such Contract Year.

1.4 Charges to the Net Profits Account. Each Contract Year, the Net Profits Account shall be charged with an amount equal to the sum of (i) all Authorized Costs plus (ii) all Deductible Debt Service Payments, that, in the case of clauses (i) and (ii), are actually paid by TB Partners during such Contract Year.

1.5 Cash Basis Accounting. Net Profits shall be calculated based upon cash basis accounting, and all non-cash items of revenue and expense, such as depreciation and amortization, shall be excluded from the calculation of Net Profits.

1.6 Control Affiliate Transactions. When reporting Net Profits for a particular Contract Year, TB Partners shall notify SRA in writing (a “**Control Affiliate Contract Notice**”) of all contracts in effect at any time during the Contract Year with Control Affiliates (each an “**Control Affiliate Contract**”) not previously approved by SRA under Section 1.13 of this Exhibit 2 (a “**Non-Approved Control Affiliate Contract**”) pursuant to which any Authorized Costs or Development Costs for such Contract Year are claimed by TB Partners. In such written notice, TB Partners shall (i) explain the nature of the Non-Approved Control Affiliate Contract and the parties involved, (ii) state whether or not the Non-Approved Control Affiliate Contract is, in the reasonable determination of TB Partners, on Arm’s Length Terms as of the date entered into, (iii) if TB Partners discloses that the Non-Approved Control Affiliate Contract is not on Arm’s-Length Terms, provide TB Partners’ reasonable determination of the amount by which the Authorized Costs or Development Costs accrued under such Non-Approved Control Affiliate Contract for the Contract Year exceed the Authorized Costs or Development Costs that would have accrued under the Non-Approved Control Affiliate Contract for the Contract Year if the Non-Approved Control Affiliate Contract were on Arm’s-Length Terms, and (iv) in the case of a Non-Approved Control Affiliate Contract involving more than \$50,000 during such Contract Year, provide any documentation in the possession of TB Partners supporting the Arm’s-Length Terms of the Non-Approved Control Affiliate Contract. If (A) TB Partners enters into any Non-Approved Control Affiliate Contract, (B) such Non-Approved Control Affiliate Contract is not priced on Arm’s-Length Terms, and (C) the Authorized Costs or Development Costs accrued under the Control Affiliate Contract for the Contract Year exceed the Authorized Costs or Development Costs, as applicable, that would have accrued under the Non-Approved Control Affiliate Contract for the Contract Year if the non-Approved Control Affiliate Contract were on Arm’s-Length Terms, then the amount of such excess shall be Excluded Costs. If SRA does not agree with TB Partners’ determination of the Arm’s-Length Terms of a Non-Approved Control Affiliate Contract, SRA may contest such determination in accordance with Section 1.11 of this Exhibit 2.

1.7 Shared Costs. If, at any time, TB Partners incurs Shared Costs, such Shared Costs must be properly allocated between proposed and existing TB Partners Projects and Other Toledo Bend Projects on the one hand, and the other source(s) of such Shared Costs on the other hand, and priced on Arm’s Length Terms on the date incurred (a “**Proper Shared Costs Allocation**”). Any Shared Costs thereby incurred by TB Partners that are not properly allocated or which exceed the costs that would have been incurred if the Shared Costs were so priced are not deductible in calculating Net Profits or Development Costs. When reporting Net Profits or Development Costs for a particular Contract Year, TB Partners must notify SRA in writing (a “**Shared Cost Notice**”) of all Shared Costs incurred at any time during the Contract Year that are governed by this Section, explaining the nature and allocation of the Shared Costs and the parties involved, and, in the case of Shared Costs involving more than \$50,000 during such Contract Year, providing any documentation in the possession of TB Partners supporting the evidence that the Shared Costs were properly allocated and priced on an Arm’s Length Terms, or if not, the amount by which the cost of such Shared Costs were improperly allocated or exceeded Arm’s Length Terms. For purposes of this Section, a “proper allocation” is an allocation of Shared Costs that takes into account (i) the relative benefit received by each Person or project benefiting from such Shared Costs, (ii) the cost TB Partners would have incurred if TB Partners had procured the materials or services in question separately for the exclusive benefit of the TB Partners Project(s) or Other Toledo Bend Project(s), (iii) in the case of services resulting in Shared Costs, the time required to provide such services to the TB Partners Project(s) and Other Toledo Bend Project(s) relative to the time required for the other source(s) of the Shared Costs, (iv) in the case of supplies, the quantity of supplies consumed or likely to be consumed by TB Partners Project(s) and Other Toledo Bend Project(s) relative to the quantity of supplies consumed or likely to be consumed by the other source(s) of the Shared Costs, (v) in the case of equipment, the projected use of the equipment by TB Partners Project(s) and

Other Toledo Bend Project(s) relative to the projected use of the equipment by the other source(s) of the Shared Costs, (vi) in the case of insurance coverages, the probability of claims being made by TB Partners with respect to any TB Partners Project(s) and any Other Toledo Bend Project(s) and the sources of potential claims covered and the likely magnitude of anticipated claims, and (vii) all other relevant factors. If a dispute arises between SRA and TB Partners concerning whether any Shared Costs were properly allocated and priced on Arm's Length Terms, TB Partners bears the burden of proof. If any such dispute is not resolved to SRA's satisfaction, SRA may contest such TB Partners' allocation of Shared Costs in accordance with Section 1.12 of this Exhibit 2.

1.8 SRA Share of Developer Fees on TB Partners Financings. If Developer Fees are actually paid to TB Partners or its Control Affiliates in connection with any TB Partners Financing, TB Partners shall pay to SRA (i) 10% of such Developer Fees actually paid on the closing of the first such TB Partners Financing and (ii) 20% of such Developer Fees actually paid on the closing of each subsequent TB Partners Financing. TB Partners may pay itself and/or its owners and/or other Control Affiliates the remaining Developer Fees. Any such payment to SRA shall be in addition to SRA's share of Net Profits.

1.9 Recovery of Development Costs. TB Partners, its owners and other Affiliates may be reimbursed for any Development Costs that TB Partners' lenders allow TB Partners to recover from the proceeds of any TB Partners Financing, but in no event shall reimbursement of Development Costs exceed 20% of any TB Partners Financing or be effected through an Affiliate Financing.

1.10 Distributable Financing Proceeds. Whenever TB Partners makes a distribution of Distributable Financing Proceeds, TB Partners shall cause 20% of such distribution to be paid to SRA. Any such payment shall be in addition to SRA's share of Net Profits.

1.11 Dispute Resolution – Arms-Length Terms of Control Affiliate Contracts.

(a) If, at any time, SRA determines that any Non-Approved Control Affiliate Contract may not be on Arm's-Length Terms, SRA, at SRA's sole cost and expense (except as otherwise expressly provided below), may deliver to TB Partners a written notice (an "**SRA Control Affiliate Contract Challenge**") setting forth in reasonable detail SRA's determination of the Arm's-Length Terms for the subject Non-Approved Control Affiliate Contract. Any SRA Control Affiliate Contract Challenge must provide reasonably specific background documentation supporting the determination of the Arm's-Length Terms for the subject Non-Approved Control Affiliate Contract. SRA may not deliver more than one SRA Control Affiliate Contract Challenge on the same Non-Approved Control Affiliate Contract (other than with respect to contract amendments introducing new material terms). In no event shall the determination of Arm's-Length Terms in any SRA Control Affiliate Contract Challenge be binding upon TB Partners unless TB Partners expressly agrees in writing to the determination.

(b) If there remains any continuing dispute regarding the Arm's-Length Terms of the subject Non-Approved Control Affiliate Contract after TB Partners' receipt of any SRA Control Affiliate Contract Challenge, SRA and TB Partners shall follow the dispute resolution process set forth in Section 10.8 of the Agreement to resolve such dispute. If any such dispute is submitted to arbitration in accordance with Section 10.8(b) of the Agreement, then anything in the Agreement to the contrary notwithstanding, SRA shall submit to the arbitrators its determination of Arm's-Length Terms for the subject Non-Approved Control Affiliate Contract as set forth in the SRA Control Affiliate Contract Challenge and TB Partners shall submit to the arbitrators its determination of Arm's-Length Terms for the subject Control Affiliate Contract as set forth in the Non-Approved Control Affiliate Contract Notice, and the arbitrators shall make a determination as to the Arm's-Length Terms of the subject Non-Approved Control Affiliate Contract.



(c) Anything in the Agreement or in this Exhibit 2 to the contrary notwithstanding, the delivery by SRA of an SRA Control Affiliate Contract Challenge shall be a condition to the Parties pursuing the dispute resolution process set forth in Section 10.8 of the Agreement or any other right or remedy with respect to the subject Non-Approved Control Affiliate Contract, other than SRA's audit rights under Section 5.2 of the Agreement.

(d) Following a final determination under this Section 1.11 of the Arm's-Length Terms of the subject Non-Approved Control Affiliate Contract (including a resolution mutually acceptable to the Parties outside of the dispute resolution process set forth in Section 10.8 of the Agreement), the Parties agree to implement adjustments to the Net Profits Account or the Development Cost balance, as applicable, to reflect any corrections to the costs and amounts properly deductible to Net Profits or accruing as Development Costs with respect to the subject Non-Approved Control Affiliate Contract.

(e) If it is finally determined in accordance with this Section 1.11 that the deductions of Authorized Costs or the accrual of Development Costs made by TB Partners to Net Profits or the Development Cost balance, as applicable, with respect to any Non-Approved Control Affiliate Contract during the applicable period covered by the subject SRA Control Affiliate Contract Challenge (the "**TB Partners Control Affiliate Contract Deductions**") are greater than the deductions of Authorized Costs or accrual of Development Costs permitted under this Exhibit 2 during such period for the subject Non-Approved Control Affiliate Contract (the "**Permitted Control Affiliate Contract Deductions**"), then TB Partners shall reimburse SRA for the out-of-pocket costs incurred by SRA in preparing the SRA Shared Costs Challenge and resolving the challenge raised in the SRA Control Affiliate Contract Challenge. If it is finally determined in accordance with this Section 1.11 that the TB Partners Control Affiliate Contract Deductions are equal to or less than the Permitted Control Affiliate Contract Deductions, then SRA shall reimburse TB Partners for an amount equal to the greater of (i) the out-of-pocket costs incurred by TB Partners in resolving the challenge raised in the SRA Control Affiliate Contract Challenge and (ii) \$25,000.

(f) If it is finally determined in accordance with this Section 1.11 that the TB Partners Control Affiliate Contract Deductions are more than 10% greater than the Permitted Control Affiliate Contract Deductions, then TB Partners shall, in addition to correcting the Net Profits Account and Development Cost balance, pay to SRA 100% of the entire amount by which the TB Partners Control Affiliate Contract Deductions exceed the Permitted Control Affiliate Contract Deductions as liquidated damages; provided, however, that this Section 1.11(f) does not apply to any Mandatory Review Contract, as defined in Section 1.13(b) below.

#### 1.12 Dispute Resolution – Allocation of Shared Costs.

(a) If, at any time, SRA determines that TB Partners has not made a Proper Shared Costs Allocation, SRA, at SRA's sole cost and expense (except as otherwise expressly provided below), may deliver to TB Partners a written notice (an "**SRA Shared Costs Challenge**") setting forth in detail SRA's determination of the Proper Shared Costs Allocation. Any SRA Shared Costs Challenge must provide reasonably specific background documentation supporting the determination of the Proper Shared Costs Allocation. SRA may not deliver more than one SRA Shared Costs Challenge with respect to the same Shared Costs unless relevant, material facts related to such Shared Costs change. In no event shall the determination of the Proper Shared Costs Allocation in any SRA Shared Costs Challenge be binding upon TB Partners unless TB Partners expressly agrees in writing to the determination.

(b) If there remains any continuing dispute regarding the Proper Shared Costs Allocation after TB Partners' receipt of any SRA Shared Costs Challenge, SRA and TB Partners shall follow the dispute resolution process set forth in Section 10.8 of the Agreement to resolve such dispute. If any such dispute is submitted to arbitration in accordance with Section 10.8(b) of the Agreement, then anything in the

Agreement to the contrary notwithstanding, SRA shall submit to the arbitrators its determination of the Proper Shared Costs Allocation as set forth in the SRA Shared Costs Challenge and TB Partners shall submit to the arbitrators its determination of the Proper Shared Costs Allocation as set forth in the Shared Costs Notice, and the arbitrators shall make a determination as to the Proper Shared Costs Allocation.

(c) Anything in the Agreement or in this Exhibit 2 to the contrary notwithstanding, the delivery by SRA of an SRA Shared Costs Challenge shall be a condition to the Parties pursuing the dispute resolution process set forth in Section 10.8 of the Agreement or any other right or remedy with respect to the Proper Shared Costs Allocation, other than SRA's audit rights under Section 5.2 of the Agreement.

(d) Following a final determination under this Section 1.12 of the Proper Shared Costs Allocation (including a resolution mutually acceptable to the Parties outside of the dispute resolution process set forth in Section 10.8 of the Agreement), the Parties agree to implement adjustments to the Net Profits Account or Development Cost balance, as applicable, to reflect any corrections to the costs and amounts properly deductible to Net Profits or allocable to Development Costs with respect to the subject Shared Costs.

(e) If it is finally determined in accordance with this Section 1.12 that the deductions of Authorized Costs made by TB Partners to Net Profits with respect to any Shared Costs during the applicable period covered by the subject SRA Shared Costs Challenge (the "**TB Partners Shared Costs Deductions**") are greater than the deductions of Authorized Costs or accruals to the Development Cost balance permitted under this Exhibit 2 during such period for the subject Shared Costs (the "**Permitted Shared Costs Deductions**"), then TB Partners shall reimburse SRA for the out-of-pocket costs incurred in preparing the SRA Shared Costs Challenge and resolving the challenge raised in the SRA Shared Costs Challenge. If it is finally determined in accordance with this Section 1.12 that the TB Partners Shared Costs Deductions are equal to or less than the Permitted Shared Costs Deductions, then SRA shall reimburse TB Partners for an amount equal to the greater of (i) the out-of-pocket costs incurred by TB Partners in resolving the challenge raised in the SRA Shared Costs Challenge or (ii) \$25,000.

(f) If it is finally determined in accordance with this Section 1.12 that the TB Partners Shared Costs Deductions are more than 10% greater than the Permitted Shared Costs Deductions, then TB Partners shall, in addition to correcting the Net Profits Account and Development Cost balance, pay to SRA 100% of the entire amount by which the TB Partners Shared Costs Deductions exceed the Permitted Shared Costs Deductions; provided, however, this Section 1.12(f) does not apply to any Mandatory Review Shared Costs, as defined in Section 1.13(b) below.

#### 1.13 SRA Approval Request.

(a) TB Partners shall have the right, but not the obligation, to seek SRA's approval ("**SRA Approval**") of the Proper Shared Costs Allocation of anticipated or actual Shared Costs and the Arm's-Length Terms of proposed Control Affiliate Contracts.

(b) To request any SRA Approval, TB Partners shall deliver to SRA written notice (an "**Approval Request**") requesting SRA Approval, which Approval Request shall include (i) a reasonably detailed description of the TB Partners determination of the Proper Shared Costs Allocation of anticipated or actual Shared Costs and/or the Arm's-Length Terms of the proposed Control Affiliate Contract, as applicable, and (ii) copies of the proposed Control Affiliate Contract and/or copies of any contracts relating to the subject Shared Costs, as applicable. TB Partners may, in no more than two instances in aggregate, notify SRA in writing as part of the Approval Request, that SRA's review of the proposed Proper Shared

Cost Allocation or proposed Control Affiliate Contract is mandatory. In such instance, the Shared Costs involved shall be referred to as the **“Mandatory Review Shared Costs,”** and the Control Affiliate Contract shall be referred to as the **“Mandatory Review Contract,”** as applicable. As a condition to such designations, TB Partners must, however, have reasonably briefed SRA throughout the preparation and negotiation of such proposed Proper Shared Cost Allocation or proposed Control Affiliate Contract, as applicable, of the progress of such preparation and negotiation and TB Partners’ analysis of the alternatives available to TB Partners in lieu of such proposed Proper Shared Cost Allocation or proposed Control Affiliate Contract. To enable SRA to respond to the Approval Request, TB Partners shall also promptly respond to all reasonable SRA requests for further information with respect to such Approval Request. In the case of Mandatory Review Shared Costs or Mandatory Review Contracts, TB Partners shall also reimburse SRA for SRA’s reasonable and documented cost of engaging independent consultants and counsel to advise SRA.

(c) Except in the case of Mandatory Review Shared Costs and Mandatory Review Contracts, SRA shall have until the date (the **“Consideration Deadline”**) that is 60 days after TB Partners’ delivery of the Approval Request to grant or deny the requested SRA Approval by delivering to TB Partners written notice of its determination (**“SRA Notice Determination”**) prior to the Consideration Deadline. In the case of Mandatory Review Shared Costs and Mandatory Review Contracts, the Consideration Deadline shall be 180 days after TB Partners’ delivery of the Approval Request.

(d) If SRA does not timely deliver an SRA Notice Determination prior to the Consideration Deadline, then the requested SRA Approval shall be deemed to have been denied. If SRA Approval is granted, the Arm’s-Length Terms and/or Proper Shared Costs Allocation, as applicable, that are the subject of the SRA Approval shall be binding on SRA and may not be further challenged or disputed by SRA, absent evidence that TB Partners concealed material information concerning the Approval Request from SRA.

(e) If SRA denies the SRA Approval in an SRA Notice Determination, then the SRA Notice Determination shall include SRA’s determination of the Arm’s-Length Terms and/or Proper Shared Costs Allocation, as applicable, that are the subject of the SRA Approval request or a statement that SRA is unable to determine the Arm’s Length Terms and/or Proper Shared Costs Allocations at such time. SRA is not required to make a determination in response to an Approval Request, but, in the case of Mandatory Review Shared Costs and Mandatory Review Contracts, SRA’s failure to make a determination shall result in the loss of SRA’s rights under Sections 1.11(f) and 1.12(f), as applicable.

(f) TB Partners shall submit Approval Requests to the SRA’s Executive Director who shall approve or deny the Approval Request or, if determined necessary by the Executive Director, submit the Approval Request to the SRA’s board for approval or denial.