

199

Utility Certification and
Rate Design Section
Water Utilities Division
Texas Natural Resource
Conservation Commission
P.O. Box 13087
Austin, Texas 78711-3087

RE: Transfer of a Portion of the
Certificated Water Service Area
Under CCN No. 11144

Manville Water Supply Corporation consents to the transfer of a portion of the water service area under Certificate of Convenience and Necessity No. 11144 to Tiemann Land & Cattle Development, Inc. [or _____ Water Control and Improvement District]. The service area to be transferred is located in Travis and Williamson Counties and is described on the attached Exhibit "A." Tiemann Land & Cattle Development, Inc. [or _____ Water Control and Improvement District] is hereby designated the agent of Manville Water Supply Corporation for the purpose of prosecuting any required application to transfer this service area.

Sincerely,

President
Board of Directors

EXHIBIT D

ATTACHMENT H

FIRST AMENDMENT TO AGREEMENT
FOR PROVIDING WHOLESALE WASTEWATER SERVICE

This First Amendment to Agreement for Providing Wholesale Wastewater Service ("Amendment") is made and entered into on the dates set forth below, by and among Rowe Lane Development, Ltd., a Texas limited partnership ("Developer") and successor-in-interest to Tiemann Land and Cattle Development, Inc., Kelly Lane Utility Company ("Kelly Lane"), a Texas corporation, Lakeside Water Control and Improvement District No. 2A ("District 2A"), a Texas conservation and reclamation district, and the City of Pflugerville, Texas (the "City"), a Texas home-rule municipality.

RECITALS

A. Tiemann Land and Cattle Development, Inc. and Kelly Lane previously entered into that certain "Agreement for Providing Wholesale Wastewater Service" dated October 10, 1996 (referred to herein as the "Agreement"), concerning a certain 1113.57-acre tract (the "Land") located in Williamson and Travis Counties, Texas.

B. The Land is within or adjacent to the extraterritorial jurisdiction of the City. Developer plans to or is in the process of subdividing and developing the Land for residential and commercial uses. Kelly Lane agreed to provide wholesale wastewater service to the Land in accordance with the terms of the Agreement.

C. The Developer and its predecessors assigned their rights and obligations in the Agreement to District 2A; however, for the benefit of District 2A, Developer continues to make payment of L.U.E. Fees due under the Agreement.

D. Pursuant to the terms of the North Pflugerville Wastewater Project Participating Agreement, dated November 12, 2002 (the "Participating Agreement"), the City has acquired Kelly Lane's wastewater treatment plant ("Kelly Lane Plant") located on Kennemar Drive within the City, and has an option to acquire related facilities and the Kelly Lane certificate of convenience and necessity in the future (the "Kelly Lane Collection System"). The City has become the operator of the Kelly Lane Collection System in accordance with the terms of the Participating Agreement and owns the Kelly Lane Plant.

E. Pursuant to the Participating Agreement, the City and Kelly Lane have agreed that the City shall collect L.U.E. Fees due under the Agreement, and the City and Kelly Lane have developed a new L.U.E. Fee structure that will be applicable during the time that the City operates the Kelly Lane Plant and the Kelly Lane Collection System and other provisions in the Participating Agreement.

F. Developer and Kelly Lane desire to amend the Agreement's terms and conditions that relate to L.U.E. Fees to conform to the new L.U.E. Fee structure developed under the Participating Agreement. The City and District 2A, by their signatures to this Amendment, concur to the amendments stated herein.

AGREEMENT

1. Defined Terms. All terms delineated with initial capital letters in this Amendment that are defined in the Agreement have the same meanings in this Amendment as in the Agreement unless otherwise provided in this Amendment. All references in the Agreement to "Tiemann Land & Cattle Development, Inc." are hereby changed to refer to "Rowe Lane Development, Ltd." and all references to "Tiemann" are hereby changed to "Developer." All references to the "Texas Natural Resource Conservation Commission" are hereby changed to refer to the "Texas Commission on Environmental Quality" ("TCEQ") and its successors. All references to "First Amendment" in the amended provisions of the Agreement shall refer to this Amendment. Other terms have the meanings commonly ascribed to them.
2. Amended Provisions.

A. Section 2.7(b). Section 2.7(b) is amended in its entirety to read as follows:

(b) (1) During any period of time that the City operates the Kelly Lane Plant on Kennemar Drive and the Kelly Lane Collection System pursuant to the North Pflugerville Wastewater Project Participating Agreement dated November 12, 2002 (the "Participating Agreement"), and as long as the City is not in default on the said Participating Agreement or any agreement related to the Participating Agreement, the Company will charge and the City shall collect for the Company an L.U.E. Fee, as set forth below, for each connection to the Collection System; provided however, this requirement does not apply to any property that has already been connected to the Kelly Lane Collection System and for which the L.U.E. Fee has been paid, prior to the date of the First Amendment.

(i) For the first three hundred (300) connections (or L.U.E. equivalents) within the boundaries of the Land occurring after the effective date of the First Amendment, the L.U.E. Fee for a single family residence will be equal to the City's impact fee in effect at the time of the connection plus \$1,000.00. The L.U.E. Fee for a multifamily or non-residential customer shall be determined on an L.U.E. equivalent basis, i.e. the City's impact fee in effect at the time of the connection plus \$1,000.00 for each L.U.E. equivalent in accordance with the City of Pflugerville L.U.E. equivalency criteria.

(ii) After the Developer or the District has paid the City the L.U.E. Fees for a total of 300 connections (or L.U.E. Equivalents) within the boundaries of the Land, the Developer and the District

shall, from then on, pay an L.U.E. Fee that is equal to the City's impact fee in effect at the time of the connection. The L.U.E. Fee for a multifamily or non-residential customer shall be determined on an L.U.E. equivalent basis, i.e. the City's impact fee in effect at the time of the connection for each L.U.E. equivalent in accordance with the City of Pflugerville L.U.E. equivalency criteria.

(iii) The City shall then deposit all the L.U.E. Fees that it collects under this Agreement in accordance with the provisions of the Participating Agreement and the Escrow Agreement.

Subject to the provisions of the Agreement, payment of the L.U.E. Fee's to the City by Developer or the District under this provision shall be deemed to be full payment of an L.U.E. Fee to Kelly Lane.

(2) Notwithstanding the foregoing, in the event Kelly Lane should, in good faith, declare that the City has breached or defaulted on the Participating Agreement (including any amendments to the Participating Agreement) or if the City ceases to operate the Kelly Lane Collection System, then Kelly Lane shall have the unilateral right to notify the District that the amount under the Agreement for each of the L.U.E. fee is \$2,955.00 and such amount shall thereafter be paid by the District or Developer directly to Kelly Lane immediately upon receipt of such notice from Kelly Lane. The sum of \$2,955.00 as the L.U.E. fee applies to a multi-family or non-residential customer and shall be determined on an L.U.E. equivalent basis, that is, \$2,955.00 for each L.U.E. equivalent in accordance with the City of Austin L.U.E. equivalency criteria.

B. Section 2.7(d). Section 2.7(d) is amended by adding a new subsection 2.7(d)(6) as follows:

(6) Notwithstanding the foregoing Subsections 2.7(d)(3), (4), and (5), during the term of the Professional Services Agreement for Wastewater Collection System Operation and Billing Services dated effective December 1, 2002 between Kelly Lane and the City (entered pursuant to the Participating Agreement), the Monthly Rate shall not be adjusted to an amount that exceeds the Monthly Rate in effect on December 1, 2002.

C. Section 6.7.1. A new Section 6.7.1 is added to the Agreement as follows:

Section 6.7.1: Assignment by a District. In addition to the provisions concerning assignability under Section 6.7 of this Agreement, this Agreement shall be assignable, in whole or in part, by any district, operating under the authority of Article XVI, Section 59 of the Texas Constitution, to any other district containing a portion of the Land, without the prior written consent of the Company provided that the receiving district gives notice in writing to Kelly Lane and the City prior to such assignment and assigning district has paid all sums due to the City and/or Kelly Lane and that the receiving district agrees to


assume all of the obligations of developer and assigning district under this Agreement with respect to any portion of the Land included within the assignment. Upon such assignment by a district to another district, with respect to any portion of the Land included within the assignment, the receiving district shall succeed to the rights and obligations of the developer and the assigning district under this Agreement, and developer and the assigning district shall be released and relieved of all responsibilities and obligations under this Agreement as long as all sums due by the assigning district and developer are paid as of the date of the assignment.

3. Effect of Amendment. Except as specifically provided in this Amendment, the terms of the Agreement continue to govern the rights and obligations of the parties, and all terms of the Agreement, as amended by this Amendment, remain in full force and effect. If there is any conflict or inconsistency between this Amendment and the Agreement, this Amendment will control and modify the Agreement.

EXECUTED on the date or dates set forth below, to be effective on the date the last party signs.

KELLY LANE

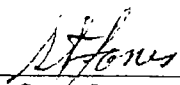
KELLY LANE UTILITY COMPANY,
a Texas corporation

By: 
Kenneth W. Durr, President

Date: 7/21/03

CITY

CITY OF PFLUGERVILLE, TEXAS,

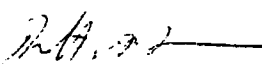
By: 
Steve Jones, City Manager

Date: 6/26/03

DEVELOPER:

ROWE LANE DEVELOPMENT, LTD.
a Texas limited partnership

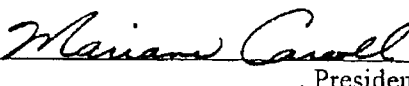
By: Tiemann Land and Cattle
Development, Inc., its general partner

By: 
Robert M. Tiemann, President

Date: 6-3-03

DISTRICT 2A

LAKESIDE WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 2A.

By: 
Marianne Carroll, President

Date: 9-3-03

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**AGREEMENT CONCERNING ASSIGNMENT OF AGREEMENT
FOR PROVIDING WHOLESALE WASTEWATER SERVICE**

This Agreement concerning wholesale wastewater service is made and entered into by and between Lakeside Water Control and Improvement District No. 2 (the "District"), a conservation district operating under the authority of Article 16, § 59, of the Texas Constitution, Tiemann Land & Cattle Development, Inc. ("Tiemann"), a Texas corporation, and Kelly Lane Utility Company, Inc. ("Kelly Lane"), a Texas corporation.

RECITALS

1. On October 10, 1996, Tiemann and Kelly Lane entered into that certain Agreement for Providing Wholesale Wastewater Service (the "Kelly Lane Agreement"), concerning the provision of wholesale wastewater service to a tract of land in Travis and Williamson Counties containing approximately 1,113 acres (the "Land").

2. Section 6.7 of the Kelly Lane Agreement provides that Tiemann may assign the Kelly Lane Agreement to any district operating under the authority of Article 16, § 59, of the Texas Constitution, after such district has executed a separate agreement with Kelly Lane, whereby the district agrees to assume all the obligations of Tiemann under the Kelly Lane Agreement and Tiemann has paid all sums due to Kelly Lane.

3. Tiemann wishes to assign the Kelly Lane Agreement to the District in order to facilitate orderly development of the Land.

4. The District wishes to accept the assignment of the Kelly Lane Agreement.

5. Kelly Lane wishes to provide wholesale wastewater service to the District.

6. The District operates under the authority of Article 16, Section 59 of the Texas Constitution.

NOW, THEREFORE, for good and valuable consideration including the mutual promises contained herein, the receipt and sufficiency of which are hereby acknowledged, the District and Kelly Lane agree as follows:

1. The District expressly assumes and agrees to keep, perform, and fulfill all of the terms, conditions, and obligations of Tiemann under the Kelly Lane Agreement.

2. Kelly Lane acknowledges and agrees that upon payment of all sums due by Tiemann under the Kelly Lane Agreement, and the assignment by Tiemann to the District of Tiemann's rights and obligations under the Kelly Lane Agreement, the District shall obtain the rights and obligations of Tiemann under the Kelly Lane Agreement and Tiemann shall be relieved of all responsibilities and obligations under the Kelly Lane Agreement.

3. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document and all counterparts will constitute one and the same agreement.

4. Tiemann represents that it is not in default under the Kelly Lane Agreement and will submit a copy of the executed assignment of the Kelly Lane Agreement to Kelly Lane upon execution by Tiemann and the District.

Lakeside Water Control and Improvement
District No. 2

By: _____
Marianne Carroll, President

Kelly Lane Utility Company, Inc.

By: _____
Kenneth W. Durr, President

Tiemann Land & Cattle Development, Inc.,
a Texas corporation

By: _____
Robert M. Tiemann, President

3. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document and all counterparts will constitute one and the same agreement.

4. Tiemann represents that it is not in default under the Kelly Lane Agreement and will submit a copy of the executed assignment of the Kelly Lane Agreement to Kelly Lane upon execution by Tiemann and the District.

Lakeside Water Control and Improvement
District No. 2

By: _____

Marianne Carroll
Marianne Carroll, President

Kelly Lane Utility Company, Inc.

By: _____

Kenneth W. Durr, President

Tiemann Land & Cattle Development, Inc.,
a Texas corporation

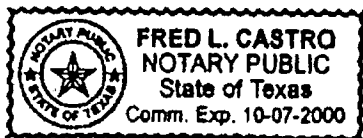
By: _____

Robert M. Tiemann
Robert M. Tiemann, President

ACKNOWLEDGEMENTS

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 26th day of July, 1999,
by Marianne Carroll, President of Lakeside Water Control and Improvement District No. 2, on
behalf of said district.



Fred L. Castro
Notary Public Signature

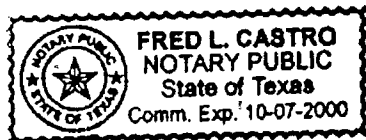
THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this _____ day of _____, 1999,
by Kenneth W. Durr, President of Kelly Lane Utility Company, Inc., a Texas corporation, on
behalf of said corporation.

Notary Public Signature

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 27th day of July, 1999,
by Robert M. Tiemann, President of Tiemann Land & Cattle Development, Inc., a Texas
corporation, on behalf of said corporation.



Fred L. Castro
Notary Public Signature

ACKNOWLEDGEMENTS

THE STATE OF TEXAS

§

COUNTY OF TRAVIS

§

§

This instrument was acknowledged before me on this _____ day of _____, 1999,
by Marianne Carroll, President of Lakeside Water Control and Improvement District No. 2, on
behalf of said district.

Notary Public Signature

THE STATE OF TEXAS

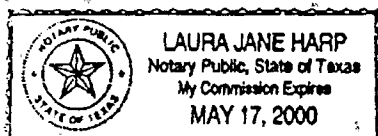
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COUNTY OF TRAVIS

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This instrument was acknowledged before me on this 28th day of July, 1999,
by Kenneth W. Durr, President of Kelly Lane Utility Company, Inc., a Texas corporation, on
behalf of said corporation.



Laura Jane Harp
Notary Public Signature

THE STATE OF TEXAS

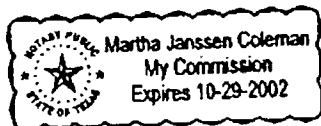
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COUNTY OF TRAVIS

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This instrument was acknowledged before me on this 18th day of AUGUST, 1999,
by Robert M. Tiemann, President of Tiemann Land & Cattle Development, Inc., a Texas
corporation, on behalf of said corporation.



Martha Janssen Coleman
Notary Public Signature

Original

AGREEMENT FOR PROVIDING
WHOLESALE WASTEWATER SERVICE

THE STATE OF TEXAS

§

COUNTY OF TRAVIS

§

This Agreement for Providing Wholesale Wastewater Service (the "Agreement") is made and entered into as of the date set forth below, by and between:

(1) Tiemann Land & Cattle Development, Inc., a Corporation organized under the laws of the State of Texas ("Tiemann"); and

(2) Kelly Lane Utility Company, Inc., a sewer utility company organized under the laws of the state of Texas (the "Company").

THIS AGREEMENT REPLACES AND SUPERSEDES THAT CERTAIN "CONTRACT FOR WASTEWATER SERVICE AND RESERVATION AGREEMENT" BETWEEN THE MEADOWS OF BLACKHAWK JOINT VENTURE AND THE COMPANY DATED JANUARY 18, 1996 WITH RESPECT TO WASTEWATER SERVICE FOR PHASE TWO OF THE MEADOWS OF BLACKHAWK AND ALL FUTURE PHASES OF THE MEADOWS OF BLACKHAWK. THE JANUARY 18, 1996 CONTRACT FOR WASTEWATER SERVICE AND RESERVATION AGREEMENT SHALL REMAIN IN EFFECT FOR PHASE ONE OF THE MEADOWS OF BLACKHAWK.

WITNESSETH:

RECITALS

WHEREAS, Tiemann owns or controls the land described in the attached Exhibit "A" (the "Land") and desires to subdivide the Land for purposes of residential and commercial development; and

WHEREAS, a portion of the Land is included within the service area sought in an application to amend Certificate of Convenience and Necessity No. 20720 for sewer service that has been filed by the Company with the Texas Natural Resource Conservation Commission; and

WHEREAS, Tiemann will operate a sewer collection system and provide retail service to the users within the Land; and

WHEREAS, the Company is operating wastewater treatment and disposal facilities in the vicinity of the Land and desires to continue to provide retail sewer service to users within the Land in the future subject to the provisions of Section 2.9 (b), (c), (d), and (e) of this Agreement; and

WHEREAS, to make the investment required to provide wastewater treatment and disposal services as provided in this Agreement, the Company requires assurances that its investment will be protected; and

WHEREAS, the Company and Tiemann believe it is in keeping with State policy and in the best interest of residents living on the Land that wastewater treatment and disposal services to the Land be provided on an area wide basis through a single provider, rather than through a number of smaller wastewater treatment and disposal

facilities that might be constructed by multiple providers if there were no area wide system, and

WHEREAS, the Company expressly acknowledges and understands that Tiemann will seek to create a water control and improvement district operating under the authority of Article XVI, Section 59 of the Texas Constitution to provide water and sewer services to the Land; and

WHEREAS, the Company expressly acknowledges and agrees that Tiemann may, after notice but without the Company's consent, pursuant to Section 6.7 herein, assign its rights under this Agreement to any district created to provide water and sewer services to the Land; and

WHEREAS, the Company expressly acknowledges and agrees upon Tiemann's assignment of rights under this Agreement to any district created to provide water and sewer services to the Land, Tiemann shall be relieved of any obligations under this Agreement, subject to the provisions of Section 6.7 herein.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations and benefits in this Agreement and in keeping with the foregoing Recitals, all of which are incorporated herein by reference, Tiemann and the Company contract and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1: Definitions. Unless the context requires otherwise, and in addition to the terms defined above, the following terms and phrases used in this Agreement shall have the meanings set out below:

- (1) "Collection System" means the integrated Waste collection system constructed and acquired or hereafter constructed and acquired within the Land, consisting of all interconnected sanitary sewers, manholes, pumping works, intercepting sewers, equipment and all other works and appurtenances related thereto, including Tiemann Inflow Lines, together with all extensions, substitutions, replacements and additions thereto, for the purpose, directly or indirectly, of collecting Waste generated in the Service Area and transporting it to a Delivery Point or Points.
- (2) "Company" means Kelly Lane Utility Company and any successors, representatives and assigns who may succeed at any time to the rights and obligations of the Company under the terms of this Agreement.
- (3) "Company Inflow Line" means a sewage line constructed by the Company to transport Wastewater collected in the Collection System from a Delivery Point to a Plant.
- (4) "Delivery Point" means a point located within or contiguous to the boundaries of the Land as designated by the engineer for the Company

to which a Tiemann Inflow Line shall be constructed for delivery of Waste from the Collection System into a Company Inflow Line.

- (5) "District" means a water control and improvement district or other districts created under Article XVI, Section 59 of the Texas Constitution to provide water and sewer services to the Land.
- (6) "Tiemann Inflow Line" means a sewage line constructed by Tiemann to deliver Wastewater collected by Tiemann in the Collection System to a Delivery Point.
- (7) "Industrial Waste" means water-borne liquid, gaseous or solid substances that result from any process of industry, manufacturing, trade or business and includes the term "commercial wastes".
- (8) "Infiltration Water" means water that leaks into the Collection System.
- (9) "L.U.E." means living unit equivalent and is a measure of the estimated average daily volume of Wastewater generated by a single family residence; for purposes of this Agreement, an L.U.E. represents 350 gallons average per day of wastewater flow on a monthly average basis.
- (10) "Person" means any individual, public or private corporation, district, authority, political subdivision or other agency or entity of the State of Texas or the United States of America; any incorporated city or village, whether general law or home-rule; any partnership, joint venture, association, trust, firm, individual, or other entity whatsoever.

- (11) "Plant" means a wastewater treatment plant owned or operated by the Company or an affiliate of the Company, any licensed Wastewater treatment plant the owner of which has entered into an agreement with the Company to receive Waste from the Service Area and all treatment works related to any such plant.
- (12) "Regulatory Requirements" means the requirements and provisions of any and all federal, state or local laws, rules, regulations, permits or other orders adopted from time to time concerning matters contained in this Agreement.
- (13) "Retail Service" means the provision of retail Wastewater collection and transportation service by the Company or Tiemann to any person for real property the person owns or occupies within the Service Area, including the transportation of the Wastewater to the Delivery Points.
- (14) "Service" means Retail Service and Wholesale Service.
- (15) "Service Area" means all of the area within the boundaries of the Land, and also means and includes areas outside the boundaries of the Land that the parties hereto may mutually agree to provide Service to under this Agreement.
- (16) "Wholesale Service" means the treatment and disposal by the Plant of all Waste transported in the Collection System that is generated in or arising out of activities and processes within the Service Area.

(17) "Waste" or "Wastewater" means sewage and industrial, municipal, agricultural, recreational and other waste (as those terms are defined in §26.001 of the Texas Water Code) collected by the Collection System, together with such infiltration water as may be present and permitted.

Other Terms. Other terms used herein shall be given their normal meanings unless defined in Chapter 26 of the Texas Water Code or in the Rules of the Texas Natural Resource Conservation Commission, in which event the definitions used in said Code and Rules shall apply.

Section 1.2: Convenience and Context. The titles and headings of the articles and sections of this Agreement have been inserted for convenience of reference only; are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof; and shall never be considered or given any effect in construing this agreement or any provision hereof or in ascertaining intent, if any question of intent should arise. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

Section 1.3: Interpretations. This Agreement and all the terms and provisions herein shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Agreement. The parties agree that this Agreement shall not be construed in favor of or against either party on the basis that the party did or did not author the Agreement. Nothing in this Agreement shall be construed to violate nor

shall either party hereto be required by the terms and provisions of this Agreement to violate any Regulatory Requirements, and all acts done pursuant to this Agreement shall be performed in such a manner as to conform thereto.

ARTICLE II

SERVICE AND OPERATION OBLIGATIONS

Section 2.1: Service. Subject to the provisions of Section 2.9 of this Agreement, Tiemann and the Company agree that: (a) Tiemann will provide Retail Service in the Service Area; (b) the Company will provide Wholesale Service to Tiemann for all Wastewater that is collected in the Service Area by means of the Collection System and transported thereby to the Delivery Points; and (c) Tiemann will provide Retail Service to and authorize connections to be made to the Collection System by any person requesting service for real property the person owns or occupies within the boundaries of the Land and, with the mutual agreement of the parties hereto, to any person requesting Retail Service for real property the person owns or occupies outside the Land. Except as otherwise provided herein, Tiemann shall obtain Wholesale Service exclusively from the Company and the Company shall provide Wholesale Service for Tiemann's customers in the Service Area.

Section 2.2: Private Sewage Facilities Prohibited. Tiemann agrees that, to the extent authorized by law, unless the Company consents in writing thereto, Tiemann will not allow the use of private sewage facilities, as defined in 31 T.A.C. §313.3 (such as septic tanks), on any developed lots in the Service Area and will also use its best efforts to prohibit the use or provision of Service on or to any such lots by any

person other than the Company; provided, however, Tiemann may allow the use of private sewage facilities on lots having an area of two acres or more that are located on the easternmost 300 acres of the Land. Also, the prohibition against private sewage facilities shall not apply to septic tank systems in use as of the effective date of this Agreement.

Section 2.3: Planning for Growth. To assure orderly and progressive development of the land in the Service Area and the efficient and economical operation and management of the Collection System and the Plant, the parties agree to cooperate and coordinate their efforts in identifying, planning and constructing additions to the Collection System and the Plant that may be required from time to time to meet the then existing and reasonably projected needs and demands for Service in the Service Area. In furtherance of this objective, the parties agree to engage in a free and open exchange of information and communication on their respective wastewater operations and requirements so that the need for planning and construction of additions to their respective facilities can be identified far enough in advance for the parties to obtain additional governmental authorizations, make financing arrangements and take such other actions as may be reasonably necessary or appropriate to have the additions available and operational in a timely manner. The parties agree to pursue all such actions expeditiously to accomplish the necessary additions in a timely manner.

Section 2.4: Delivery and Transfer of Waste.

- A. General. Tiemann will cause the Waste collected in the Collection System to be transported in the Collection System to the Delivery Point or Points for each such line. The Company agrees to construct the necessary Company Inflow Line or Lines to connect to the Tiemann Inflow Line or Lines at the Delivery Point or Points and to receive the Waste delivered thereto by Tiemann, transport the Waste to a Plant or Plants and dispose of the Waste received from Tiemann.
- B. Oversizing. The Company may request that a Tiemann Inflow Line be oversized to serve other areas. The Company shall pay or provide for payment of such oversizing. The amount of the payment for such oversizing shall be determined by agreement of the engineers for Tiemann and the Company based upon the pro rata shares of the flow capacity in the Tiemann Inflow Line. Upon such agreement, such payment shall be made by the Company to Tiemann prior to the award of a construction contract for such oversized line. However, title to the entire Tiemann Inflow Line shall nevertheless be and remain in Tiemann as long as such line is part of the Collection System. Neither Tiemann nor the Company may discharge waste into an oversized Tiemann Inflow Line at rates that exceed the party's pro rata share of capacity in the Line. Tiemann shall not be responsible for the quality of Waste that enters a Tiemann Inflow Line from areas outside the Land.

- C. Exception. Notwithstanding the foregoing, the Company agrees that one Delivery Point shall be located at the eastern end of Butler Drive. Tiemann shall have the right, at Tiemann's expense, to tap into the Company's existing Wastewater Collection Line at the eastern end of Butler Drive and shall be entitled to deliver not more than 75 LUEs of Wastewater to the Plant through this Delivery Point. This Delivery Point shall only be used for Wastewater from the 75 lots proposed for "Lakeside Phase One" as shown in Exhibit "B."

Section 2.5: Capital Costs. The Company will pay all capital costs for the construction and acquisition of the Plant, the Company Inflow Lines and the oversizing cost of any Tiemann Inflow Lines, as provided in Section 2.4. Except as provided in Section 2.4, Tiemann will be responsible for payment of the capital costs of the Tiemann Inflow Lines and the capital costs incident or relating to the acquisition, construction, extension and enlargement of the Collection System.

Section 2.6: Operation and Maintenance Expenses. The Company shall be responsible for and shall pay all operation and maintenance expenses for the Plant and the Company Inflow Lines. Tiemann shall pay and shall be responsible for all operation and maintenance expenses of the Collection System and the Tiemann Inflow Lines. The cost of operation, maintenance, and repair of any oversized Tiemann Inflow Line shall be shared by Tiemann and the Company based on their respective pro rata shares of capacity in the line.

Section 2.7: Rates, Fees and Billings.

(a) Individual users to whom Retail Service is provided pursuant to this Agreement are individual retail customers of Tiemann. Tiemann will establish rates and charges for Retail Service to its customers. Tiemann is a wholesale customer of the Company for Wholesale Service. The Company will charge and Tiemann will pay the Company a monthly rate for Wholesale Service as provided in Section 2.6(d) below. Tiemann is responsible for reading meters and billing and collecting the rates and charges from the users of the Service.

(b) The Company will charge and Tiemann shall collect for the Company an L.U.E. Fee for each connection to the Collection System. The L.U.E. Fee is intended to allow the Company to fund or recover all or a part of the costs for capital improvements or facility expansions intended to serve new development in the Company's service area. The L.U.E. Fee for a single-family residence is \$1,500.00, which may be changed from time to time by mutual agreement of the parties. The L.U.E. Fee for a multifamily or non-residential customer shall be determined on a L.U.E. equivalent basis, i.e., \$1,500.00 for each L.U.E. equivalent in accordance with City of Austin L.U.E. equivalency criteria.

(c) The Company shall have no obligation to provide Wholesale Service for any connection to the Collection System until the Company is paid the L.U.E. Fee for the connection. The Company agrees that for the 75 lots proposed for "Lakeside Phase One," as shown in Exhibit "B", Tiemann may pay the L.U.E. Fee on a per lot basis at the time Service is required for a lot. For the remainder of the Land, Tiemann

will pay the L.U.E. Fees for all lots in a platted section of a subdivision at the time the final plat of the section is approved by the Commissioner's Court of Travis or Williamson County as applicable.

(d) Monthly Charges

- (1) Tiemann agrees to pay the Company a rate for Wholesale Service to the Land each month (the "Monthly Rate") established in the manner and in accordance with the procedure hereafter provided in this subsection (d). The Monthly Rate shall be based on the number of active connections to the Collection System.
- (2) The Monthly Rate for the calendar years 1997, 1998, and 1999 and thereafter until changed as hereafter provided is \$35.00 per month for each single-family residence, each living unit in a multi-family residential structure, and each L.U.E. of service attributable to a commercial or industrial customer.
- (3) Beginning with calendar year 2000, the Monthly Rate is subject to adjustment, at the option of either party, in the manner set forth in this subsection (d), based on the operation and maintenance costs incurred by the Company in providing Wholesale Service to Tiemann for the calendar year preceding the calendar year in which a party requests an adjustment in the Monthly Rate.
- (4) After 2000, the Monthly Rate is subject to adjustment no earlier than the second calendar year following the calendar year in

which the Monthly Rate was last established or adjusted.

- (5) The party seeking a review and adjustment of the Monthly Rate must so notify the other party in writing between January 1 and March 31 of the calendar year for which the adjustment is sought. The adjustment shall be worked out through consultations and negotiations between Tiemann and the Company. If the parties are unable to reach agreement, in whole or in part, regarding adjustments to the Monthly Rate through consultations and negotiations, then the adjustments which are in dispute shall be resolved through rate setting proceedings in arbitration.

Section 2.8: New Taps. Tiemann shall be responsible for making all taps to the Collection System but may contract with the Company or any other entity to perform this service. Tiemann agrees that it will not authorize a tap to be made or accept Wastewater from a new tap to the Collection System unless and until both parties have received all L.U.E. fees, connection fees, charges and other costs to which they are entitled under their respective rate orders or under this Agreement.

Section 2.9: Certificates and Permits.

(a) The Company agrees to submit from time to time and in a timely manner, as and if necessary, all appropriate applications to the Texas Natural Resource Conservation Commission under Chapters 13 and 26 and other applicable provisions of the Texas Water Code and under the Commission's rules, and to prosecute the same with due diligence and in good faith to a conclusion as required to become and remain authorized to provide Wholesale Service throughout the Service Area. Tiemann

agrees to approve and actively support the applications provided they are consistent with the terms and provisions of this Agreement. The Company and Tiemann also agree to acquire and maintain in force and effect throughout the term of this Agreement all other certifications, permits or authorizations required for its operations hereunder, and to comply with all Regulatory Requirements. The parties mutually agree to actively support each other in any undertakings in connection with any certifications, permits or authorizations, including without limitation waste discharge permit renewals and amendments, required of either of them in the exercise of their respective rights, duties and obligations under this Agreement, provided such undertakings and the purposes and objectives thereof are consistent with the terms, provisions and purposes of this Agreement. However, the support required herein shall not obligate the supporting party to become a designated party to any such application or proceeding, to pay any of the costs and expenses incurred by the party that initiates or is the subject of the application or proceeding, or to develop and present evidence or testimony in or for the application or proceeding other than evidence or testimony expressing the supporting party's support for the other party.

(b) Pending Application. The parties recognize that the Company has filed an application ("Application") with the TNRCC under SOAH Docket No. 582-96-0912 to amend its Certificate of Convenience and Necessity No. 20720 ("CCN") to include, among other land, a substantial portion of the Land within its CCN. The parties further recognize that the Application has been protested. Tiemann agrees to file a

Petition in Intervention in such proceeding before the TNRCC and take all steps as are reasonable to support the Application.

(c) Granting of Application. If the TNRCC grants the Application, the Company agrees to provide Retail Service to Tiemann and any District that may be created to serve that portion of the Land which is certificated under the amended CCN until such time:

(1) As to Tiemann, that Tiemann desires to provide Retail Service to the Land or any portion thereof; or

(2) As to any such District, the District notifies the Company that it intends to provide Retail Service to the Land or any portion thereof.

(d) If and when the Company receives a request in writing under Section 2.9(c)(1) above, then the Company agrees to take such steps as may be reasonable and necessary to transfer to Tiemann that portion of its CCN No. 20720 covering all or a portion of the Land. In such event, upon execution of the assignment document and approval of the TNRCC, then the provisions of this Agreement shall apply, and the Company will provide wholesale service to all or that portion of the Land described in the CCN transferred to Tiemann.

(e) If, and when, any District is formed under Section XVI, Section 59 of the Texas Constitution, which District includes all or a portion of the Land and the District signs an agreement with the Company pursuant to Section 6.7 herein whereby the District assumes all of the obligations of Tiemann under this Contract for Wholesale Service, then, at the request of such District, made at any time after such events have

occurred, the Company shall file an application with the Texas Natural Resource Conservation Commission seeking an amendment of its CCN Number 20720 to decertify the certificated area in which all or a portion of the Land is located and to transfer the authority to provide Retail Service to all or a portion of the Land to the District. The cost of preparing and prosecuting the application to decertify and transfer the certificated service area will be paid by such District.

ARTICLE III

QUANTITY, MEASUREMENT OF WASTE; TITLE

Section 3.1: Quantity of Waste Discharged. During the term of this Agreement, Tiemann shall transport and discharge from the Tiemann Inflow Lines into the Company Inflow Lines at the Point of Delivery all Waste collected in the Service Area by the Collection System, subject to the terms of this Agreement. The Company shall receive at the Point of Delivery all Waste meeting the requirements of Articles III and IV hereof; provided, however, such Waste shall not be discharged at a rate or rates of flow in excess of the actual hydraulic capacity of the Company Inflow Lines receiving the Waste or at a quality in violation of the terms of this Agreement.

Section 3.2: Title. Title to all Waste deliverable under this Agreement to the Company shall remain in Tiemann until it reaches the Delivery Point, and upon passing through the Delivery Point, title thereto shall pass to the Company. It is specifically agreed that Tiemann shall have exclusive control and possession of and be solely responsible for all Waste collected by the Collection System until the same passes

through the Delivery Point; thereafter, the Company shall have exclusive control and possession thereof and be solely responsible therefor.

Section 3.3: Conservation Measures. Tiemann will require all of its users to install water conservation devices in accordance with a water conservation policy mutually agreed upon by Tiemann and the Company, which policy may be revised from time to time by mutual agreement of the parties; provided, however, such policy shall be reasonably consistent with the state's water conservation policy and requirements.

Section 3.4: Irrigation. In the interest of water conservation and protection of water quality, the parties agree to develop a mutually agreeable plan for the reuse of Wastewater treated by the Company, for irrigation of the Land, as and where appropriate, and to the extent economically feasible. Any plan developed and the implementation thereof shall be in compliance with applicable standards and requirements of governmental authorities having jurisdiction.

ARTICLE IV

REGULATION OF QUALITY OF WATER DELIVERED AND

WASTES RECEIVED

Section 4.1: Quality of Waste Delivered. The Waste to be delivered by Tiemann to the Company shall be comparable in quality to municipal waste.

Section 4.2: Regulation of Quality of Waste. In order to permit the Company to properly treat and dispose of the Waste collected by the Collection System in compliance with all regulatory requirements; to protect the public health, preserve and

protect the physical, chemical and bacteriological quality of public water and watercourses, and protect the properties and components of any Plant used by the Company for treatment of Waste from the Collection System, Tiemann and the Company agree that the quality and strength of Waste collected by the Collection System must be regulated. Tiemann agrees to regulate such quality and strength of the Waste to be discharged into the Collection System as provided in this Agreement. The parties further agree that the obligation of the company to receive Waste into a Plant from the Collection System shall depend upon compliance by Tiemann with the terms of this Agreement.

Section 4.3: Admissible Waste. Waste discharged into the Collection System shall consist only of Waste which is amenable to biological treatment at the Plant used by the Company for treatment of Waste from the Collection System, and consistent with the standards specified in Sections 4.1 and 4.4 herein and the reasonable policies of the Company.

Section 4.4: Non-Municipal Waste. Tiemann agrees to pass and strictly enforce pre-treatment restrictions which will apply to all industrial, recreational, agricultural, and other waste (as these terms are defined in § 26.001, Texas Water Code, collectively called herein "non-municipal waste") entering the Collection System. Tiemann will not permit or allow any non-municipal waste to enter into the Collection System that is in violation of the pre-treatment restrictions. To the greatest extent possible, the restrictions will be patterned after the pretreatment ordinance in effect as of the date hereof in the City of Austin, Texas.

Section 4.5: Testing of Waste. The Company shall be entitled to collect samples of the Waste at each Delivery Point hereunder and cause the same to be analyzed by a laboratory in accordance with the appropriate methods to determine if such Waste is within the qualities specified in Sections 4.1 and 4.4 above. If the analysis discloses that the Waste does not comply with the qualities specified, the Company will immediately notify Tiemann and Tiemann shall require the offending originator either to cease discharging such Waste into the Collection System or to pre-treat such Waste.

Section 4.6: Damages. If at least once during each week for four (4) consecutive weeks, the samples taken pursuant to Section 4.5 herein indicate that the Waste is not of the quality required by this Agreement, the Company shall notify Tiemann and shall have the right to bill Tiemann for all costs of laboratory testing and analysis. Provided, however, that if the Waste is not of the quality required by this Agreement at least once during each week for any eight (8) consecutive weeks, then the Company shall have the right to charge Tiemann not only the costs of the laboratory testing and analysis for each sample that indicates a violation of this Agreement, but also the Company's reasonable costs in collecting such sample and any additional costs and expenses incurred by the Company attributable to such violation, including reasonable engineering fees, and penalties and assessments levied by governmental authorities having jurisdiction.

Section 4.7: Independent Contractors. The Company and Tiemann are independent contractors in fulfilling their respective obligations under this Agreement,

and nothing herein shall be interpreted as changing or modifying the relationship of the parties. Any such change or modification must be in writing and signed by both parties.

Section 4.8: Regulatory Action.

(a) The parties recognize that the obligations of the Company and Tiemann as provided in this Agreement are subject to all present and future Regulatory Requirements, and the parties agree to cooperate in making any applications, obtaining permits and approvals as necessary and doing such other things and taking such other actions as may be desirable in order to comply with all Regulatory Requirements and accomplish the purposes of this Agreement.

(b) The parties recognize that this Agreement is subject to the provisions of the Texas Water Code and the authority of the Texas Natural Resource Conservation Commission ("TNRCC").

ARTICLE V

COLLECTION SYSTEM

Section 5.1: Acquisition, Construction and Maintenance of Collection System. Tiemann will, at its sole cost and expense, design, acquire, construct, maintain, and operate the Collection System appropriate for collecting waste in accordance with sound engineering principles, all regulatory requirements and the pre-treatment ordinance. The Collection System shall include all manholes, lift stations and other pertinent facilities adequate to take and gather waste within the Service Area and deliver the same to the Delivery Point or Points. Tiemann will operate and

maintain the Collection System in good condition and shall promptly repair any leaks or breaks therein and shall undertake such action as may be required to control infiltration water to the extent that such infiltration water can reasonably be limited. If a break or leak occurs which allows abnormal infiltration water into the Collection System, and such break or leak is not repaired within thirty (30) days after notice by the Company to Tiemann, the Company may, at its option, repair the same and charge Tiemann the actual cost of repairing the same. Such sum shall be due and payable within thirty (30) days following receipt of a statement therefor by Tiemann.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1: Term. Unless terminated by mutual agreement of the parties hereto or unless Tiemann is required to include the Land in a regional system pursuant to Subchapter G of Chapter 26 of the Texas Water Code, this Agreement shall continue in full force and effect for a period of forty (40) years from date hereof.

Section 6.2: Force Majeure. In the event either party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused, to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the party whose contractual obligations are affected shall give notice and full particulars of such force

majeure to the other party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure", as used herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the police or enemy, orders of any kind of government of the United States, the State of Texas, the City of Pflugerville or any other entity other than a party to this contract, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, and any other inability of either party, similar to those enumerated, which are not within the control of the party claiming such inability and which such party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty.

Section 6.3: Remedies upon Default. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) and exclusive remedy for any default, but all remedies existing at law or in equity, including specific performance and mandamus, may be availed of by either party and shall be cumulative; provided, however, that except as otherwise specifically provided in this Agreement the manner

of proceeding to settle any controversy, claim or dispute arising out of or relating to this Agreement, or any breach thereof, shall be by arbitration as provided in section 6.11 of this Agreement.

Section 6.4: No Additional Waiver Implied. No waiver or waivers of any breach or default (or any breaches or defaults) by either party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind under any circumstances.

Section 6.5 Addresses and Notice. Unless otherwise provided in this Agreement, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "notice") herein provided or permitted to be given, made, or accepted by either party to the other must be in writing and may be given or be served by depositing the same in the United States mail, postpaid, registered, or certified, and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by facsimile transmission or prepaid telegram, when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated in this Agreement, on the second mail delivery day after the day it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as shown on the signature page of this Agreement. The parties shall have the right

from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other party.

Section 6.6: Modification. This Agreement shall be subject to change or modification only by the execution of a writing signed by authorized representatives of each of the parties hereto.

Section 6.7: Assignability; Notice and Consent to Assignment. This Agreement shall be assignable by Tiemann to any District operating under the authority of Article XVI, Section 59 of the Texas Constitution without the prior written consent of the Company, but only after such District has executed a separate agreement with the Company whereby that District agrees to assume all of the obligations of Tiemann under this Agreement and Tiemann has paid all sums, if any, due to the Company. In such agreement, or in any other document, the Company will execute a release whereby Tiemann is relieved of its obligations under this Agreement. Upon the execution of such a document by the District with the Company, payment of all sums, if any, due by Tiemann, and the assignment by Tiemann to a District operating under the authority of Article VI, Section 59 of the Texas Constitution, the District shall succeed the rights of Tiemann under this Agreement and Tiemann shall be relieved of all responsibilities and obligations under this Agreement.

Any other assignment of this Agreement by Tiemann shall be subject to the prior written consent of the Company which consent shall not be unreasonably withheld. This Agreement may not be assigned by the Company to a private entity

without prior notice to Tiemann. This Agreement is binding on the parties hereto and their respective successors, representatives and assigns, to the extent and subject to the limitations stated herein.

Section 6.8: Notice of Proceedings Pertaining to Agreement. The Company shall notify Tiemann of all applications, hearings, enforcement actions and other proceedings to which the Company is a party, affecting or pertaining to this Agreement or the subject matter hereof, at or before the Texas Natural Resource Conservation Commission or any other agency having jurisdiction as soon as practical after any such application, activity or proceeding is initiated or commenced.

Section 6.9: Parties of Interest. This Agreement shall be for the sole and exclusive benefit of Tiemann and the Company and their successors and assigns.

Section 6.10: Severability. The provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section or other part of this Agreement or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Agreement to other persons or circumstances shall not be affected thereby.

Section 6.11: Arbitration. Except as otherwise expressly provided in this Agreement, any controversy, dispute or claim arising out of or relating to this Agreement, or any breach thereof, shall be settled by arbitration in accordance with the Commercial Rules of Arbitration of the American Arbitration Association; provided,

however, that the arbitrator(s) to whom any controversy, which is subject to arbitration under the terms of this Agreement, is submitted in accordance with the provisions hereof, shall (1) reside in Travis County, Texas; (2) if three arbitrators, include at least one accountant; and (3) be familiar with water and sewer utilities. The arbitrator(s) have jurisdiction and authority to interpret and apply the applicable provisions of this Agreement in accordance with the laws of the State of Texas. Such application or interpretation of the provisions of the Agreement must be in accordance with the spirit and letter of this Agreement. No arbitrator shall have the jurisdiction or authority to add to, take from, nullify, or modify any of the terms of this Agreement, directly or indirectly, under the guise of interpretation. The arbitrator(s) shall be bound by the facts and evidence submitted in the hearing and may not go beyond the terms of this Agreements in rendering the award. It is further understood and agreed that the power of the arbitrator(s) shall be strictly limited to determining the meaning and interpretation of the explicit terms of this Agreement as herein expressly set forth and that no arbitrator shall have the power to base any award on any alleged practices or oral understandings not incorporated herein. Any award rendered in arbitration proceedings under this Agreement shall be subject to judicial review at the instance of either party for the purpose of determining whether the arbitrator(s) exceeded the power as herein limited, and neither party shall be deemed to have waived its right to such review by proceeding to arbitration. Within the power as herein limited, the arbitrator(s) may enter an award based upon any remedy available to the parties as provided in Section 6.3 of this Agreement. Judgment upon

the award may be entered in any court having jurisdiction thereof. Any such arbitration proceeding shall be held at such place in Travis County as may be designated by the parties, and any expenses incurred by any party in connection with any such arbitration proceeding shall constitute an operation and maintenance expense of that party. Each party represents that this Agreement was concluded upon the advice of counsel. The provisions of this section are subject to and shall not be considered as attempting to exclude the jurisdiction of the Texas Natural Resource Conservation Commission or any other governmental authority having jurisdiction to arbitrate or settle disputes, hold hearings or enter orders relating to the subject matter of this Agreement.

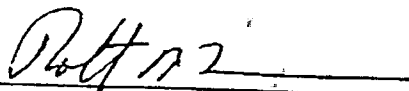
Section 6.12: Merger. This Agreement, together with the exhibits attached hereto and made a part hereof for all purposes, constitutes the entire agreement between the parties relative to the subject matter hereof.

Section 6.13: Binding. This Agreement shall be binding on and inure to the benefit of the respective parties, their successors and assigns.

Section 6.14: Attorneys' Fees. In any legal proceeding concerning this Agreement, including litigation, arbitration or other alternative dispute resolution process, the decision maker may, but is not required to, award reasonable attorneys' fees and costs to the prevailing party as determined by the decision maker.

EXECUTED in multiple originals as of the 10th day of OCTOBER,
1996.

TIEMANN LAND & CATTLE
DEVELOPMENT, INC.

By: 
Robert M. Tiemann, President

Address: P.O. Box 1190
Pflugerville, Texas 78691

KELLY LANE UTILITY COMPANY

By: 
Kenneth W. Durr, President

Address: 205 E. 43rd Street
Austin, Texas 78751

CONSENT AND JOINDER OF
MEADOWS OF BLACKHAWK JOINT VENTURE

The Meadows of Blackhawk Joint Venture hereby consents to this Agreement for Providing Wholesale Wastewater Service replacing the Contract for Wastewater Service and Reservation Agreement with respect to wastewater services for The Meadows of Blackhawk, Phase Two. The Meadows of Blackhawk Joint Venture hereby joins in this Agreement for Providing Wholesale Wastewater Service with respect to wastewater service for the Meadows of Blackhawk, Phase Two and all future phases of The Meadows of Blackhawk.

Dated: _____

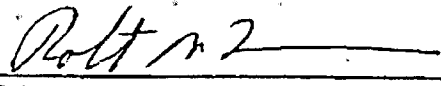
MEADOWS OF BLACKHAWK JOINT VENTURE
225 Kelly Lane
Pflugerville, Texas 78660

By: OHIO BLACKHAWK OF TEXAS, INC., AN OHIO
CORPORATION
JOINT VENTURER

By: _____
Printed Name: _____
Its President

By: ROWE LANE DEVELOPMENT, LTD.
JOINT VENTURER

By: Tiemann Land and Cattle Development, Inc.,
Its sole General Partner

By: 
Printed Name: Robert M. Tiemann
Its President

FIELD NOTES FOR 1113.57 ACRES

BEING A TRACT OF LAND SITUATED IN TRAVIS COUNTY AND IN WILLIAMSON COUNTY, TEXAS, AND BEING A PART OF THE V. W. SWEARENGEN SURVEY NO. 32, THE GEORGE GRINE SURVEY NO. 33, THE A. BAILEY SURVEY NO. 34 AND THE J. C. LEE SURVEY NO. 35 AND BEING A PART OF TRACT ONE AS DESCRIBED IN A WARRANTY DEED FROM GEORGE P. PREWITT, JR., INDIVIDUALLY, AND SHIRLEY J. PREWITT, ON BEHALF OF LOKI, LTD TO ROBERT M. TIEMANN RECORDED IN VOLUME 12212, PAGE 1510 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, AND BEING ALL OF THAT CERTAIN 5.273 ACRE PARCEL LESS AND EXCEPTED FROM THE SAID DEED TO ROBERT M. TIEMANN RECORDED IN VOLUME 12212, PAGE 1510 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, AND BEING A PART OF THAT 95.256 ACRE PARCEL DEEDED TO ROBERT TIEMANN FROM GEORGE P. PREWITT, JR., INDIVIDUALLY AND SHIRLEY J. PREWITT, ON BEHALF OF LOKI, LTD., RECORDED IN VOLUME 12625, PAGE 570 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, AND BEING A PART OF THAT CERTAIN 321.88 ACRE PARCEL DESCRIBED IN THE MEMORANDUM OF OPTION RECORDED IN VOLUME 12625, PAGE 353 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, AND BEING A PART OF THAT 261.88 ACRE PARCEL DEEDED TO ROBERT M. TIEMANN FROM GEORGE P. PREWITT, JR. AND SHIRLEY PREWITT DATED JULY 27, 1982, AND BEING A PORTION OF THAT 305.98 ACRE PARCEL DESCRIBED IN EXHIBIT "A" RECORDED IN VOLUME 10839, PAGE 680 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGIN AT THE SOUTHEAST CORNER OF LOT 1, BLOCK D, MEADOWS OF BLACKHAWK PHASE ONE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 95 PAGES 96, 97 AND 98 OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS;

THENCE N. 22 DEG 22'17" E., ALONG THE EAST LINE OF LOTS 1 AND 2, BLOCK D, 239.70 FEET;

THENCE N. 76 DEG 02'15" W., ALONG THE NORTHERLY LINE OF LOT 2, BLOCK D, 130.05 FEET;

THENCE N. 18 DEG 04'33" E., ALONG THE EAST LINE OF KENNEMER DRIVE, 57.21 FEET;

THENCE N. 72 DEG 08'31" W., ALONG THE BOUNDARY OF SAID PLAT OF MEADOWS OF BLACKHAWK PHASE ONE, 60.00 FEET;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT (SAID CURVE HAVING A RADIUS OF 20.00 FEET, A CENTRAL ANGLE OF 90 DEG 00'00", A CHORD BEARING S. 62 DEG 51'29" W., AND A CHORD LENGTH OF 28.28 FEET) AND ALONG SAID PLAT BOUNDARY, 31.42 FEET;

THENCE N. 72 DEG 08'31" W., ALONG SAID PLAT BOUNDARY, 46.82 FEET;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT (SAID CURVE HAVING A RADIUS OF 475.00 FEET, A CENTRAL ANGLE OF 9 DEG 28'38", A CHORD BEARING N. 67 DEG 24'12" W., AND A CHORD LENGTH OF 78.48 FEET) AND ALONG SAID PLAT BOUNDARY, 78.57 FEET;

THENCE N. 26 DEG 43'12" E., ALONG SAID PLAT BOUNDARY, 163.96 FEET;

THENCE N. 31 DEG 36'17" E., ALONG SAID PLAT BOUNDARY, 166.62 FEET;

THENCE N. 40 DEG 37'06" E., ALONG SAID PLAT BOUNDARY, 154.69 FEET;

THENCE N. 51 DEG 09'50" E., ALONG SAID PLAT BOUNDARY, 176.23 FEET;

THENCE N. 30 DEG 21'06" W., ALONG SAID PLAT BOUNDARY, 174.06 FEET;

THENCE N. 16 DEG 12'18" W., ALONG SAID PLAT BOUNDARY, 92.80 FEET;

THENCE N. 5 DEG 27'58" W., ALONG SAID PLAT BOUNDARY, 97.97 FEET;

THENCE N. 2 DEG 44'44" E., ALONG SAID PLAT BOUNDARY, 72.83 FEET;
THENCE N. 7 DEG 05'58" E., ALONG SAID PLAT BOUNDARY, 64.63 FEET;
THENCE N. 5 DEG 42'10" E., ALONG SAID PLAT BOUNDARY, 98.03 FEET;
THENCE N. 4 DEG 39'14" W., ALONG SAID PLAT BOUNDARY, 56.21 FEET;
THENCE N. 23 DEG 24'22" W., ALONG SAID PLAT BOUNDARY, 70.20 FEET;
THENCE N. 29 DEG 26'12" W., ALONG SAID PLAT BOUNDARY, 139.11 FEET;
THENCE ALONG THE ARC OF A CURVE TO THE LEFT (SAID CURVE HAVING A
RADIUS OF 325.00 FEET, A CENTRAL ANGLE OF 13 DEG 49'14", A CHORD
BEARING N. 51 DEG 22'11" E., AND A CHORD LENGTH OF 78.20 FEET) AND
ALONG SAID PLAT BOUNDARY, 78.39 FEET;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT (SAID CURVE HAVING A
RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 92 DEG 09'43", A CHORD
BEARING S. 89 DEG 27'34" E., AND A CHORD LENGTH OF 21.61 FEET) AND
ALONG SAID PLAT BOUNDARY, 24.13 FEET;

THENCE N. 43 DEG 22'42" W., ALONG SAID PLAT BOUNDARY, 118.87 FEET;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT (SAID CURVE HAVING A
RADIUS OF 455.90 FEET, A CENTRAL ANGLE OF 7 DEG 11'27", A CHORD
BEARING N. 38 DEG 47'48" W., AND A CHORD LENGTH OF 57.18 FEET) AND
ALONG SAID PLAT BOUNDARY, 57.22 FEET;

THENCE S. 54 DEG 50'45" W., ALONG SAID PLAT BOUNDARY, 49.83 FEET;

THENCE S. 73 DEG 12'30" W., ALONG SAID PLAT BOUNDARY, 100.16 FEET;

THENCE S. 88 DEG 40'14" W., ALONG SAID PLAT BOUNDARY, 95.82 FEET;

THENCE N. 61 DEG 53'26" W., ALONG SAID PLAT BOUNDARY, 258.78 FEET;

THENCE N. 78 DEG 46'47" W., ALONG SAID PLAT BOUNDARY, 110.02 FEET;

THENCE N. 12 DEG 58'21" E., ALONG THE WESTERLY LINE OF TRACT ONE,
AS CONVEYED TO ROBERT M. TIEMANN BY WARRANTY DEED RECORDED IN
VOLUME 12212, PAGE 1510 OF THE REAL PROPERTY RECORDS OF TRAVIS
COUNTY, TEXAS, 900.86 FEET, TO THE SOUTH LINE OF ROWE LANE (ALSO
KNOWN AS COUNTY ROAD NO. 139);

THENCE S. 79 DEG 55'59" E., ALONG THE SOUTH LINE OF ROWE LANE AND
ALONG THE NORTH LINE OF SAID TRACT ONE, 866.45 FEET;

THENCE S. 80 DEG 22'42" E., ALONG THE SOUTH LINE OF ROWE LANE,
2205.56 FEET TO THE NORTH CORNER OF A PARCEL OF LAND SAID TO
CONTAIN 95.256 ACRES OF LAND AS DESCRIBED IN A DEED TO ROBERT M.
TIEMANN BY DEED RECORDED IN VOLUME 12625, PAGE 570 OF THE REAL
PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS;

THENCE ALONG THE NORTHERLY LINE OF SAID 95.256 ACRES AND ALONG THE
SOUTHERLY LINE OF ROWE LANE THE FOLLOWING THREE (3) COURSES:

1 S 80 DEG 22'42" E., 20.62 FEET;

2 S 81 DEG 30'36" E., 648.33 FEET;

3 S 80 DEG 28'37" E., 1006.56 FEET TO THE EAST CORNER OF SAID
95.256 ACRE TRACT AND TO THE NORTHWEST CORNER OF THAT PARCEL SAID
TO CONTAIN 321.88 ACRES OF LAND AS DESCRIBED IN THE MEMORANDUM OF
OPTION BETWEEN JACQUELINE H. SMITH AND ROBERT M. TIEMANN RECORDED
IN VOLUME 12652, PAGE 353 OF THE REAL PROPERTY RECORDS OF TRAVIS
COUNTY, TEXAS;

THENCE ALONG THE NORTH LINE OF SAID 312.88 ACRE PARCEL AND ALONG
THE SOUTH LINE OF ROWE LANE THE FOLLOWING TWO (2) COURSES:

1 S 80 DEG 22' E., 927.07 FEET;

2. S. 79 DEG 52' E., 2428.48 FEET TO THE NORTHEAST CORNER OF SAID 321.88 ACRE PARCEL;

THENCE S. 79 DEG 53'30" E., ALONG THE SOUTH LINE ROWE LANE AND ALONG THE NORTH LINE OF A PARCEL SAID TO CONTAIN 261.87 ACRES OF LAND DEEDED TO ROBERT M. TIEMANN JULY 27, 1982, 2251.00 FEET TO THE NORTHEAST CORNER OF SAID 261.87 ACRE PARCEL AND TO THE NORTHWEST CORNER OF A PARCEL SAID TO CONTAIN 305.98 ACRES OF LAND AS DESCRIBED IN EXHIBIT "A" RECORDED IN VOLUME 10839, PAGE 690 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS;

THENCE S. 79 DEG 53'30" E., ALONG THE SOUTH LINE OF ROWE LANE AND ALONG THE NORTH LINE OF SAID 305.98 ACRE PARCEL, 2281.37 FEET TO THE WEST LINE OF HODDE LANE AND TO THE NORTHEAST CORNER OF SAID 305.98 ACRE PARCEL;

THENCE S. 29 DEG 32' W., ALONG THE WEST LINE OF HODDE LANE AND ALONG THE EASTERLY LINE OF SAID 305.98 ACRE PARCEL, 2270.11 FEET;

THENCE S. 29 DEG 50'30" W., ALONG THE WEST LINE OF HODDE LANE AND ALONG THE EASTERLY LINE OF SAID 305.98 ACRE PARCEL, 2053.76 FEET;

THENCE S. 29 DEG 56' W., ALONG THE WEST LINE OF HODDE LANE AND ALONG THE EASTERLY LINE OF SAID 305.98 ACRE PARCEL, 13.33 FEET TO THE NORTHEAST CORNER OF THE PLAT OF ROWE VALLEY SUBDIVISION SECTION ONE, AS RECORDED IN VOLUME 90, PAGES 308, 309 AND 310 OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS;

THENCE N. 60 DEG 00'00" W., ALONG THE NORTH LINE OF SAID ROWE VALLEY SUBDIVISION SECTION ONE, 867.78 FEET TO THE NORTHWEST CORNER OF SAID PLAT;

THENCE S. 30 DEG 00'00" W., ALONG THE WEST LINE OF SAID ROWE VALLEY SUBDIVISION SECTION ONE, 2005.23 TO THE SOUTHWEST CORNER OF SAID PLAT;

THENCE S. 60 DEG 00'00" E., ALONG THE SOUTH LINE OF SAID ROWE VALLEY SUBDIVISION SECTION ONE, 870.11 FEET TO THE SOUTHEAST CORNER OF SAID PLAT;

THENCE S. 29 DEG 56' W., ALONG THE WEST LINE OF HODDE LANE AND ALONG THE EASTERLY LINE OF THE SAID 305.98 ACRE PARCEL, 88.05 FEET;

THENCE S. 51 DEG 07' W., ALONG THE WEST LINE OF HODDE LANE, 53.57 FEET;

THENCE S. 79 DEG 40' W., ALONG THE WESTERLY LINE OF HODDE LANE, 51.98 FEET;

THENCE N. 67 DEG 04' W., ALONG THE NORTH LINE OF HODDE LANE, 278.20 FEET;

THENCE N. 60 DEG 01'57" W., ALONG THE SOUTH LINE OF SAID 305.98 ACRE PARCEL, ALONG THE SOUTH LINE OF THE SAID 261.87 ACRE PARCEL AND ALONG THE SOUTH LINE OF THE SAID 321.88 ACRE PARCEL, 6325.92 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN TRACT OF LAND CONVEYED TO GEORGE P. PREWITT, JR., BY DEED RECORDED IN VOLUME 5680, PAGE 1549 OF THE DEED RECORDS OF TRAVIS COUNTY, TEXAS;

THENCE S. 31 DEG 13' W., ALONG THE SOUTHERLY LINE OF SAID 321.88 ACRE PARCEL, 37.70 FEET;

THENCE N. 40 DEG 09' W., ALONG THE SOUTHERLY LINE OF SAID 321.88 ACRE PARCEL, 780.63 FEET TO THE SOUTHWEST CORNER OF SAID 321.88 ACRE PARCEL AND THE SOUTHEAST CORNER OF SAID 95.256 ACRE PARCEL;

THENCE N. 60 DEG 06'22" W., ALONG THE SOUTH LINE OF SAID 95.256 ACRE PARCEL, 332.93 FEET TO A POINT IN THE EAST LINE OF DIABLO DRIVE, AS

RECORDED IN VOLUME 93, PAGE 245 OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS, THE SAME BEING THE EAST LINE OF FAIRWAYS OF BLACKHAWK, PHASE IIA, RECORDED IN BOOK 93, PAGE 245 OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS;

THENCE N. 29 DEG 52'57" E., ALONG THE EAST LINE OF DIABLO DRIVE AND ALONG THE EAST LINE OF SAID FAIRWAYS OF BLACKHAWK, PHASE IIA, 71.19 FEET TO THE NORTHEAST CORNER OF DIABLO DRIVE AND THE NORTHEAST CORNER OF SAID FAIRWAYS OF BLACKHAWK, PHASE IIA;

THENCE N. 60 DEG 08'23"W., ALONG THE NORTH LINE OF FAIRWAYS OF BLACKHAWK, PHASE IIA, AT A DISTANCE OF 50.00 FEET PASS THE NORTHWEST CORNER OF DIABLO DRIVE, IN ALL A TOTAL DISTANCE OF 261.94 FEET;

THENCE N. 67 DEG 14'56" W., ALONG THE NORTH LINE OF SAID FAIRWAYS OF BLACKHAWK, PHASE IIA, 74.59 FEET TO THE WEST LINE OF THE SAID 95.256 ACRE PARCEL AND TO THE EASTERLY LINE OF THE SAID TRACT ONE AS DESCRIBED IN DEED RECORDED IN VOLUME 12212, PAGE 1510 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS;

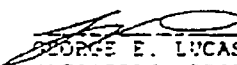
THENCE N. 67 DEG 14'56"W., CROSSING SAID TRACT ONE, 509.57 FEET TO THE SOUTHERLY LINE OF SAID TRACT ONE;

THENCE N. 60 DEG 08'22" W., ALONG THE SOUTHERLY LINE OF SAID TRACT ONE, 665.50 FEET;

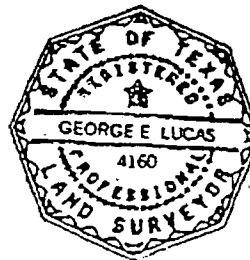
THENCE N. 59 DEG 40'15" W., ALONG SAID SOUTHERLY LINE, 839.51 FEET TO THE SAID POINT OF BEGINNING.

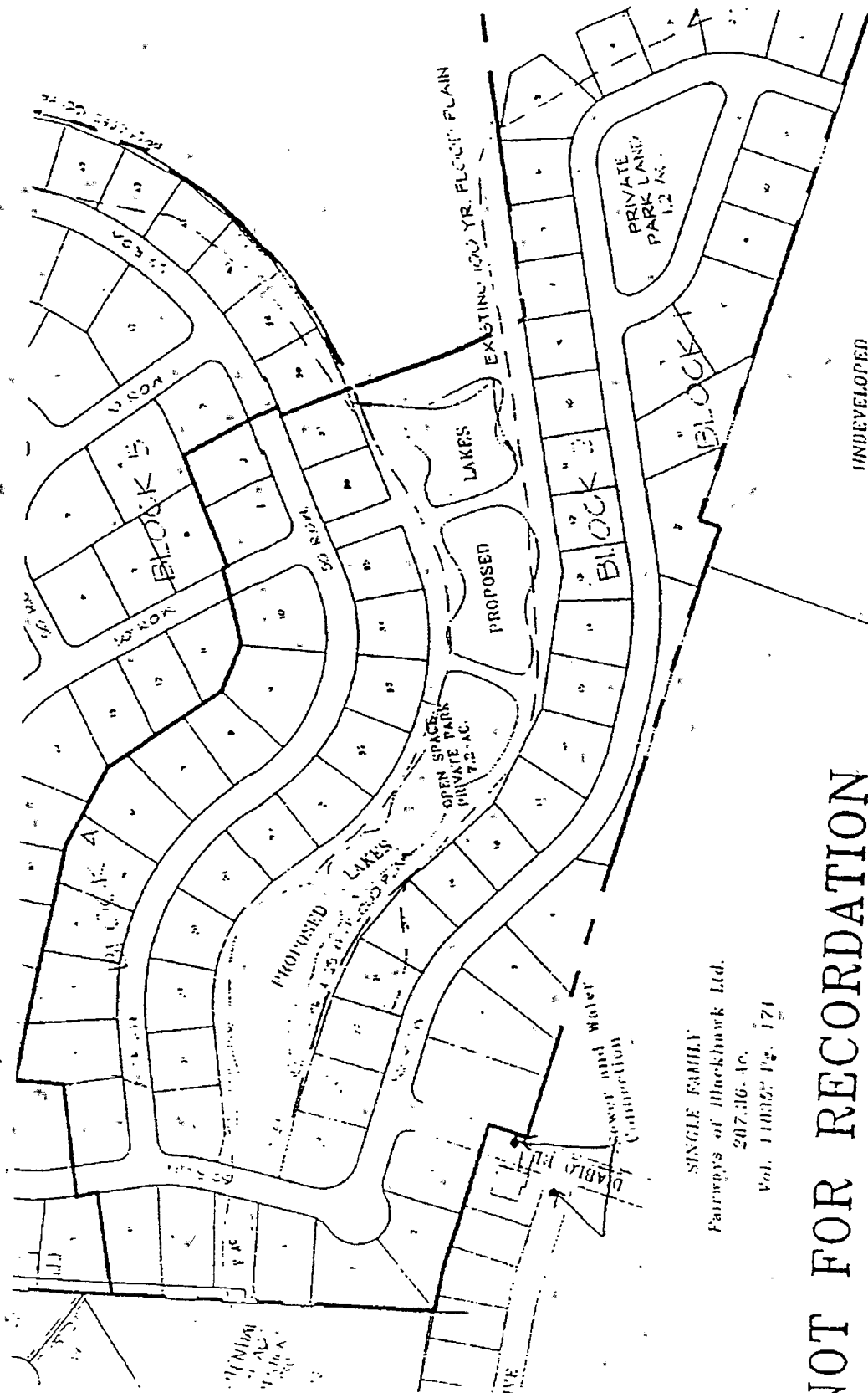
THE BEARING BASIS FOR THIS TRACT IS THE SAME AS TRACT ONE AS DESCRIBED IN THE WARRANTY DEED RECORDED IN VOLUME 12212 PAGE 1510 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS.

THIS SURVEY WAS MADE FROM AVAILABLE DEED INFORMATION, PLAT RECORDS AND OTHER RECORDED INFORMATION AVAILABLE AND DOES NOT PURPORT TO BE AN ON THE GROUND SURVEY.

 6-27-96
GEORGE E. LUCAS
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4160
STATE OF TEXAS
FILE: C:\WPDOCS\314FN

RANDALL JONES ENGINEERING, INC.
1217 EAST BRAKER LANE
AUSTIN TEXAS





SINGLE FAMILY
 Fairways of Blackhawk Ltd.

207.36 AC.

Vol. 11035 Pg. 171

NOT FOR RECORDATION

Exhibit B

UNDEVELOPED
 LINCOLN KINDERNECUTT

ATTACHMENT I

Lakeside WCID 1

Water Model

Lots

| RJE # | Name | Sect # | Acres | SF | Plat | DOC # | Status | Service Date |
|-----------|---------|--------|---------|-----|------|-----------|--------------|--------------|
| 626 | Meadows | 2 | 25.42 | 91 | | 200000052 | Recorded | 2/11/2000 |
| 686 | Meadows | 3 | 10.226 | 33 | | 200100172 | Recorded | 6/19/2001 |
| 687 | Meadows | 4 | 23.18 | 77 | | 200100173 | Recorded | 6/20/2001 |
| 793 | Meadows | 5 | 26.851 | 101 | | 200200235 | Recorded | 9/11/2002 |
| 903 | Meadows | 6 | 33.065 | 100 | | 200300211 | Recorded | 8/12/2003 |
| 916 | Meadows | 7A-1 | 2.52 | 7 | | 200400212 | Recorded | 7/20/2004 |
| | Meadows | 7A-2 | 13.359 | 43 | | 200500118 | Recorded | 5/6/2005 |
| | Meadows | 7B | 19.429 | 60 | | 200500117 | Recorded | 5/6/2005 |
| 981 | Meadows | 8 | 12.274 | 41 | | 200700299 | Recorded | 10/10/2007 |
| | | | | | | | | |
| | | | | | | | | |
| Sub-Total | | | 166.324 | 553 | | | In- District | 0 |

ATTACHMENT J

Kathleen Hartnett White, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Larry R. Soward, *Commissioner*
Clem Shankle, *Executive Director*



PWS ID #2270033 CO

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 12, 2006

MR. J KEITH COLLINS, P.E.
RANDALL JONES ENGINEERING INC
1212 E BRAKER LN
AUSTIN TX 78753-0400

Re: MANVILLE WSC - Public Water System I.D. #2270033
Proposed Distribution System Modifications - Meadows of Blackhawk, Phase 8
Engineer Contact Telephone: (523) 836-4817
Plan Review Log Number 200602-019
TRAVIS County, Texas

CN: 600674121 RN: 101271088

Dear Mr. Collins:

The planning material received on January 23, 2006, with your letter dated January 11, 2006 for the proposed distribution system modifications has been reviewed. The project generally meets the minimum requirements of the TCEQ's Chapter §290 - Rules and Regulations for Public Water Systems (Rules) and is **conditionally approved for construction** if the project plans and specifications meet the following requirements:

1. Specifications for this plan submittal state that construction shall be in accordance with standard specifications of the City of Pflugerville. Please note that TCEQ's specifications for location of waterlines as required in Title 30 TAC, §Chapter 290.44(e) (Rules and Regulations for Public Water Systems) are minimum requirements. When conflicts are noted with local requirements, the more stringent requirement shall be required. Construction for public water systems must always, at a minimum, meet TCEQ's "Rules and Regulations for Public Water Systems."
2. The system must be designed to maintain a minimum pressure of 35 psi at all points within the distribution network at flow rates of at least 1.5 gallons per minute per connection [§290.44(d)].

The submittal consisted of 25 sheets of engineering drawings and technical specifications. The approved project consists of:

- 1,428 linear feet (L.F.) of 8-inch AWWA C900 DR 14 PVC waterline;
- Four fire hydrants, valves, fittings and related appurtenances.

This approval is for the construction of the above listed items only. The wastewater components contained in this design were not considered.