

EXHIBIT "A" to Easement Agreement

Easement Property

EXHIBIT "A" TO EASEMENT AGREEMENT

BEING a tract of land located in the LOUISA NETHERLEY SURVEY, ABSTRACT NO. 962, Denton County, Texas and being a part of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738 (Doc. No. 98-R0110922), Deed Records, Denton County, Texas and being part of a tract of land described in Deed to Sealed Bid DFW, L.P., recorded in Volume 5246, Page 1851, Deed Records, Denton County, Texas and being more particularly described as follows:

BEGINNING at a point for corner in the East line of said Inwood Plaza Joint Venture tract at the beginning of a curve to the right having a central angle of 12 deg. 38 min. 53 sec., a radius of 3,207.03 feet and a chord bearing and distance of South 87 deg. 25 min. 59 sec. West, 706.52 feet;

THENCE Westerly, along said curve to the right, an arc distance of 707.96 feet to a point for corner at the beginning of a reverse curve to the left having a central angle of 07 deg. 27 min. 31 sec., a radius of 7,244.45 feet, and a chord bearing and distance of North 89 deg. 58 min. 20 sec. West, 942.40 feet;

THENCE Westerly, along said curve to the left, an arc distance of 943.05 feet to a point for corner at the beginning of a reverse curve to the right having a central angle of 05 deg. 03 min. 34 sec., a radius of 1,560.00 feet, and a chord bearing and distance of South 88 deg. 49 min. 42 sec. West, 137.71 feet;

THENCE Westerly, along said curve to the right, an arc distance of 137.75 feet to a point for corner;

THENCE North 88 deg. 38 min. 31 sec. West, a distance of 1,421.96 feet to a point for corner at the beginning of a curve to the right having a central angle of 10 deg. 04 min. 12 sec., a radius of 1,185.00 feet and a chord bearing and distance of North 83 deg. 36 min. 25 sec. West, 208.00 feet;

THENCE Westerly, along said curve to the right, an arc distance of 208.27 feet to a point for corner;

THENCE North 78 deg. 34 min. 19 sec. West, a distance of 1,367.05 feet to a point for corner in the West line of said Sealed Bid, DFW tract;

THENCE North 01 deg. 31 min. 29 sec. East, a long said West line, a distance of 60.91 feet to a point for corner;

THENCE South 78 deg. 34 min. 19 sec. East, a distance of 1,377.53 feet to a point for corner at the beginning of a curve to the left having a central angle of 10 deg. 04 min. 12 sec., a radius of 1,125.00 feet and a chord bearing and distance of South 83 deg. 36 min. 25 sec. East, 197.47 feet;

THENCE Easterly, along said curve to the left, an arc distance of 197.72 feet to a point for corner;

THENCE South 88 deg. 38 min. 31 sec. East, a distance of 1,421.96 feet to a point for corner at the beginning of a curve to the left having a central angle of 05 deg. 03 min. 34 sec., a radius of 1,500.00 feet and a chord bearing and distance of North 88 deg. 49 min. 42 sec. East, 132.42 feet;

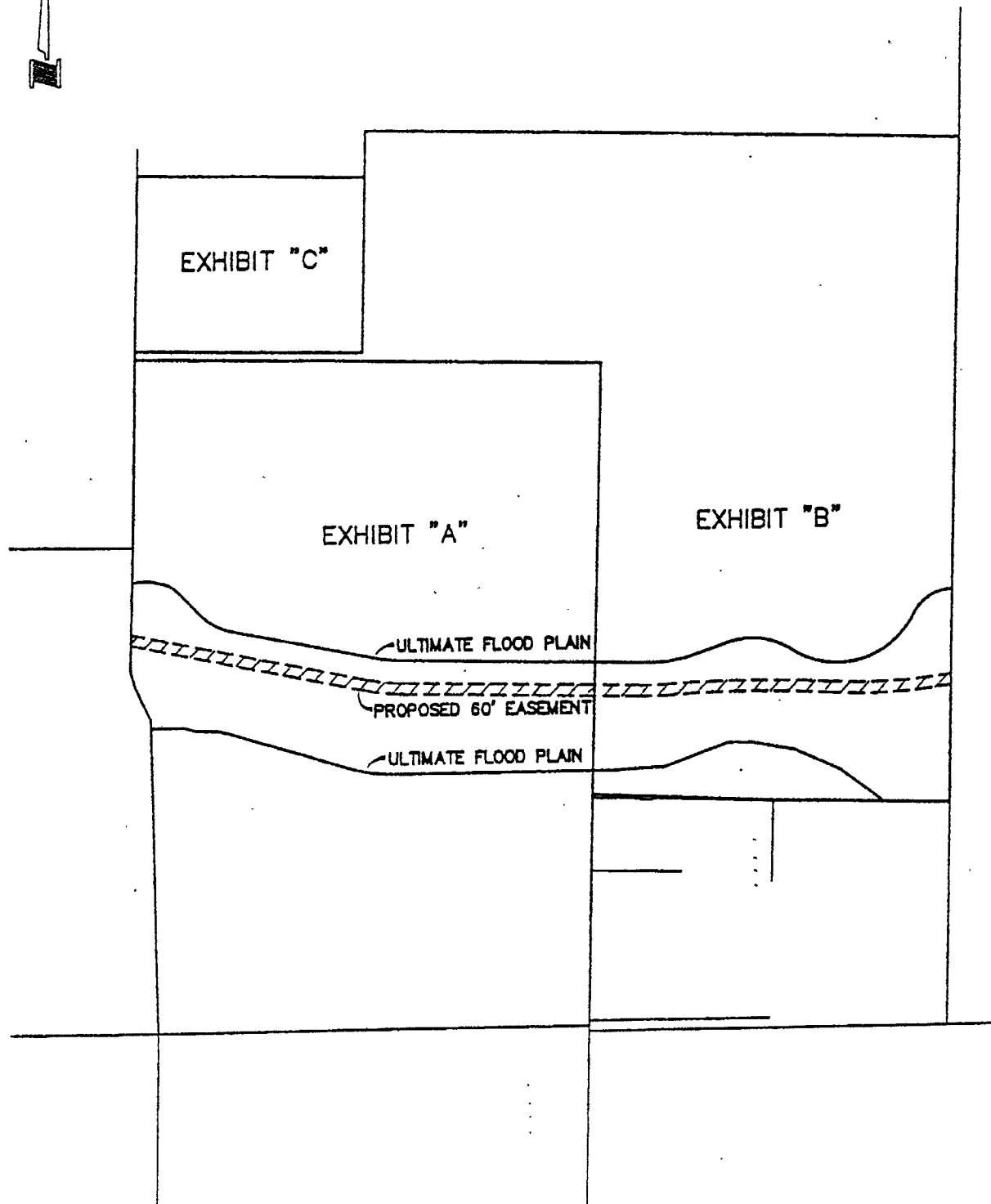
THENCE Easterly, along said curve to the left, an arc distance of 132.46 feet to a point for corner; at the beginning of a reverse curve to the right having a central angle of 07 deg. 27 min. 31 sec., a radius of 7,304.45 feet, and a chord bearing and distance of South 89 deg. 58 min. 20 sec. East, 950.19 feet;

THENCE Easterly, along said curve to the right, an arc distance of 950.86 feet to a point for corner at the beginning of a reverse curve to the left having a central angle of 12 deg. 50 min. 27 sec., a radius of 3,147.03 feet, and a chord bearing and distance of North 87 deg. 20 min. 12 sec. East, 703.82 feet;

THENCE Easterly, along said curve to the left, an arc distance of 705.30 feet to a point for corner in said East line of Inwood Plaza Joint Venture tract;

THENCE South 01 deg. 06 min. 38 sec. West, along said East line, a distance of 60.94 feet to the POINT OF BEGINNING and containing 287,156 square feet or 6.592 acres of land.

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**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

5225 Village Creek Drive, Suite 200 Plano, Texas 75093
Phone 972-931-0694 Fax 972-931-9538

EASEMENT TO PROSPER

LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
DENTON COUNTY, TEXAS

Exhibit G

Open Space

EXHIBIT "G"

BEING a tract of land located in the LOUISA NETHERLEY SURVEY, ABSTRACT NO. 962, Denton County, Texas and being a part of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738 (Doc. No. 98-R0110922), Deed Records, Denton County, Texas and being part of a tract of land described in Deed to Sealed Bid DFW, L.P., recorded in Volume 5246, Page 1851, Deed Records, Denton County, Texas and being more particularly described as follows:

BEGINNING at a point for corner in the East line of said Inwood Plaza Joint Venture tract at the beginning of a curve to the right having a central angle of 11 deg. 56 min. 43 sec., a radius of 3,447.03 feet and a chord bearing and distance of South 87 deg. 47 min. 04 sec. West, 717.36 feet;

THENCE Westerly, along said curve to the right, an arc distance of 718.66 feet to a point for corner at the beginning of a reverse curve to the left having a central angle of 07 deg. 27 min. 31 sec., a radius of 7,004.45 feet, and a chord bearing and distance of North 89 deg. 58 min. 20 sec. West, 911.17 feet;

THENCE Westerly, along said curve to the left, an arc distance of 911.82 feet to a point for corner at the beginning of a reverse curve to the right having a central angle of 05 deg. 03 min. 34 sec., a radius of 1,800.00 feet, and a chord bearing and distance of South 88 deg. 49 min. 42 sec. West, 158.90 feet;

THENCE Westerly, along said curve to the right, an arc distance of 158.95 feet to a point for corner;

THENCE North 88 deg. 38 min. 31 sec. West, a distance of 1,421.96 feet to a point for corner at the beginning of a curve to the right having a central angle of 10 deg. 04 min. 12 sec., a radius of 1,425.00 feet and a chord bearing and distance of North 83 deg. 36 min. 25 sec. West, 250.13 feet;

THENCE Westerly, along said curve to the right, an arc distance of 250.45 feet to a point for corner;

THENCE North 78 deg. 34 min. 19 sec. West, a distance of 1,285.39 feet to a point for corner;

THENCE North 18 deg. 14 min. 51 sec. West, a distance of 115.79 feet to a point for corner in the West line of said Sealed Bid, DFW tract;

THENCE North 01 deg. 31 min. 29 sec. East, along said West line, a distance of 202.41 feet to a point for corner;

THENCE South 78 deg. 34 min. 19 sec. East, a distance of 1,377.53 feet to a point for corner at the beginning of a curve to the left having a central angle of 10 deg. 04 min. 12 sec., a radius of 1,125.00 feet and a chord bearing and distance of South 83 deg. 36 min. 25 sec. East, 197.47 feet;

THENCE Easterly, along said curve to the left, an arc distance of 197.72 feet to a point for corner;

THENCE South 88 deg. 38 min. 31 sec. East, a distance of 1,421.96 feet to a point for corner at the beginning of a curve to the left having a central angle of 05 deg. 03 min. 34 sec., a radius of 1,500.00 feet and a chord bearing and distance of North 88 deg. 49 min. 42 sec. East, 132.42 feet;

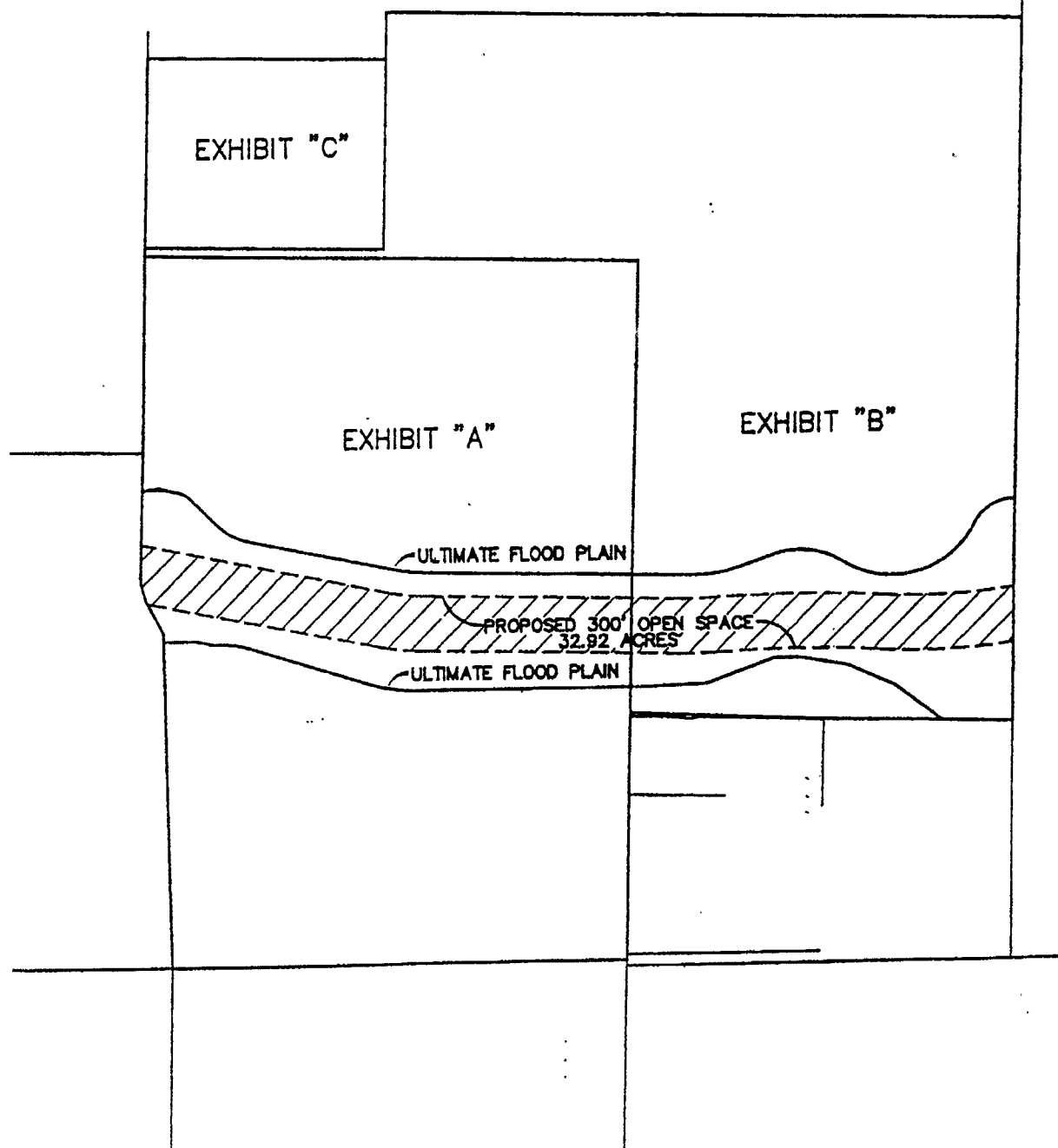
THENCE Easterly, along said curve to the left, an arc distance of 132.46 feet to a point for corner; at the beginning of a reverse curve to the right having a central angle of 07 deg. 27 min. 31 sec., a radius of 7,304.45 feet, and a chord bearing and distance of South 89 deg. 58 min. 20 sec. East, 950.19 feet;

THENCE Easterly, along said curve to the right, an arc distance of 950.87 feet to a point for corner at the beginning of a reverse curve to the left having a central angle of 12 deg. 50 min. 27 sec., a radius of 3,147.03 feet, and a chord bearing and distance of North 87 deg. 20 min. 12 sec. East, 703.82 feet;

THENCE Easterly, along said curve to the left, an arc distance of 705.30 feet to a point for corner in said East line of Inwood Plaza Joint Venture tract;

THENCE South 01 deg. 06 min. 38 sec. West, along aid East line, a distance of 304.38 feet to the POINT OF BEGINNING and containing 1,433,917 square feet or 32.918 acres of land.

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**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

5225 Village Creek Drive, Suite 200 Plano, Texas 75093
Phone 972-931-0694 Fax 972-931-9538

03/24/03

**EXHIBIT "G"
OPEN SPACE**

LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
DENTON COUNTY, TEXAS

PAGE 3 OF 3

02032-DEVELOPMENT AREA

Exhibit H

Location Map

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MULTI-FAMILY
30.000 ACRES

SINGLE FAMILY
220.600 ACRES

SINGLE FAMILY
227.176 ACRES

COMMERCIAL
5.0 AC.



DOWDEY, ANDERSON
& ASSOCIATES, INC.

5225 Village Creek Drive, Suite 200 Plano, Texas 75093
Phone 972-931-0694 Fax 972-931-9538

EXHIBIT "H"
LOCATION MAP

LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
DENTON COUNTY, TEXAS

02032-DEVELOPMENT AREA

03/24/03

Page 1 of 1

Exhibit I

Development Standards

Single-Family

Required Parking: Two parking spaces shall be provided on the garage apron between the garage and the street right-of-way. Two additional covered parking spaces will be provided within an enclosed two-car garage. All garages will be equipped with automatic garage door openers.

Building Materials: A minimum of 70% of the total exterior wall surfaces of all main buildings, excluding door and window openings, shall be of masonry construction which may include: stone, stucco, tile, brick, cementitious fiberboard or any combination thereof, as approved by the District. The front elevation shall be 100% masonry construction, excluding door and window openings. The remaining 30% of the total exterior wall surfaces may include vinyl siding but may not include E.I.F.S., wood or masonite (or similarly material).

Building and Area Requirements:

Lot Area The minimum area of the lots shall be 4,200 square feet.

Lot Width: The minimum width of any lot shall not be less than 40 feet, measured at the right-of-way line, except that lots at the terminus of a cul-de-sac or along street elbows/eyebrows may have a minimum width of 30 feet along the arc at the right-of-way, provided all other requirements of this section are fulfilled. Building lines may be staggered or set back at a greater distance from the right-of-way.

Lot Depth: The minimum depth of any lot shall be 100 feet.

Front Yard: The minimum depth of the front yard shall be 12 feet. Garages must be set back a minimum of 20 feet from the right-of-way line.

Side Yard: The minimum side yard on each side of a lot shall be five feet. A side yard for all corners lots shall not be less than ten feet. Roof eaves, chimneys, and other similar architectural elements may extend into the side yard.

Rear Yard: The minimum depth of the rear yard shall be ten feet for main buildings. Accessory structures shall have a minimum rear yard setback of two feet.

Minimum Dwelling Area: The minimum enclosed heated and air-conditioned living area shall be 1,300 square feet.

General Residential Standards

Streets: Residential streets shall consist of a 50-foot right-of-way with a 30-foot or, if rear entry, a 27-foot paving section (back-to-back). Collector residential streets shall consist of a 60-foot right-of-way with a 37-foot or a 44-foot paving section (back-to-back). Fifty feet of right-of-way will be dedicated to the county, measured from the centerline of the future alignment for Fish Trap Road and 40 feet, measured from the centerline, for Fields Road. The District will construct a 24-foot paving section (back-to-back) for Fish Trap Road and Fields Road.

Sidewalks: A four-foot sidewalk within the street right-of-way shall be constructed by each homebuilder at the front of all single-family residential lots, including corner lots.

Lot Cap: There will be a maximum lot count of 2,100 single-family lots allocated between the Love Tract (maximum 1,150 lots) and the Jones Tract (maximum 950 lots). If the maximum allocated to either tract is not achieved, the difference may be used on the other tract.

General Commercial Standards

Building Materials: The exterior wall surface of any main building that faces a public right-of-way will have a minimum of 90% of the total exterior surface, excluding door and window openings, constructed of masonry materials which may include stone, stucco, tile, brick, cementitious fiberboard or any combination thereof, as approved by the District. The remaining 10% of the total exterior wall surface may include vinyl siding but may not include E.I.F.S., wood or masonite (or similarly material). If a main building is located on a corner lot at the intersection of two public rights-of-way, this requirement shall apply only to the exterior wall surface that contains the main public entrance to the building.

Fencing Materials: Chain link fences shall be prohibited.

Single-Family Buffers: All commercial areas shall be screened from contiguous single-family areas by a landscape buffer at least 10 feet wide and containing either (i) landscaping materials planted on no less than five-foot centers such that, over a reasonable period of time, they will create a solid vegetative screen at least six feet high or (ii) a solid masonry wall at least six feet high.

Parking Lots: All parking lots shall be constructed of concrete.

Landscape Irrigation: All landscaped areas shall be irrigated by automatic systems.

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of **Sealed Bid DFW, L.P.**, a Texas limited partnership (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

1. Sealed Bid DFW, L.P. is the owner of or has optioned to purchase land lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes (the "Settlement Agreement"); and

2. The Prosper Independent School District does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Sealed Bid DFW, L.P., a Texas limited partnership

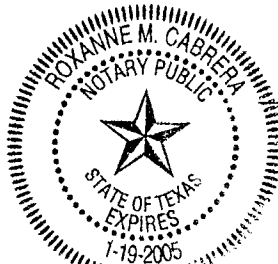
By: Bellaire Oaks, Inc., general partner

By: Phillip W. Huffines
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.

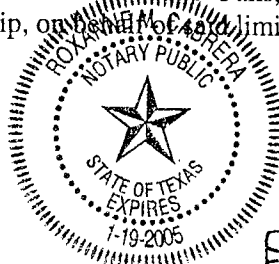
THE STATE OF TEXAS:

COUNTY OF DALLAS:



Roxanne M. Cabrera
Notary Public, State of Texas

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit B

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of **Sealed Bid DFW, L.P.**, a Texas limited partnership (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

1. Sealed Bid DFW, L.P. is the owner of or has optioned to purchase land lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes (the "Settlement Agreement");

2. Mahard Egg Farm, Inc. does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement; and

2. No Mahard individual or entity owned in whole or in part by the Mahards have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Sealed Bid DFW, L.P., a Texas limited
partnership

By: Bellaire Oaks, Inc., its general partner

By: Phillip W. Huffines
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit C

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of Sealed Bid DFW, L.P., a Texas limited partnership, on behalf of said limited partnership.



Roxanne M. Cabrera
Notary Public, State of Texas

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of **Huffines Communities, Inc.**, a Texas corporation (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

1. Mahard Egg Farm, Inc. does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes (the "Settlement Agreement"); and

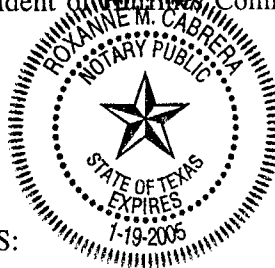
2. No Mahard individual or entity owned in whole or in part by the Mahards have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Huffines Communities, Inc., a Texas corporation

By: Phillip W. Huffines
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of **Huffines Communities, Inc.**, a Texas corporation, on behalf of said corporation.

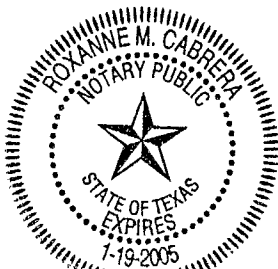


Roxanne M. Cabrera
Notary Public, State of Texas

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of **Huffines Communities, Inc.**, a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit D

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of **Huffines Communities, Inc.**, a Texas corporation (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

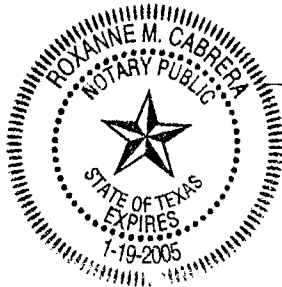
The Prosper Independent School District does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Huffines Communities, Inc., a Texas corporation

By: *Phillip W. Huffines*
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of Huffines Communities, Inc., a Texas corporation, on behalf of said corporation.

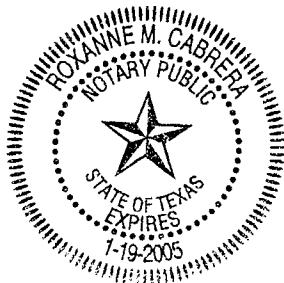


Roxanne M. Cabrera
Notary Public, State of Texas

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of Huffines Communities, Inc., a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit E

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, President of **Binary Investments, Inc.**, a Texas corporation (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

1. Mahard Egg Farm, Inc. does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes (the "Settlement Agreement"); and

2. No Mahard individual or entity owned in whole or in part by the Mahards have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in the Settlement Agreement.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Binary Investments, Inc., a Texas
corporation

By: Phillip W. Huffines
Phillip W. Huffines, President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, President of Binary Investments, Inc., a Texas corporation, on behalf of said corporation.

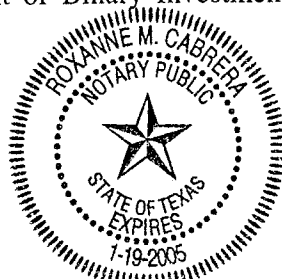


Roxanne M. Cabrera
Notary Public, State of Texas

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, President of Binary Investments, Inc., a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit F

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, President of **Binary Investments, Inc.**, a Texas corporation (hereinafter the "**Affiant**"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

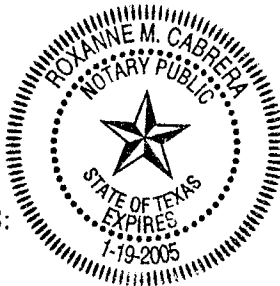
The Prosper Independent School District does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes.

Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Binary Investments, Inc., a Texas
corporation

By: *Phillip W. Huffines*
Phillip W. Huffines, President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, President of Binary Investments, Inc., a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, President of Binary Investments, Inc., a Texas corporation, on behalf of said corporation.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit G

AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF DALLAS:

BEFORE ME, the undersigned authority, on this day personally appeared Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of **Sealed Bid DFW, L.P.**, a Texas limited partnership (hereinafter the "Affiant"), personally known to me to be the person whose name is subscribed hereto and upon his oath, deposes and says to the best of his current actual knowledge, as follows:

The Prosper Independent School District does not own, have an option to purchase or have under contract any portion of the real property lying within the boundaries of the proposed CCN for Denton County Fresh Water Supply District No. 10, as more particularly described in that certain Settlement Agreement attached hereto as **Exhibit A** and made a part hereof for all purposes.

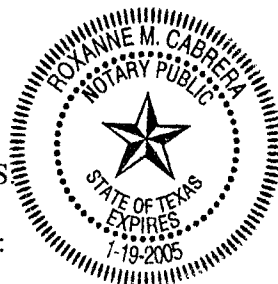
Affiant does hereby swear under penalties of perjury that the foregoing information is true and correct in all respects.

Sealed Bid DFW, L.P., a Texas limited partnership

By: Bellaire Oaks, Inc., general partner

By: *Phillip W. Huffines*
Phillip W. Huffines, Vice President

SUBSCRIBED AND SWORN TO BEFORE ME this 29 day May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of **Sealed Bid DFW, L.P.**, a Texas limited partnership, on behalf of said limited partnership.

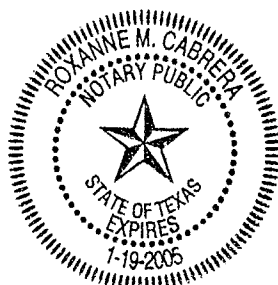


THE STATE OF TEXAS:

COUNTY OF DALLAS:

Roxanne M. Cabrera
Notary Public, State of Texas

This instrument was acknowledged before me this 29 day of May, 2003, by Phillip W. Huffines, Vice President of Bellaire Oaks, Inc., general partner of **Sealed Bid DFW, L.P.**, a Texas limited partnership, on behalf of said limited partnership.



Roxanne M. Cabrera
Notary Public, State of Texas

Exhibit H

**SOAH DOCKET NO. 582-03-1994
TCEQ DOCKET NO. 2002-1350-UCR**

APPLICATION OF THE TOWN OF	§	BEFORE THE STATE OFFICE
PROSPER TO AMEND SEWER	§	
CERTIFICATE OF CONVENIENCE	§	OF
AND NECESSITY (CCN) NO. 20888	§	
IN DENTON COUNTY, APPLICATION	§	ADMINISTRATIVE HEARINGS
NO. 34004-C	§	

**TOWN OF PROSPER'S AMENDMENT OF CERTIFICATION APPLICATION
AND MOTION TO DISMISS INTERVENOR**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

COMES NOW, the Town of Prosper ("Prosper"), pursuant to the attached settlement agreement (said "Settlement Agreement" hereinafter "Exhibit A") reached between Prosper and the Denton County Fresh Water Supply District #10 (the "District") covering this docket and any yet undocketed wastewater discharge permit and water Certificate of Convenience and Necessity ("CCN") application of Prosper, and files this amendment to Prosper's sewer utility certificated service area request in SOAH Docket No. 582-03-1994. Prosper amends its pending sewer certification application to reduce its requested service area to exclude those three tracts identified in Exhibit A as the Love Tract, the Jones Tract and the Multi-Family Tract, together referred to in Exhibit A as the "Development Area". Ownership of these properties is identified in the preamble to Exhibit A. Also, in accordance with the terms of the Settlement Agreement. Prosper is amending its water CCN amendment application, currently pending at the Texas Commission on Environmental Quality ("TCEQ").

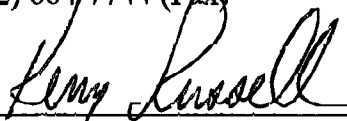
According to the terms of the Settlement Agreement, the District surrenders its interests in service to the territory, bounded by Prosper's corporate limits, that is the subject of this docket. Any future extensions would only occur at the request and consent of Prosper, not of any intervenor to this docket. By execution of the Settlement Agreement, and Prosper's filing of

concurrent motions to withdraw its protest in the District's CCN docket, the District has withdrawn its protest to Prosper's amended application. Prosper does not believe that the Executive Director opposes this amendment to Prosper's application. The Public Interest Counsel has not participated in this docket. After due consideration of this motion following the lapse of time pursuant to SOAH Rule 155.29(d)(1), Prosper requests that the Court grant its sewer CCN application amendment and that the District be removed as a party to this docket.

WHEREFORE PREMISES CONSIDERED, the Town of Prosper amends its sewer CCN application to reduce its requested service area to exclude the three tracts designated the "Development Area" in the attached Exhibit A, Settlement Agreement with the District. Denton County Fresh Water Supply District # 10 should be dismissed as a party to this docket.

Respectfully submitted,

Russell, Moorman & Rodriguez, L.L.P.
102 West Morrow, Suite 103
Georgetown, Texas 78626
(512) 930-1317
(512) 864-7744 (Fax)


KERRY E. RUSSELL
State Bar No. 17417820

ARTURO D. RODRIGUEZ, JR.
State Bar No. 00791551

ATTORNEYS FOR THE TOWN OF PROSPER,
TEXAS

CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of June, 2003, a true and correct copy of the foregoing document has been sent via facsimile, first class mail, or hand-delivered to the following counsel of record:

Judge James Norman
State Office of Administrative Hearings
P O Box 13025
Austin, Texas 78711-3025

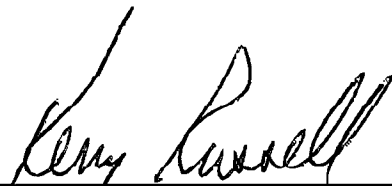
Mr. Sal Levatino
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Ms. Lara Nehman, Attorney
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P.O. Box 13087
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Docket Clerk
Office of the Chief Clerk - MC 105
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
Fax: 512/ 239-3311



KERRY E. RUSSELL

AGREEMENT

This Agreement (the "Agreement") is entered into among the Town of Prosper, Texas ("Prosper"), the Denton County Fresh Water Supply District No. 10 (the "District"), Huffines Communities, Inc. ("Huffines"), Binary Investments, Inc. ("Binary"), Sealed Bid DFW, L.P. ("Sealed Bid"), and Inwood Plaza Joint Venture ("Inwood") to be effective on the date last executed by all such parties.

WHEREAS, Prosper has pending before the Texas Commission on Environmental Quality ("TCEQ") Application No. 34023-C and Application No. 34004-C seeking to amend Prosper's CCN for water and wastewater service in Denton County, Texas and an application seeking to amend Prosper's TPDES No. 10090-001 (collectively, the "Prosper Application"); and

WHEREAS, the District has pending before TCEQ Application No. 34068-C and Application No. 34069-C seeking to amend the District's CCN for water and wastewater service in Denton County, Texas (collectively, the "District Application"); and

WHEREAS, Prosper is a Type A general law municipality with fewer than 5,000 inhabitants and is a political subdivision of the State of Texas; and

WHEREAS, the District is a fresh water supply district and political subdivision of the State of Texas created under Article XVI, Section 59 of the Texas Constitution; and

WHEREAS, as of the effective date of this Agreement, the boundaries of the District within the Restricted Area (as hereinafter defined) includes only the Love Tract (as hereinafter defined); and

WHEREAS, the Prosper Application and the District Application pending before TCEQ are in conflict and have created the potential for litigation among the parties to this Agreement; and

WHEREAS, the parties to this Agreement desire to settle such conflicting applications and to avoid litigation concerning such applications; and

WHEREAS, pursuant to the authority of Article III, Section 64(b) of the Texas Constitution and Chapter 791 of the Texas Government Code (the "Code"), Prosper and the District are local governments that have the authority to contract and agree to perform governmental functions and services that each of them is authorized to perform individually; and

WHEREAS, the parties hereto agree that certain of the purposes, terms, rights, and duties of Prosper and the District under this Agreement include governmental functions and services within the meaning of the Code, and that with respect to such governmental

Exhibit A

functions and services this Agreement is intended to be an agreement entered into pursuant to and under the authority of the Code; and

WHEREAS, Sealed Bid is the owner of approximately 227 acres of real property located in Denton County, Texas and more particularly described on the attached Exhibit A (the "Love Tract"); and

WHEREAS, Inwood is the owner of two tracts of land in Denton County, Texas; the first containing approximately 220 acres more particularly described on the attached Exhibit B (the "Jones Tract") and the second containing approximately 30 acres more particularly described on the attached Exhibit C (the "Multi-Family Tract"); and

WHEREAS, Huffines, Binary, Sealed Bid, and Inwood and their respective controlled affiliates are sometimes hereinafter collectively referred to as the "Developers."

NOW THEREFORE, in consideration of the mutual covenants of the parties as set forth in this Agreement and for other good and valuable consideration the receipt and adequacy of which are acknowledged, and pursuant to the authority of the Code, the parties agree as follows:

1. The District and Developers shall withdraw their protests to the Prosper Application and shall file written statements with TCEQ in support of the Prosper Application after the Prosper Application has been amended, as necessary, to remove all territory to be reserved for certification to the District. Thereafter, it shall be Prosper's burden to support the Prosper Application under the relevant statutes and regulations applicable to CCNs. None of the District or Developers or any person or entity under their direction or control shall take any action to oppose or discredit in any way the Prosper Application or Prosper's ability to provide timely water and wastewater service to the public in a lawful manner.
2. None of Huffines, Binary, Sealed Bid or Inwood or any person or entity under their direction or control shall take any action to oppose or discredit in any way the Prosper Application or Prosper's ability to provide timely water and wastewater service to the public in a lawful manner.
3. Prosper shall withdraw its protest to the District Application and file a written statement with TCEQ in support of the District Application after the District Application has been amended to remove all territory to be reserved for certification to Prosper. Thereafter, it shall be the District's burden to support the District Application under the relevant statutes and regulations applicable to CCNs. None of Prosper or any person or entity under its direction or control shall take any action to oppose or discredit in any way the District Application or, except in the event of an annexation by Prosper in accordance with the requirements of Section 15 of this Agreement, the District's ability to provide timely water or wastewater service to the public in a lawful manner within the area described in the District Application upon the date of execution of this Agreement.

4. Except as provided herein, the parties to this Agreement shall cooperate with respect to the identification, acquisition, and use of easements or other rights-of-way required by the District and Prosper to provide timely water and wastewater service in accordance with this Agreement. Nothing in this Agreement shall, however, require any party to dedicate or otherwise provide such easements or right-of-way without compensation.

5. The area within the Restricted Area (as hereinafter defined) that is reserved for water and wastewater certification by the District shall be the Love Tract, the Jones Tract and the Multi-Family Tract only (such three tracts hereinafter collectively called the "Development Area"). An illustration of the Development Area is attached herewith as Exhibit D.

6. Prosper acknowledges and agrees that no portion of the District or the Development Area is currently located within its extraterritorial jurisdictions or is included within its municipal annexation plan, as such terms are defined by the Texas Local Government Code. Notwithstanding anything to the contrary in this Agreement, this Agreement shall not affect the Town's authority or ability to extend its extraterritorial jurisdiction or annex property in accordance with state law and in accordance with Section 14 of this Agreement.

7. Prosper acknowledges and agrees that Denton County shall have exclusive jurisdiction over all subdivision and permit approvals within the District and the Development Area and that such exclusive jurisdiction shall continue even if all or any portion of the District or the Development Area is at any time in the future included within the extraterritorial jurisdiction of Prosper. Prosper will take such action as may be necessary to enter into or amend its existing interlocal agreement with Denton County to establish and continue such exclusive jurisdiction in favor of Denton County. Prosper further agrees that such interlocal agreement with Denton County, once entered into or amended to provide such exclusive jurisdiction in favor of Denton County, shall not be further amended with respect to such exclusive jurisdiction without the prior written consent of the District and each Separate District (as defined below). Notwithstanding anything to the contrary in this Agreement, this Agreement shall not affect the Town's jurisdiction over subdivision and permit approvals for any portion of the Development Area that may in the future be annexed into the corporate limits of the Town. In the event any portion of the Development Area is in the future annexed into the corporate limits of the Town, jurisdiction over subdivision and permit approvals shall be exercised by the Town in accordance with the standards of the Town that are applicable at the time of such annexation; subject, however, to the vested development rights provided by law, if any, that are applicable to the property.

8. Prosper acknowledges and agrees that the Love Tract is currently located within the boundaries of the District and that none of Prosper (or any person or entity under its direction or control) shall oppose or otherwise take any action adverse to the Love Tract being within the boundaries of the District. Nothing in this section shall be interpreted to prevent Prosper from exercising its annexation rights in accordance with Section 14 of this Agreement.

9. Prosper acknowledges and agrees to the inclusion of the Jones Tract and the Multi-Family Tract within the District from time to time as determined by the District. None of Prosper or any person or entity under its direction or control shall oppose or otherwise take any action adverse to the inclusion of the Jones Tract and the Multi-Family Tract within the boundaries of the District. The acknowledgement and agreement of Prosper as set forth in this section shall continue, and shall constitute the consent of Prosper to such inclusions, in the event all or any part of the Jones Tract or Multi-Family Tract is in the future included within Prosper's extraterritorial jurisdiction.

10. Prosper acknowledges and agrees to future divisions of the District, from time to time as determined by the District, to create two or more separate fresh water supply districts (the "Separate Districts"). The District agrees, however, that within the restricted area depicted on the attached Exhibit E (the "Restricted Area") the total land within the District and all Separate Districts shall not extend beyond the boundaries of the Development Area. The acknowledgement and agreement of Prosper as set forth in this section shall continue, and shall constitute the consent of Prosper to such Separate Districts within the Development Area only, in the event all or any part of the District or any of the Separate Districts is in the future included within Prosper's extraterritorial jurisdiction.

11. The District agrees that within the Restricted Area the District will not extend its certificated area for water or wastewater service beyond the boundaries of the Development Area without the prior written consent of Prosper.

12. The Developers agree that without the prior written consent of Prosper none of them, or any person or entity under their direction or control, will seek to create within the Restricted Area any (a) new special districts (other than the Separate Districts) or (b) other new political subdivisions with the authority to issue bonds secured either by ad valorem taxes or special assessments upon real property within their respective boundaries.

13. Subsequent to the execution of this Agreement, Prosper and the District or Separate Districts will use reasonable efforts to enter into a mutually agreeable interlocal agreement for the provision by Prosper of fire, police, and emergency medical services within the Love Tract. In the event the Jones Tract or the Multi-Family Tract or both are included within the District or a Separate District, then Prosper and the District or such Separate District will include the Jones Tract or the Multi-Family Tract or both within the area covered by such interlocal agreement. To the extent necessary for Prosper to perform its obligations under such interlocal agreement, Prosper and the District or Separate District will jointly petition the Denton County Commissioners Court to release all area covered by such interlocal agreement Area from the service area of the City of Aubrey. If, however, notwithstanding the exercise of reasonable efforts Prosper and the District are unable to agree upon the terms of such interlocal agreement, such inability to agree shall not constitute a breach of this Agreement, and the remainder of this Agreement shall remain in full force and effect.

14. Prosper acknowledges and agrees that it shall not annex any portion of the District or any Separate District until and unless either (1) all developers providing for the construction of water, wastewater, drainage and road improvements within the District or Separate District have been fully reimbursed for all eligible expenditures from bonds issued by the District or Separate District or (2) Prosper has paid in cash to such developers a sum equal to all actual costs and expenses incurred by such developers in connection with the District or Separate District that such District or Separate District has, in writing, agreed to pay and that would otherwise have been eligible for reimbursement from bond proceeds of the District or Separate District under the rules and requirements of TCEQ as such rules and requirements exist on the date of annexation. In addition, upon any annexation of the District or any Separate District, Prosper shall succeed to the powers, duties, assets, and obligations of the District or Separate District, shall take over all the property and other assets of the District or Separate District, and shall assume all the debts, liabilities and obligations of the District or Separate District including, but not limited to, all liabilities and obligations of the District or Separate District to continue to reimburse developers (pursuant to reimbursement agreements in place at the time of any such annexation and limited to costs and expenses that will be eligible for reimbursement from bond proceeds of the District or Separate District under the rules and requirements of TCEQ as such rules and requirements exist on the date of annexation) with respect to water, wastewater, drainage, and road improvements constructed by such developers from and after the effective date of any such annexation.

15. Concurrently with the full execution of this Agreement, the Developers will grant or cause to be granted to Prosper, at no cost to Prosper, a 60-foot wide non-exclusive easement for the sole purposes of locating underground public utilities and a grade-level pedestrian hike and bike trail within the Development Area. Reasonable uses of the surface will be retained by the grantor of the easement; however, such retained uses shall not interfere with the purposes for which the easement is granted. The form of the easement is attached herewith as Exhibit F.

16. The Developer agrees to establish or cause to be established within the Development Area approximately 32.9 acres of open space as generally depicted on the attached Exhibit G ("Open Space"). The Open Space is located within floodplain areas and will be used for drainage purposes (including grading and the construction of detention and retention facilities as well as other drainage improvements) as necessary for development of the Development Area. The Open Space will also be used for recreational purposes, such as parks, playgrounds, and athletic fields, so long as such recreational uses do not interfere with its use for drainage purposes. All Open Space shall be designated as such in the deed records of Denton County as restrictions that "run with the land", and upon recordation, a copy of such restrictions shall be provided to Prosper. All Open Space restrictions shall provide that they are for the benefit of Prosper and may be enforced by Prosper. The restrictions may be amended with the consent of Huffines and Prosper. Prosper shall have the right, subject to reasonable use restrictions established by the District, a Separate District or applicable homeowner associations, to connect future public trails of Prosper to the pedestrian and hike and bike trails located within the Open Space at such time as Prosper's trails are completed and available for

use; provided, however, no use of the Open Space by Prosper shall interfere with the use of the Open Space for the drainage purposes described above.

17. The Developers agree that the Development Area will be developed for the uses depicted on the general location map (the "Location Map") attached hereto as Exhibit H and as restricted by this section. The following additional use restrictions apply:

(a) The Love Tract will be developed for single-family uses (specifically excluding town home, patio homes, and multi-family) and commercial uses only within the areas generally depicted on the Location Map. The commercial area shall be limited to a maximum of five acres, net of streets and easements that are within or adjacent to such area. The commercial uses shall specifically exclude the following main uses (1) sexually oriented businesses; (2) junk yards and salvage yards (including auto salvage); (3) manufacturing; (4) landfills, commercial incinerators, and transfer stations; (5) commercial sales of used construction equipment; (6) wholesale storage and distribution; (7) airport, heliport and helistop; (8) open storage; (9) electric power generating plant; (10) transit center; (11) flea market, indoor or outdoor; (12) pawn shop; (13) body art studio; (14) campground or recreational vehicle park; (14) commercial dry cleaners; (15) gun range, indoor or outdoor; (16) massage therapy, unlicensed; (17) commercial stable; (18) taxidermist; (19) drive-in theatre; (20) outside auto parts sales; (21) automobile storage; (22) commercial truck and bus repair; (23) truck terminal; (24) heavy truck sales; (25) recreational vehicle sales and service, new and used; (26) veterinary clinics with outside kennels; (27) trailer rentals with outside storage; (28) patio homes; (29) town homes; and (30) multi-family. Commercial uses of the property are intended to include retail and light-intensity commercial uses primarily intended to serve and complement residential development within the Development Area. The commercial area may also be used for single-family uses in accordance with the Development Standards (as hereinafter defined) set forth in this Agreement.

(b) The Developers agree that the Jones Tract will be developed for single-family uses only (specifically excluding town home, patio homes, and multi-family) within the area generally depicted on the Location Map.

(c) The Developers agree that the Multi-Family Tract will be developed for multi-family uses only within the area generally depicted on the Location Map. The maximum density shall be 20 units per gross acre, and the total number of units shall not exceed 600.

The use restrictions set forth in Subsections (a), (b) and (c) above shall be designated as such in the deed records of Denton County as restrictions that "run with the land", and upon recordation, a copy of such restrictions shall be provided to Prosper. Such restrictions shall provide that they are for the benefit of Prosper and may be enforced by Prosper. The restrictions may be amended with the consent of Huffines, Prosper and the owner of the land affected by the amendment.

18. The Developers agree that the Development Area will be developed in conformance with the development standards set forth on the attached Exhibit I (the "Development Standards"). The Development Standards shall be recorded in the deed records of Denton County as restrictions that "run with the land", and upon recordation, a copy of such restrictions shall be provided to Prosper. Such restrictions shall provide that they are for the benefit of and may be enforced by Prosper. The restrictions may be amended with the consent of Huffines, Prosper and the owner of the land affected by the amendment.

19. Prosper agrees that in connection with development within the District, Prosper will cooperate with Huffines to allow the erection of a freestanding sign (with a maximum effective area of 400 square feet) along U.S. Highway 380. The location of the sign shall be determined by Huffines. The content of such sign would be limited to advertising directly related to development occurring within the District, such as the names and logos of residential subdivisions and builders. Advertising of name brand products for sale would be prohibited. Such sign would be removed within six months after certificates of occupancy have been issued for 90% of single-family residential development within the District.

20. Prosper shall have the right, at its cost and expense, to inspect the construction of all water and wastewater improvements within the Development Area, and the Developers agree that Prosper shall have a right of entry over and across the Development Area to the extent reasonably necessary to conduct such inspections and to perform any other obligations of Prosper under this Agreement.

21. Upon the completion and dedication of Fields Road and Fish Trap Road to Denton County, the Developers agree to dedicate or cause to be dedicated, at no cost or expense to Prosper or Denton County, right-of-way within the Development Area as provided in this section. Such dedication shall include up to 50 feet of right-of-way for the widening of Fields Road (40 feet on the east side to be dedicated to Prosper or Denton County, as appropriate, and an additional 10 feet to be dedicated to Prosper or Denton County, as appropriate) and up to 50 feet of right-of-way to be dedicated to Prosper or Denton County, as appropriate, for the widening of the north side of Fish Trap Road.

22. The District and Prosper agree to provide to each other copies of their respective open meetings notices, agendas, and minutes for all meetings of their respective governing bodies (and of any other meetings to which the Texas Open Meetings Act applies). Such copies may be provided by FAX or E-mail or by the posting of such notices, agendas or minutes on an official internet web site of the District or Prosper. Copies of open meeting notices and meeting agendas shall be provided no later than 48 hours before the meetings to which the notices and agendas apply. Copies of meeting minutes will be provided within 48 hours after they are approved by the respective governing bodies (or by the other meeting attendees).

23. This Agreement supersedes any and all other prior or contemporaneous agreements or understandings, whether oral or in writing, among the parties hereto with respect to the subject matter of this Agreement, and none of such prior or

contemporaneous agreements or understandings shall be valid or binding upon the parties hereto. Notwithstanding the foregoing, however, this Agreement shall not affect in any way the terms, provisions and enforceability of that certain "Agreement for the Reduction of the Extraterritorial Jurisdiction of the Town of Prosper, Texas" dated March 5, 2002 among Prosper, the District and Valerian Properties Associates, L.P.

24. This Agreement shall be binding upon the permitted successors and assigns of the parties hereto. Huffines, Inwood, Sealed Bid, Binary and Inwood shall have the right to assign this Agreement or any of their respective rights and obligations under this Agreement without the consent of, but with notice to, the other parties to this Agreement. The District shall have the right to assign this Agreement or any of its rights and obligations under this Agreement to any Separate District without the consent of, but with notice to, the other parties to this Agreement. Prosper may not assign this Agreement or any of its respective rights and obligations under this Agreement without the consent of all parties to this Agreement.

25. This Agreement may be amended only with the written consent of Prosper, the District, Huffines, Sealed Bid, Binary and Inwood.

26. In the event any provision of this Agreement shall be determined by a court to be invalid or unenforceable for any reason, such invalid or unenforceable provision shall be deleted from this Agreement, and the remaining provisions of this Agreement shall be interpreted and enforced to give effect to the intent of this Agreement as if such invalid or unenforceable provision had never been contained herein.

27. Wherever the context shall so require, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

28. This Agreement is performable in Denton County, Texas. Prior to the commencement of litigation, the parties agree to submit any dispute arising hereunder not resolved by mutual agreement to non-binding mediation before an impartial third party ("Mediator"). The Mediator shall be selected by agreement of the parties or by court order absent such agreement. The parties agree that this Agreement may be enforced by specific performance as well as any other remedy available at law or in equity. Venue over any cause of action arising from this Agreement shall lie in the courts of Denton County, Texas and shall be subject to and interpreted by the laws of the State of Texas.

29. All easements, dedications and other conveyances to Prosper required by this Agreement will not be subject to any liens, or if subject to liens, the lender(s) shall have provided a nondisturbance or subordination agreement in favor of Prosper. In addition, all easements, dedications and other conveyances to Prosper required by this Agreement will be free and clear of any and all encumbrances, except as authorized by this Agreement.

30. There are no third party beneficiaries of this Agreement not expressly named herein, and none are intended.

31. Each party to this Agreement paying for the performance of governmental functions or services must make such payments from current revenues available to the paying party.

32. This Agreement may be executed in multiple copies, each of which shall be deemed to be an original copy. Copies may be submitted in any TCEQ proceeding involving the subject matter of this Agreement to evidence the agreement of the parties.

33. Except as otherwise provided in this Section 33, no party shall be in default under this Agreement until notice of the alleged failure of such party to perform has been given (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such party has had a reasonable time to cure the alleged failure (such reasonable time determined based on the nature of the alleged failure, but in no event less than 30 days after written notice of the alleged failure has been given). In addition, no party shall be in default under this Agreement if within the applicable cure period the party to whom notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured. Notwithstanding the foregoing, however, the failure of the parties to perform their obligations under Section 22 of this Agreement (i.e., the obligation to provide notices of meetings, agendas and minutes) shall not constitute a default until notice of the failure has been given during normal business hours and the failure has not been cured within six hours after receipt of the notice. Any notice of any alleged failure to perform under this Agreement shall be in writing and shall be deemed given or the earlier to occur of (a) five business days after deposited in the U.S. Mail, Certified Mail, Return Receipt Requested, (b) when delivered by commercial delivery service (e.g., FedEx or UPS) as evidenced by a signed receipt from such delivery service, (c) in the case of notices, agendas or minutes required by Section 22 of this Agreement, when posted on an official internet web site of the District or Prosper, and (d) otherwise when actually received by the party to whom the notice is sent, including receipt by FAX or E-mail. For purposes of this Agreement, notice shall be sent to the individuals who executed this Agreement at the addresses set forth on the signature pages of this Agreement.

34. Each party to this Agreement agrees to provide, upon written request from any other party, written certification to the requesting party that the certifying party does not have actual knowledge of any fact or circumstance, or have reason to believe (without any duty of inquiry) that any fact or circumstance exists, that with the giving of notice or the passage of time would constitute a default by any party to this Agreement; or if the certifying party has actual knowledge of any such fact or circumstance or has reason to believe (without any duty of inquiry) that such a fact or circumstance exists, then such written certification to the requesting party shall set forth a detailed description of the event or circumstance, or reasons giving rise to the belief (without any duty of inquiry) that such an event or circumstance exists, that with the giving of notice or passage of time would constitute a default by any party to this Agreement. All written certifications pursuant to this Section 34 shall be provided within 10 days after a written request for the certification has been given; provided, however, if the party making a written request pursuant to this paragraph (the "first party") receives, within five (5) days of making the written request, a written request for certification as provided above from any other

party (the "second party"), the first party shall provide written certification to the second party within the same time period required of the second party.

35. The parties to this Agreement acknowledge and agree that none of this Agreement or any memorandum, summary or other reference to this Agreement shall be filed in the deed records of Denton County, Texas or in any other governmental records. The parties further acknowledge and agree that this Agreement is a personal contract that does not "run with the land" and that no purchaser of any land within the District or the Development Area shall take title subject to this Agreement or subject to the assumption by such purchaser of any rights, duties or obligations of the parties under this Agreement except to the extent that some or all of the rights, duties or obligations under this Agreement are specifically set forth in the acquisition contract with such purchaser. Each party to this Agreement further agrees to provide, upon written request from any such purchaser or other entity acting on behalf of such purchaser (including, but not limited to, title companies and lenders), written certification (in a form reasonably requested by the requesting purchaser or entity) that none of this Agreement or any memorandum, summary or other reference to this Agreement has been filed of record by or on behalf of the certifying party and that such purchaser does not take title subject to this Agreement or to the assumption by such purchaser of any rights, duties or obligations of the parties under this Agreement except to the extent that some or all of the rights, duties or obligations under this Agreement are specifically set forth in any acquisition contract with such purchaser. Notwithstanding the foregoing, however, nothing in this Section 35 or elsewhere in this Agreement shall affect the enforceability of the easements and other restrictions that are filed of record pursuant to the requirements of this Agreement, and all such separately recorded easements and restrictions shall be binding upon all purchasers of land burdened by such separately recorded easements and restrictions in accordance with the terms and conditions of such separately recorded easements and restrictions. Notwithstanding anything herein to the contrary, paragraphs 5, 11, 12, 15, 16, 17, 18, 20, and 21 shall be restrictions that "run with the land" and filed of record in the deed records of Denton County, Texas within five (5) days of the execution of this Agreement. All written certifications pursuant to this Section 35 shall be provided within 10 days after a written request for the certification has been given.

36. The execution of this Agreement has been duly authorized by each of the parties.

The Town of Prosper, Texas

By: 

Name: Jim Dunmire

Title: Mayor

Address: 113 W. Broadway

P. O. Box 307

Prosper, Texas 75078

FAX: 972/347-2111

E-Mail: jennifer_finley@prospertx.org

Date: 05/06/03

**Denton County Fresh Water Supply
District No. 10**

By: Nancy Heintel
Name: Nancy Heintel
Title: President
Address: c/o Law Offices of Clay E. Crawford
4265 San Felipe, Suite 1050
Houston, Texas 77027
FAX: 713/621-3909
E-Mail: ccrawford@crawlaw.net
Date: 5-15-03

Binary Investments, Inc.

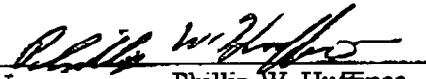
By: Phillip W. Huffines
Name: Phillip W. Huffines
Title: President
Address: 8222 Douglas Avenue
Suite 660
Dallas, Texas 75225
FAX: 214/750-5900
E-Mail: pwh@huffinescommunities.com
Date: 5-7-03

Huffines Communities, Inc.

By: Phillip W. Huffines
Name: Phillip W. Huffines
Title: Vice President
Address: 8222 Douglas Avenue
Suite 660
Dallas, Texas 75225
FAX: 214/750-5900
E-Mail: pwh@huffinescommunities.com
Date: 5-7-03

Sealed Bid DFW, L.P.

By: Bellaire Oaks, Inc.
General Partner

By: 
Name: Phillip W. Huffines
Title: Vice President
Address: 8222 Douglas Avenue
Suite 660
Dallas, Texas 75225
FAX: 214/750-5900
E-Mail: pwh@huffinescommunities.com
Date: 5-7-03

Inwood Plaza Joint Venture

By: 153 Finance Corporation

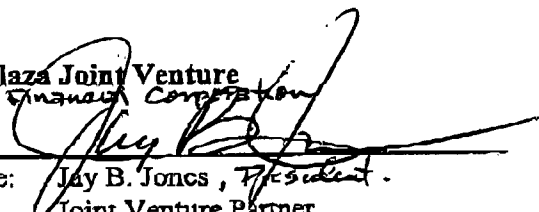
By: 
Name: Jay B. Jones, President
Title: Joint Venture Partner
Address: 2000 North Central Expressway
Suite 200
Plano, Texas 75074
FAX: 972/423-0317
E-Mail: aej41@airmail.net
Date: May 21, 2003

Exhibit A

Description of 227-Acre Love Tract

EXHIBIT "A"

BEING a tract of land located in the LOUISA NETHERLY SURVEY, ABSTRACT NO. 962, Denton County, Texas and being a part of a tract of land described in Deed to Jim P. Love, recorded in Volume 323, Page 633, Deed Records, Denton County, Texas and being more particularly described as follows:

BEGINNING at a railroad spike found at the intersection of Fish Trap Road with Fields Road, said point being the Southeast corner of a tract of land described in Deed to Mahard Egg Farm, Inc., recorded in Volume 1618, Page 329, Deed Records, Denton County, Texas;

THENCE Northerly, along the East line of said Mahard Egg Farm tract, the following five (5) courses and distances: North 01 deg. 12 min. 31 sec. West, a distance of 1,802.85 feet to a 1/2 inch iron rod found for corner at or near the center of Fields Road;

THENCE North 26 deg. 25 min. 31 sec. West, a distance of 197.58 feet to a 1/2 inch iron rod found for corner at or near the center of Fields Road;

THENCE North 16 deg. 58 min. 31 sec. West, a distance of 100.32 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DAA" set for corner at or near the center of Fields Road;

THENCE North 01 deg. 31 min. 29 sec. East, a distance of 691.91 feet to a 1/2 inch iron rod found for corner at or near the center of Fields Road, said point being the Northeast corner of said Mahard Egg Farm tract (Vol. 1618) and the Southeast corner of a tract of land described in Deed to Mahard Egg Farm, Inc., recorded in Volume 540, Page 79, Deed Records, Denton County, Texas;

THENCE North 00 deg. 36 min. 08 sec. East, a distance of 1,051.67 feet to a 3/8 inch iron rod found at the Northwest corner of said Love tract and the most Westerly Southwest corner of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738, Deed Records, Denton County, Texas;

THENCE South 88 deg. 38 min. 31 sec. East, a distance of 2,705.80 feet to a wood fence post found at the Northeast corner of said Love tract and an inner ell corner of a tract of land described in Deed to Inwood Plaza Joint Venture, recorded in Volume 4233, Page 738, Deed Records, Denton County, Texas;

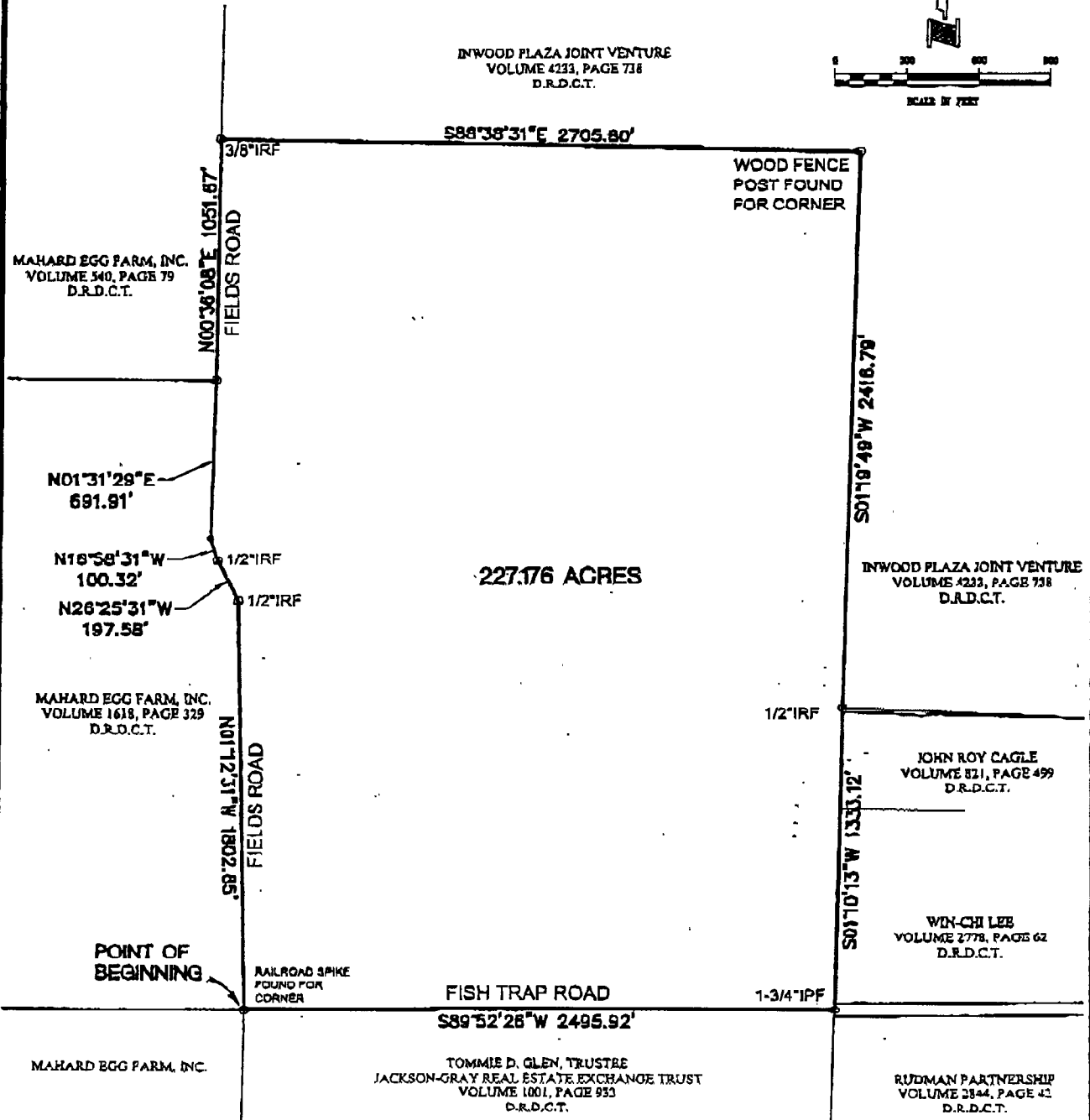
THENCE South 01 deg. 19 min. 49 sec. West, a distance of 2,416.79 feet to a 1/2 inch iron rod found for corner at or near the center of Harper Road at the most Southerly Southwest corner of said Inwood Plaza Joint Venture tract;

THENCE South 01 deg. 10 min. 13 sec. West, a distance of 1,333.12 feet to a 1-3/4 inch iron pipe found for corner at or near the center of said Fish Trap Road;

THENCE South 89 deg. 52 min. 26 sec. West, a distance of 2,495.92 feet to a point for corner at the POINT OF BEGINNING and containing 9,895,767 square feet or 227.176 acres of land.

LEGEND

- ⊙ = MONUMENT FOUND AS NOTED
- = 1/2" IRON ROD W/ YELLOW PLASTIC CAP STAMPED "DAA" SET
- D.R.D.C.T. = DEED RECORDS, DENTON COUNTY, TEXAS



**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

5225 Village Creek Drive, Suite 200 Plano, Texas 75093
Phone 972-931-0694 Fax 972-931-9538

EXHIBIT "A" LOVE TRACT

9,895,767 SQUARE FEET OR 227.76 ACRES
LOUISA NETHERLY SURVEY ~ ABSTRACT NO. 962
DENTON COUNTY, TEXAS

02/03/03

Page 2 of 2

102032BND-227 176AC

RUSSELL, MOORMAN & RODRIGUEZ, L.L.P.

Attorneys at Law
120 West 8th Street
Georgetown, Texas 78626

Phone (512) 930-1317

E-mail: fwright@rmrlawfirm.com

Fax (512) 864-7744

June 16, 2003

VIA FACSIMILE

Ms. LaDonna Castañuela
Office of Chief Clerk (MC-105)
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

RE: Amendment of Certification Application; *Application from the Town of Prosper to Amend Sewer Certificate of Convenience and Necessity (CCN) No. 20888 in Denton County; Application No. 34004-C; SOAH Docket No. 582-03-1994, TCEQ Docket No. 2002-1350-UCR*

Dear Ms. Castañuela:

This letter is transmitting a facsimile copy of the Town of Prosper's Motion to Amend it Certification Application and Motion to Dismiss Intervenor to be filed on behalf of the Town of Prosper in the above-mentioned matter.

If you have any questions, please feel free to contact me at the above telephone number.

Sincerely,



Faith Wright

cc: Service List
Jennifer Finley

RUSSELL, MOORMAN & RODRIGUEZ, L.L.P.

Attorneys at Law

102 Morrow, Suite 103

Georgetown, Texas 78626

Phone (512) 930-1317

E-mail: arodriguez@rmrlawfirm.com

Fax (512) 864-7744

FAX COVER SHEET

Date: June 20, 2003

Honorable James Norman

Fax: (512) 475-4994

Lara Nehman

Fax: (512) 239-0606

Sal Levatino

Fax: (512) 482-0051

Mark Zeppa

Fax: (512) 346-6847

Blas Coy

Fax: (512) 239-6377

Docket Clerk, TCEQ

Fax: (512) 239-3311

Client Number: 190-00

FROM: Kerry Russell/ Art Rodriguez

Direct Phone: (512) 930-1317

PAGES: 20 PAGES (INCLUDING COVER PAGE)

Comments:

Prosper's Motion to Amend Certification Application and Dismiss Intervenor.

Notice: The following material is intended for the use of the individual or entity to which it is addressed. The material may contain information that is attorney-client privileged, or otherwise confidential and exempt from disclosure under law. If you are not the specified recipient, do not read this material. Any use, dissemination or copying of this material is strictly prohibited. If you have received this material in error, please notify us by telephone at the above number and return the material to us by U.S. Mail.

SOAH DOCIET NO. 582-03-1994
TCEQ DOCKET NO. 2002-1350-UCR

APPLICATION OF THE TOWN OF § BEFORE THE STATE OFFICE
PROSPER TO AMEND SEWER §
CERTIFICATE OF CONVENIENCE § OF
AND NECESSITY NO 20888 IN DENTON §
COUNTY, APPLICATION NO. 34004-C § ADMINISTRATIVE HEARINGS

MOTION TO COMPEL

Comes Now, Fishtrap Properties, LLP, and Glenbrook Water Supply Corp.,
opponents in the above styled and numbered case, and files this its Motion to Compel the
Town of Prosper to produce documents in response to the following Requests for
Production (the Town of Prosper's Response is set forth beneath each Request):

Request for Production No. 8: Any and all documents related to the adoption
by the City of Prosper of its ordinance relating to the impact fees.

Response: Objection: Prosper objects to this request because it lacks specificity,
is overly broad, and is vague and unclear as to the meaning of "the impact fees."
Additionally, the request is irrelevant and is not reasonably calculated to lead to
the discovery of admissible evidence.

Request for Production No. 15: Any and all documents related to
communications with any fresh water supply district or water control and
improvement district relating to the provision of fresh water supply, fresh water
distribution, wastewater collection or wastewater treatment for areas within the
City of Prosper's city limits or extraterritorial jurisdiction or enclosed by the city
limits or extraterritorial jurisdiction of the City of Prosper.

Response: Objection: Prosper objects to this request because it lacks specificity,
is overly broad, and is vague and unclear. Additionally, the request is irrelevant
and is not reasonably calculated to lead to the discovery of admissible evidence.

Request for Production No. 16: Any and all documents relating to the approval
of platting of lots for single family residences with the City of Prosper since 1993.

Response: Objection: Prosper objects to this request because it lacks specificity,
is overly broad, and is vague and unclear. Additionally, the request is irrelevant
and is not reasonably calculated to lead to the discovery of admissible evidence.

Request for Production No. 17: Any and all documents relating to zoning ordinances of the city of Prosper relating to residential projects within the city limits of Prosper since 1993.

Response: Objection: Prosper objects to this request because it lacks specificity, is overly broad, and is vague and unclear. Additionally, the request is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence.

Request for Production No. 20: Communications, including email, letters, reports with any and all financial advisors regarding the feasibility of the project proposed in your application to amend your CCN.

Response: Prosper objects to this request because it is overly broad, unduly burdensome and vague as to the meaning of "project."

Request for Production No. 21: Communications, including email, letters, reports with any and all engineers regarding the feasibility of the project proposed in your application to amend your CCN.

Response: Prosper objects to this request because it is overly broad, unduly burdensome and vague as to the meaning of "project."

With respect to Request for Production No. 8, the impact fees that are to be assessed against the prospective homeowners on the 107 acres owned and planned to be developed by Fishtrap Properties, LLP, are relevant or may lead to relevant evidence because the revenue to be generated by said impact fees will be used by the Town of Prosper in construction of the treatment facilities; moreover, the impact fees will directly affect the prospective homeowners in their ability to afford the wastewater services for which the impact fees are being levied. The Texas Local Government Code requires cities to satisfy notice and other requirements in order for the impacts fees to be valid, and these documents are necessary in order to determine the financial capability of the Town of Prosper to construct the facilities.

With respect to Request for Production No. 15, information contained in such communication is either relevant or may lead to relevant evidence regarding the Town of Prosper's capacity or suitability in delivering wastewater treatment services to the area proposed in its CCN application, and in particular to the settlement agreement reached between the Town of Prosper and Denton County Fresh Water Supply District No. 10.

With respect to Request for Production No. 16 and No. 17, information contained in such communication is either relevant or may lead to relevant evidence regarding the Town of Prosper's basis for applying for the CCN and its intention to provide service to the areas covered by its CCN application. Fishtrap Properties, LLP, believes that the Town of Prosper has no intention to furnish services to the property owned by Fishtrap Properties because of the planned use for the property and believes that Prosper's intent in obtaining the CCN for the area designated in its application is to deny Fishtrap Properties wastewater services in order to deny Fishtrap the ability to develop the property as planned. Information requested in Request for Production No. 16 would provide relevant information or may lead to relevant information regarding Prosper's willingness to provide needed service

With respect to Requests for Production Nos. 20 and 21, the financial and engineering feasibility of what is contemplated in Prosper's Application to amend its CCN is not only relevant is defined as one of the criteria to be considered in determining whether the application should be granted. With respect to the term "project" being vague, the request asks for the feasibility of the project proposed in the application; opponents believe what is referred to is plainly evident, that is, what the applicant

proposes to do in the application which is to provide waste waster service to the proposed area.

Undersigned counsel certifies that he and counsel for the Town of Prosper have communicated concerning Requests Numbers 8, 15 and 16, and undersigned counsel attempted to confer with Mr. Kerry Russell, counsel for Prosper, regarding Requests Numbers 17, 20 and 21, but counsel was unavailable, Mr. Russell's co-counsel Mr. Arturo D. Rodriguez was out of the office on vacation for the whole week of June 16 through June 20, but undersigned counsel did discuss said requests with Mr. Russell's assistant in an attempt to resolve differences, but have not been successful in doing so.

Wherefore Premises Considered, Movant moves for an Order compelling the Town of Prosper to provide the documents requested in the above identified Request for Production Nos. 8, 15 and 16.

Respectfully submitted,

By: 
Sal Levatino

SBN 12245000

1524 S. IH-35, Suite 234

Austin, Texas 78746

(512)474-4462; Fax (512) 482-0051

email: levatino@onr.com

Attorney for Fishtrap Properties, LLP
and Glenbrook Water Supply

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing pleading was served on the following persons by fax and/or 1st class USPS mail on the 19th day of June, 2003.


Judge James Norman
State Office of Administrative Hearings
P.O. Box 13025
Austin, Texas 78711-3025
FAX 475-4994

Kerry Russell
Russell, Moorman & Rodriguez, LLP
102 W. Morrow, Suite 103
Georgetown, Texas 78626
Fax 864-7744

Blas Coy, Jr.
Public Interest Counsel
TCEQ
P.O. Box 13087, MC 103
Austin, Texas 78711-3087
FAX 239-6377

Lara Nehman
Sheridan Gilkerson
Environmental Law Division
TCEQ
P.O. Box 13087, MC 173
Austin, Texas 78711-3087
Fax 239-0606

TCEQ Docket Clerk
Office of the Chief Clerk
TCEQ
P.O. Box 13087, MC 105
Austin, Texas 78711-3087
Fax 239-3311


Sal Levatino

SOAH DOCKET NO. 582-03-1994
TCEQ DOCKET NO. 2002-1350-UCR

APPLICATION OF THE TOWN OF
PROSPER TO AMEND SEWER
CERTIFICATE OF CONVENIENCE
AND NECESSITY (CCN) NO. 20888
IN DENTON COUNTY, APPLICATION
NO. 34004-C

§
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§

BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

CHIEF CLERK'S OFFICE

2003 JUN 20 AM 7:53

TEXAS
COMMISSION
ON ENVIRONMENTAL
QUALITY

TOWN OF PROSPER'S FIRST SUPPLEMENTAL RESPONSES TO
THE EXECUTIVE DIRECTOR OF THE
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY'S
INTERROGATORIES

TO: The Executive Director of the Texas Commission on Environmental Quality, by and through its attorneys of record, Lara Nehman and Sheridan Gilkerson, P.O. Box 13087, MC-173, Austin, Texas 78711-3087.

The Town of Prosper ("Prosper"), serves this, its First Supplemental Responses to the Executive Director ("ED") of the Texas Commission on Environmental Quality ("TCEQ") Interrogatories, through their attorney of record, Lara Nehman, pursuant to Rules 193 and 194 and other applicable rules of the Texas Rules of Civil Procedure, Chapter 2001 of the Texas Government Code, and applicable rules and regulations of the Texas Commission on Environmental Quality ("TCEQ" or "the Commission") and the State Office of Administrative Hearings ("SOAH"). These answers may be treated by all parties as if the answers were filed under oath.

Respectfully submitted,

Russell, Moorman & Rodriguez, L.L.P.

102 West Morrow Street, Suite 103

Georgetown, Texas 78626

(512) 930-1317

(512) 864-7744 (Fax)


KERRY E. RUSSELL

State Bar No. 17417820

ARTURO D. RODRIGUEZ, JR.
State Bar No. 00791551
**ATTORNEYS FOR THE
TOWN OF PROSPER**

CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of June, 2003, a true and correct copy of the foregoing document has been sent via facsimile, first class mail, or hand-delivered to the following counsel of record:

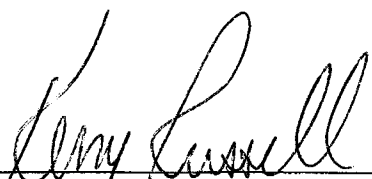
Mr. Sal Levatino
1524 S. IH 35, Suite 234
Austin, Texas 78746
Fax: 512/ 482-0051

Mr. Mark Zeppa
4833 Spicewood Springs Road, Suite 202
Austin, Texas 78759-8436

Mr. Blas Coy, Attorney
Office of Public Interest Counsel
TCEQ - MC 103
P.O. Box 13087
Austin, Texas 78711-3087
Fax: 239-6377

Ms. Lara Nehman, Attorney
Ms. Sheridan Gilkerson, Attorney
Environmental Law Division
TCEQ - MC 173
P.O. Box 13087
Austin, Texas 78711-3087
Fax: 239-0606

Docket Clerk
Office of the Chief Clerk – MC 105
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087
Fax: 239-3311



KERRY E. RUSSELL

A. INTERROGATORIES

Interrogatory No. 6 Please identify any sewer facilities you currently have in place and any proposed new facilities. For each, please identify TCEQ and/or all other regulatory agency approvals for the City of Prosper's sewer facilities and include log numbers and permit numbers.

RESPONSE: Prosper currently has one wastewater treatment plant ("WWTP") which is permitted under TPDES Permit No. 10915-001. The area that is being requested is proposed to be served by this WWTP and the North Texas Municipal Water District's Panther Creek WWTP, which has been permitted as the regional facility for this area.

Interrogatory No. 7 Please describe the proximity of the service area you have requested to any existing sewer facilities owned and/or operated by you to any of your proposed sewer facilities. Please identify all TCEQ, county and/or all other regulatory agency approvals of these facilities if not already identified above. For proposed facilities, please also identify any applications for approvals, if applicable, and the status of those approvals.

RESPONSE: The service area being requested is bounded by the corporate limits of the Town of Prosper. Wastewater service will be provided to this area from Prosper's WWTP and the North Texas Municipal Water District's Panther Creek WWTP located in the City of Frisco. No additional regulatory approvals are required for either facility to serve the area being requested.

Interrogatory No. 8 What is the approximate time frame in which you would be able to provide sewer service to the proposed service area? Please state the basis of your contention.

RESPONSE: Service can be provided to the south and west side of the service area from the City of Frisco system within eighteen (18) months. Service can be provided to the north and east side of the service area within the same general time frame. These time estimates were developed by Prosper's engineer, the City of Frisco, and the North Texas Municipal Water District.