

of convenience and necessity for the City to provide wholesale wastewater service to the District and for the District to provide retail wastewater service to the Development. H2N will assign this contract for wholesale wastewater service within the Development, in part, to each of the Districts according to the needs of each.

ARTICLE IV. ISSUANCE OF BONDS BY THE DISTRICT

4.1 The District may issue bonds and notes, including bond anticipation notes or refunding bonds (the "District Bonds") for any purpose not specifically prohibited by law, this Agreement, or rules and policies of the Texas Commission on Environmental Quality (the "Commission"). District Bonds shall be issued according to and in the manner provided by the rules, policies, and requirements of the Commission. It is specifically agreed that the District Bonds, when issued, shall be secured by a pledge of the District's taxes, and may include a pledge of the District's revenues. In addition to its other duties and obligations under this Agreement, Developer agrees to limit the total bonds issued by the District and all Districts created under Article II, and the total reimbursement to all developers, to Twenty-Two Million, Five Hundred Thousand Dollars (\$22,500,000.00) reasonably adjusted for inflation. Additionally, the term of any District Bond shall not exceed twenty-five (25) years, unless the City specifically approves a longer term for a particular bond issue. H2N may allocate the amount of bonded debt between the various Districts as allowed by the Commission. Subject to the \$22,500,000.00 limit reasonably adjusted for inflation, the amount of District Bonds issued at any time by the District shall be limited only by applicable statutes and the rules of the Commission. Bond issue documents shall be consistent with the rules of the Commission. The limitations on the amount of District Bonds and the reimbursement to Rowe Lane and/or H2N contained in this section shall continue to bind Rowe

Lane, H2N, Landowners, and any subsequent developers or landowners regardless of any assignment under Article IX or Article X of this Agreement.

4.2 The parties hereto recognize and agree that this Agreement is not intended to restrict or limit the powers and authority of the District to acquire, own, operate and maintain water or wastewater systems, drainage facilities, recreational facilities, or any other systems, facilities, assets, or properties of or serving the District. The District may use funds and assets from any available, lawful source to provide for acquisition, ownership, maintenance and operation of its systems and facilities, as well as to accomplish any purpose or to exercise any function, act, power or right authorized by law. Such sources shall include without limiting the generality of the foregoing, revenues from any of the systems, facilities, properties and assets of the District not otherwise committed for the payment of indebtedness of the District, operation and maintenance taxes, loans, gifts, grants and donations from public or private sources, and revenues from any other source lawfully available to the District.

4.3 The District may issue District Bonds for the design, development, purchase, construction, acquisition, ownership, operation, repair, extension and improvement of land, easements, works, improvements, facilities, systems, plants, equipment, appliances, and interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith necessary or desirable to:

- (a) Provide a water supply for municipal, domestic, and commercial use;
- (b) Collect, transport, process, dispose of and control all domestic, industrial or communal wastes;
- (c) Gather, conduct, divert and control local storm water or other local harmful excesses of water in the District;

- (d) Acquire, develop, and maintain parks and recreational facilities (subject to the limitations set forth in Section 5.3 on Developer's right to seek reimbursement out of bond proceeds for portions of the Land dedicated under Section 5.3); and
- (e) Pay organization expenses, operation expenses during construction, and interest during construction.

4.4 A copy of any bond application and accompanying regulatory information shall be provided to the City contemporaneously with the filing at the Commission.

4.5 Rowe Lane and H2N have executed an agreement allocating Rowe Lane 32% and H2N 68% of any reimbursements for (i) the costs of the North Pflugerville Wastewater Interceptor System, and (ii) the costs of facilities and capacity, including water, wastewater, and drainage facilities and capacity, that are owned or operated by the District, which reimbursements may be paid by the District out of the proceeds of bonds issued by such District or out of other funds available to the District. Rowe Lane, H2N, and Landowners acknowledge that, pursuant to the terms of the NPWIS Construction and Participation Agreement, the City shall be entitled to receive an infrastructure fee for each wastewater connection in the District in an amount equivalent to \$1,133.00 per LUE for single family residential uses or per service unit for non-residential uses. The service units for any non-residential uses in the District shall be determined according to Section 152.18 of the Pflugerville City Code. The infrastructure fee shall be paid only out of the proceeds of bonds issued by the District. For each bond issue, the quantity of LUEs that shall be used for determining the total amount of the infrastructure fee payment shall correspond to the quantity of wastewater LUE fees that are represented for reimbursement by the bond issue. The obligation for payment of the infrastructure fee to the

City shall be binding on Rowe Lane, H2N, and Landowners and their respective successors and assigns. The liability of Rowe Lane, H2N, and Landowners for payment of the infrastructure fee shall be reduced by all amounts expended by Rowe Lane, H2N, and Landowners on constructing improvements to Rowe Lane (the road).

ARTICLE V. CONCEPTUAL LAND DEVELOPMENT PLAN, DEVELOPMENT
REQUIREMENTS, AND FEES

5.1 Conceptual Land Use Plan. Attached hereto as Exhibit B is the Conceptual Land Use Plan for the Land, which sets out, among other items, the land use categories and general alignment, size, and type of lots, local streets, major roadways, easements, greenbelts, parks, and utility facilities, to the extent such information can be determined at the time this Agreement is executed. By executing this Agreement, the City approves the Conceptual Land Use Plan and the Developer is exempted from applying under, and completing, the Conceptual Plan process under the City's Subdivision Code. The City hereby approves any variances to the Subdivision Code (including any parkland dedication provisions) necessary to develop the Land in accordance with the Conceptual Land Use Plan; provided, however, that no single family lot shall be less than 6,000 square feet in area. The City expressly approves five foot (5') side setback lines on all single family lots within the District.

5.2 The City agrees that it will promptly review Landowners' applications and will approve such applications that are consistent with the approved Conceptual Land Use Plan and the following conditions:

(a) The overall density of previously final platted sections of the Development and any sections of the Development on which completed applications for final plats have been filed may never exceed 3.63 units per acre of single-family residential land.

(b) Each final plat must include the following note:

Total number of residential units X

Total area of residential lots and local and collector streets Y

where X and Y reflect the actual number of residential units and actual area of residential lots and local and collector streets, respectively.

(c) For applications under the City's Site Development Code (Chapter 155 of the City's Code of Ordinances) or Building Regulations (Chapter 150 of the City's Code of Ordinances), Landowners shall comply with the City's requirements for residential and non-residential construction that are in effect at the time of construction of the applicable structures and are included in those regulations, provided however that the landowners need not comply with side setback or lot size requirements to the extent that the application satisfies one of the following conditions:

- i. The application is consistent with the approved preliminary plats for the District subdivisions, which may include variances from the City's regulations for side set-backs of five feet; or
- ii. The application may include individual single family residential lots that are less than 9,000 square feet in area, in which case no lot may be less than 6,000 square feet in area.

5.3 Parkland Dedication. Landowners shall dedicate land equal to 10% of the total acreage within the Development, such dedicated land to be located within or adjacent to the Development, for use as neighborhood parks, open areas, and school sites. Landowners shall use reasonable efforts to coordinate the parkland dedication with the City's park master plan. Land within a flood plain shall receive full credit for purposes of determining acreage under this provision. The dedication of land under this Section shall be as follows:

(a) All flood plains, both 25 and 100 year, to be credited against the minimum 10% acreage requirement.

(b) 50% credit given for land dedicated to a public school site.

(c) 100% credit for lake areas (wet detention areas).

(d) 10 % parkland per acre of land within a subdivision shall be dedicated with each phase or section of the subdivision. However, by written agreement with the City, excessive parkland may be dedicated earlier, and subsequent phases or sections will provide less than a proportionate share. This can be done only if the cumulative amount dedicated is never reduced below 10 % of parkland to developed land.

(e) At the City's request, Landowners shall convey to the City and the City shall own, operate, and maintain any park areas. All District residents shall be entitled to use park and open areas conveyed to the City the same as in-City residents.

(f) The District shall own, operate, and maintain the remaining parkland areas including all floodplain areas and wet detention (lake) areas. The District shall use reasonable efforts to coordinate park facilities and improvements with the City's policies for parkland development and shall confer with the City's Parks Director prior to developing park facilities and improvements.

(g) Dedication shall occur at the time of final plat approval of the land surrounding the park or open areas.

(h) Developer may seek reimbursement from the District for the costs of acquiring, developing, and maintaining parks and recreational facilities on behalf of the District, provided, however, Developer may not seek reimbursement or payment for the cost of land dedicated under this section from the proceeds of bonds issued by the District.

(i) In accordance with City Ordinances, no flood plain shall be altered or modified as to area, provided, that flood plain may be altered, modified, or shaped to expedite and control floodwaters, construct and maintain utility lines, and to facilitate the use of floodplain as parkland.

(j) The 100-year floodplain shall be defined as that area calculated by Landowners' engineer of record and approved by the Travis County Flood Plain Administrator and the City of Pflugerville's Flood Plain Administrator. The City shall have the right to review and approve the flood plain study and calculations. Thirty (30) days after submission to the City, Landowners' study and calculations shall be deemed approved if the City does not object in writing. Landowners' flood plain study and calculations shall be in a form acceptable to FEMA for a letter of map revision.

At the time of final platting of the last parcel of unplatted land within the Development, if Landowners have not dedicated the minimum required acreage for use as parks, open areas, and school sites, then Landowners shall pay City a cash payment in lieu of dedication of land. The amount of the cash payment shall be equal to the fair market value of the shortage in the number of acres of land required to be dedicated pursuant to this provision, but shall not be less than \$15,000/acre. For an example, assuming 100 acres in the Development, if only 8.5 acres of land

have been dedicated for parks and public open areas, and the fair market value of open land in the area of the development is \$10,000 per acre, then Landowners shall make a payment of \$15,000, because of the shortage of 1.5 acres. The parties agree that this provision pertaining to parkland dedication completely and totally satisfies all requirements of the City pertaining to parkland dedication including, without limitation, the requirement codified in Section 156.117 entitled "Parkland Dedication" of the Subdivision Code.

5.4 Platting, Permitting, and Fees. Landowners agree that the Subdivision Ordinance of the City shall apply to the platting and development of the Land; provided, however, Landowners and the Development shall be exempt from all City zoning and annexation requirements. Fees shall be assessed and paid in accordance with the Subdivision Ordinance. A City building permit shall be required for any structure constructed on a platted lot within the Development.

5.5 Restrictive Covenant. In accordance with Sec. 212.172 of the Texas Local Government Code, Landowners agree to require by document to be recorded in the Real Property Records of Travis County, Texas, that: (i) all new construction within a platted subdivision within the Development will comply with the building codes enforced by the City; (ii) extend the City's planning authority over the land within the Development by agreeing upon a Conceptual Land Use Plan as discussed in Section 5.1, which authorizes general uses and land development; (iii) authorize City enforcement of certain land use and development regulations of the City as enforced within City limits; (iv) authorize enforcement of environmental regulations; (v) provide for agreed upon phasing and terms of annexation; and (vi) specify agreed uses before and after annexation.. The document that is to be recorded shall be in substantial conformance with the restrictive covenant set forth in Exhibit C.

The City shall file and maintain in the City's records the Conceptual Land Use Plan, and all modifications and amendments thereto. The City will approve a plat that is consistent with the Conceptual Land Use Plan for the tract that is the subject of the plat provided that the plat satisfies all other applicable requirements including those set forth in this agreement. The City is not required to approve a plat that is inconsistent with the Conceptual Land Use Plan for the tract that is the subject of the plat; provided, however, should the City approve a plat that is inconsistent with the then current Conceptual Land Use Plan, such approval shall constitute an amendment to the Conceptual Land Use Plan. The City's approval of a plat shall constitute the City's acknowledgment that such tract complies with the applicable Conceptual Land Use Plan and the requirements of the Restrictive Covenant.

ARTICLE VI. WATER, WASTEWATER, AND DRAINAGE FACILITIES

6.1 Scope of Facilities. It is anticipated that the Water System, the Collection System, and the NPWIS will serve not more than 900 LUEs or service units within the Development.

6.2 Ownership of System. Developer will construct and own the Water System, the Collection System, and the Drainage System, except, as provided herein with respect to oversizing of water and wastewater system components, the City shall own an undivided interest in the excess capacity from such oversizing of components paid for by the City. Developer shall be entitled to receive reimbursement from the District for the cost of construction of such systems and facilities at such time as Developer conveys ownership thereof to the District.

6.3 Oversizing Water and Wastewater Facilities. At the request of the City, Landowners agrees to oversize designated water distribution and wastewater lines or equipment that are a part of the Water System and the Collection System. If the City determines that a component of the Water System or the Collection System, or both, are to be oversized, the City

shall notify Landowners in writing no later than thirty (30) days after the City received the construction plans from Landowners for review and approval and such notice shall include the exact specifications of such oversizing. The oversize cost shall be determined on an incremental, rather than prorata, basis by a bid from Landowners' contractor or as otherwise agreed by Landowners and the City. If the oversize cost of such component exceeds the amount of money which may be obligated at the discretion of the City Manager, the City will arrange for the necessary funds in the amount of the oversize cost. During the course of the project, Landowners will send the City notice of payments made to contractors and suppliers, and the City hereby agrees to reimburse Landowners within twenty (20) days after the effective date of the notice (see Section 12.2) for the City's share of the payments to contractors and suppliers, up to the oversize cost, for the cost of oversizing.

6.4 Construction Plan Approval and Inspections. All plans and specifications for the Water, Collection, and Drainage Systems or any part thereof shall be designed for compliance with all federal, state, local, and City of Pflugerville laws, rules and regulations applicable to such systems and subject to written approval by the City Engineer prior to initiation of construction. City Inspectors shall receive timely advance notice of the right to inspect the construction of the Water, Collection, and Drainage Systems from Landowners to assure compliance with City standards and the construction plans approved by the City Engineer. Landowners shall make reasonable accommodations to the City Engineer's schedule. Landowners and the District shall not provide permanent water or wastewater service to any properties to be served by particular water supply and wastewater collection facilities until the construction of the same has been approved by a City Inspector. Landowners will provide the City, upon completion of construction, record drawings, meeting approval of the City Engineer, and a certification, from a civil engineer licensed to practice

engineering in Texas, that the Water System and/or the Collection System, or part thereof, covered by the drawings and specifications were built in accordance with the drawings and specifications as approved and as indicated in the record drawings and is in compliance with applicable federal, state and local laws, rules and regulations. Landowners will likewise obtain approval from the City and supply the City with record drawings and similar certifications for any subsequent additions, alterations, or modifications made to the Water System and/or the Collection System during the term of this Agreement. Landowners agree to pay the fee established by the City to compensate the City for the City Engineer's review of plans and specifications requiring approval and the cost of physical inspection of facilities. Such fees shall not exceed the charges imposed within the corporate limits of the City for similarly situated projects of similar scope and size.

6.5 Standards for Water and Wastewater Connections. All individual water and wastewater service connections to the Water System and the Collection System shall be made in compliance with City standards. City Inspectors shall receive timely advance notice of the right to inspect the individual connections after they have been made and before they are covered in the ground to assure compliance with the City's standards. Landowners shall make reasonable accommodations to the City Engineer's schedule. City Inspectors may require the party making the connection to reconstruct or correct, as appropriate, any connections that are not constructed in substantial compliance with the City's standards. Landowners and the District shall not provide permanent water and wastewater service to any property until the individual water and wastewater service connections have been inspected and approved by a City Inspector; provided, however, the parties hereto understand the need for Landowners to have water available on an interim basis for construction of the Development. This includes water for such construction activities as roads, erosion control, pressure testing, fire protection, drinking water, cleaning, sanitation, and the like, as

well as water available to individual dwellings which will be under construction. The City Inspector who inspects and approves an individual water and/or wastewater service connection or both shall furnish Landowners and the District with a certificate of approval to satisfy the certification requirements of the State of Texas.

6.6 Title to Property and Easements. Landowners agree to provide to Rowe Lane and/or H2N and the District adequate title to property on which lift stations and similar facilities are constructed, easements upon which force mains and transmission lines are constructed for the Water System, the Collection System, the Drainage System, and the NPWIS, and access and other easements as reasonably necessary for the City, Rowe Lane and/or H2N, and the District to provide the necessary water, wastewater, and drainage services to the Development.

6.7 Professional Services Agreement for Operation and Maintenance. By contract (the "Professional Services Agreement"), the City shall operate, repair, maintain and manage the facilities and equipment necessary to (1) transport, deliver and distribute the water furnished to residents of the District and (2) collect and transport the wastewater generated inside the District. The management function shall include responsibility for billing and collecting all fees for water and wastewater utility service on behalf of the District. This operation, repair, maintenance and management shall be of a quality and on a frequency as such service is provided by the City to other City water and wastewater customers. Costs associated with such operation, repair, maintenance, and management of the Water System, the Collection System, and the NPWIS by the City shall be satisfied from and be deemed to be equal to the amount of revenue the City collects from the water and wastewater customers within the District, excluding any amounts collected by the City on behalf of the District. The Professional Services Agreement shall at a minimum contain the provisions set out herein in Exhibit E.

6.8 Water and Wastewater Rates. Rates for water and wastewater service within the Development shall be set by the District to recover the costs of operating the District, operating and maintaining the District's facilities and the District's share of the NPWIS, obtaining wholesale water and wastewater service, and fairly compensating the City for services provided under the Professional Services Agreement. No additional charges, fees or the like shall be assessed against Developer or the District for such services. The City agrees that the Professional Services Agreement will compensate the City for the costs associated with the operation, maintenance, repair, or replacement of components of the Water System, the Collection System, and the District's share of the NPWIS through the water and wastewater rates charged to the District's individual customers and no additional charges, fees or the like will be assessed against Developer or the District for such services. Developer shall pay capacity fees due under any wholesale contracts to which it is a party directly to the wholesale supplier. All other fees and amounts due under the wholesale water and wastewater contracts shall be paid by the City directly to the appropriate wholesale supplier.

6.9 Monthly Billing. Pursuant to the City's obligations under the Professional Services Agreement to manage the Water System, the Collection System, and the NPWIS, the City shall read the meter and render a bill for each individual customer on a basis similar to that followed for in-City customers. Landowners and the District agree that the City can terminate water service, wastewater service, or both services to a customer upon the same basis as the City can terminate such service to an in-City customer. The City and the customer will be responsible for arranging restoration of service.

6.10 Rules Governing Use of Water and Collection Systems.

(a) Landowners and the District agree to adopt and impose water conservation measures upon customers and users of water in the Development, and to use all reasonable efforts to require the District to adopt and impose water conservation measures. Such water conservation measures imposed by Developer and/or the District shall be consistent with the conservation measures adopted and imposed from time to time by Manville Water Supply Corporation upon its members and by the City upon water customers of the City.

(b) Developer agrees to adopt and impose, and to use all reasonable efforts to require the District to adopt and impose, rules governing the discharge of wastewater into the Collection System that are consistent with the City's Industrial Waste Ordinance. The wastewater discharged into Collection System shall be treatable by standard wastewater treatment plant processes.

ARTICLE VII. MATERIAL BREACH

Except as expressly provided elsewhere in this Agreement, if a party to this Agreement commits a material breach, as defined by Texas law, of this Agreement, the other parties hereto may exercise all remedies at law or in equity including enforcement of the provisions violated; provided, however, that no such relief may be sought until written notice has been given to the defaulting party of such breach and a reasonable opportunity is given to the defaulting party to cure the breach, which in no event shall be less than ninety (90) days from the date of the notice. It is expressly understood and agreed by the parties that certain approvals and authorizations from non-parties, including the Commission, may be required to carry out or fulfill some of the obligations contained herein. Any delay in a party's ability to fulfill any obligations herein which results from such party

being unable to timely obtain such authorizations shall not constitute a material breach. The parties specifically agree that in case of a material breach of this Agreement, the non-defaulting party shall have the equitable right of specific performance in addition to any other legal or equitable remedies available. A party shall not be liable for any special, indirect, incidental or consequential damages of any nature, including without limitation, loss of profits or revenue.

ARTICLE VIII. ADOPTION OF THIS AGREEMENT BY DISTRICT

As to any District within the Development, Developer shall use its best efforts to get that District to agree to a total conveyance and assignment to the District of Developer's interests in this Agreement, as such relates to that District. Upon assignment of all or part of the rights, duties, and obligations of Developer to a District, the District shall stand alone in the place and stead of Developer, with respect to those legal rights and duties specifically identified herein or indicated by the term "Developer," "Landowners," "H2N," or "Rowe Lane," as the case may be, except as otherwise provided in the assignment, and provided that Developer and any subsequent developers of the Land and Landowners shall not be relieved from compliance with this Agreement to the extent it imposes covenants running with the land and where the context of this Agreement imposes limitations on the subdivision of the Land into platted lots, including, without limitation, the restrictions on bonds and reimbursement contained in Article IV and the provisions concerning the Conceptual Land Use Plan and parkland dedication contained in Article V. Upon such assignment, Developer shall be released from the liabilities, responsibilities, and obligations under this Agreement that are transferred to the District.

ARTICLE IX. BENEFITS OF AGREEMENT

This Agreement is for the benefit of the City, the District, and Developer, its successors and assigns, and shall not be construed to confer any benefit on any other party except as expressly provided herein. This Agreement may be executed by the City and Developer prior to creation of a District and shall be binding upon the City and Developer pending creation of the District until the District accepts an assignment from Developer assuming Developer's obligations hereunder.

ARTICLE X. ASSIGNMENT OF AGREEMENT

Landowners from time to time shall transfer, convey or assign its interest in this Agreement in conjunction with the sale, conveyance or transfer of all or any part of the Land, and such transfer, conveyance, or assignment shall bind the assignee to the terms and conditions of this Agreement. Should a Landowner assign all or part of this Agreement, he shall provide the City and Rowe Lane with notice of the assignment. Upon such assignment, the transferring Landowner shall be released from the liabilities, responsibilities and obligations under this Agreement with respect to the Land involved in the assignment or assignments, provided the assignee has assumed in writing the transferring Landowner's responsibilities hereunder.

ARTICLE XI. TERM OF AGREEMENT

This Agreement shall be effective from the date of execution hereof by the City and Developer, and shall continue in effect for a period of fifty (50) years from the date of the execution hereof. This Agreement shall terminate at the time all of the Land has been annexed by the City and the City has assumed all obligations of the District; provided however, this Agreement shall

terminate, in part, as to any portion of the Land that is not included within the boundaries of a district within 10 years after the effective date of this Agreement.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.1 Force Majeure. In the event any party is rendered unable, wholly or in part, by force majeure, to carry out any of its obligations under this Agreement, it is agreed that on such party's giving notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied upon, then the obligations of the party giving such notice, to the extent it is affected by 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 as to the extent provided, but for no longer period. Such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as used herein, shall include, but not be limited to, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, war, terrorism, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests, and restraints of governments and people, regulatory delay, explosions, breakage or damage to machinery or pipelines and any other incapacities of either party, whether similar to those enumerated or otherwise, and not within the control of the party claiming such inability, which by the exercise of due diligence and care such party could not have avoided.

12.2 Address and Notice.

(a) Manner of Giving 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 any party to the

other must be in writing and may be given or be served by depositing the same in the United States mail, postage prepaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same the representative of the party identified in Section 12.2(b). Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated in this Agreement, from and after the expiration of three (3) business days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. However, in the event of service interruption or hazardous conditions, neither party will delay remedial action pending the receipt of formal notice.

(b) Addresses. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided be as follows:

If to the City, to:	City of Pflugerville P.O. Box 589 Pflugerville, Texas 78660 Attention: City Manager
If to Rowe Lane, to:	Rowe Lane Development, Ltd. P.O. Box 1190 Pflugerville, Texas 78691-1190 (mail only) 3719 Rowe Lane Pflugerville, Texas 78660 (delivery only) Attn: Robert M. Tiemann or Carrie Parker Tiemann
If to H2N, to:	H2N Corporation 2929 West 5 th Street Suite A Fort Worth, Texas 76107 Attn: Lee Nicol
If to Landowners, to:	Atlan E. Pfluger, Jr. 1280 County Road 138 Hutto, Texas 78634

The parties shall have the right from time to time and at any time to change their respective addresses and representative, and each shall have the right to specify as its address and representative any other address or representative, provided at least five (5) business days' written notice is given of such new address or representative to the other parties.

12.3 No Additional Waiver Implied. The failure of any party hereto to enforce, in any one or more instances, upon performance of any of the terms, covenants or conditions of the Agreement, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by any other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.

12.4 Modification. Except as otherwise provided in this Agreement, this Agreement shall be subject to change or modification only with the mutual written consent of the parties hereto or their successors and assigns that are affected by such change or modification.

12.5 Captions. The captions appearing at the first of each numbered section in this Agreement are inserted and included solely for convenience and shall never be considered or given any effect in construing this Agreement, or any provision hereof, or in connection with the duties, obligations or liabilities of the respective parties hereto or in ascertaining intent, if any question of intent should arise.

12.6 Severability.

(a) The provisions of this Agreement are severable and, in the event any word, phrase, clause, sentence, paragraph, section or other provision of this Agreement, or the application thereof to any person or circumstance, shall ever be held or determined to be invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall remain in full force and effect

and the application thereof to any other person or circumstance shall not be affected thereby, provided the overall intent and purpose of this Agreement can still be accomplished.

(b) In the event that the Commission or any court of competent jurisdiction determines that any provision of this Agreement exceeds the authority set forth by the Texas Water Code, the City, Developer, and the District agree to immediately amend this Agreement to conform to such ruling or decision, and maintain the original intent and purpose to the extent possible.

12.7 Merger. This Agreement embodies the entire agreement among the parties hereto on the subjects covered herein and there are no prior effective representations, warranties or agreements among the parties on the subjects covered herein. For clarification, this Agreement does not supersede the Declaration of Covenants, Conditions and Easements signed by Landowners, and the NPWIS Construction and Participation Agreement among the City, Rowe Lane, and Lakeside District 2-C. Both the foregoing Declaration and the foregoing Agreement remain in full force and effect.

12.8 Construction of Agreement. The parties agree that this Agreement shall not be construed in favor of or against any party on the basis that the party did or did not author this Agreement.

12.9 Time of Essence. Time is of the essence in the performance of all rights, duties, and obligations under this Agreement.

12.10 Venue. Venue for any action under this Agreement shall lie in Travis County, Texas.

12.11 Other Instruments. The parties hereto covenant and agree that they shall take such further actions, and shall execute and deliver such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

12.12 Clarification. Notwithstanding any other provision in this Agreement, this Agreement provides the City's consent to the creation of the District subject to the terms contained herein, but this Agreement does not obligate Developer to create any District.

[Remainder of page intentionally blank.]

EXECUTED in one or more counterparts, which taken together shall constitute an original,
to be effective as of the date first above written.

City of Pflugerville, Texas

By: David Buesing
Name: David Buesing
Title: City Manager

Rowe Lane Development, Ltd.

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

By: Robert M. Tiemann
Robert M. Tiemann, President

H2N Corporation

By: Lee Nicol
Lee Nicol, Vice-President

Landowners

Atlan Ernest Pfluger, Jr.
Atlan Ernest Pfluger, Jr.

Ruby Mae Pfluger
Ruby Mae Pfluger

Patricia Pfluger Hoffman
Patricia Pfluger Hoffman

Exhibit A	Real Property Description of the Land
Exhibit B	Conceptual Land Use Plan
Exhibit C	Development Agreement Covenant
Exhibit D	NPWIS Map
Exhibit E	Professional Services Agreement

EXHIBIT A
TO
COMPREHENSIVE DEVELOPMENT AND CONSENT AGREEMENT
FOR LAKESIDE WCID NO. 3

Real Property Description of the Land

The Land to be included in Lakeside District No. 3 is generally described as follows:

The real property located north of Rowe Lane and east of FM 685 in Travis County and Williamson County, Texas, comprising approximately 251.646 acres, which consists of the 252.087-acre tract described by metes and bounds and the map(s) on the following pages, save and except a 0.44-acre tract described in a warranty deed to Brent Pfluger dated May 9, 2003, and recorded in Document No. 2003106952 of the Official Public Records of Travis County.



**Professional Land Surveying, Inc.
Surveying and Mapping**

Office: 512-443-1724
Fax: 512-441-6987

2807 Manchaca Road
Building One
Austin, Texas 78704

**252.087 ACRES
ROWE'S CROSSING
PERIMETER DESCRIPTION**

A DESCRIPTION OF 252.087 ACRES OUT OF THE JACOB CASNER SURVEY, ABSTRACT 2753 IN TRAVIS COUNTY, ABSTRACT 918 IN WILLIAMSON COUNTY, TEXAS, BEING A PORTION OF A 160 3/4 ACRE TRACT DESCRIBED IN A DEED TO ALTAN ERNEST PFLUGER DATED JAN. 31, 1945 AND RECORDED IN VOLUME 750, PAGE 692 OF THE DEED RECORDS OF TRAVIS COUNTY, TEXAS; ALSO BEING ALL OF A 0.44 ACRE TRACT DESCRIBED IN A WARRANTY DEED TO BRENT PFLUGER DATED MAY 9, 2003 AND RECORDED UNDER DOCUMENT No. 2003106952 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; ALSO BEING ALL OF A 18.009 ACRE TRACT DESCRIBED IN A WARRANTY DEED TO PATRICIA PFLUGER HOFFMAN DATED JUNE 28, 1990 AND RECORDED IN VOLUME 11220, PAGE 169 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; ALSO BEING A PORTION OF A 136 1/10 ACRE TRACT DESCRIBED IN A DEED TO ATLAN PFLUGER DATED JANUARY 23, 1947 AND RECORDED IN VOLUME 829, PAGE 605 OF THE DEED RECORDS OF WILLIAMSON COUNTY, TEXAS; ALSO BEING ALL OF A 23.563 ACRE TRACT DESCRIBED IN A CORRECTION DEED TO RUBY PFLUGER DATED SEPTEMBER 14, 1990 AND RECORDED IN VOLUME 11283, PAGE 443 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; AND ALSO BEING A PORTION OF A 42.009 ACRE TRACT DESCRIBED IN A WARRANTY DEED TO ATLAN ERNEST PFLUGER, JR. DATED JUNE 28, 1990 AND RECORDED IN VOLUME 11220, PAGE 172 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; SAID 252.087 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" rebar found in the west line of the said 160 3/4 acre tract, being in the north right-of-way line of Rowe Lane (right-of-way width varies), being also at the southwest corner of the said 18.009 acre tract, and being also at the southeast corner of a 5.03 acre tract described in a Warranty Deed to Harold K. Saathoff and wife, Catherine Saathoff dated May 2, 1988 and recorded in Volume 10672, Page 315 of the Real Property Records of Travis County, Texas;

THENCE North 7°19'10" East, along the west line of the 160 3/4 acre tract, portions of which being the east line of the said 5.03 acre tract, and continuing with the east line of a 5.01 acre tract described in a Warranty Deed With Vendor's Lien to Walter C. Kolinek and wife, Barbara J. Kolinek dated September 30, 1977 and recorded in Volume 5948, Page 151 of the Deed Records of Travis County, Texas, the east line of a 5.01 acre tract described in a Warranty Deed With Vendor's Lien to Joseph E.

EXHIBIT A

Hyland and wife, Elizabeth A. Hyland dated April 1, 1992 and recorded in Volume 11660, Page 2325 of the Real Property Records of Travis County, Texas, the east line of a 5.043 acre tract described in a Quitclaim Deed to R. L. Montgomery dated August 16, 1994 and recorded in Volume 12253, Page 336 of the Real Property Records of Travis County, Texas, the east line of a 5.21 acre tract described in a General Warranty Deed to Mark A. Donnell and spouse, Kimberly V. Donnell dated April 2, 1999 and recorded under Document No. 1999002082 of the Official Public Records of Travis County, Texas, the east line of a 7.85 acre tract described in an Executor's Deed dated June 4, 2001 and recorded under Document No. 2001088318 of the Official Public Records of Travis County, Texas, and the east line of Lots 1-5, Block K, Steeds Crossing, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 88, Page 99 of the Plat Records of Travis County, Texas, and being in part, the west line of the 18.009 acre tract, at a distance of 1635.83 feet passing a 1/2" rebar found at the northwest corner of the 18.009 acre tract, at a distance of 2490.45 feet passing a 1/2" rebar found at the common corner of the said 7.85 acre tract and Lots 5 and 6, Steeds Crossing, and continuing for a total distance of 2829.28 feet to a 1/2" rebar with cap set at the northwest corner of the 160 3/4 acre tract, being an interior corner of said Lot 1, Block K, Steeds Crossing;

THENCE South 82°29'15" East, along the north line of the 160 3/4 acre tract, being the south Lot 1, Block K, Steeds Crossing, the south line of a 10.00 acres described in a Warranty Deed With Vendor's Lien dated April 4, 1988 and recorded in Volume 10665, Page 534 of the Real Property Records of Travis County, Texas, and the south line of Lots 9 and 10, Rolling Hills, a subdivision in Travis and Williamson Counties, according to the map or plat thereof, recorded in Volume 76, Page 277 of the Plat Records of Travis County, Texas, a distance of 1793.84 feet to a 1/2" rebar found at the southeast corner of said Lot 10, Rolling Hills, being also at the southwest corner of the said 136 1/10 acre tract, and being also at the southwest corner of the said 23.563 acre tract;

THENCE North 7°33'47" East along the west line of the 136 1/10 acre tract, portions of which being the east lines of Lots 10-14, Rolling Hills, also being in part, the west line of the 23.563 acre tract, and in part, the west line of the said 42.009 acre tract, at a distance of 500.26 feet passing a 1/2" rebar found at the common corner of said Lots 10 and 11, at a distance of 715.33 feet passing a 1/2" rebar found at the common corner of the 23.563 acre tract and the 42.009 acre tract, at a distance of 1766.89 feet passing a 1/2" rebar found at the common corner of said Lots 13 and 14, and continuing for a total distance of 1884.59 feet to a 1/2" rebar found at the northwest corner of the 42.009 acre tract, being at the southwest corner of a 28.219 acre tract described in a Deed With Vendor's Lien dated December 31, 1981 and recorded in Volume 863, Page 153 of the Deed Records of Williamson County, Texas;

EXHIBIT A

THENCE over and across the 136 1/10 acre tract, South 81°46'12" East, along the north line of the 42.009 acre tract, being the south line of the said 28.219 acre tract, a distance of 562.41 feet to a 1/2" rebar found at the southeast corner of the 28.219 acre tract;

THENCE continuing over and across the 136 1/10 acre tract, over and across the 42.009 acre tract, the following three (3) courses and distances:

1. South 81°44'54" East, a distance of 149.95 feet to a 1/2" rebar found;
2. South 7°43'34" West, a distance of 448.88 feet to a 1/2" rebar with cap found;
3. South 82°15'56" East, a distance of 670.49 feet to a 1/2" rebar with cap found in the east line of the 42.009 acre tract;

THENCE continuing over and across the 136 1/10 acre tract, North 7°44'08" East, along the east line of the 42.009 acre tract, a distance of 635.14 feet to a 1/2" rebar found in the south right-of-way line of County Road 138 (Williamson County, right-of-way width varies), being the northeast corner of the 42.009 acre tract;

THENCE continuing over and across the 136 1/10 acre tract, South 82°16'18" East, along the south right-of-way line of County Road 138, a distance of 856.72 feet to a 3/8" rebar found in the east line of the 136 1/10 acre tract, being at the northwest corner of a 5.079 acre tract described in a General Warranty Deed to Edward Knoll and spouse, Sandra K. Knoll dated November 30, 1990 and recorded in Volume 1965, Page 679 of the Official Records of Williamson County, Texas;

THENCE South 7°25'15" West along the common line of the 136 1/10 acre tract and the said 5.079 acre tract, a distance of 558.03 feet to a 3/8" rebar found at the southwest corner of the 5.079 acre tract, being the northwest corner of a 10.04 acre tract described in a Correction Warranty Deed With Vendor's Lien to Douglas E. Vrabel and wife, Hazel L. Vrabel dated November 30, 1999 and recorded under Document No. 2000001066 of the Official Public Records of Williamson County, Texas;

THENCE continuing along the east line of the 136 1/10 acre tract, South 7°17'42" West, in part with the west line of the said 10.04 acre tract, and in part with the west line of a 11.59 acre tract described in a Correction Warranty Deed With Vendor's Lien to Lisa Renee Craig and James Norman Craig dated February 3, 1999 and recorded under Document No. 199977089 of the Official Public Records of Williamson County,

EXHIBIT A

Texas, at a distance of 321.96 feet passing a 1/2" rebar found at the common corner of the 10.04 acre tract and the said 11.59 acre tract, and continuing for a total distance of 533.26 feet to a 1/2" rebar with cap set at an angle point in the west line of the 11.59 acre tract;

THENCE continuing along the east line of the 136 1/10 acre tract, South 6°58'52" West, in part with the west line of the 11.59 acre tract, in part with the west line of a 5.004 acre tract described in a Partition Deed to Samuel A. Thielepape dated April 17, 1997 and recorded under Document No. 9718185 of the Official Records of Williamson County, Texas, and in part with the west line of Lot 1, Mouser Addition, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 86, Page 83B of the Plat Records of Travis County, Texas, at a distance of 188.73 feet passing a 1/2" rebar found at the common corner of the 11.59 acre tract and the said 5.004 acre tract, at a distance of 503.05 feet passing a 1/2" rebar found at the common corner of the 5.004 acre tract and said Lot 1, Mouser Addition, and continuing for a total distance of 523.15 feet to a 1/2" rebar found at an angle point in the west line of said Lot 1, Mouser Addition;

THENCE continuing along the east line of the 136 1/10 acre tract, South 8°10'55" West, in part with the west line of Lot 1, Mouser Addition, in part with the west line of Martin Cove (right-of-way width varies, also known as Jan Drive), and in part with the west line of a 6.993 acre tract described in a Warranty Deed to James L. Doyle and wife, Sharon H. Doyle dated October 20, 1981 and recorded in Volume 7612, Page 174 of the Deed Records of Travis County, Texas, at a distance of 400.29 feet passing a 1/2" rebar found in the north right-of-way line of Martin Cove, being the southwest corner of Lot 1, Mouser Addition, at a distance of 429.80 feet passing a 1/2" rebar found at the northwest corner of the said 6.993 acre tract, and continuing for a total distance of 443.34 feet to a 1" iron pipe found at the southeast corner of the 136 1/10 acre tract;

THENCE South 13°00'36" West, continuing along the west line of the 6.993 acre tract, a distance of 6.03 feet to a 1/2" rebar with cap found at the northeast corner of Lot 53, Block C, The Estates of Rowe Lane Section 2, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded under Document No. 200400158 of the Official Public Records of Travis County, Texas;

THENCE North 82°11'32" West, along the north line of The Estates of Rowe Lane Section 2, a distance of 770.26 feet to a 1/2" rebar found in the south line of the 136 1/10 acre tract, at the northwest corner of Lot 21, Block E, The Estates of Rowe Lane Section 2, being also at the northeast corner of Lot 32, Block A, Rolling Meadows Section One, a subdivision in Travis County, Texas, according to the map or plat

EXHIBIT A

thereof, recorded in Volume 85, Page 47C of the Plat Records of Travis County, Texas;

THENCE North 82°11'41" West, along the south line of the 136 1/10 acre tract, being the north line of Block A, Rolling Meadows Section One, a distance of 781.87 feet to a 1/2" rebar with cap set at the northwest corner of Lot 28, Block A, Rolling Meadows Section One, being also a the northeast corner of the 160 3/4 acre tract;

THENCE South 7°34'50" West, along the east line of the 160 3/4 acre tract, portions of which being the west lines of Lots 27-28 and Lots 11-12, Block A, Rolling Meadows Section One, at a distance of 224.86 feet passing a 1/2" rebar found at the common corner of said Lots 27 and 28, at a distance of 933.51 feet passing a 1/2" rebar found at the common corner of said Lots 11 and 12, and continuing for a total distance of 987.37 feet to a 1/2" rebar with cap set for an angle point in the west line of Lot 11;

THENCE South 7°26'54" West, continuing along the east line of the 160 3/4 acre tract, portions of which being the west lines of Lots 10 and 11, Block A, Rolling Meadows Section One, at a distance of 177.11 feet passing a 1/2" rebar found at the common corner of Lots 10 and 11, and continuing for a total distance of 292.88 feet to a 1/2" rebar found for a angle point in the west line of Lot 10;

THENCE South 7°16'32" West, continuing along the east line of the 160 3/4 acre tract, portions of which being the west lines of Lots 3-10, Block A, Rolling Meadows Section One, at a distance of 94.28 feet passing a 1/2" rebar found at the common corner of said Lots 9 and 10, at a distance of 284.09 feet passing a 1/2" rebar found at the common corner of said Lots 8 and 9, at a distance of 434.22 feet passing a 1/2" rebar found at the common corner of said Lots 7 and 8, at a distance of 880.29 feet passing a 1/2" rebar found at the common corner of said Lots 4 and 5, and continuing for a total distance of 1103.79 feet to a 1/2" rebar with cap set for an angle point in the west line of Lot 3;

THENCE South 7°38'53" West, continuing along the east line of the 160 3/4 acre tract, portions of which being the west lines of Lots 1-3, Block A, Rolling Meadows Section One, at a distance of 394.13 feet passing a 1/2" rebar found at the southwest corner of said Lot 1, being at the northwest corner of a 10 foot strip dedicated for additional right-of-way of Rowe Lane with the recording of Rolling Meadows Section One, and continuing with the west line of said strip for a total distance of 404.14 feet to a 1/2" rebar with cap set for an angle point in the north right-of-way line of Rowe Lane;

THENCE over and across the 160 3/4 acre tract, North 83°31'41" West, along the north right-of-way line of Rowe Lane, a distance of 1729.32 feet to a 1/2" rebar with

EXHIBIT A

cap found;

THENCE departing the north right-of-way line of Rowe Lane, continuing over and across the 160 3/4 acre tract, the following two (2) courses and distances:

1. North 7°17'08" East, a distance of 314.94 feet to a 1/2" rebar with cap found;
2. North 83°31'31" West, a distance of 202.45 feet to a 1/2" rebar with cap found at the northeast corner of the said 0.441 acre tract;


THENCE continuing over and across the 160 3/4 acre tract, along the east line of the 0.441 acre tract, the following three (3) courses and distances:

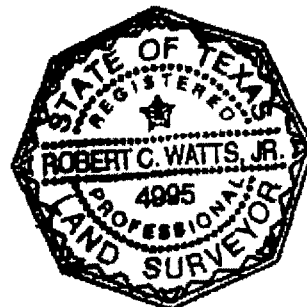
1. South 7°16'46" West, a distance of 101.03 feet to a 1/2" rebar with cap found;
2. North 83°35'36" West, a distance of 17.02 feet to a 1/2" rebar with cap found;
3. South 3°20'57" West, a distance of 214.23 feet to a 1/2" rebar with cap found in the north right-of-way line of Rowe Lane, being at the southeast corner of the 0.441 acre tract;

THENCE continuing over and across the 160 3/4 acre tract with the north right-of-way line of Rowe Lane, North 83°32'24" West, along the south line of the 0.441 acre tract, a distance of 65.26 feet to a 1/2" rebar found at the common corner of the 0.441 acre tract and the 18.009 acre tract;

THENCE continuing over and across the 160 3/4 acre tract with the north right-of-way line of Rowe Lane, North 83°05'04" West, along the south line of the 18.009 acre tract, a distance of 479.96 feet to the **POINT OF BEGINNING**, containing 252.087 acres of land, more or less.

Surveyed on the ground April 2, 2004. Bearing Basis: Grid Azimuth for Texas Central Zone, 1983/93 HARN values from LCRA control network. Attachments: Drawing 143-022-SURF.


Robert C. Watts, Jr.
Registered Professional Land Surveyor
State of Texas No. 4995

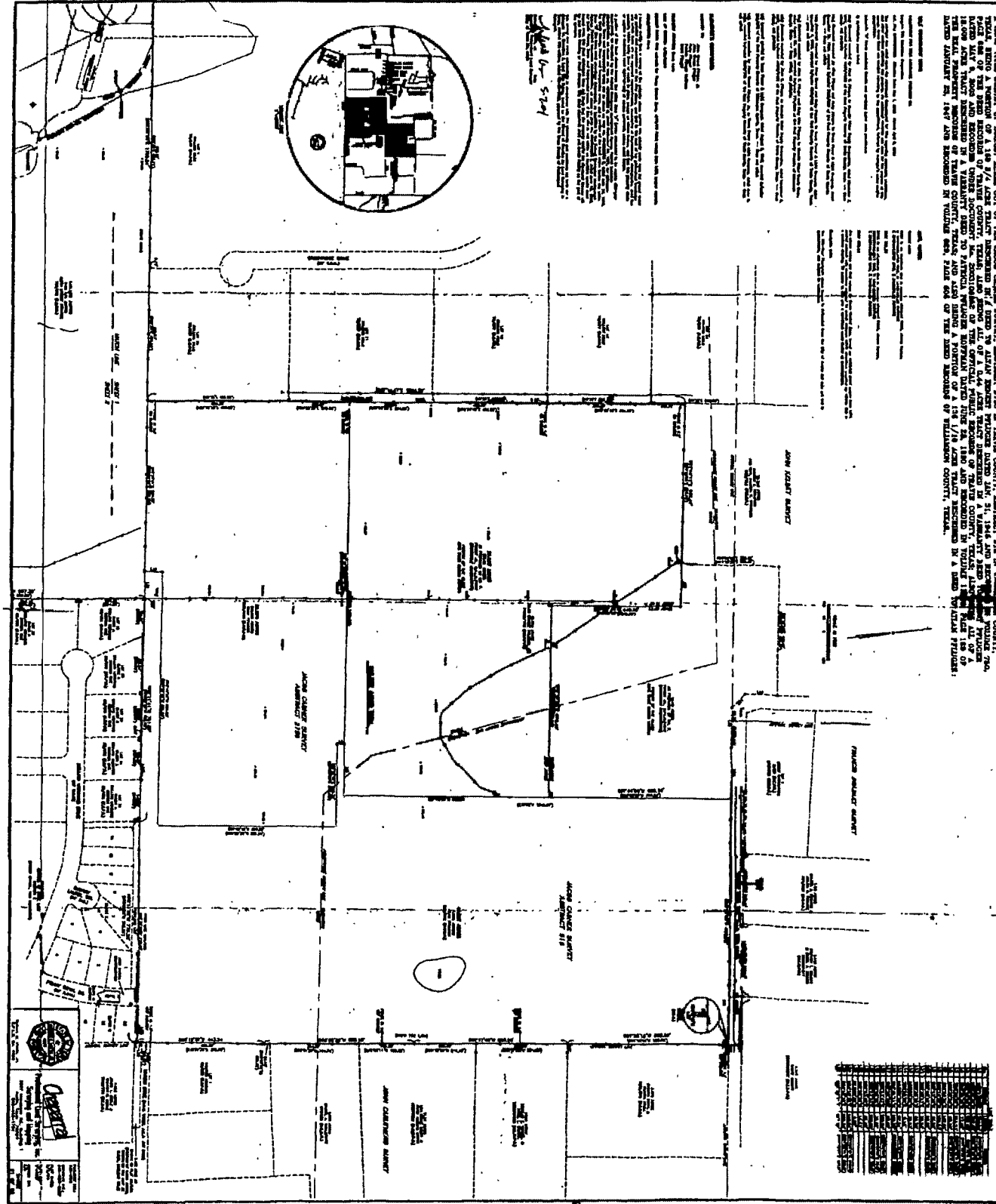
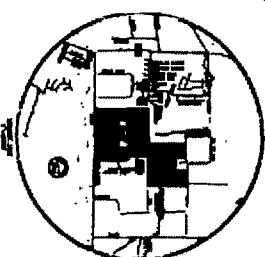


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EXHIBIT A

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**EXHIBIT A**

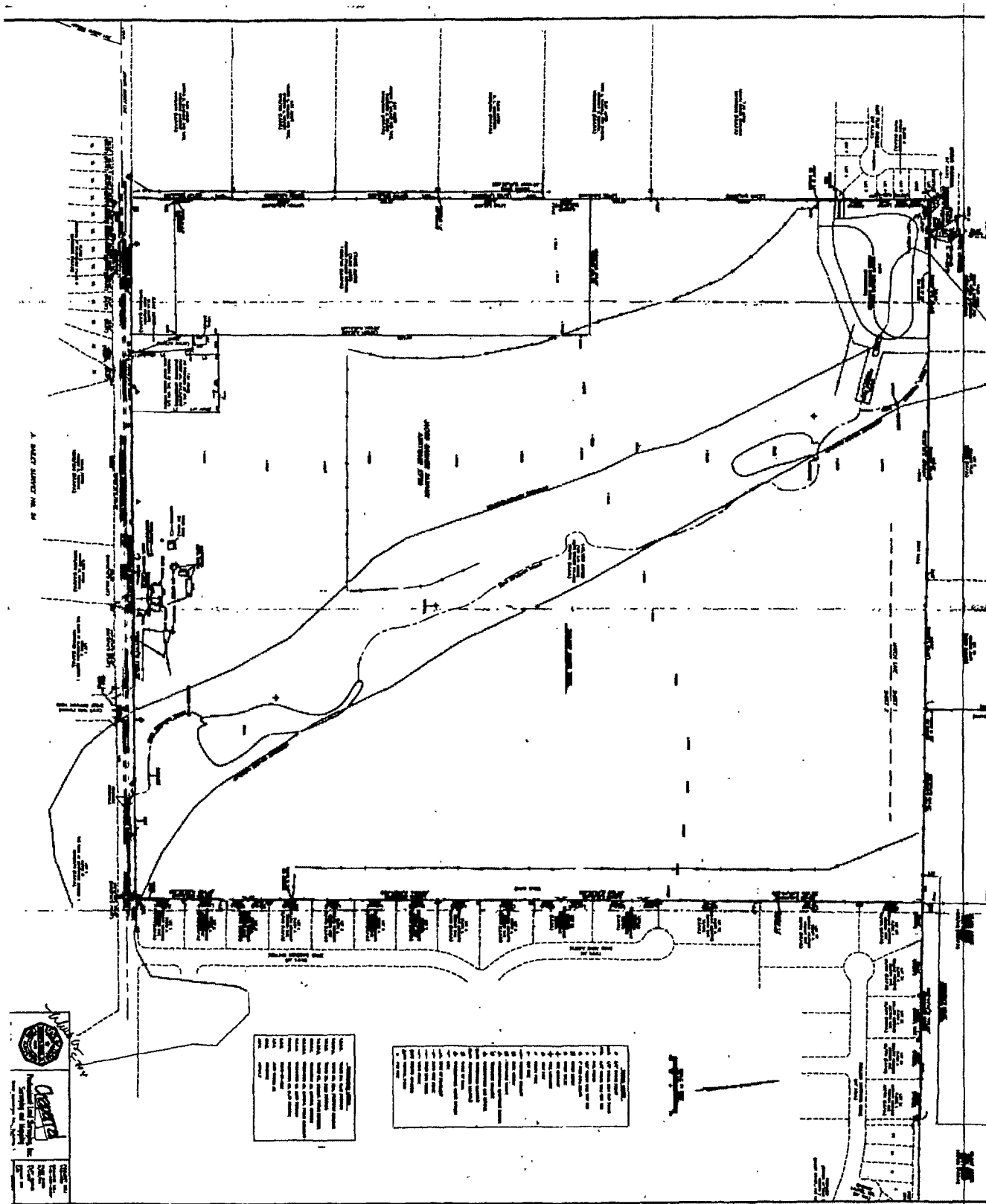
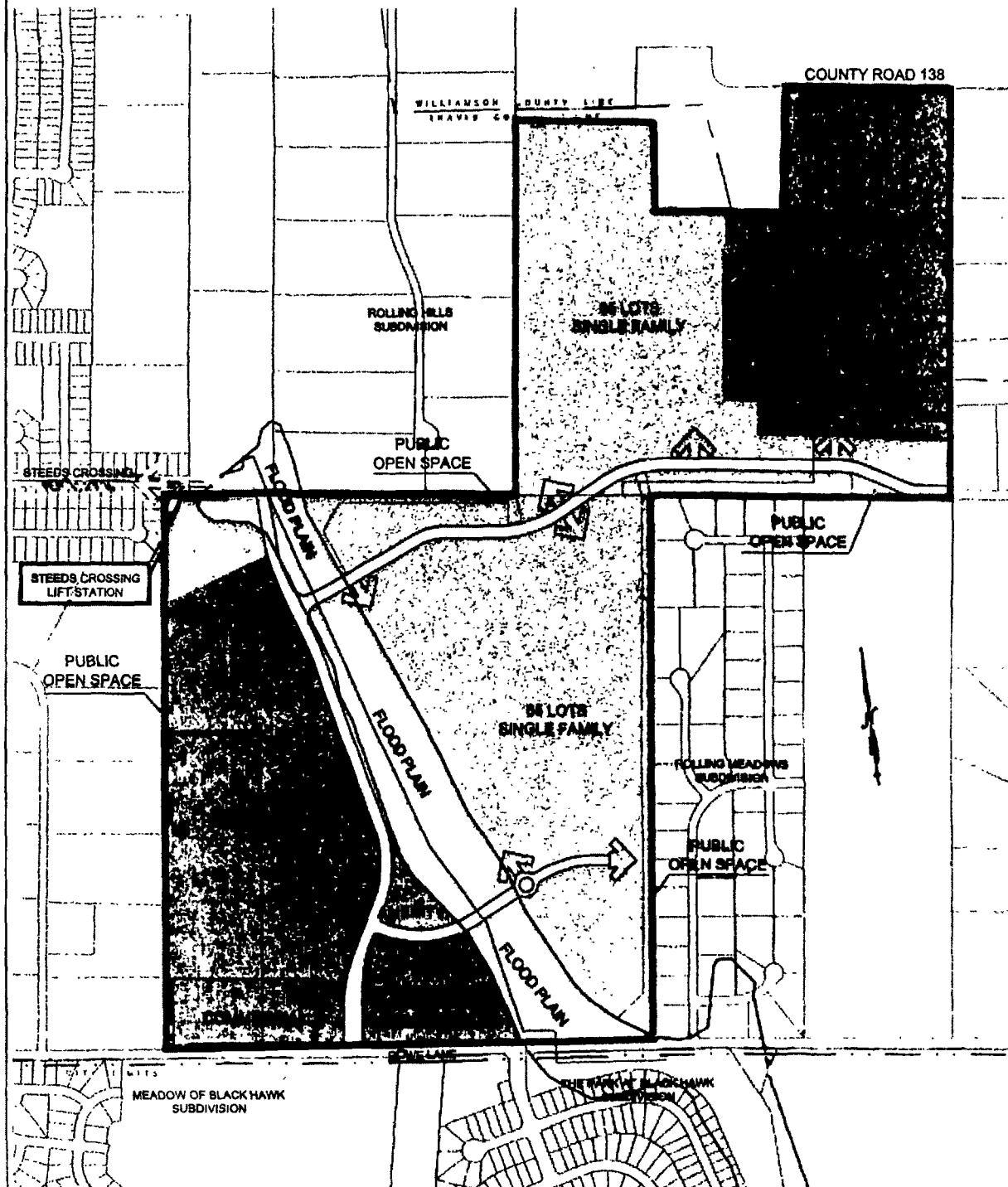


EXHIBIT A

EXHIBIT B
CONCEPTUAL LAND USE PLAN

LAKESIDE W.C.I.D NO.3 LAND USE PLAN (NORTHERN SEGMENTS)



TOTAL ACREAGE	252.1 AC.
COMMERCIAL ACREAGE	10.9 AC
OPEN SPACE / PARK LAND DEDICATION	MIN 22.0 AC (10% S.F. AREA)
TOTAL NUMBER OF LOTS	915 LOTS
TOTAL LUE'S FOR S.F. & COMM	1,100

H
HUFFCUT
 & ASSOCIATES, INC.
 CIVIL ENGINEERING
 7800 SHOAL CREEK BLVD.
 SUITE 200 - EAST
 AUSTIN, TEXAS 78751
 512.454.8711
 FAX 512.459.1867

EXHIBIT C
TO COMPREHENSIVE DEVELOPMENT AND CONSENT AGREEMENT FOR LAKESIDE
WCID NO. _____

RESTRICTIVE COVENANT

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

WHEREAS, _____, _____ (hereinafter referred to as "Owners"), owns the real property in [Travis] County, Texas, described in the attached Exhibit 1 (the "Land").

WHEREAS, the City of Pflugerville, Texas, (the "City"), and the Owners have agreed that the Land should be impressed with certain covenants and restrictions running with the land and desire to set forth their agreement in writing;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owners hereby agree as follows with respect to the Land, which agreement will constitute a covenant running with the Land and will be binding on the Owners, their successors and assigns:

1. The Land will be developed in accordance with a Conceptual Land Use Plan, which has been agreed to by Owners and approved by the City, and the City's subdivision, site development and building codes, except as specifically exempted in the Conceptual Land Use Plan. The Conceptual Land Use Plan may be modified and amended, in whole or in part, from time to time, by agreement between Owners and Owners' successors and assigns, and the City. In order for any modification or amendment to the Conceptual Land Use Plan to be effective on a particular tract within the Land, such modification or amendment must be made on or before the time a plat is approved by the City for that particular tract. The Conceptual Land Use Plan, and all modifications and amendments thereto, shall be recorded and on file with the City. The City's approval of a plat for a tract within the Land shall constitute the City's acknowledgment that such tract complies with the applicable Conceptual Land Use Plan and the requirements of this covenant.

2. If any person or entity violates or attempts to violate this agreement and covenant, the City, or its successors and assigns, may prosecute proceedings at law or in equity against the person or entity violating or attempting to violate this agreement and covenant and may prevent said person or entity from violating or attempting to violate this agreement or covenant.

3. If any part or provisions of this agreement and covenant is declared invalid, by judgment or court order, that invalidity will not affect any of the other provisions of this agreement, and the remaining portions of this agreement will remain in full force and effect.

4. Any failure of the City, its successor and assigns, to enforce this agreement and Covenant, whether the violations are known or not, will not constitute a waiver or estoppel of the City's right to do so.

5. This agreement may be modified, amended or terminated only by joint action of both (a) the City Manager of the City or another duly authorized representative of the City, and (b) the owners of the Land, or such portion of the Land affected by such action, at the time of the modification, amendment, or termination.

EXECUTED, this ____ day of _____, _____.

OWNERS

By: _____

By: _____

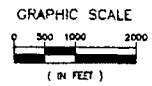
[ACKNOWLEDGMENTS]

EXHIBIT D
NPWIS MAP

**KELLY LANE
WASTEWATER SERVICE AREA
CITY OF PFLUGERVILLE
ULTIMATE WASTEWATER COLLECTION
CONCEPT PLAN**

EXHIBIT D

**NOT FOR
CONSTRUCTION**



len Leachwood, Anderson
& Partners, Inc.
P.L.L.C. 11111 RICHMOND AVE., SUITE 100
DALLAS, TEXAS 75243

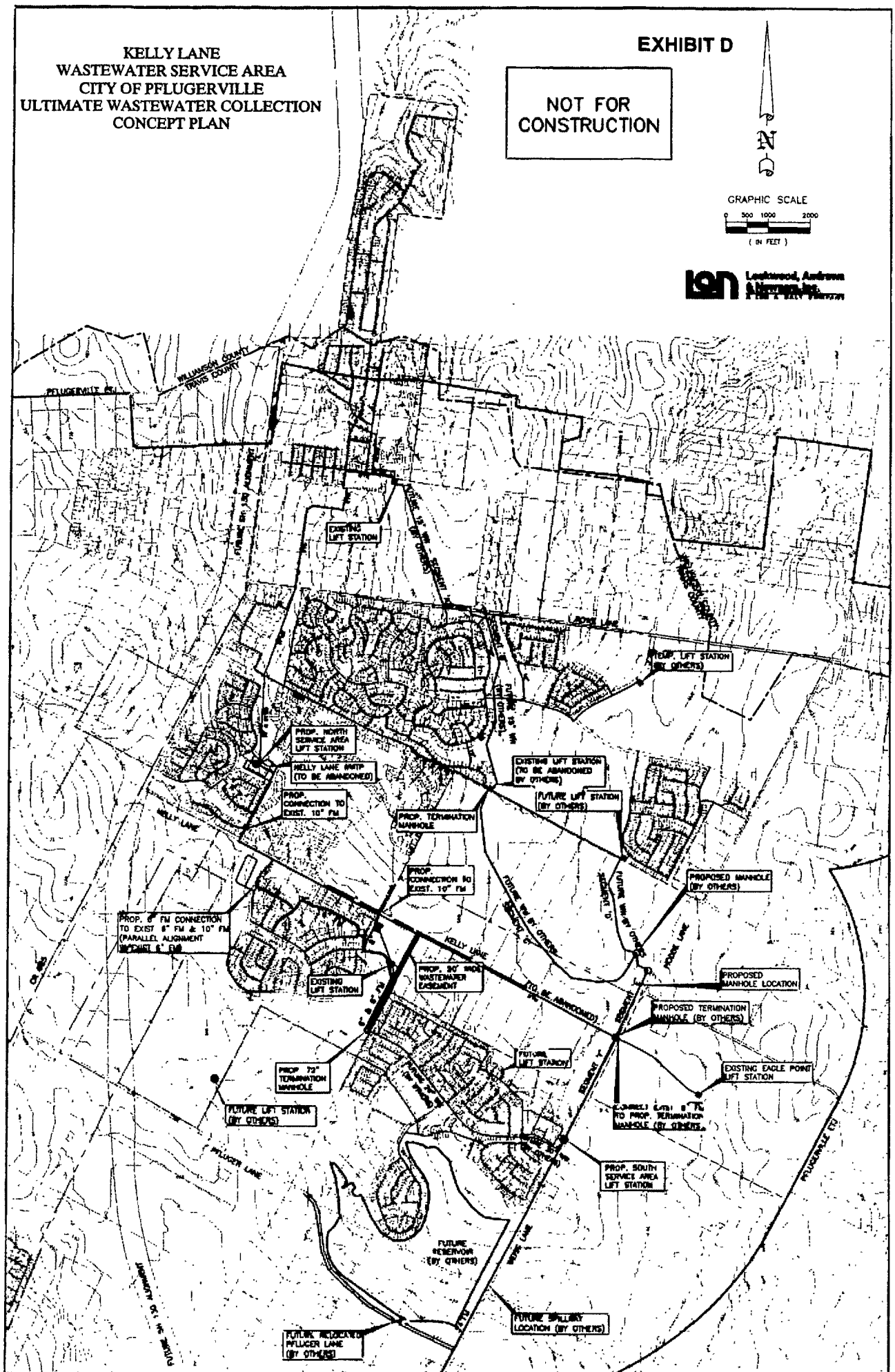


EXHIBIT E
PROFESSIONAL SERVICES AGREEMENT

EXHIBIT E
To Comprehensive Development and Consent Agreement
For Lakeside WCID No. 3

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is made and entered into on the dates set forth below, by and among Lakeside Water Control and Improvement District No. 3 (the "District") and the City of Pflugerville (the "City"), a municipal corporation, each acting by and through its undersigned, duly authorized representative.

RECITALS

_____ ("Developer") plans to or is currently constructing a water distribution system and a sanitary wastewater collection and transportation system (collectively, the "System") which will serve customers located within the geographic boundaries of the District, and the District is desirous of obtaining services for the competent operation, maintenance, and management of the system.

The City desires to provide operations, maintenance, and management services for the District's System.

The District and the City are desirous of entering into a definitive agreement pursuant to which the City shall operate, maintain and manage the System.

In consideration of the mutual agreements herein set forth and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the City and the District agree as follows:

ARTICLE I.
DEFINITIONS

The following terms and expressions when used in the Agreement have the following meanings unless the context clearly indicates otherwise:

- A. "Agreement" means this "Professional Services Agreement between Lakeside Water Control and Improvement District No. 3 and the City of Pflugerville, Texas Concerning the Operation, Maintenance and Management of Water and Wastewater Facilities and Services within Lakeside Water Control and Improvement District No. 3."

- B. "City" means the City of Pflugerville, Texas, a municipal corporation with its principal offices at 100 E. Main Street in Pflugerville, Travis County, Texas.
- C. "Consent Agreement" means the Comprehensive Development and Consent Agreement For Lakeside WCID No. 3 between H2N Corporation, Rowe Lane, and the City.
- D. "Development" means the lands within the current or future boundaries of Lakeside Water Control and Improvement District No. 3, or its successors.
- E. "District" means the Lakeside Water Control and Improvement District No. 3. Such terms shall also mean each additional district which may be created by Developer either by division of the District into multiple districts, pursuant to Article 51.748, Texas Water Code or by creation of multiple new districts as provided in the Consent Agreement.
- F. "System" means the Developer or District owned meters, lines, facilities, equipment, lands and rights-of-way for the storage, transportation and distribution of a potable water supply, and any extensions or additions thereto, that may be constructed to serve water customers in the Development, and the Developer or District owned facilities, equipment, lands and rights-of-way for the collection and transportation of wastewater, and any extensions or additions thereto, to be constructed to serve wastewater customers in the Development.

ARTICLE II. ADMINISTRATIVE SERVICES

The following administrative services shall be provided to the District by the City.

1. Organization. The City shall administer the work, activities, and operations of the District in accordance with the terms of this Agreement and the Consent Agreement.
2. Personnel. The City shall provide competent, trained personnel. System supervisors and/or operators shall be licensed or certified by the appropriate State governmental authority. Accounting, billing, and field personnel shall be trained to be professional and courteous in dealing directly with the District's customers.
3. Start Up. The City shall:
 - A. Maintain all of the District's customer information and records necessary to provide monthly billings to the District's customers.
 - B. Inventory and maintain a listing of all of the District's equipment including manufacturers' model and serial numbers, motor frame numbers and other such data as required to provide relevant information for the scheduled maintenance and repair or replacement of the equipment comprising the System.

4. Maintenance Scheduling. The City shall implement a Scheduled Maintenance Program for System equipment. The City shall ensure that System equipment is maintained in the same fashion and with the same frequency as equipment owned and operated by the City or as may be required by Texas Commission on Environmental Quality or other regulatory agency with jurisdiction. Because the District(s) are under the continuing supervision of the Texas Commission on Environmental Quality, City shall submit its Scheduled Maintenance Program to the District for comment.
5. 24 Hour Service. The City shall maintain 24-hour telephone and dispatch service with qualified personnel to respond to customer problems and equipment malfunctions within the District in the same manner and fashion as for retail customers located within the City limits.
6. Automatic Telephone Alarm. The City shall monitor computer or automatic dialed telephone alarm systems at any of the water and wastewater facilities within the District which are installed and programmed to call the City's 24-hour telephone dispatch service.
7. Employee Identification. The City's operating and maintenance employees shall be readily identifiable to customers within the District by distinctive clothing. Service vehicles shall have the City emblem prominently displayed.
8. Coordination with Consultants. The City shall coordinate with other consultants, such as attorneys, engineers, auditors, tax assessors, and financial advisors hired by the Developer and/or the District as necessary to maintain efficient operation of the System.
9. Inquiries and Correspondence. The City shall respond to inquiries or correspondence from governmental or regulatory authorities and the District's directors, customers or consultants in a prompt, professional manner.
10. District Meetings. The City's Water and Wastewater System Manager, or other City representative designated by the City Manager, shall attend regularly scheduled meetings which have an agenda item relating to the District's operations. The City representative will have direct knowledge of the District's on-going operations or agenda items as appropriate.
11. Customer Relations. The City shall render reasonable assistance in the promotion of good relations with the customers located within the District.

ARTICLE III. WHOLESALE WATER AND WASTEWATER SERVICE

Wholesale water and wastewater service to the District shall be provided by Manville Water Supply Corporation and Kelly Lane Utility Company, Inc. Developer shall pay capacity fees due under the wholesale contracts directly to the wholesale supplier. All other fees and amounts due under the wholesale water and wastewater contracts shall be paid by the City directly to the wholesale supplier.

ARTICLE IV.
RETAIL WATER AND WASTEWATER MANAGEMENT SERVICES

1. System Operations. The City shall provide: personnel, vehicles, hand tools, spare parts, and other equipment necessary for the operation of the System.
2. Bookkeeping Service. The City shall provide bookkeeping services including: accounting for all transactions involving the District's construction, operating, and tax funds, in accordance with the requirements of the Texas Commission on Environmental Quality as outlined in the WATER DISTRICT ACCOUNTING MANUAL.
3. Meter Reading, Billing and Collection. The City shall read the District's water meters once each month and bill the customers at rates set by the District. The City is authorized to make adjustments to water bills for clerical errors, over or under registration of water meters, erroneous meter readings, establishment of water usage during times when a meter has been inoperative, and other similar adjustments. City will resolve billing disputes with individual customers.
4. System Inspection. The City shall monitor the District's facilities daily, including weekends and holidays as required by state regulations. This shall include lift stations. City employees, whenever they are within the District boundaries, shall monitor the System in order to observe condition of fire hydrants, leaks, defects, damages and be alert for missing District equipment.
5. Daily Preventative Maintenance. The City shall provide all personnel and equipment necessary for preventative maintenance tasks.
6. Bulk Chemicals. The City shall be responsible, at its own expense, for maintaining an adequate inventory of chlorine and other bulk chemicals required to operate the System.
7. Expendable Items. The City shall, at the City's expense, replace those items expended in the daily operation of the System. Those items include, but are not limited to, brooms, mops, dip nets, rakes, shovels, trash cans, hoses, nozzles, padlocks, and other such items.
8. Monthly Operations Report. The City shall render a monthly operations report, as requested by the District, which shall include the following information, or other information to which the parties can agree:
 - A. Daily or monthly water flow data.
 - B. The number of gallons of water purchased by the District and the number of gallons billed to District's customers and a written explanation of the resulting difference.
 - C. Total number of service connections, water and wastewater.
 - D. Records regarding equipment repairs and replacements.

- E. Abnormal changes in condition of the District's equipment, needed repairs and recommended schedules for the repair of such equipment.
- F. Insurance claims filed on behalf of the District.
- G. Regular billing and collection reports, including cash receipts, billings and receivables.
- H. Delinquent customer reports, including information on termination of water service and protests or appeals made by customers.
- I. Summary of meters installed, inspections performed and fees collected.
- J. Damage to the System and the possible causes thereof. In instances where the damage may be attributable to a contractor, builder, utility company or other entity, the City shall identify the party responsible for such damage, including administrative costs thereof, and include such information in the monthly report.
- K. Statistics relating to overall System operations, as appropriate.
- L. Operations and maintenance cost data.
- M. Information and reports as may be required for audit of the District's accounts.

9. Regulatory Reports. The City shall prepare and submit reports and other documents required by regulatory authorities. The City shall provide the District copies of all reports and other submittals.

10. Regulatory Inspections. The City shall advise the District of inspections by regulatory authorities. When possible, the City shall schedule regulatory inspections to provide an opportunity for a representative of the District to attend such inspections.

ARTICLE V. INSTALLATION AND INSPECTION SERVICES

1. General. All meters and installation materials shall meet American Water Works Association standards and be in compliance with applicable city, county, or state codes. All installation and inspection fees shall be collected from the District's customers in advance, and shall be equal in amount to the installation and inspection fees charged by the City to in-city customers. The City shall maintain permanent records of meter services installed and tap fees paid. This includes a plat or map, as available, which shows the location of each meter installed and each sewer inspection performed.

2. Residential Meters. Residential 3/4 inch water meter sets made to a visible curb stop set near ground level will be made for a fee equal to the then current charge assessed in-city customers for such service. Non-standard residential water meter sets, including location buried curb stops, will be made by the City for the same fee assessed in-city customers for such service.
3. Commercial Meters. Commercial meter tie-ins will be made by the City for a price quoted for each installation in accordance with the applicable specifications, the price to be equal to that charged commercial customers located within the City limits.
4. Water Tap Inspections. Inspection of water taps and service lines will be made as necessary at no cost to the District but subject to the fee for in-city inspections which shall be imposed according to City Ordinances.
5. Sanitary Sewer Inspections. The City shall inspect each sanitary sewer connection to the District's system to assure compliance with the District's specifications and procedures when and as necessary, at no cost to the District but subject to the fee for in-city inspections which shall be imposed according to City Ordinances.
6. Other Inspections. The City shall perform other inspections as requested or authorized by the District. Such inspections include, but are not limited to, grease traps, sample wells, cross connections or new facilities prior to acceptance by the District. The City may also participate in site inspections with contractors prior to the start of building activity to assist in verifying the condition of the District's system. All such other inspections shall be subject to such fees as are charged for similar in-city inspections or such fees authorized by the Consent Agreement.

ARTICLE VI.
MAINTENANCE, REPAIR AND REPLACEMENT SERVICES

1. Maintenance. The City shall provide all personnel, tools, spare parts, and equipment necessary to perform maintenance on the District's facilities and equipment. Maintenance shall include, but not be limited to, the following:
 - A. Maintenance or replacement of pumps, motors, valves and other equipment of facilities.
 - B. Calibration and servicing of instrumentation, control systems and other equipment.
 - C. Other maintenance as necessary which requires special skills and/or tools, performed in conformance with equipment manufacturer's recommendations to maintain warranties and to extend the useful life of the equipment.
2. Repair. The City shall provide all personnel and equipment necessary to perform repairs on, and shall bear sole cost responsibility for repair of, meters, lines, facilities, equipment, collection and distribution systems including, but not limited to, service line leaks, leaks at water

meters, water main breaks, repairs to valves and fire hydrants, manhole repairs, and sewer line repair and cleaning, as needed. The City shall not, however, bear cost responsibility for initial repair of any equipment or facilities identified by the City as in need of repair on the date of assumption of repair responsibility pursuant to the terms of this Agreement. The District will assign contractors' warranties to the City, and the City will cause repairs to be made under the terms of the warranty. Subsequent to acceptance of facilities by the City, the City shall be responsible for all repairs or replacement of same.

3. Replacement. The City shall use a reasonable degree of care with respect to replacement of equipment or facilities but shall not be responsible to the District for any guarantees or warranties offered by others in connection with such equipment or facilities.

4. Emergency Response. The City shall maintain personnel and equipment for emergency response 24 hours per day, seven days per week, 365 days per year. Emergencies shall include, without limitation, water leaks, water line breaks, loss of water pressure, degradation of water quality occurring within the water supply system, and blockage in the sewage collection system. Additionally, the City shall undertake reasonable efforts to respond to requests by the District or its representatives or insistent residents.

5. Materials and Supplies. The cost of all materials and supplies used to provide services under this Agreement shall be borne solely by the City.

ARTICLE VII. PAYMENT

The City and the District agree that City's compensation for retail water and wastewater operation, maintenance and management services provided by the City, shall be satisfied from, and shall equal, the revenues collected by the City from the District's retail water and wastewater customers for retail water and wastewater service, excluding any amounts collected by the City on behalf of the District. All fees and charges assessed the District's retail water and wastewater customers by the City shall be set by the District to recover the costs of operating the District, operating and maintaining District facilities, obtaining wholesale water and sewer service, and fairly compensating the City for services provided under this Agreement. No additional charges, fees or the like shall be assessed against Developer or the District for such services.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

1. Responsibilities.

A. City Responsibilities. The City shall exercise a reasonable degree of care and diligence in the operation and maintenance of the System in conformity with applicable laws, rules and regulations.

B. District Responsibilities. The District represents that the System is in good working order, does not contain any known defective equipment or facilities, is suitable and adequate for the needs of its customers and that all of its facilities are, or shall be, built in accordance with local, state and federal regulations. The District shall provide:

- i. All utilities and plant facilities necessary to commence operation of the System in a manner required to meet applicable regulations.
- ii. A complete set of record drawings of the System and any other information necessary for the administration of the System.

2. Relationship of the District and the City. The City shall serve in the capacity of an independent contractor for the District during the period of this Agreement.

3. Insurance. The City shall at all times during the effectiveness of the Agreement maintain in full force and effect Liability and Worker's Compensation Insurance covering the City's performance under this Agreement. All insurance shall be provided by insurers licensed and approved to do an insurance business in the State of Texas. Before commencement of work hereunder, the City agrees to furnish the District Certificates of Insurance or other evidence satisfactory to the District to the effect that such insurance has been procured and is in force. The City shall carry the following types of insurance in at least the limits specified below:

<u>Coverages</u>	<u>Limits of Liability</u>
Worker's Compensation	Statutory
Employers' Liability	\$500,000.00
Bodily Injury Liability Except Automobile	\$500,000.00 each occurrence \$1,000,000.00 aggregate
Property Damage Liability Except Automobile	\$500,000.00 each occurrence \$1,000,000.00 aggregate
Automobile Bodily Injury Liability	\$500,000.00 each person \$1,000,000.00 each occurrence
Automobile Property Damage Liability	\$250,000.00 each occurrence
Excess Umbrella Liability	\$2,000,000.00 each occurrence

4. Indemnity. The City shall indemnify and save harmless the District and its officers, agents, and employees from all suits, actions, losses, damages, claims, or liability of any character, type, or description, including without limitation, any claim and damages arising from strict liability imposed in the District by statute, regulations, or common law, and all expenses of litigation, court costs, and attorney's fees for injury or death to any person, or injury to any property, received or sustained by any person or persons or property, arising out of, or occasioned by, the negligent acts of City, its agents or employees, in the execution or performance of this Agreement. The liability that is assumed by City under the terms of this Paragraph shall not exceed the sum of \$2,000,000.00 which sum is the amount of liability insurance coverage required to be carried by City pursuant to this Agreement.

5. Force Majeure. In the event that the City or the District is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, it is agreed that each party shall give written notice of such force majeure to the other party as soon as possible after the occurrence of the cause relied on and shall, therefore, be relieved of its obligations, so far as they are affected by such force majeure, during the continuance of any disabilities so caused, but for no longer. The term "force majeure," as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or of the state or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the party claiming such inability.

6. Full Compensation. The compensation to be paid to the City herein is inclusive of any tax, assessment, or other charge which may be imposed upon the City by any governmental authority as a result of performing its obligations pursuant to this Agreement.

7. Applicable Law. Venue and jurisdiction of any suit, right or cause of action arising under, or in connection with this Agreement shall lie exclusively in Travis County, Texas.

8. Notice. Whenever the provisions of this Agreement require notice to be given, such notice shall be given in writing by certified or registered mail and addressed to the party for whom intended at its then address of record and such notice shall be deemed to have been given when the notice was then mailed.

9. Term of Agreement. This Agreement shall take effect when executed by the City and District and shall continue in force for three years after execution unless terminated earlier as provided in this Agreement. Unless either party gives written notice of its election to terminate this Agreement at least 180 days prior to the end of any three-year period, this Agreement shall automatically be renewed for an additional three-year period at the expiration of each period.

10. No Additional Waiver Implied. The failure of any party hereto to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of the Agreement, shall not be construed as a waiver or relinquishment of the future performance of any such term,

covenant or condition by any other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.

11. Modification. Except as otherwise provided in this Agreement, this Agreement shall be subject to change or modification only with the mutual written consent of the parties hereto or their successors and assigns.

12. Captions. The captions appearing at the first of each numbered section in this Agreement are inserted and included solely for convenience and shall never be considered or given any effect in construing this Agreement, or any provision hereof, or in connection with the duties, obligations or liabilities of the respective parties hereto or in ascertaining intent, if any question of intent should arise.

13. Severability. The provisions of this Agreement are severable, and if any provision or 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 provision or part of this Agreement to other persons or circumstances shall be not affected thereby.

14. Construction of Agreement. The parties agree that this Agreement shall not be construed in favor of or against any party on the basis that the party did or did not author this Agreement.

15. Other Instruments. The parties hereto covenant and agree that they shall take such further actions, and shall execute and deliver such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

16. Conflict Among Agreements. In the event a conflict is determined to exist between the terms and conditions of the Consent Agreement and this Agreement, the parties agree that the language of the Consent Agreement shall be controlling.

17. Termination. This Agreement shall be terminated at the time the land within the District has been annexed by the City of Pflugerville. Additionally, this Agreement may be terminated by the District if the City has failed to adequately operate and maintain the District's system pursuant to the terms and conditions of this Agreement; provided, however, that this right of termination may be enforced only after written notice has been given to the City of such failure and a reasonable opportunity is given to the City to cure the deficient performance, which in no event shall be less than ninety (90) days from the date of the notice.

(remainder of page left intentionally blank; next page is signature page)

EXECUTED in multiple copies, each of which shall constitute an original, on the dates set forth below:

ATTEST:

CITY OF PFLUGERVILLE, TEXAS

By: _____

Its: _____

Date: _____

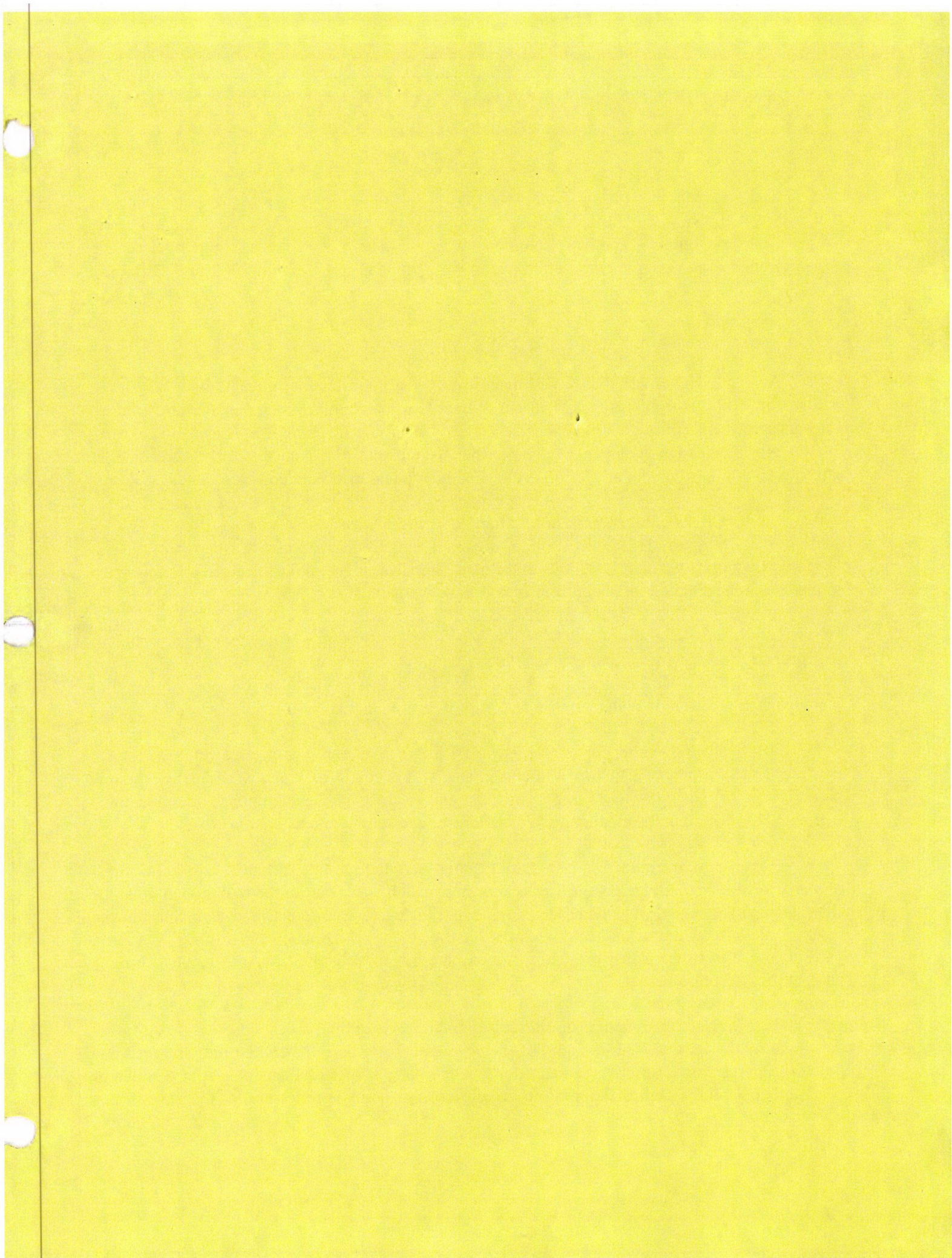
ATTEST:

LAKESIDE WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 3

By: _____

Its: _____

Date: _____



**ASSIGNMENT OF
COMPREHENSIVE DEVELOPMENT AND CONSENT AGREEMENT FOR
LAKESIDE WCID NO. 3**

This Assignment of the Comprehensive Development and Consent Agreement for Lakeside WCID No. 3 (the "Assignment"), is entered into between H2N Corporation, a Texas corporation ("Assignor"), and The Commons at Rowe Lane, L.P., a Texas limited partnership ("Assignee"). The Assignment is effective on the 7 day of February, 2005 (the "Effective Date").

RECITALS

A. Assignor, the City of Pflugerville, Rowe Lane Development Ltd., Atlan Ernest Pfluger, Jr., Ruby Mae Pfluger, and Patricia Pfluger Hoffman (collectively, the "Parties") entered into an agreement entitled Comprehensive Development and Consent Agreement for Lakeside WCID No. 3, dated November 22, 2004, (the "Agreement"). A copy of the Agreement is attached to this Assignment as Exhibit A attached hereto and incorporated herein

B. On November 24, 2004, Atlan E. Pfluger was the fee simple title owner of a portion of real property located in Williamson and Travis Counties, which was a part of the real property that the City, Atlan E. Pfluger and Rowe Lane Development, Ltd., agreed and consented to include in the creation of Water Control and Improvement District No. 3.

C. On November 24, 2004, Ruby Mae Pfluger was the fee title owner of a portion of real property located in Williamson and Travis counties, which was a part of the real property that the City, Ruby Mae Pfluger and Rowe Lane Development, Ltd. agreed and consented to include in the creation of Water Control and Improvement District No. 3.

D. On November 24, 2004, Patricia Pfluger Huffman was the fee title owner of a portion of real property located in Williamson and Travis counties, which was a part of the real property that the City, Patricia Pfluger Huffman and Rowe Lane Development, Ltd. agreed and consented to include in the creation of Water Control and Improvement District No. 3.

E. On November 24, 2004, Joy Pfluger was the fee title owner of a portion of real property located in Williamson and Travis counties, which was a part of the real property that the City, Joy Pfluger and Rowe Lane Development, Ltd. agreed and consented to include in the creation of Water Control and Improvement District No. 3. Although Joy Pfluger was not a party to the Agreement when originally signed, she has or will join the Agreement as a party prior to the execution hereof.

F. By their signatures to this Assignment, each of the Parties represents to Assignee that none of the Parties is in default of the Agreement; no party has heretofore assigned any rights or interests under the Agreement; nor has any party subjected their interest to any lien or encumbrance and the authorization of no other person or entity is necessary for the grant of this Assignment.

G. Assignor desires to assign to Assignee all of its right, title and interest in and to the Agreement.

AGREEMENT

For and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration to Assignor in hand paid by Assignee, and the above stated Recitals, which are incorporated herein, the receipt and sufficiency of which are acknowledged, Assignor and Assignee agree as follows:

1. Assignment. Assignor assigns, transfers, grants, sells and conveys to Assignee all of Assignor's right, title and interest in and to the Agreement, and all of the rights, benefits, and privileges of Assignor under the Agreement, together with all of Assignor's right, title, and interest in any agreements ancillary to or associated with the Agreement to the same extent as if Assignee were an original Party to the Agreement.

2. Assumption. Assignee accepts this Assignment and assumes and agrees to perform all of the obligations of Assignor under the Agreement after the Effective Date for the duration of the term of the Agreement. Assignee agrees to indemnify, defend and hold Assignor harmless from and against any and all loss, liability, claims or causes of action arising out of or relating to Assignee's failure to perform any of the obligations of the Assignor under the Agreement arising after the Effective Date of the Agreement to the same extent as if Assignee were an original Party to the Agreement. Assignor agrees to indemnify, defend and hold Assignee harmless from and against all loss, liability, claims or causes of action arising out of or relating to Assignor's failure to perform any of the obligations of the Assignor under the Agreement arising on or prior to the Effective Date.

3. Representation and Warranties. As a material inducement to Assignee to enter into this Assignment, Assignor hereby represents and warrants to Assignee as follows:

(a) a true, correct and complete copy of the Agreement (including all amendments thereto) has been delivered by Assignor to Assignee and a copy thereof is attached hereto as Exhibit A;

(b) the Agreement has not been amended, modified or supplemented (except for amendments delivered to Assignee and attached hereto), and remains in full force and effect in accordance with its terms;

(c) no default by Assignor, or to the best of Assignor's knowledge by any other party to the Agreement, exists under the Agreement; and

(d) Assignor has full right and authority to assign its rights, title and interest in and to the Agreement to Assignee.

4. Miscellaneous. This Assignment shall be interpreted and construed according to the laws of the State of Texas, and shall be performable in Travis County, Texas. This Assignment may be signed in any number of counterparts which together shall constitute the agreement of the parties. Each party agrees to sign any other documents or take any other actions reasonably necessary to carry out the intent of this Assignment. All of the covenants, terms and conditions of this Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective heirs, legal representatives, successors and assigns.

5. Consent. The City of Pflugerville, and Rowe Lane Development Ltd., by and through their duly authorized official, Atlan Ernest Pfluger, Jr., Ruby Mae Pfluger, Patricia Pfluger Hoffman, and Joy Pfluger are signing this Assignment, to express their authorization of consent and agreement to this Assignment.

ASSIGNOR:

H2N Corporation,
a Texas corporation

By: 

Lee Nicol, Its Vice-President

ASSIGNEE:

The Commons at Rowe Lane, L.P.,
a Texas limited partnership

By: Rowe Commons Corporation,
a Texas corporation,
its General Partner

By: 

Lee Nicol, Its President

The following Parties hereby consent to this Assignment:

The City of Pflugerville

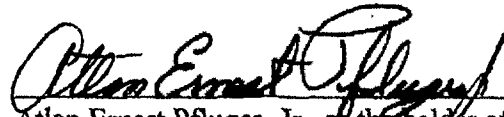
By: 

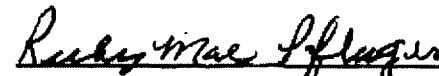
Its _____

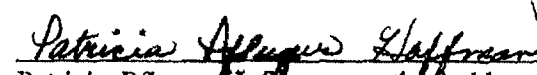
Rowe Lane Development Ltd.


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

By: _____
Its President


Allan Ernest Pfluger, Jr., as the holder of the
remainder interests in the life estate affecting
Tract #4 of the Property, and a fee owner of
Tracts #1, #2, #3, and #5 of the Property


Ruby Mae Pfluger, as the holder of the life
estate affecting Tract #4 of the Property, and
a fee owner of Tracts #1, #2, #3 and #5 of
the Property

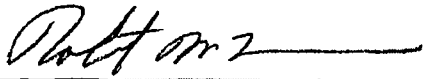

Patricia Pfluger Hoffman, as the holder of
the remainder interests in the life estate
affecting Tract #4 of the Property, and a fee
owner of Tracts #1, #2, #3 and #5 of the
Property


Joy Pfluger, as the holder of the remainder
interests in the life estate affecting Tract #4
of the Property, and a fee owner of Tracts
#1, #2, #3 and #5 of the Property

Rowe Lane Development, Ltd. consents to this Assignment, but does not join in as a party to this Assignment. Rowe Lane Development, Ltd.'s consent is conditioned upon all of H2N Corporation's right, title, and interest in the land described in Exhibit A of the Agreement being assigned, transferred, or conveyed to The Commons at Rowe Lane, L.P.

Rowe Lane Development Ltd.

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

By: 
Its President

Atlan Ernest Pfluger, Jr., as the holder of the remainder interests in the life estate affecting Tract #4 of the Property, and a fee owner of Tracts #1, #2, #3, and #5 of the Property

Ruby Mae Pfluger, as the holder of the life estate affecting Tract #4 of the Property, and a fee owner of Tracts #1, #2, #3 and #5 of the Property

Patricia Pfluger Hoffman, as the holder of the remainder interests in the life estate affecting Tract #4 of the Property, and a fee owner of Tracts #1, #2, #3 and #5 of the Property

Joy Pfluger, as the holder of the remainder interests in the life estate affecting Tract #4 of the Property, and a fee owner of Tracts #1, #2, #3 and #5 of the Property

EXHIBIT A

[Attached hereto]

COMPREHENSIVE DEVELOPMENT AND CONSENT AGREEMENT
FOR LAKESIDE WCID NO. 3

THIS COMPREHENSIVE DEVELOPMENT AND CONSENT AGREEMENT FOR LAKESIDE WCID NO. 3 (this "Agreement") is made and entered into effective November 27, 2004, by and among Rowe Lane Development, Ltd., a Texas limited partnership ("Rowe Lane"), H2N Corporation ("H2N") and Atlan Ernest Pfluger, Jr., Ruby Mae Pfluger, and Patricia Pfluger Hoffman (collectively "Landowners"), and the City of Pflugerville, Texas (the "City"), a municipal corporation. This Agreement has been authorized by a resolution of the City Council of the City.

RECITALS

Developer (as defined in Section 1.9) owns or controls a tract of approximately 251.646 acres, hereinafter called the "Land" or the "Development," which tract is located within Travis County and Williamson County, Texas. The Land is also located within the extraterritorial jurisdiction (the "ETJ") of the City. Developer desires to create one or more water control and improvement districts or municipal utility districts to provide water and wastewater service to the Land. Developer and City desire that the Land be developed pursuant to the terms and conditions of this Agreement.

Effective contemporaneously with this Agreement, Rowe Lane, H2N, the City, and Lakeside Water Control and Improvement District No. 2-C ("WCID No. 2-C") have entered into that certain NPWIS Construction and Participation Agreement providing for the construction of the North Pflugerville Wastewater Interceptor System and the flow therein of wastewater from the districts created in this Agreement.

Pursuant to the authority of §42.042 of the Texas Local Government Code, and in consideration of the mutual agreements herein set forth and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the City and Developer agree as follows:

ARTICLE I. DEFINITIONS

The following terms and expressions when used in this Agreement have the following meanings, unless the context clearly indicates otherwise:

1.1 "Agreement" means this Comprehensive Development and Consent Agreement for Lakeside WCID No. 3 and the exhibits referenced herein, as such agreement and exhibits may be amended from time to time.

1.2 "City" means the City of Pflugerville, Texas, a municipal corporation with its principal offices at 100 E. Main Street in Pflugerville, Travis County, Texas.

1.3 "City Council" means the city council of the City.

1.4 "City Engineer" means the duly appointed and acting professional engineer for the City or any person or persons who, by official designation or appointment of the City Council, succeeds or succeed to all or part of the functions of the City Engineer under this Agreement.

1.5 "City Inspectors" means those employees or representatives of the City designated or appointed by the City Council and who are authorized by the City Council to perform the investigation and inspection services for the City provided for in this Agreement.

1.6 "Collection System" means the facilities, equipment, lands, and rights-of-way for the collection and transportation of wastewater, and any extensions or additions thereto, to be constructed by Landowners to serve wastewater customers in the Development.

1.7 "Commission" means the Texas Commission on Environmental Quality, and any successor agency.

1.8 "Conceptual Land Use Plan" means the land use master plan approved by the City for the Development, as further described in Section 5.1.

1.9 "Developer" means H2N and Landowners, collectively.

1.10 "Development" or "Land" means the lands owned or controlled by Developer and described in Exhibit A.

1.11 "District" means the Lakeside Water Control and Improvement District No. 3 (or appropriately named municipal utility district) which will be created to include the tract of land described in Exhibit A. Such term also shall mean each additional district which may be created pursuant to Article II of this Agreement.

1.12 "District Bonds" has the meaning given to such term in Section 4.1 of this Agreement.

1.13 "Drainage System" means the facilities, equipment, lands, and rights-of-way for the collection, storage, transportation, diversion, and control of local storm water or other local harmful excesses of water in the Development to be constructed by Landowners.

1.14 "ETJ" means extraterritorial jurisdiction.

1.15 "Kelly Lane" means Kelly Lane Utility Company.

1.16 "Kelly Lane Collection System" means the wastewater collection facilities and service area under the certificate of convenience and necessity of Kelly Lane Utility Company.

1.17 "Lakeside Districts" means Lakeside Water Control and Improvement District Nos. 1, 2-A, 2-B, 2-C, 2-D, 3, and 5.

1.18 "Landowners" means Atlan Ernest Pfluger, Jr., Ruby Mae Pfluger, and Patricia Pfluger Hoffman, and any party subsequently acquiring an ownership interest in the Land.

1.19 "North Pflugerville Wastewater Interceptor System" or "NPWIS" means the wastewater force main, series of lift stations, and related wastewater transmission facilities necessary for the City to: (i) provide wholesale wastewater service to land within the Kelly Lane Collection System and the Lakeside Districts, (ii) decommission the Kelly Lane wastewater treatment plant, and (iii) transport wastewater from the Kelly Lane Collection System and the Lakeside Districts to the City's central wastewater plant. A map depicting the NPWIS is attached as Exhibit D.

1.20 "Oversize" means an increase in the size of a component or the addition of a new component of the Collection System or the Water System, which is made at the request of the City for the benefit of the City to serve areas outside the Development.

1.21 "Potable Water" means water which is fit for human consumption. All references to water and water supply in this Agreement mean potable water unless otherwise stated.

1.22 "Professional Services Agreement" has the meaning given to such term in Section 6.7.

1.23 "Subdivision Code" means the City of Pflugerville, Texas Code of Ordinances, Chapter 156, Subdivision Code, as it may be amended.

1.24 "Water System" means the facilities, equipment, lands, and rights-of-way for the storage, transportation, and distribution of a potable water supply, and any extensions or additions thereto, that may be constructed by Landowners to serve water customers in the Development.

ARTICLE II. CONSENT TO CREATION AND OPERATION OF
MULTIPLE WATER CONTROL AND IMPROVEMENT DISTRICTS

2.1 The City hereby gives its consent to the creation of one or more water control and improvement districts (or municipal utility districts) which may include all or part of the Land described in Exhibit A. The first district to be created shall be named "Lakeside Water Control and Improvement District No. 3" (or appropriately named municipal utility district) and may be created to include all or any portion of the Land.

2.2 The City acknowledges that Developer intends to create one or more districts within the Development under the authority of Article XVI, Section 59 of the Texas Constitution and the statutes promulgated thereunder. The City further acknowledges that this may be accomplished either by dividing the District into multiple districts, pursuant to Sections 51.748 through 51.753, Texas Water Code, or by the creation of separate districts, and the option of which method utilized to create multiple districts lies with the Developer. To the extent that the City's consent to such creation, division, or conversion is required by Section 42.042 Local Government Code or other provisions of law, this Agreement shall serve as the City's consent to such creation, division, and conversion, and no additional consent shall be required. Developer will provide the City with information showing the original boundaries and the revised boundaries of any district created pursuant to this Agreement. The terms and conditions applicable to the District upon assignment of this Agreement shall apply to any such districts so created, divided, or converted.

2.3 Unless otherwise agreed to by the City, the District shall not include any areas designated for commercial or retail use, which areas are depicted on the Conceptual Land Use Plan

as amended from time to time. At a minimum, the following portions of the Land shall not be included with the boundaries of the District and shall be designated for commercial or retail use:

10 acres of land adjoining Rowe Lane.

Any areas included in a District that are designated for commercial or retail use after the creation of the District shall be deannexed from the District and such deannexation areas must be contiguous with the City limits. The District shall be allowed to provide out-of-district service to any such areas that are designated for commercial, retail, or non-residential use.

ARTICLE III. ANNEXATION BY CITY

3.1 The Land comprising the District is located within the ETJ of the City. As such, all development within the District is subject to the Subdivision Code and other ordinances and regulations of the City that are applicable thereto by virtue of the District being located within the ETJ of the City. In accordance with Chapter 212 of the Texas Local Government Code, the District shall not furnish water or wastewater service to any portion of the Land within the City's ETJ unless the City has approved a subdivision plat covering such tract of land.

3.2 In furtherance of the purposes of this Agreement, Landowners covenant and agree to the extent allowed by law that, except upon written consent of the City Council of the City, they will not seek or support any effort to incorporate the Land or any part thereof, or to include the Land within the boundaries of any incorporated entity, other than the City.

3.3 It is expressly understood and agreed that the City may annex a District's lands within the City's ETJ subject to the limitations and requirements for annexation of districts provided for by pertinent statutes at the time of annexation. Provided however, annexation of a District's lands by the City shall not occur prior to the earlier of:

- (i) 30 years after the date that District is created; or
- (ii) such time as the District Bonds needed to fund all of the water, wastewater and drainage facilities required to serve the District and authorized under this Agreement have been issued and 90 percent of the facilities within a District for which the District Bonds were issued have been installed.

3.4 Rowe Lane and/or H2N shall secure a wholesale contract with Manville Water Supply Corporation ("Manville") for water service. Rowe Lane and/or H2N shall provide the City with a draft of the proposed contract for its comments, which contract must be approved by the City in writing before it may be deemed effective. Rowe Lane and/or H2N will assign the wholesale contract, in part, to each of the Districts according to the needs of each. Upon annexation, the City agrees to assume the rights and obligations under the portion of the wholesale contract relating to a District that is annexed. If Manville does not execute a contract for wholesale water service for whatever reason, then the City shall provide wholesale water service to the Districts by means of the City water supply system, provided that the following conditions shall apply:

- (i) Manville releases its certificate of convenience and necessity for the area to be served and agrees that the City may provide wholesale service;
- (ii) Any required extension of the City's water supply system shall be completed with no expense to the City, but rather at the expense of an appropriate developer;
- (iii) The City's proposed water treatment plant has become operational as determined by the City, which is expected to occur in the summer of 2005.

3.5 By contract with H2N, the City shall provide wholesale wastewater service within the Development and shall, to the extent necessary, obtain any consent of a holder of a certificate

of convenience and necessity for the City to provide wholesale wastewater service to the District and for the District to provide retail wastewater service to the Development. H2N will assign this contract for wholesale wastewater service within the Development, in part, to each of the Districts according to the needs of each.

ARTICLE IV. ISSUANCE OF BONDS BY THE DISTRICT

4.1 The District may issue bonds and notes, including bond anticipation notes or refunding bonds (the "District Bonds") for any purpose not specifically prohibited by law, this Agreement, or rules and policies of the Texas Commission on Environmental Quality (the "Commission"). District Bonds shall be issued according to and in the manner provided by the rules, policies, and requirements of the Commission. It is specifically agreed that the District Bonds, when issued, shall be secured by a pledge of the District's taxes, and may include a pledge of the District's revenues. In addition to its other duties and obligations under this Agreement, Developer agrees to limit the total bonds issued by the District and all Districts created under Article II, and the total reimbursement to all developers, to Twenty-Two Million, Five Hundred Thousand Dollars (\$22,500,000.00) reasonably adjusted for inflation. Additionally, the term of any District Bond shall not exceed twenty-five (25) years, unless the City specifically approves a longer term for a particular bond issue. H2N may allocate the amount of bonded debt between the various Districts as allowed by the Commission. Subject to the \$22,500,000.00 limit reasonably adjusted for inflation, the amount of District Bonds issued at any time by the District shall be limited only by applicable statutes and the rules of the Commission. Bond issue documents shall be consistent with the rules of the Commission. The limitations on the amount of District Bonds and the reimbursement to Rowe Lane and/or H2N contained in this section shall continue to bind Rowe

Lane, H2N, Landowners, and any subsequent developers or landowners regardless of any assignment under Article IX or Article X of this Agreement.

4.2 The parties hereto recognize and agree that this Agreement is not intended to restrict or limit the powers and authority of the District to acquire, own, operate and maintain water or wastewater systems, drainage facilities, recreational facilities, or any other systems, facilities, assets, or properties of or serving the District. The District may use funds and assets from any available, lawful source to provide for acquisition, ownership, maintenance and operation of its systems and facilities, as well as to accomplish any purpose or to exercise any function, act, power or right authorized by law. Such sources shall include without limiting the generality of the foregoing, revenues from any of the systems, facilities, properties and assets of the District not otherwise committed for the payment of indebtedness of the District, operation and maintenance taxes, loans, gifts, grants and donations from public or private sources, and revenues from any other source lawfully available to the District.

4.3 The District may issue District Bonds for the design, development, purchase, construction, acquisition, ownership, operation, repair, extension and improvement of land, easements, works, improvements, facilities, systems, plants, equipment, appliances, and interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith necessary or desirable to:

- (a) Provide a water supply for municipal, domestic, and commercial use;
- (b) Collect, transport, process, dispose of and control all domestic, industrial or communal wastes;
- (c) Gather, conduct, divert and control local storm water or other local harmful excesses of water in the District;

- (d) Acquire, develop, and maintain parks and recreational facilities (subject to the limitations set forth in Section 5.3 on Developer's right to seek reimbursement out of bond proceeds for portions of the Land dedicated under Section 5.3); and
- (e) Pay organization expenses, operation expenses during construction, and interest during construction.

4.4 A copy of any bond application and accompanying regulatory information shall be provided to the City contemporaneously with the filing at the Commission.

4.5 Rowe Lane and H2N have executed an agreement allocating Rowe Lane 32% and H2N 68% of any reimbursements for (i) the costs of the North Pflugerville Wastewater Interceptor System, and (ii) the costs of facilities and capacity, including water, wastewater, and drainage facilities and capacity, that are owned or operated by the District, which reimbursements may be paid by the District out of the proceeds of bonds issued by such District or out of other funds available to the District. Rowe Lane, H2N, and Landowners acknowledge that, pursuant to the terms of the NPWIS Construction and Participation Agreement, the City shall be entitled to receive an infrastructure fee for each wastewater connection in the District in an amount equivalent to \$1,133.00 per LUE for single family residential uses or per service unit for non-residential uses. The service units for any non-residential uses in the District shall be determined according to Section 152.18 of the Pflugerville City Code. The infrastructure fee shall be paid only out of the proceeds of bonds issued by the District. For each bond issue, the quantity of LUEs that shall be used for determining the total amount of the infrastructure fee payment shall correspond to the quantity of wastewater LUE fees that are represented for reimbursement by the bond issue. The obligation for payment of the infrastructure fee to the

City shall be binding on Rowe Lane, H2N, and Landowners and their respective successors and assigns. The liability of Rowe Lane, H2N, and Landowners for payment of the infrastructure fee shall be reduced by all amounts expended by Rowe Lane, H2N, and Landowners on constructing improvements to Rowe Lane (the road).

**ARTICLE V. CONCEPTUAL LAND DEVELOPMENT PLAN, DEVELOPMENT
REQUIREMENTS, AND FEES**

5.1 **Conceptual Land Use Plan.** Attached hereto as **Exhibit B** is the Conceptual Land Use Plan for the Land, which sets out, among other items, the land use categories and general alignment, size, and type of lots, local streets, major roadways, easements, greenbelts, parks, and utility facilities, to the extent such information can be determined at the time this Agreement is executed. By executing this Agreement, the City approves the Conceptual Land Use Plan and the Developer is exempted from applying under, and completing, the Conceptual Plan process under the City's Subdivision Code. The City hereby approves any variances to the Subdivision Code (including any parkland dedication provisions) necessary to develop the Land in accordance with the Conceptual Land Use Plan; provided, however, that no single family lot shall be less than 6,000 square feet in area. The City expressly approves five foot (5') side setback lines on all single family lots within the District.

5.2 The City agrees that it will promptly review Landowners' applications and will approve such applications that are consistent with the approved Conceptual Land Use Plan and the following conditions:

(a) The overall density of previously final platted sections of the Development and any sections of the Development on which completed applications for final plats have been filed may never exceed 3.63 units per acre of single-family residential land.

(b) Each final plat must include the following note:

Total number of residential units X

Total area of residential lots and local and collector streets Y

where X and Y reflect the actual number of residential units and actual area of residential lots and local and collector streets, respectively.

(c) For applications under the City's Site Development Code (Chapter 155 of the City's Code of Ordinances) or Building Regulations (Chapter 150 of the City's Code of Ordinances), Landowners shall comply with the City's requirements for residential and non-residential construction that are in effect at the time of construction of the applicable structures and are included in those regulations, provided however that the landowners need not comply with side setback or lot size requirements to the extent that the application satisfies one of the following conditions:

- i. The application is consistent with the approved preliminary plats for the District subdivisions, which may include variances from the City's regulations for side set-backs of five feet; or
- ii. The application may include individual single family residential lots that are less than 9,000 square feet in area, in which case no lot may be less than 6,000 square feet in area.

5.3 Parkland Dedication. Landowners shall dedicate land equal to 10% of the total acreage within the Development, such dedicated land to be located within or adjacent to the Development, for use as neighborhood parks, open areas, and school sites. Landowners shall use reasonable efforts to coordinate the parkland dedication with the City's park master plan. Land within a flood plain shall receive full credit for purposes of determining acreage under this provision. The dedication of land under this Section shall be as follows:

(a) All flood plains, both 25 and 100 year, to be credited against the minimum 10% acreage requirement.

(b) 50% credit given for land dedicated to a public school site.

(c) 100% credit for lake areas (wet detention areas).

(d) 10 % parkland per acre of land within a subdivision shall be dedicated with each phase or section of the subdivision. However, by written agreement with the City, excessive parkland may be dedicated earlier, and subsequent phases or sections will provide less than a proportionate share. This can be done only if the cumulative amount dedicated is never reduced below 10 % of parkland to developed land.

(e) At the City's request, Landowners shall convey to the City and the City shall own, operate, and maintain any park areas. All District residents shall be entitled to use park and open areas conveyed to the City the same as in-City residents.

(f) The District shall own, operate, and maintain the remaining parkland areas including all floodplain areas and wet detention (lake) areas. The District shall use reasonable efforts to coordinate park facilities and improvements with the City's policies for parkland development and shall confer with the City's Parks Director prior to developing park facilities and improvements.

(g) Dedication shall occur at the time of final plat approval of the land surrounding the park or open areas.

(h) Developer may seek reimbursement from the District for the costs of acquiring, developing, and maintaining parks and recreational facilities on behalf of the District, provided, however, Developer may not seek reimbursement or payment for the cost of land dedicated under this section from the proceeds of bonds issued by the District.

(i) In accordance with City Ordinances, no flood plain shall be altered or modified as to area, provided, that flood plain may be altered, modified, or shaped to expedite and control floodwaters, construct and maintain utility lines, and to facilitate the use of floodplain as parkland.

(j) The 100-year floodplain shall be defined as that area calculated by Landowners' engineer of record and approved by the Travis County Flood Plain Administrator and the City of Pflugerville's Flood Plain Administrator. The City shall have the right to review and approve the flood plain study and calculations. Thirty (30) days after submission to the City, Landowners' study and calculations shall be deemed approved if the City does not object in writing. Landowners' flood plain study and calculations shall be in a form acceptable to FEMA for a letter of map revision.

At the time of final platting of the last parcel of unplatted land within the Development, if Landowners have not dedicated the minimum required acreage for use as parks, open areas, and school sites, then Landowners shall pay City a cash payment in lieu of dedication of land. The amount of the cash payment shall be equal to the fair market value of the shortage in the number of acres of land required to be dedicated pursuant to this provision, but shall not be less than \$15,000/acre. For an example, assuming 100 acres in the Development, if only 8.5 acres of land

have been dedicated for parks and public open areas, and the fair market value of open land in the area of the development is \$10,000 per acre, then Landowners shall make a payment of \$15,000, because of the shortage of 1.5 acres. The parties agree that this provision pertaining to parkland dedication completely and totally satisfies all requirements of the City pertaining to parkland dedication including, without limitation, the requirement codified in Section 156.117 entitled "Parkland Dedication" of the Subdivision Code.

5.4 Platting, Permitting, and Fees. Landowners agree that the Subdivision Ordinance of the City shall apply to the platting and development of the Land; provided, however, Landowners and the Development shall be exempt from all City zoning and annexation requirements. Fees shall be assessed and paid in accordance with the Subdivision Ordinance. A City building permit shall be required for any structure constructed on a platted lot within the Development.

5.5 Restrictive Covenant. In accordance with Sec. 212.172 of the Texas Local Government Code, Landowners agree to require by document to be recorded in the Real Property Records of Travis County, Texas, that: (i) all new construction within a platted subdivision within the Development will comply with the building codes enforced by the City; (ii) extend the City's planning authority over the land within the Development by agreeing upon a Conceptual Land Use Plan as discussed in Section 5.1, which authorizes general uses and land development; (iii) authorize City enforcement of certain land use and development regulations of the City as enforced within City limits; (iv) authorize enforcement of environmental regulations; (v) provide for agreed upon phasing and terms of annexation; and (vi) specify agreed uses before and after annexation. The document that is to be recorded shall be in substantial conformance with the restrictive covenant set forth in Exhibit C.

The City shall file and maintain in the City's records the Conceptual Land Use Plan, and all modifications and amendments thereto. The City will approve a plat that is consistent with the Conceptual Land Use Plan for the tract that is the subject of the plat provided that the plat satisfies all other applicable requirements including those set forth in this agreement. The City is not required to approve a plat that is inconsistent with the Conceptual Land Use Plan for the tract that is the subject of the plat; provided, however, should the City approve a plat that is inconsistent with the then current Conceptual Land Use Plan, such approval shall constitute an amendment to the Conceptual Land Use Plan. The City's approval of a plat shall constitute the City's acknowledgment that such tract complies with the applicable Conceptual Land Use Plan and the requirements of the Restrictive Covenant.

ARTICLE VI. WATER, WASTEWATER, AND DRAINAGE FACILITIES

6.1 Scope of Facilities. It is anticipated that the Water System, the Collection System, and the NPWIS will serve not more than 900 LUEs or service units within the Development.

6.2 Ownership of System. Developer will construct and own the Water System, the Collection System, and the Drainage System, except, as provided herein with respect to oversizing of water and wastewater system components, the City shall own an undivided interest in the excess capacity from such oversizing of components paid for by the City. Developer shall be entitled to receive reimbursement from the District for the cost of construction of such systems and facilities at such time as Developer conveys ownership thereof to the District.

6.3 Oversizing Water and Wastewater Facilities. At the request of the City, Landowners agrees to oversize designated water distribution and wastewater lines or equipment that are a part of the Water System and the Collection System. If the City determines that a component of the Water System or the Collection System, or both, are to be oversized, the City

shall notify Landowners in writing no later than thirty (30) days after the City received the construction plans from Landowners for review and approval and such notice shall include the exact specifications of such oversizing. The oversize cost shall be determined on an incremental, rather than prorata, basis by a bid from Landowners' contractor or as otherwise agreed by Landowners and the City. If the oversize cost of such component exceeds the amount of money which may be obligated at the discretion of the City Manager, the City will arrange for the necessary funds in the amount of the oversize cost. During the course of the project, Landowners will send the City notice of payments made to contractors and suppliers, and the City hereby agrees to reimburse Landowners within twenty (20) days after the effective date of the notice (see Section 12.2) for the City's share of the payments to contractors and suppliers, up to the oversize cost, for the cost of oversizing.

6.4 Construction Plan Approval and Inspections. All plans and specifications for the Water, Collection, and Drainage Systems or any part thereof shall be designed for compliance with all federal, state, local, and City of Pflugerville laws, rules and regulations applicable to such systems and subject to written approval by the City Engineer prior to initiation of construction. City Inspectors shall receive timely advance notice of the right to inspect the construction of the Water, Collection, and Drainage Systems from Landowners to assure compliance with City standards and the construction plans approved by the City Engineer. Landowners shall make reasonable accommodations to the City Engineer's schedule. Landowners and the District shall not provide permanent water or wastewater service to any properties to be served by particular water supply and wastewater collection facilities until the construction of the same has been approved by a City Inspector. Landowners will provide the City, upon completion of construction, record drawings, meeting approval of the City Engineer, and a certification, from a civil engineer licensed to practice

engineering in Texas, that the Water System and/or the Collection System, or part thereof, covered by the drawings and specifications were built in accordance with the drawings and specifications as approved and as indicated in the record drawings and is in compliance with applicable federal, state and local laws, rules and regulations. Landowners will likewise obtain approval from the City and supply the City with record drawings and similar certifications for any subsequent additions, alterations, or modifications made to the Water System and/or the Collection System during the term of this Agreement. Landowners agree to pay the fee established by the City to compensate the City for the City Engineer's review of plans and specifications requiring approval and the cost of physical inspection of facilities. Such fees shall not exceed the charges imposed within the corporate limits of the City for similarly situated projects of similar scope and size.

6.5 Standards for Water and Wastewater Connections. All individual water and wastewater service connections to the Water System and the Collection System shall be made in compliance with City standards. City Inspectors shall receive timely advance notice of the right to inspect the individual connections after they have been made and before they are covered in the ground to assure compliance with the City's standards. Landowners shall make reasonable accommodations to the City Engineer's schedule. City Inspectors may require the party making the connection to reconstruct or correct, as appropriate, any connections that are not constructed in substantial compliance with the City's standards. Landowners and the District shall not provide permanent water and wastewater service to any property until the individual water and wastewater service connections have been inspected and approved by a City Inspector; provided, however, the parties hereto understand the need for Landowners to have water available on an interim basis for construction of the Development. This includes water for such construction activities as roads, erosion control, pressure testing, fire protection, drinking water, cleaning, sanitation, and the like, as

well as water available to individual dwellings which will be under construction. The City Inspector who inspects and approves an individual water and/or wastewater service connection or both shall furnish Landowners and the District with a certificate of approval to satisfy the certification requirements of the State of Texas.

6.6 Title to Property and Easements. Landowners agree to provide to Rowe Lane and/or H2N and the District adequate title to property on which lift stations and similar facilities are constructed, easements upon which force mains and transmission lines are constructed for the Water System, the Collection System, the Drainage System, and the NPWIS, and access and other easements as reasonably necessary for the City, Rowe Lane and/or H2N, and the District to provide the necessary water, wastewater, and drainage services to the Development.

6.7 Professional Services Agreement for Operation and Maintenance. By contract (the "Professional Services Agreement"), the City shall operate, repair, maintain and manage the facilities and equipment necessary to (1) transport, deliver and distribute the water furnished to residents of the District and (2) collect and transport the wastewater generated inside the District. The management function shall include responsibility for billing and collecting all fees for water and wastewater utility service on behalf of the District. This operation, repair, maintenance and management shall be of a quality and on a frequency as such service is provided by the City to other City water and wastewater customers. Costs associated with such operation, repair, maintenance, and management of the Water System, the Collection System, and the NPWIS by the City shall be satisfied from and be deemed to be equal to the amount of revenue the City collects from the water and wastewater customers within the District, excluding any amounts collected by the City on behalf of the District. The Professional Services Agreement shall at a minimum contain the provisions set out herein in Exhibit E.

6.8 Water and Wastewater Rates. Rates for water and wastewater service within the Development shall be set by the District to recover the costs of operating the District, operating and maintaining the District's facilities and the District's share of the NPWIS, obtaining wholesale water and wastewater service, and fairly compensating the City for services provided under the Professional Services Agreement. No additional charges, fees or the like shall be assessed against Developer or the District for such services. The City agrees that the Professional Services Agreement will compensate the City for the costs associated with the operation, maintenance, repair, or replacement of components of the Water System, the Collection System, and the District's share of the NPWIS through the water and wastewater rates charged to the District's individual customers and no additional charges, fees or the like will be assessed against Developer or the District for such services. Developer shall pay capacity fees due under any wholesale contracts to which it is a party directly to the wholesale supplier. All other fees and amounts due under the wholesale water and wastewater contracts shall be paid by the City directly to the appropriate wholesale supplier.

6.9 Monthly Billing. Pursuant to the City's obligations under the Professional Services Agreement to manage the Water System, the Collection System, and the NPWIS, the City shall read the meter and render a bill for each individual customer on a basis similar to that followed for in-City customers. Landowners and the District agree that the City can terminate water service, wastewater service, or both services to a customer upon the same basis as the City can terminate such service to an in-City customer. The City and the customer will be responsible for arranging restoration of service.

6.10 Rules Governing Use of Water and Collection Systems.

(a) Landowners and the District agree to adopt and impose water conservation measures upon customers and users of water in the Development, and to use all reasonable efforts to require the District to adopt and impose water conservation measures. Such water conservation measures imposed by Developer and/or the District shall be consistent with the conservation measures adopted and imposed from time to time by Manville Water Supply Corporation upon its members and by the City upon water customers of the City.

(b) Developer agrees to adopt and impose, and to use all reasonable efforts to require the District to adopt and impose, rules governing the discharge of wastewater into the Collection System that are consistent with the City's Industrial Waste Ordinance. The wastewater discharged into Collection System shall be treatable by standard wastewater treatment plant processes.

ARTICLE VII. MATERIAL BREACH

Except as expressly provided elsewhere in this Agreement, if a party to this Agreement commits a material breach, as defined by Texas law, of this Agreement, the other parties hereto may exercise all remedies at law or in equity including enforcement of the provisions violated; provided, however, that no such relief may be sought until written notice has been given to the defaulting party of such breach and a reasonable opportunity is given to the defaulting party to cure the breach, which in no event shall be less than ninety (90) days from the date of the notice. It is expressly understood and agreed by the parties that certain approvals and authorizations from non-parties, including the Commission, may be required to carry out or fulfill some of the obligations contained herein. Any delay in a party's ability to fulfill any obligations herein which results from such party

being unable to timely obtain such authorizations shall not constitute a material breach. The parties specifically agree that in case of a material breach of this Agreement, the non-defaulting party shall have the equitable right of specific performance in addition to any other legal or equitable remedies available. A party shall not be liable for any special, indirect, incidental or consequential damages of any nature, including without limitation, loss of profits or revenue.

ARTICLE VIII. ADOPTION OF THIS AGREEMENT BY DISTRICT

As to any District within the Development, Developer shall use its best efforts to get that District to agree to a total conveyance and assignment to the District of Developer's interests in this Agreement, as such relates to that District. Upon assignment of all or part of the rights, duties, and obligations of Developer to a District, the District shall stand alone in the place and stead of Developer, with respect to those legal rights and duties specifically identified herein or indicated by the term "Developer," "Landowners," "H2N," or "Rowe Lane," as the case may be, except as otherwise provided in the assignment, and provided that Developer and any subsequent developers of the Land and Landowners shall not be relieved from compliance with this Agreement to the extent it imposes covenants running with the land and where the context of this Agreement imposes limitations on the subdivision of the Land into platted lots, including, without limitation, the restrictions on bonds and reimbursement contained in Article IV and the provisions concerning the Conceptual Land Use Plan and parkland dedication contained in Article V. Upon such assignment, Developer shall be released from the liabilities, responsibilities, and obligations under this Agreement that are transferred to the District.

ARTICLE IX. BENEFITS OF AGREEMENT

This Agreement is for the benefit of the City, the District, and Developer, its successors and assigns, and shall not be construed to confer any benefit on any other party except as expressly provided herein. This Agreement may be executed by the City and Developer prior to creation of a District and shall be binding upon the City and Developer pending creation of the District until the District accepts an assignment from Developer assuming Developer's obligations hereunder.

ARTICLE X. ASSIGNMENT OF AGREEMENT

Landowners from time to time shall transfer, convey or assign its interest in this Agreement in conjunction with the sale, conveyance or transfer of all or any part of the Land, and such transfer, conveyance, or assignment shall bind the assignee to the terms and conditions of this Agreement. Should a Landowner assign all or part of this Agreement, he shall provide the City and Rowe Lane with notice of the assignment. Upon such assignment, the transferring Landowner shall be released from the liabilities, responsibilities and obligations under this Agreement with respect to the Land involved in the assignment or assignments, provided the assignee has assumed in writing the transferring Landowner's responsibilities hereunder.

ARTICLE XI. TERM OF AGREEMENT

This Agreement shall be effective from the date of execution hereof by the City and Developer, and shall continue in effect for a period of fifty (50) years from the date of the execution hereof. This Agreement shall terminate at the time all of the Land has been annexed by the City and the City has assumed all obligations of the District; provided however, this Agreement shall

terminate, in part, as to any portion of the Land that is not included within the boundaries of a district within 10 years after the effective date of this Agreement.

ARTICLE XII. MISCELLANEOUS PROVISIONS

12.1 Force Majeure. In the event any party is rendered unable, wholly or in part, by force majeure, to carry out any of its obligations under this Agreement, it is agreed that on such party's giving notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied upon, then the obligations of the party giving such notice, to the extent it is affected by 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 as to the extent provided, but for no longer period. Such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as used herein, shall include, but not be limited to, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, war, terrorism, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests, and restraints of governments and people, regulatory delay, explosions, breakage or damage to machinery or pipelines and any other incapacities of either party, whether similar to those enumerated or otherwise, and not within the control of the party claiming such inability, which by the exercise of due diligence and care such party could not have avoided.

12.2 Address and Notice.

(a) Manner of Giving 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 any party to the

other must be in writing and may be given or be served by depositing the same in the United States mail, postage prepaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same the representative of the party identified in Section 12.2(b). Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated in this Agreement, from and after the expiration of three (3) business days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. However, in the event of service interruption or hazardous conditions, neither party will delay remedial action pending the receipt of formal notice.

(b) Addresses. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided be as follows:

If to the City, to: City of Pflugerville
P.O. Box 589
Pflugerville, Texas 78660
Attention: City Manager

If to Rowe Lane, to: Rowe Lane Development, Ltd.
P.O. Box 1190
Pflugerville, Texas 78691-1190 (mail only)
3719 Rowe Lane
Pflugerville, Texas 78660 (delivery only)
Attn: Robert M. Tiemann or Carrie Parker Tiemann

If to H2N, to: H2N Corporation
2929 West 5th Street
Suite A
Fort Worth, Texas 76107
Attn: Lee Nicol

If to Landowners, to: Atlan E. Pfluger, Jr.
1280 County Road 138
Hutto, Texas 78634

The parties shall have the right from time to time and at any time to change their respective addresses and representative, and each shall have the right to specify as its address and representative any other address or representative, provided at least five (5) business days' written notice is given of such new address or representative to the other parties.

12.3 No Additional Waiver Implied. The failure of any party hereto to enforce, in any one or more instances, upon performance of any of the terms, covenants or conditions of the Agreement, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by any other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.

12.4 Modification. Except as otherwise provided in this Agreement, this Agreement shall be subject to change or modification only with the mutual written consent of the parties hereto or their successors and assigns that are affected by such change or modification.

12.5 Captions. The captions appearing at the first of each numbered section in this Agreement are inserted and included solely for convenience and shall never be considered or given any effect in construing this Agreement, or any provision hereof, or in connection with the duties, obligations or liabilities of the respective parties hereto or in ascertaining intent, if any question of intent should arise.

12.6 Severability.

(a) The provisions of this Agreement are severable and, in the event any word, phrase, clause, sentence, paragraph, section or other provision of this Agreement, or the application thereof to any person or circumstance, shall ever be held or determined to be invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall remain in full force and effect

and the application thereof to any other person or circumstance shall not be affected thereby, provided the overall intent and purpose of this Agreement can still be accomplished.

(b) In the event that the Commission or any court of competent jurisdiction determines that any provision of this Agreement exceeds the authority set forth by the Texas Water Code, the City, Developer, and the District agree to immediately amend this Agreement to conform to such ruling or decision, and maintain the original intent and purpose to the extent possible.

12.7 Merger. This Agreement embodies the entire agreement among the parties hereto on the subjects covered herein and there are no prior effective representations, warranties or agreements among the parties on the subjects covered herein. For clarification, this Agreement does not supersede the Declaration of Covenants, Conditions and Easements signed by Landowners, and the NPWIS Construction and Participation Agreement among the City, Rowe Lane, and Lakeside District 2-C. Both the foregoing Declaration and the foregoing Agreement remain in full force and effect.

12.8 Construction of Agreement. The parties agree that this Agreement shall not be construed in favor of or against any party on the basis that the party did or did not author this Agreement.

12.9 Time of Essence. Time is of the essence in the performance of all rights, duties, and obligations under this Agreement.

12.10 Venue. Venue for any action under this Agreement shall lie in Travis County, Texas.

12.11 Other Instruments. The parties hereto covenant and agree that they shall take such further actions, and shall execute and deliver such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

12.12 Clarification. Notwithstanding any other provision in this Agreement, this Agreement provides the City's consent to the creation of the District subject to the terms contained herein, but this Agreement does not obligate Developer to create any District.

[Remainder of page intentionally blank.]

EXECUTED in one or more counterparts, which taken together shall constitute an original,
to be effective as of the date first above written.

City of Pflugerville, Texas

By: David Bering
Name: David Bering
Title: City Manager

Rowe Lane Development, Ltd.

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

By: Robert M. Tiemann
Robert M. Tiemann, President

HZN Corporation

By: Lee Nicol
Lee Nicol, Vice-President

Landowners

Atlan Ernest Pfluger, Jr.
Atlan Ernest Pfluger, Jr.

Ruby Mae Pfluger
Ruby Mae Pfluger

Patricia Pfluger Hoffman
Patricia Pfluger Hoffman

Exhibit A Real Property Description of the Land
Exhibit B Conceptual Land Use Plan
Exhibit C Development Agreement Covenant
Exhibit D NPWIS Map
Exhibit E Professional Services Agreement

EXHIBIT A
TO
COMPREHENSIVE DEVELOPMENT AND CONSENT AGREEMENT
FOR LAKESIDE WCID NO. 3

Real Property Description of the Land

The Land to be included in Lakeside District No. 3 is generally described as follows:

The real property located north of Rowe Lane and east of FM 685 in Travis County and Williamson County, Texas, comprising approximately 251.646 acres, which consists of the 252.087-acre tract described by metes and bounds and the map(s) on the following pages, save and except a 0.44-acre tract described in a warranty deed to Brent Pfluger dated May 9, 2003, and recorded in Document No. 2003106952 of the Official Public Records of Travis County.



**Professional Land Surveying, Inc.
Surveying and Mapping**

Office: 512-443-1724
Fax: 512-441-6987

2807 Manchaca Road
Building One
Austin, Texas 78704

**252.087 ACRES
ROWE'S CROSSING
PERIMETER DESCRIPTION**

A DESCRIPTION OF 252.087 ACRES OUT OF THE JACOB CASNER SURVEY, ABSTRACT 2753 IN TRAVIS COUNTY, ABSTRACT 918 IN WILLIAMSON COUNTY, TEXAS, BEING A PORTION OF A 160 3/4 ACRE TRACT DESCRIBED IN A DEED TO ALTAN ERNEST PFLUGER DATED JAN. 31, 1946 AND RECORDED IN VOLUME 750, PAGE 692 OF THE DEED RECORDS OF TRAVIS COUNTY, TEXAS; ALSO BEING ALL OF A 0.44 ACRE TRACT DESCRIBED IN A WARRANTY DEED TO BRENT PFLUGER DATED MAY 9, 2003 AND RECORDED UNDER DOCUMENT No. 2003108952 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS; ALSO BEING ALL OF A 18.009 ACRE TRACT DESCRIBED IN A WARRANTY DEED TO PATRICIA PFLUGER HOFFMAN DATED JUNE 28, 1990 AND RECORDED IN VOLUME 11220, PAGE 169 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; ALSO BEING A PORTION OF A 136 1/10 ACRE TRACT DESCRIBED IN A DEED TO ATLAN PFLUGER DATED JANUARY 23, 1947 AND RECORDED IN VOLUME 829, PAGE 605 OF THE DEED RECORDS OF WILLIAMSON COUNTY, TEXAS; ALSO BEING ALL OF A 23.563 ACRE TRACT DESCRIBED IN A CORRECTION DEED TO RUBY PFLUGER DATED SEPTEMBER 14, 1980 AND RECORDED IN VOLUME 11289, PAGE 443 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; AND ALSO BEING A PORTION OF A 42.009 ACRE TRACT DESCRIBED IN A WARRANTY DEED TO ATLAN ERNEST PFLUGER, JR. DATED JUNE 28, 1990 AND RECORDED IN VOLUME 11220, PAGE 172 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; SAID 252.087 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2" rebar found in the west line of the said 160 3/4 acre tract, being in the north right-of-way line of Rowe Lane (right-of-way width varies), being also at the southwest corner of the said 18.009 acre tract, and being also at the southeast corner of a 5.03 acre tract described in a Warranty Deed to Harold K. Saathoff and wife, Catherine Saathoff dated May 2, 1988 and recorded in Volume 10672, Page 315 of the Real Property Records of Travis County, Texas;

THENCE North 7°19'10" East, along the west line of the 160 3/4 acre tract, portions of which being the east line of the said 5.03 acre tract, and continuing with the east line of a 5.01 acre tract described in a Warranty Deed With Vendor's Lien to Walter C. Kolinek and wife, Barbara J. Kolinek dated September 30, 1977 and recorded in Volume 5948, Page 151 of the Deed Records of Travis County, Texas, the east line of a 5.01 acre tract described in a Warranty Deed With Vendor's Lien to Joseph E.

EXHIBIT A

Hyland and wife, Elizabeth A. Hyland dated April 1, 1992 and recorded in Volume 11680, Page 2326 of the Real Property Records of Travis County, Texas, the east line of a 5.043 acre tract described in a Quitclaim Deed to R. L. Montgomery dated August 16, 1994 and recorded in Volume 12253, Page 336 of the Real Property Records of Travis County, Texas, the east line of a 5.21 acre tract described in a General Warranty Deed to Mark A. Donnell and spouse, Kimberly V. Donnell dated April 2, 1999 and recorded under Document No. 199902082 of the Official Public Records of Travis County, Texas, the east line of a 7.65 acre tract described in an Executor's Deed dated June 4, 2001 and recorded under Document No. 2001088318 of the Official Public Records of Travis County, Texas, and the east line of Lots 1-5, Block K, Steeds Crossing, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 88, Page 99 of the Plat Records of Travis County, Texas, and being in part, the west line of the 18.009 acre tract, at a distance of 1635.83 feet passing a 1/2" rebar found at the northwest corner of the 18.009 acre tract, at a distance of 2460.45 feet passing a 1/2" rebar found at the common corner of the said 7.65 acre tract and Lots 5 and 6, Steeds Crossing, and continuing for a total distance of 2529.28 feet to a 1/2" rebar with cap set at the northwest corner of the 160 3/4 acre tract, being an interior corner of said Lot 1, Block K, Steeds Crossing;

THENCE South 82°29'15" East, along the north line of the 160 3/4 acre tract, being the south Lot 1, Block K, Steeds Crossing, the south line of a 10.00 acres described in a Warranty Deed With Vendor's Lien dated April 4, 1988 and recorded in Volume 10665, Page 534 of the Real Property Records of Travis County, Texas, and the south line of Lots 9 and 10, Rolling Hills, a subdivision in Travis and Williamson Counties, according to the map or plat thereof, recorded in Volume 76, Page 277 of the Plat Records of Travis County, Texas, a distance of 1793.84 feet to a 1/2" rebar found at the southeast corner of said Lot 10, Rolling Hills, being also at the southwest corner of the said 136 1/10 acre tract, and being also at the southwest corner of the said 23.563 acre tract;

THENCE North 7°33'47" East along the west line of the 136 1/10 acre tract, portions of which being the east lines of Lots 10-14, Rolling Hills, also being in part, the west line of the 23.563 acre tract, and in part, the west line of the said 42.009 acre tract, at a distance of 500.26 feet passing a 1/2" rebar found at the common corner of said Lots 10 and 11, at a distance of 715.33 feet passing a 1/2" rebar found at the common corner of the 23.563 acre tract and the 42.009 acre tract, at a distance of 1766.89 feet passing a 1/2" rebar found at the common corner of said Lots 13 and 14, and continuing for a total distance of 1884.59 feet to a 1/2" rebar found at the northwest corner of the 42.009 acre tract, being at the southwest corner of a 28.219 acre tract described in a Deed With Vendor's Lien dated December 31, 1981 and recorded in Volume 863, Page 153 of the Deed Records of Williamson County, Texas;

EXHIBIT A

THENCE over and across the 136 1/10 acre tract, South 81°46'12" East, along the north line of the 42.009 acre tract, being the south line of the said 28.219 acre tract, a distance of 562.41 feet to a 1/2" rebar found at the southeast corner of the 28.219 acre tract;

THENCE continuing over and across the 136 1/10 acre tract, over and across the 42.009 acre tract, the following three (3) courses and distances:

1. South 81°44'54" East, a distance of 149.95 feet to a 1/2" rebar found;
2. South 7°43'34" West, a distance of 448.88 feet to a 1/2" rebar with cap found;
3. South 82°15'56" East, a distance of 870.49 feet to a 1/2" rebar with cap found in the east line of the 42.009 acre tract;

THENCE continuing over and across the 136 1/10 acre tract, North 7°44'08" East, along the east line of the 42.009 acre tract, a distance of 635.14 feet to a 1/2" rebar found in the south right-of-way line of County Road 138 (Williamson County, right-of-way width varies), being the northeast corner of the 42.009 acre tract;

THENCE continuing over and across the 136 1/10 acre tract, South 82°16'18" East, along the south right-of-way line of County Road 138, a distance of 856.72 feet to a 3/8" rebar found in the east line of the 136 1/10 acre tract, being at the northwest corner of a 5.079 acre tract described in a General Warranty Deed to Edward Knoll and spouse, Sandra K. Knoll dated November 30, 1990 and recorded in Volume 1965, Page 679 of the Official Records of Williamson County, Texas;

THENCE South 7°25'15" West along the common line of the 136 1/10 acre tract and the said 5.079 acre tract, a distance of 558.03 feet to a 3/8" rebar found at the southwest corner of the 5.079 acre tract, being the northwest corner of a 10.04 acre tract described in a Correction Warranty Deed With Vendor's Lien to Douglas E. Vrabel and wife, Hazel L. Vrabel dated November 30, 1999 and recorded under Document No. 2000001066 of the Official Public Records of Williamson County, Texas;

THENCE continuing along the east line of the 136 1/10 acre tract, South 7°17'42" West, in part with the west line of the said 10.04 acre tract, and in part with the west line of a 11.59 acre tract described in a Correction Warranty Deed With Vendor's Lien to Lisa Renee Craig and James Norman Craig dated February 3, 1999 and recorded under Document No. 199977089 of the Official Public Records of Williamson County,

EXHIBIT A

Texas, at a distance of 321.98 feet passing a 1/2" rebar found at the common corner of the 10.04 acre tract and the said 11.59 acre tract, and continuing for a total distance of 533.26 feet to a 1/2" rebar with cap set at an angle point in the west line of the 11.59 acre tract;

THENCE continuing along the east line of the 136 1/10 acre tract, South 6°58'52" West, in part with the west line of the 11.59 acre tract, in part with the west line of a 5.004 acre tract described in a Partition Deed to Samuel A. Thielepape dated April 17, 1987 and recorded under Document No. 9718185 of the Official Records of Williamson County, Texas, and in part with the west line of Lot 1, Mouser Addition, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 86, Page 838 of the Plat Records of Travis County, Texas, at a distance of 188.73 feet passing a 1/2" rebar found at the common corner of the 11.59 acre tract and the said 5.004 acre tract, at a distance of 503.05 feet passing a 1/2" rebar found at the common corner of the 5.004 acre tract and said Lot 1, Mouser Addition, and continuing for a total distance of 523.15 feet to a 1/2" rebar found at an angle point in the west line of said Lot 1, Mouser Addition;

THENCE continuing along the east line of the 136 1/10 acre tract, South 8°10'55" West, in part with the west line of Lot 1, Mouser Addition, in part with the west line of Martin Cove (right-of-way width varies, also known as Jan Drive), and in part with the west line of a 6.993 acre tract described in a Warranty Deed to James L. Doyle and wife, Sharon H. Doyle dated October 20, 1981 and recorded in Volume 7612, Page 174 of the Deed Records of Travis County, Texas, at a distance of 400.29 feet passing a 1/2" rebar found in the north right-of-way line of Martin Cove, being the southwest corner of Lot 1, Mouser Addition, at a distance of 429.80 feet passing a 1/2" rebar found at the northwest corner of the said 6.993 acre tract, and continuing for a total distance of 443.34 feet to a 1" iron pipe found at the southeast corner of the 136 1/10 acre tract;

THENCE South 13°00'36" West, continuing along the west line of the 6.993 acre tract, a distance of 6.03 feet to a 1/2" rebar with cap found at the northeast corner of Lot 53, Block C, The Estates of Rowe Lane Section 2, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded under Document No. 200400158 of the Official Public Records of Travis County, Texas;

THENCE North 82°11'32" West, along the north line of The Estates of Rowe Lane Section 2, a distance of 770.26 feet to a 1/2" rebar found in the south line of the 136 1/10 acre tract, at the northwest corner of Lot 21, Block E, The Estates of Rowe Lane Section 2, being also at the northeast corner of Lot 32, Block A, Rolling Meadows Section One, a subdivision in Travis County, Texas, according to the map or plat

EXHIBIT A

thereof, recorded in Volume 85, Page 47C of the Plat Records of Travis County, Texas;

THENCE North 82°11'41" West, along the south line of the 136 1/10 acre tract, being the north line of Block A, Rolling Meadows Section One, a distance of 781.87 feet to a 1/2" rebar with cap set at the northwest corner of Lot 28, Block A, Rolling Meadows Section One, being also a the northeast corner of the 160 3/4 acre tract;

THENCE South 7°34'50" West, along the east line of the 160 3/4 acre tract, portions of which being the west lines of Lots 27-28 and Lots 11-12, Block A, Rolling Meadows Section One, at a distance of 224.86 feet passing a 1/2" rebar found at the common corner of said Lots 27 and 28, at a distance of 933.51 feet passing a 1/2" rebar found at the common corner of said Lots 11 and 12, and continuing for a total distance of 987.37 feet to a 1/2" rebar with cap set for an angle point in the west line of Lot 11;

THENCE South 7°26'54" West, continuing along the east line of the 160 3/4 acre tract, portions of which being the west lines of Lots 10 and 11, Block A, Rolling Meadows Section One, at a distance of 177.11 feet passing a 1/2" rebar found at the common corner of Lots 10 and 11, and continuing for a total distance of 292.88 feet to a 1/2" rebar found for a angle point in the west line of Lot 10;

THENCE South 7°16'32" West, continuing along the east line of the 160 3/4 acre tract, portions of which being the west lines of Lots 3-10, Block A, Rolling Meadows Section One, at a distance of 94.28 feet passing a 1/2" rebar found at the common corner of said Lots 9 and 10, at a distance of 284.09 feet passing a 1/2" rebar found at the common corner of said Lots 8 and 9, at a distance of 434.22 feet passing a 1/2" rebar found at the common corner of said Lots 7 and 8, at a distance of 880.29 feet passing a 1/2" rebar found at the common corner of said Lots 4 and 5, and continuing for a total distance of 1103.79 feet to a 1/2" rebar with cap set for an angle point in the west line of Lot 3;

THENCE South 7°38'53" West, continuing along the east line of the 160 3/4 acre tract, portions of which being the west lines of Lots 1-3, Block A, Rolling Meadows Section One, at a distance of 394.13 feet passing a 1/2" rebar found at the southwest corner of said Lot 1, being at the northwest corner of a 10 foot strip dedicated for additional right-of-way of Rowe Lane with the recording of Rolling Meadows Section One, and continuing with the west line of said strip for a total distance of 404.14 feet to a 1/2" rebar with cap set for an angle point in the north right-of-way line of Rowe Lane;

THENCE over and across the 160 3/4 acre tract, North 83°31'41" West, along the north right-of-way line of Rowe Lane, a distance of 1729.32 feet to a 1/2" rebar with

EXHIBIT A

cap found;

THENCE departing the north right-of-way line of Rowe Lane, continuing over and across the 160 3/4 acre tract, the following two (2) courses and distances:

1. North 7°17'08" East, a distance of 314.94 feet to a 1/2" rebar with cap found;
2. North 83°31'31" West, a distance of 202.45 feet to a 1/2" rebar with cap found at the northeast corner of the said 0.441 acre tract;

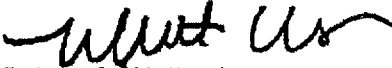
THENCE continuing over and across the 160 3/4 acre tract, along the east line of the 0.441 acre tract, the following three (3) courses and distances:

1. South 7°16'46" West, a distance of 101.03 feet to a 1/2" rebar with cap found;
2. North 83°35'36" West, a distance of 17.02 feet to a 1/2" rebar with cap found;
3. South 3°20'57" West, a distance of 214.23 feet to a 1/2" rebar with cap found in the north right-of-way line of Rowe Lane, being at the southeast corner of the 0.441 acre tract;

THENCE continuing over and across the 160 3/4 acre tract with the north right-of-way line of Rowe Lane, North 83°32'24" West, along the south line of the 0.441 acre tract, a distance of 65.26 feet to a 1/2" rebar found at the common corner of the 0.441 acre tract and the 18.009 acre tract;

THENCE continuing over and across the 160 3/4 acre tract with the north right-of-way line of Rowe Lane, North 83°05'04" West, along the south line of the 18.009 acre tract, a distance of 479.96 feet to the **POINT OF BEGINNING**, containing 252.087 acres of land, more or less.

Surveyed on the ground April 2, 2004. Bearing Basis: Grid Azimuth for Texas Central Zone, 1983/93 HARN values from LCRA control network. Attachments: Drawing 143-022-SURF.


Robert C. Watts, Jr.
Registered Professional Land Surveyor
State of Texas No. 4995



6-18-04

EXHIBIT A

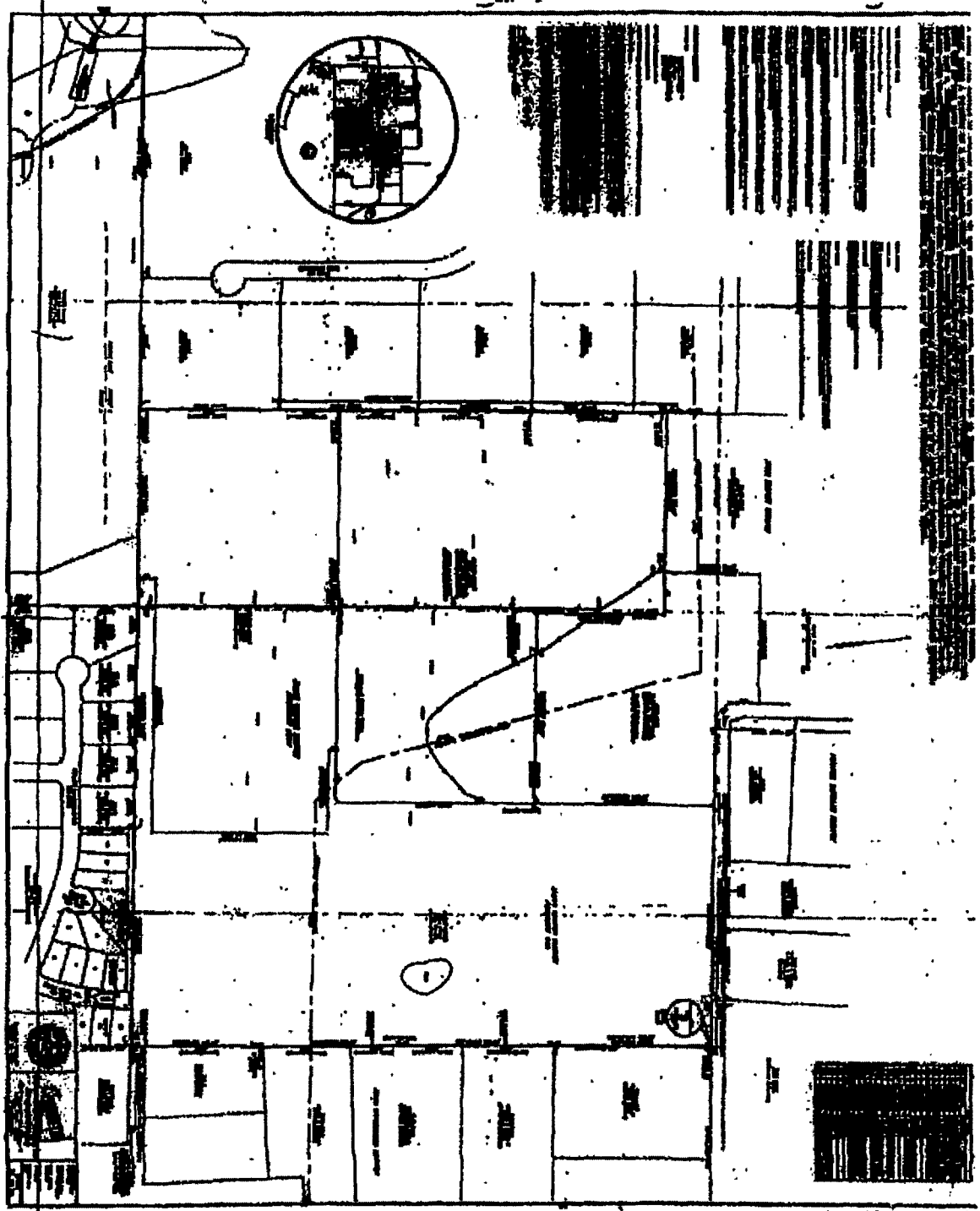


EXHIBIT A

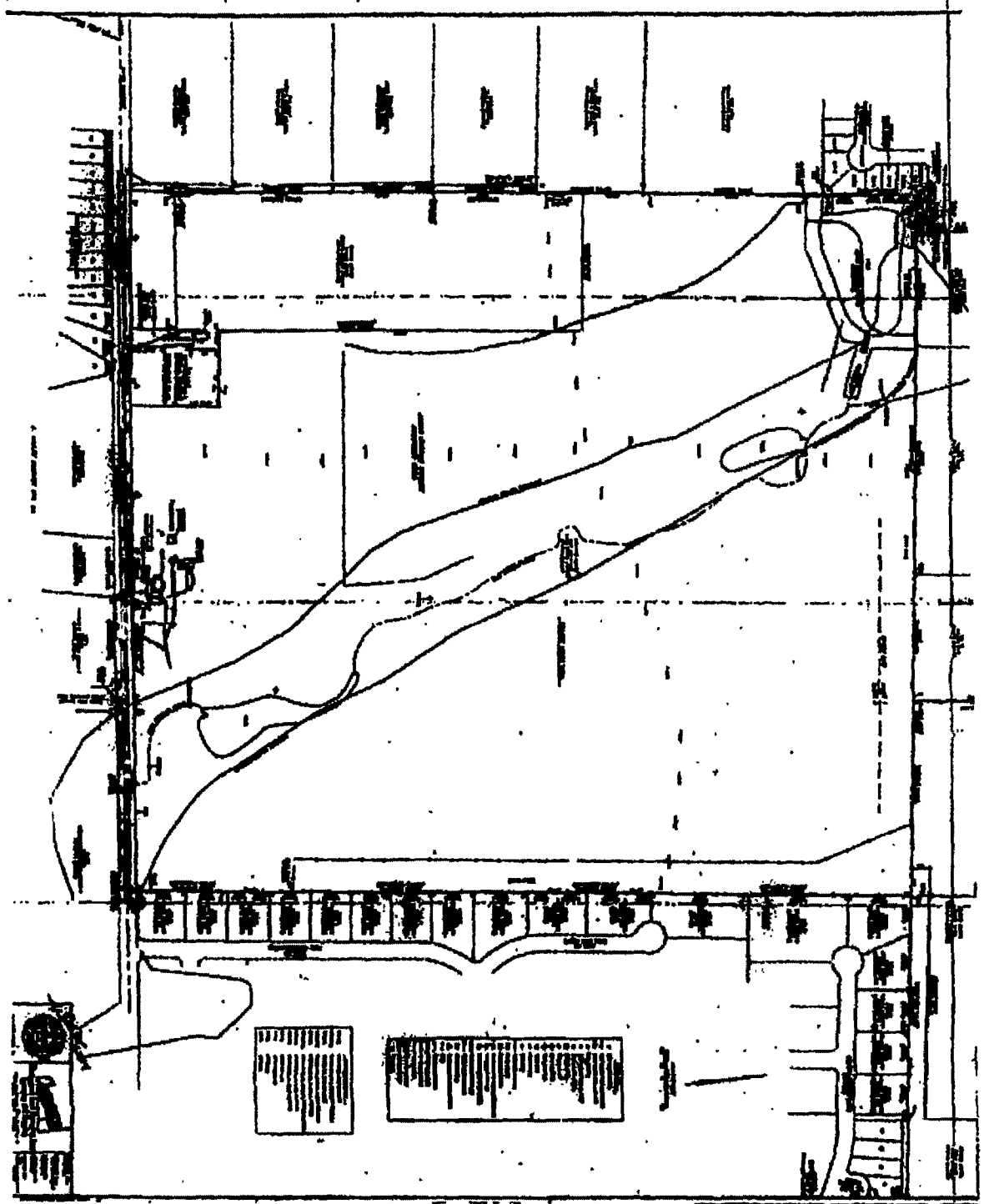


EXHIBIT A

EXHIBIT B
CONCEPTUAL LAND USE PLAN

LAKE SIDE W.C.I.D NO.3 LAND USE PLAN (NORTHERN SEGMENTS)

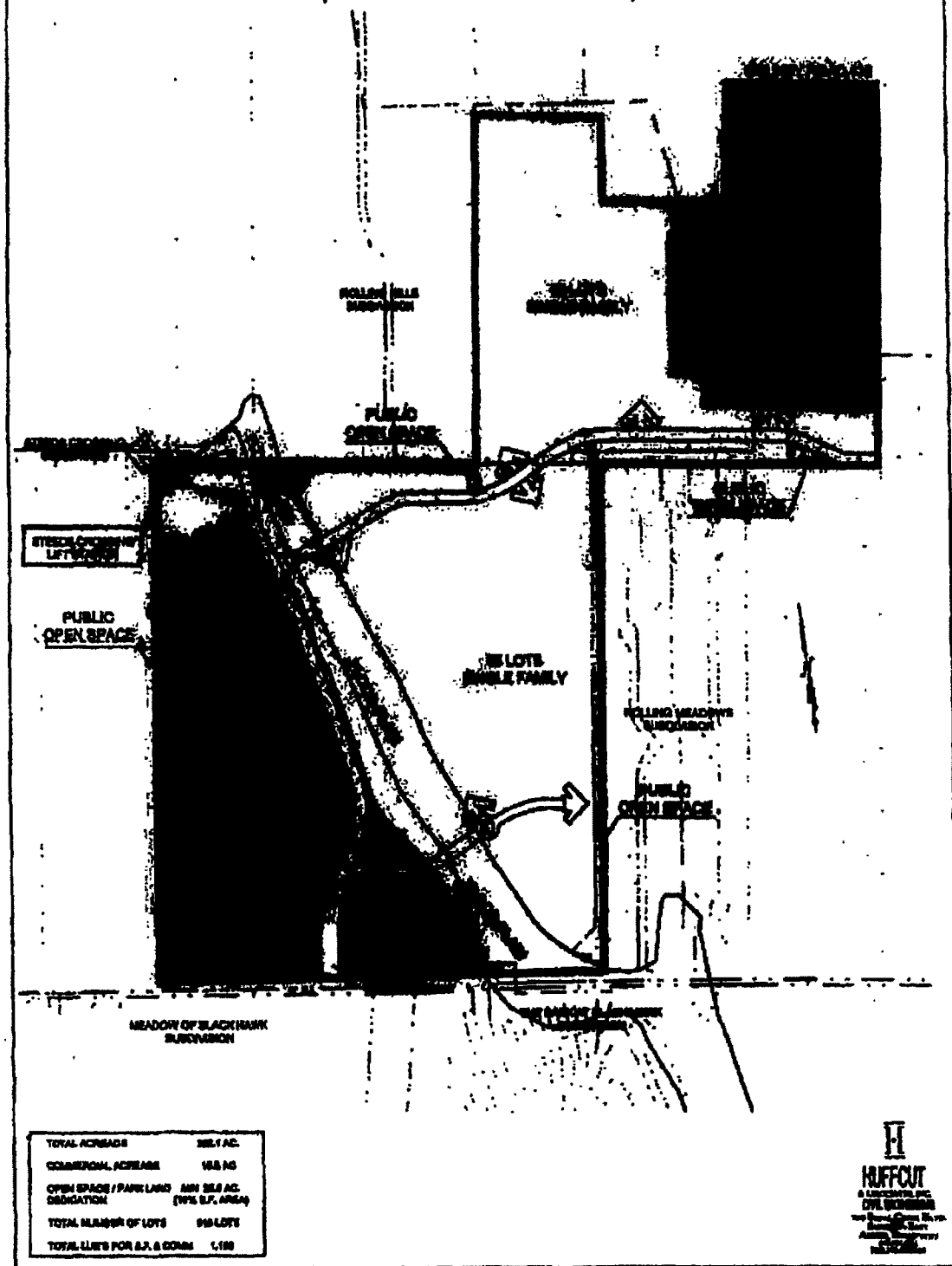


EXHIBIT B

EXHIBIT C
TO COMPREHENSIVE DEVELOPMENT AND CONSENT AGREEMENT FOR LAKESIDE
WCID NO. _____

RESTRICTIVE COVENANT

THE STATE OF TEXAS

§
§
§

COUNTY OF TRAVIS

WHEREAS, _____ (hereinafter referred to as "Owners"), owns the real property in [Travis] County, Texas, described in the attached Exhibit 1 (the "Land").

WHEREAS, the City of Pflugerville, Texas, (the "City"), and the Owners have agreed that the Land should be impressed with certain covenants and restrictions running with the land and desire to set forth their agreement in writing:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owners hereby agree as follows with respect to the Land, which agreement will constitute a covenant running with the Land and will be binding on the Owners, their successors and assigns:

1. The Land will be developed in accordance with a Conceptual Land Use Plan, which has been agreed to by Owners and approved by the City, and the City's subdivision, site development and building codes, except as specifically exempted in the Conceptual Land Use Plan. The Conceptual Land Use Plan may be modified and amended, in whole or in part, from time to time, by agreement between Owners and Owners' successors and assigns, and the City. In order for any modification or amendment to the Conceptual Land Use Plan to be effective on a particular tract within the Land, such modification or amendment must be made on or before the time a plat is approved by the City for that particular tract. The Conceptual Land Use Plan, and all modifications and amendments thereto, shall be recorded and on file with the City. The City's approval of a plat for a tract within the Land shall constitute the City's acknowledgment that such tract complies with the applicable Conceptual Land Use Plan and the requirements of this covenant.

2. If any person or entity violates or attempts to violate this agreement and covenant, the City, or its successors and assigns, may prosecute proceedings at law or in equity against the person or entity violating or attempting to violate this agreement and covenant and may prevent said person or entity from violating or attempting to violate this agreement or covenant.

3. If any part or provisions of this agreement and covenant is declared invalid, by judgment or court order, that invalidity will not affect any of the other provisions of this agreement, and the remaining portions of this agreement will remain in full force and effect.

4. Any failure of the City, its successor and assigns, to enforce this agreement and Covenant, whether the violations are known or not, will not constitute a waiver or estoppel of the City's right to do so.

5. This agreement may be modified, amended or terminated only by joint action of both (a) the City Manager of the City or another duly authorized representative of the City, and (b) the owners of the Land, or such portion of the Land affected by such action, at the time of the modification, amendment, or termination.

EXECUTED, this ____ day of _____.

OWNERS

By: _____

By: _____

[ACKNOWLEDGMENTS]

EXHIBIT D
NPWIS MAP

KELLY LANE
WASTEWATER SERVICE AREA
CITY OF PFLUGERVILLE
ULTIMATE WASTEWATER COLLECTION
CONCEPT PLAN

EXHIBIT D

NOT FOR
CONSTRUCTION



100' 1" 200' 4" 300' 6" 400' 8" 500' 10" 600' 12" 700' 14" 800' 16" 900' 18" 1000' 20"

