



## Filing Receipt

**Received - 2022-05-20 03:49:53 PM**  
**Control Number - 53075**  
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SCHWARTZ, PAGE & HARDING, L.L.P.

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MARTHA T. BERSCH  
ABRAHAM I. RUBINSKY

June 4, 1996

ccn#P1049

Mr. Lonnie Parr  
Terra Associates, Inc.  
4900 Woodway  
Suite 1000  
Houston, Texas 77027

DATE RECD *6-5-96*  
ROUTING SLIP  
JOB NO. *1049*  
LJP  
KJD  
WLB *WLB*  
WML  
IAW  
MW  
VWW *VWW*  
WRI  
SOK  
ALP  
GLE

Re: Harris County Municipal Utility District No. 249

Dear Mr. Parr:

Enclosed please find an executed copy of the First Amendment to Emergency and Interim Water Supply Contract by and between the referenced District and Harris County Water Control and Improvement District No. 110 for your records.

If you have any questions regarding the enclosure, please do not hesitate to give me a call.

Very truly yours,

SCHWARTZ, PAGE & HARDING, L.L.P.

By:

*Judy Gallaway*  
Judy Gallaway  
Legal Assistant

Enclosure  
4249\Corr/Parr01.Ltr

**FIRST AMENDMENT TO  
EMERGENCY AND INTERIM WATER SUPPLY CONTRACT**

THE STATE OF TEXAS   §

COUNTY   OF   HARRIS   §

      This First Amendment to Emergency and Interim Water Supply Contract (the "Amendment"), is made and entered into as of the 10<sup>th</sup> day of April, 1996, by and between HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249, acting by and through its Board of Directors ("No. 249"), a conservation and reclamation district created pursuant to the authority of Article XVI, Section 59, of the Constitution of Texas, and operating under the provisions of Chapter 49 and Chapter 54, Texas Water Code, as amended, and HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 110, acting by and through its Board of Directors ("No. 110"), a conservation and reclamation district created pursuant to the authority of Article XVI, Section 59, of the Constitution of Texas, and operating under the provisions of Chapter 49 and Chapter 54, Texas Water Code, as amended (No. 249 and No. 110 sometimes referred to individually as "District" and collectively as "Districts").

**WITNESSETH:**

**Recitals**

      WHEREAS, No. 249 and No. 110 have entered into that certain Emergency and Interim Water Supply Contract dated June 1, 1995 (the "Contract") and desire to amend same as hereinafter set forth;

## AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises, obligations and benefits hereinafter set forth and set forth in the Contract, No. 249 and No. 110 amend the Contract as follows:

### ARTICLE I

#### AMENDMENTS

Section 1.01. Amendments. Sections 4.04, 4.05 and 4.07 of the Contract are hereby amended to read as follows:

Section 4.04. Rates and Charges. For purposes of billing for interim Water service provided under the Contract during the Initial Term, as defined in Section 4.07 below, No. 249 shall be charged by No. 110 for Water, as metered at the Interconnect Meter Facilities, an amount equal to \$0.55 per 1000 gallons of Water usage. In addition, upon execution of the Contract, No. 249 paid to No. 110 \$8,290.80 for reservation of the Water capacity requested through December 31, 1995, and on or about January 1, 1996, paid to No. 110 \$14,212.80 for reservation of the requested capacity through December 31, 1996. Thereafter, on January 1, 1997, January 1, 1998, and January 1, 1999, No. 249 shall pay to No. 110 \$14,212.80 for reservation of the requested capacity for the ensuing twelve (12) months. Such annual fee equals the estimated interest being paid by No. 110 on that portion of No. 110's water supply facilities being reserved for No. 249, as

reflected on Exhibit "B" attached to the Contract. In the event No. 249 should request that the amount of Water supply capacity being reserved for it be reduced or in the event No. 110 should reduce the amount of capacity being reserved for No. 249, then the annual payment provided above for capacity reservation shall be proportionately reduced. No. 110 or No. 249 shall read the meter at the Interconnect Meter Facilities and shall invoice No. 249 on a monthly basis for such interim Water as has been supplied during the preceding month. No. 110 shall render bills to No. 249, or its designated representatives, on or before the fifteenth (15th) day of each month for Water delivered during the preceding calendar month and such bills shall be due and payable sixty (60) days after such bill is deposited into the United States mail properly stamped and addressed. No. 249 shall pay interest on its past due bills at the rate of ten percent (10%) per annum, together with reasonable attorney's fees incurred in the collection thereof. If No. 249 fails to pay any bills on or before their due date, No. 110 may give notice of such delinquent bills to No. 249 in writing, and if all bills due are not paid within fifteen (15) days after deposit of such notice in the United States mail, properly stamped and addressed to such party, then No. 110 shall be authorized to institute legal proceedings for the collection thereof and to pursue

any other available legal remedy which may be appropriate, including suspension of No. 249's right to make additional Connections to the No. 249 System, but excluding suspension of delivery of Water to existing Connections within No. 249, until all bills have been paid in full.

Section 4.05. Construction of Proposed Permanent Water Plant. No. 249 agrees that it will complete the design of its Proposed Permanent Water Plant on or prior to December 31, 1998, including the obtaining of all necessary regulatory approvals in connection therewith. In the event that No. 249 fails to complete such design prior to December 31, 1998, the right of No. 249 to make additional Connections to the No. 249 System shall be suspended until such time as it has completed the design and obtained all approvals of such plans for the Proposed Permanent Water Plant. No. 249 shall provide to No. 110 written evidence of the approval of said plans for its Proposed Permanent Water Plant at such time as it has obtained final approval thereof. Further, No. 249 agrees that it will complete construction of its Proposed Permanent Water Plant on or prior to December 31, 1999.

In the event No. 249 has not begun construction of its Proposed Permanent Water Plant on or before the date it submits an application to the Texas Natural Resource Conservation Commission for authority to sell

bonds, No. 249 agrees to include in such bond application all monies necessary to design and construct such Proposed Permanent Water Plant or to otherwise obtain guarantees for such design and construction as required by the rules of the Texas Natural Resource Conservation Commission. Further, in the event No. 249 has not begun construction of its Proposed Permanent Water Plant at the time it sells said issue of bonds, No. 249 agrees that it will not delete from said issue any monies included to design and construct the Proposed Permanent Water Plant unless it obtains a letter of credit or escrow of cash from third parties in an amount sufficient to construct the Proposed Permanent Water Plant.

Section 4.07. Term of Interim Water Supply Provisions.

Subject to the provisions of Section 4.06 of the Contract, the interim water supply provisions of the Contract shall remain in effect for a term commencing on the date of the Contract and terminating at midnight December 31, 1999 (the "Initial Term"). By mutual agreement the Districts may extend the interim water supply provisions of the Contract for additional one (1) year periods, subject to the provisions of Section 4.06 of the Contract.

The Guaranty of Performance provision of the Contract is hereby amended to read as follows:

### GUARANTY OF PERFORMANCE

Houston Area Development Corporation, a Texas corporation, Mark A. Carpenter, Trustee, and Churchill-Louetta Properties, Ltd., a Texas limited partnership (hereinafter collectively "Guarantors"), as owners of land within No. 249, acknowledge that they will benefit from the Contract as amended by this Amendment. For and in consideration of said benefit Guarantors guarantee the performance of all obligations incumbent upon No. 249 under the terms of the Contract, as amended, including but not limited to, the obligations of No. 249 to pay from time to time any and all of the amounts due to No. 110 pursuant to the Contract, as amended, which remain unpaid by No. 249 for thirty (30) days after the date they would otherwise be due upon demand therefor by No. 110 or No. 249. It is specifically understood and agreed, however, that the obligation of each of the Guarantors to pay any of said amounts due shall be limited to the percentage of any of said amount as follows:

Houston Area Development Corporation	47.71%
Mark A. Carpenter, Trustee	5.34%
Churchill-Louetta Properties, Ltd.	46.95%

None of the Guarantors shall be liable for any of said amounts due in excess of the percentage set forth above for the applicable Guarantor unless otherwise agreed in writing. By the execution of this Amendment, the



Guarantors agree that No. 110 or No. 249 shall have the right to look directly to the Guarantors for the performance of all such obligations of No. 249 under the Contract, as amended, to collect directly from the Guarantors such sums due from No. 249 under this guaranty, and to proceed directly against the Guarantors in the event of No. 249's failure to pay such amounts under this guaranty; provided, however, that this guaranty of performance and the Guarantors' obligations under this guaranty shall terminate upon the closing by No. 249 of its first series of bonds or upon the termination of the Contract, as amended, whichever first occurs.

No delay or omission to exercise any right or power accruing upon any default, omission, or failure of performance under this guaranty shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. The obligations, covenants, agreements, and duties of the Guarantors shall be absolute and unconditional and shall remain in full force and effect until the termination of this guaranty.

No. 110 shall be entitled to bring any suit, action, or proceeding against the Guarantors for the enforcement of any provision of this guaranty, and it

shall not be necessary in any such suit, action, or proceeding for No. 110 to make No. 249 a party thereto. Until all of the amounts guaranteed hereby and other obligations covered hereby shall have been paid or performed in full, the Guarantors shall have no right of subrogation and waive any right to enforce any remedy which No. 249 now has or may hereafter have against No. 110.

## ARTICLE II

### GENERAL PROVISIONS

Section 2.01. Contract to Remain in Effect. All terms and provisions of the Contract, except as amended hereby, shall remain in full force and effect and shall apply to this Amendment.

Section 2.02. Provisions Severable. The provisions of this Amendment are severable, and if any provision or part of this Amendment 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 Amendment and the application of such provision or part of this Amendment to other persons or circumstances shall not be affected thereby.

Section 2.03. Merger. This Amendment and the Contract as amended hereby embody the entire understanding between the Districts regarding the subject matter set forth herein and therein and there are no prior effective representations, warranties or contracts regarding same.

IN WITNESS WHEREOF, this Amendment has been executed in multiple counterparts, each of equal dignity, as of the date and year first above written.

ATTEST:

[Signature]  
Secretary

(SEAL)

HARRIS COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 249

By: [Signature]

President

ATTEST:

[Signature]  
Secretary

(SEAL)

HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT  
NO. 110

By: [Signature]

President

Approved and agreed to this 22 day of April, 1996, by Houston Area Development Corporation, as Guarantor.

HOUSTON AREA DEVELOPMENT  
CORPORATION, Guarantor

By: [Signature]

Name: Samuel H. Yager Jr.

Title: PRESIDENT

Approved and agreed to this 15<sup>th</sup> day of May, 1996, by Mark A. Carpenter, Trustee, as Guarantor.

Guarantor

By: [Signature]

MARK A. CARPENTER, TRUSTEE

Approved and agreed to this 18 day of May,  
1996, by Churchill-Louetta Properties, Ltd., as Guarantor.

CHURCHILL-LOUETTA PROPERTIES,  
LTD., Guarantor

HEMINGWAY PROPERTIES, INC.,  
General Partner

By: [Signature]  
BILL F. DAVIS  
President

The foregoing Amendment is approved and agreed to this  
23rd day of May, 1996, by Roosevelt Bank.

ROOSEVELT BANK, successor  
in interest to Farm & Home  
Savings Association

By: [Signature]  
Name: Ronald L. Cawood  
Title: Senior Vice President

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 18th day of April, 1996, by JOANN S.W. LSON, of Harris County Municipal Utility District No. 249.



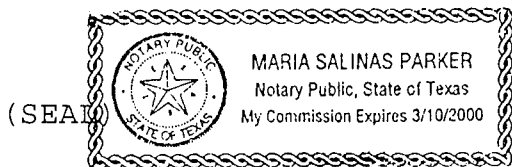
Judy A. Hollingsworth  
Notary Public in and for  
the State of T E X A S

My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 04 day of April, 1996, by Jerry A. Strickland, President of Harris County Water Control and Improvement District No. 110.



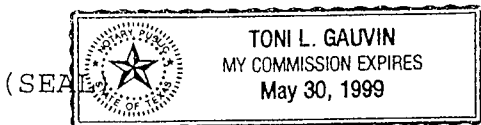
Maria Salinas Parker  
Notary Public in and for  
the State of T E X A S

My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 30 day of April, 1996, by Samuel H. Yager Jr., President of Houston Area Development Corporation, on behalf of said corporation.



Toni L. Gauvin  
Notary Public in and for  
the State of T E X A S

My Commission Expires: 5-30-99

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 1<sup>st</sup> day of May, 1996, by Mark A. Carpenter, Trustee.



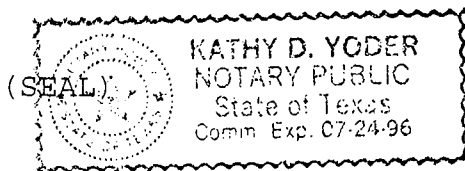
Candace C. Smith  
Notary Public in and for  
the State of T E X A S

My Commission Expires: 08/21/99

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 18<sup>th</sup> day of May, 1996, by Bill F. Davis, President of Hemingway Properties, Inc., general partner of Churchill-Louetta Properties, Ltd.



Kathy D. Yoder  
Notary Public in and for  
the State of T E X A S

My Commission Expires: 7/24/96

THE STATE OF MISSOURI §

COUNTY OF ST LOUIS §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 1996, by \_\_\_\_\_, \_\_\_\_\_ of Roosevelt Bank, successor in interest to Farm & Home Savings Association, on behalf of said banking corporation.

(SEAL)

Deborah A. Nettler  
Notary Public in and for  
the State of Missouri  
County of St. Louis

My Commission Expires: 2/19/97

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DEBORAH A. NETTLER  
NOTARY PUBLIC - STATE OF MISSOURI  
ST. LOUIS COUNTY  
MY COMMISSION EXPIRES FEB. 19, 1998

EMERGENCY AND INTERIM WATER SUPPLY CONTRACT

THE STATE OF TEXAS )(

COUNTY OF HARRIS )(

This Emergency and Interim Water Supply Contract (the "Contract"), is made and entered into as of the 1st day of June, 1995, by and between HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249, acting by and through its Board of Directors ("No. 249"), a conservation and reclamation district created pursuant to the authority of Article XVI, Section 59, of the Constitution of Texas, and operating under the provisions of Chapter 54, Texas Water Code, as amended, and HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 110, acting by and through its Board of Directors ("No. 110"), a conservation and reclamation district created pursuant to the authority of Article XVI, Section 59, of the Constitution of Texas, and operating under the provisions of Chapter 54, Texas Water Code, as amended (No. 249 and No. 110 sometimes referred to individually as "District" and collectively as "Districts").

W I T N E S S E T H:

Recitals

WHEREAS, No. 249 currently does not own or operate any water production facilities, but plans to acquire and construct within the next two and one-half (2-1/2) years certain permanent water production and supply facilities (collectively, "Proposed Permanent Water Plant");

WHEREAS, the Board of Directors of No. 249 has determined that the Proposed Permanent Water Plant and other facilities that will comprise No. 249's water production and distribution system, ("No. 249 System") will have sufficient capacity to serve its future residents and customers, as well as No. 110 on an emergency basis;

WHEREAS, No. 110 has constructed, owns and operates a water production and supply system, and has legally available therefrom sufficient surplus water capacity ("No. 110 Water Capacity") for the purpose of this Contract as of the date hereof which, together with certain distribution and storage facilities, comprise No. 110's water production and supply system ("No. 110 System");

WHEREAS, the Board of Directors of each District has determined that its respective District is in need or will be in need of an emergency source of water supply in the event of the failure or mechanical breakdown of a District's system;

WHEREAS, No. 249 desires to acquire interim water supply service from No. 110 until such time as it acquires or constructs its Proposed Permanent Water Plant; and

WHEREAS, the Board of Directors of each District has determined that its respective District is authorized to enter into this Contract pursuant to the Constitution and laws of Texas, including specifically Section 54.218, Texas Water Code.



## AGREEMENT

For and in consideration of the mutual promises, obligations and benefits hereinafter set forth, No. 249 and No. 110 contract and agree as follows:

### ARTICLE I

#### DEFINITIONS

Section 1.01. Definitions. When used herein the following terms shall have the meanings specified:

A. The term "Connection or Equivalent Connection" shall mean a single family residential unit or its commercial equivalent, such commercial equivalent being 420 gallons per day, average daily flow. For purposes of the interim water supply provisions of this Contract, a Connection shall be considered to have been made at the time of connection to the No. 249 System, regardless of whether the customer is actually utilizing utility service.

B. The term "Emergency" shall mean a mechanical or electrical failure causing a loss of the production or distribution capacity of a District's water system which results in a District being unable to supply its customers with a minimal supply of Water, or a fire requiring immediate use of the other District's water system for fire fighting purposes and activities related thereto.

C. The term "Temporary Period" shall mean a period not to exceed thirty (30) days unless otherwise agreed in writing by the Districts.

D. The term "Water" shall mean potable water meeting the minimum drinking water standards established by the Texas Department of Health or other regulatory agency with jurisdiction.

## ARTICLE II

### CONSTRUCTION OF INTERCONNECTION; EASEMENTS

Section 2.01. Construction, Ownership and Maintenance of Interconnect Facilities. In order to connect the No. 249 System to the No. 110 System, it will be necessary to construct a water interconnect line from the existing No. 110 System to the No. 249 System, all as depicted on Exhibit "A" attached hereto and incorporated herein by reference for all purposes. That portion of said line to be located within or outside of No. 249 and outside No. 110 will hereafter be referred to as the "No. 249 Interconnect Line" and that portion of said line to be located within No. 110 will hereafter be referred to as the "No. 110 Interconnect Line". No. 249's engineer will design, at No. 249's sole cost and expense, the No. 249 Interconnect Line. No. 110's engineer, at No. 249's sole cost and expense and subject to reimbursement as set forth below, will design the No. 110 Interconnect Line.

The No. 110 Interconnect Line will be constructed in the right-of-way of Meadow Edge Road or within an easement on the property within No. 110 owned, as of the date of this Contract, by Goodyear Tire and Rubber Company, which easement is to be located as to be determined by No. 249 and its engineer as and

when necessary, in consultation with the No. 110 engineer. No. 249 shall obtain said easement, if required, at its sole cost and expense within sixty (60) days following the effective date of this Contract.

No. 249 will construct, in accordance with good and sound engineering practices, at No. 249's sole expense and subject to reimbursement as set forth below, the No. 249 Interconnect Line from the No. 249 System to the Point of Interconnect as shown on Exhibit "A" attached hereto (the "Point of Interconnect") and the No. 110 Interconnect Line from the Point of Interconnect to the existing No. 110 System. No. 249 shall convey to No. 110 all its right, title and interest in and to the No. 110 Interconnect Line upon completion of the No. 110 Interconnect Line, as certified by No. 249's engineer. After such conveyance, each District shall be responsible for maintaining its respective interconnect line at its sole cost and expense throughout the term of this Contract. Should No. 249 fail to make any needed repair to the No. 249 Interconnect Line, No. 110 may, after reasonable notice to No. 249, make said repair and charge the actual cost thereof to No. 249. Likewise, should No. 110 fail to make any needed repair to the No. 110 Interconnect Line, No. 249 may, after reasonable notice to No. 110, make said repair and charge the actual cost thereof to No. 110. Each District shall own and have title to its respective interconnect line, subject to each District's rights hereunder.

No. 110 has informed No. 249 that No. 110 is negotiating with the owner of certain land located east of Interstate Highway

45 to annex such land into No. 110. In the event that No. 110 should enter into an agreement to annex such property into No. 110 or provide such property with permanent water service, then, at the request of No. 110, the Point of Interconnect shall be relocated to a point mutually agreeable to the engineers representing No. 110 and No. 249 and located east of Interstate Highway 45. The valves and valve box shall likewise be relocated to the new Point of Interconnect, at No. 110's sole cost and expense and with the least possible interruption of service to No. 249. Following any such relocation of the Point of Interconnect, that portion of the water interconnect facilities located between the original Point of Interconnect and the relocated Point of Interconnect shall be considered to be included as part of the "No. 110 Interconnect Line."

Section 2.02. Reimbursement for No. 110 Interconnect Line.

No. 110 shall reimburse No. 249 for the costs incurred by No. 249 for the design and construction of the No. 110 Interconnect Line, in an amount equal to the maximum amount allowed under the then current rules of the Texas Natural Resource Conservation Commission, including interest on such monies out of the proceeds of the first series of bonds issued by No. 110 after the installation of a service tap or other connection to the No. 110 Interconnect Line by No. 110 or a customer of No. 110; provided however, that any such tap or connection shall not include a tap or connection installed to serve Interstate Ford as an out-of-district customer of No. 110.

Section 2.03. Meter, Cut-off Valve, Maintenance of Meter; and Title to Water. No. 249 shall install, at its sole cost and expense, a valve box and meter vault with metering equipment capable of measuring the flow of Water from No. 110 to No. 249 together with a locking mechanism (the "Interconnect Meter Facilities") at a point on the No. 249 Interconnect Line immediately inside the boundary of No. 249 in order to measure flows from No. 110 to No. 249 during the period of interim water supply hereunder. Further, No. 249 shall install, at its sole cost and expense, a valve box and cut-off valves at the Point of Interconnect. Both Districts shall have keys to the lock and shall have right of access to the valve box at the Point of Interconnect at all times. No. 249 shall maintain the Interconnect Meter Facilities in good condition throughout the term of interim water service under this Contract, and the cost of such maintenance shall be paid solely by No. 249. Further, No. 249 shall maintain the valves and valve box at the Point of Interconnect in good condition throughout the term of this Contract, and the cost of such maintenance shall be paid solely by No. 249 until such time as the interim water supply provisions of this Contract have terminated, when such maintenance costs shall be shared equally between the Districts. Additionally, No. 249 shall provide for an annual inspection and calibration of the meter at the Interconnect Meter Facilities in the one year anniversary month of this Contract and in the anniversary month of each year thereafter during the term of interim water hereunder. All costs relating to such annual inspection and

calibration shall be borne by No. 249. Further, each District shall have the right at any time during the provision of interim water hereunder to provide for periodic inspections and calibrations of the meter. If a problem with the meter is discovered, all costs relating to the repair or correction thereof will be borne by No. 249. However, if such periodic inspection indicates that there is no problem with the meter requiring repair or correction, such inspections shall be at the sole cost and expense of the District requesting same. In the event that a question should arise with respect to the accuracy or performance of the meter at the Interconnect Meter Facilities, the service company inspecting or repairing the meter shall issue a written report to both Districts. No. 249 will have title to and possession and control of all Water on No. 249's side of the Point of Interconnect and No. 110 will have title to and possession and control of all Water on No. 110's side of the Point of Interconnect. The valves at the Point of Interconnect shall remain open during the period of interim water supply hereunder except as otherwise specifically provided herein.

Section 2.04. Plans and Specifications and Final Inspection. The No. 249 Interconnect Line, the No. 110 Interconnect Line, the valves and valve box at the Point of Interconnect, and the Interconnect Meter Facilities to be constructed by No. 249 pursuant to Sections 2.01 and 2.03 shall be constructed in accordance with the plans and specifications prepared by the engineers for No. 249 and No. 110, as described in Section 2.01. The engineers for both No. 249 and No. 110

shall inspect and approve the No. 249 Interconnect Line, the No. 110 Interconnect Line, the valves and valve box at the Point of Interconnect, and the Interconnect Meter Facilities during their construction and upon their completion and prior to the initial use and operation thereof, which approval shall not be unreasonably withheld. Additionally, No. 110's operator shall inspect and approve the installation of the Interconnect Meter Facilities, which approval shall not be unreasonably withheld. No. 249 shall provide No. 110, upon completion of the acquisition and construction of the No. 110 Interconnect Line and the Interconnect Meter Facilities, one set of "Record Drawings" for same and a certification by the engineer for No. 249 that the No. 110 Interconnect Line, the valve and valve box at the Point of Interconnect, and the Interconnect Meter Facilities were built substantially in accordance with the plans and specifications and as indicated in the aforementioned "Record Drawings". Upon transmittal of the Record Drawings, the No. 110 Interconnect Line will be pressurized and placed in service.

Section 2.05. Maintenance. No. 110 shall consistently maintain its Water distribution system in good condition and shall immediately repair any leaks or breaks in such system. In the event a leak, rupture or other defect occurs within No. 110's Water distribution system which could either endanger or contaminate No. 249 's Water distribution system or prejudice No. 249's ability to provide Water service to its in-district customers, No. 249 shall have the right (during the period of provision of emergency services hereunder) to valve off and

discontinue service to No. 110 until such leak, rupture or other defect has been remedied. In the event No. 110 fails to immediately repair or proceed with the repairs of such leak, rupture or the defect, No. 249 may at its option, repair same and charge No. 110 its actual cost of such repair. Likewise, No. 249 shall consistently maintain its Water distribution system in good condition and shall immediately repair any leaks or breaks in such system. In the event a leak, rupture or other defect occurs within No. 249's Water distribution system which could either endanger or contaminate No. 110's Water distribution system or prejudice No. 110's ability to provide Water service to its in-district customers, No. 110 shall have the right to valve off and discontinue service to No. 249 until such leak, rupture or other defect has been remedied. In the event No. 249 fails to immediately repair or proceed with the repairs of such leak, rupture or defect, No. 110 may at its option, repair same and charge No. 249 its actual cost of such repair.

### ARTICLE III

#### EMERGENCY DELIVERY OF WATER

Section 3.01. Normal Operations. Except as provided in Article IV hereof, it is agreed that during normal operating conditions of the Districts' Water systems, Water will be prevented from flowing through the Point of Interconnect and no Water will be delivered by either District to the other. In the event that either District wishes to draw Water through the interconnection, except during an Emergency or in accordance with



the provisions of Article IV, it may do so only with the written consent of the other District.

Section 3.02. Emergency Supply. During an Emergency, the District experiencing the Emergency may open the valve at the Point of Interconnect and be supplied Water by the other District, but only after providing notice of the Emergency to the operator for the other District (provided that when the emergency is a fire, the valve may be opened prior to such notice but notice must be given to the other District's operator at the earliest practicable time). Notice required to be given to the operator of the District supplying Water hereunder, may be given to such District's engineer if such District's operator is unavailable to receive such notice, and may be given to a member of such District's Board of Directors if such District's operator and engineer are both unavailable to receive such notice. Such notice shall include a description of the cause of the Emergency and the expected duration thereof. Each District will provide the other District with the names, addresses, and telephone numbers of its operator, engineer and directors for the purposes of giving notice hereunder. Opening of the valves at the Point of Interconnect shall be confirmed in writing by the District receiving Water to the Board of Directors and operator of the District supplying Water hereunder, on the next business day after the valve is opened. The District experiencing the Emergency may continue to receive Water during the continuation of the Emergency without prior approval of the supplying District; provided, however, that neither District shall be

obligated to supply Water hereunder for longer than a Temporary Period. Should the duration of the Emergency extend beyond the Temporary Period, the District receiving Water shall request consent from the Board of Directors of the supplying District to extend the Temporary Period. Such request shall be made in writing prior to the expiration of the initial Temporary Period. Any additional extensions shall likewise be requested in writing by the receiving District prior to the end of the then approved period. Further, neither District shall be obligated to supply Water hereunder in such amounts or under such circumstances as will impair the supplying District's ability to serve its own customers (including customers to whom the supplying District is supplying Water on an emergency basis). The obligation of either District to deliver Water to the other shall run only to the Districts and shall in no event create any obligation to or duty toward any other party or any customer of the Districts.

Section 3.03. Simultaneous Emergencies. Neither District shall be obligated to supply Water pursuant to this Contract if an Emergency exists for that District. Consequently, during a period of simultaneous Emergencies, neither District shall be obligated to deliver Water to the other, but may do so pursuant to mutual agreement.

Section 3.04. Other Water Supply Contracts. Both Districts may enter into additional Water supply contracts with other persons, corporations, partnerships or political subdivisions of the State of Texas or any other entity; provided, however, that both Districts covenant and agree that they will not so agree

with others to such an extent as to impair their ability to perform fully and punctually their obligations under this Contract; and provided further that until such time as the interim water supply provisions of this Contract as set forth in Article IV hereof have terminated, No. 249 (i) will not allow Water from any source other than No. 249 or No. 110 to enter the No. 110 System without first obtaining the written approval of same from No. 110, and (ii) will not provide water to any customers located outside its boundaries.

Section 3.05. Payment. Except as hereinafter set forth, the price to be paid for water delivered pursuant to this Contract during an Emergency (including any extensions of the Temporary Period as provided in Section 3.02) shall be fifty-five cents (\$0.55) per thousand gallons of "average daily usage" for the number of days water is received. For the purposes of this Contract, average daily usage shall be determined by calculating the total number of gallons used by the receiving district during the thirty (30) days immediately preceding the date such district began receiving water from the supplying district and dividing such total by thirty (30). The price to be paid under this Contract during an emergency shall be calculated by multiplying the average daily usage by the number of days the receiving district was supplied with water, dividing the product by 1000, and multiplying the resulting quotient by \$0.55, as shown as follows:

$$\frac{(\text{average daily usage}) \times (\text{number of days})}{1000} \times .55$$

; provided, however in the event that the supplying District purchased all or a portion of the Water supplied during such Emergency from an adjoining district due to an inability of such supplying District to meet the Water demand of its in-district customers and the receiving District solely through utilization of its own Water production facilities, the receiving District shall pay the supplying District for Water received at a rate per 1000 gallons equal to the rate paid by the supplying District for such Water in the event that such rate is greater than the rate above provided. No. 110 and No. 249 agree to review the price for Water delivered during an Emergency as hereinabove stated on or about every fifth anniversary date of this Contract to determine if said price adequately reflects the cost to the Districts to produce Water at that time and to negotiate in good faith to adjust said price as necessary to reflect said cost at that time. Further, the above price per thousand gallons shall not apply if the, supplying District has converted to use of surface water in whole or in part. In that event, the price per thousand gallons shall be the actual cost (per thousand gallons) to the supplying District to purchase surface water.

If a District fails or refuses to supply the information concerning the Water usage required herein during an Emergency, and such failure to supply said information shall extend for a period in excess of sixty (60) days from the receipt of notice and/or demand for same, the District which has not received information may provide a second notice to the other District advising of its intention to suspend its obligation to provide

emergency Water hereunder, and if such information has not been delivered within thirty (30) days of the date of said second notice, may refuse to supply additional Water until said information has been provided.

Each District shall render a bill to the other District, or its designated representatives, on or before the fifteenth (15th) day of each month for Water supplied during the preceding calendar month and such bill shall be due and payable sixty (60) days after such bill is deposited into the United States mail properly stamped and addressed. If a District shall fail to pay for Water delivered hereunder or pay for a repair bill owed by a District to the other District hereunder when such payment is due, such District shall pay interest on its past due obligation, accruing from the due date, at the rate of ten percent (10%) per annum, and shall in addition pay reasonable attorney's fees incurred in the collection thereof. If a District fails to pay any bills on or before their due date, the District entitled to payment may give notice of such delinquent bills to the other District in writing, and if all such bills due are not paid within fifteen (15) days after deposit of such notice in the United States mail, properly stamped and addressed to such District, then the District entitled to payment shall be authorized to execute legal proceedings for the collection thereof and to pursue any other available legal remedy which may be appropriate, including the right to refuse to supply additional Water during an Emergency until such payment is made in full.

Section 3.06. Books and Records. Each District shall preserve for a period of at least four (4) years from the date of their respective origins, all books, records, test data, charts and other records pertaining to this Contract. Each District shall have the right, at all reasonable business hours, to inspect such records of the other party to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to any provision of this Contract.

#### ARTICLE IV

##### INTERIM DELIVERY OF WATER

Section 4.01. Interim Interconnect Facilities. No. 249 shall construct the No. 249 Interconnect Line, the No. 110 Interconnect Line, the valves and valve box at the Point of Interconnect, and the Interconnect Meter Facilities in accordance with the provisions of Article II hereof.

Section 4.02. Interim Supply. On the terms and conditions hereinafter set forth, No. 110 shall make available to No. 249 on an interim basis, Water sufficient to serve a maximum of 594 Connections (the "Maximum Connections") from the No. 110 System. In the event that No. 110 experiences a decline in the production capacity of its well attributable to any cause whatsoever, including force majeure, or the Harris-Galveston Coastal Subsidence District reduces the No. 110 Water well permit, No. 110 shall have the right to reduce the Maximum Connections to the number of Connections that will enable No. 110 to serve all of its existing and future in-district customers from its existing well; provided, however that No. 110 shall never reduce the

Maximum Connections below the number of connections in No. 249 that are being served at the time that No. 110 experiences such decline in production capacity, force majeure or reduction in permitted withdrawal by the Harris-Galveston Coastal Subsidence District. No. 110 may exercise such right to reduce the Maximum Connections within No. 249 to be served by No. 110 by giving No. 249 twelve (12) months advance written notice of such reduction, which notice shall include the revised number of Maximum Connections which No. 110 will serve within No. 249. Should No. 249 exceed the level of water service usage permitted hereunder, No. 110 shall give written notification thereof to No. 249. Such excess shall be reduced to the limits established herein within sixty (60) days from receipt of such notice. If No. 249 fails to comply within ninety (90) days after receipt of such notice, No. 110 may obtain an injunction from a court of competent jurisdiction prohibiting No. 249 from making any new Connections to its water system and No. 110 may terminate the interim water service under this Contract at the expiration of twelve (12) months following the date of written notice to No. 249. Further, during said twelve (12) month notice period, No. 249 shall pay to No. 110 two (2) times the rate specified in Section 4.04 below.

Section 4.03. Capital Improvements to the No. 110 System.

It is understood and agreed that certain expansions to the No. 110 System will be required to provide the interim water supply to No. 249 hereunder and to serve existing and future customers of No. 110. At such time as the No. 110 engineer, in consultation with the No. 249 engineer, determines it to be

necessary, No. 110 shall design and construct, at no cost to No. 249, a 1,000 gpm booster pump at the No. 110 water supply plant.

Section 4.04. Rates and Charges. For purposes of billing for interim Water service provided hereunder during the Initial Term hereof, as defined in Section 4.07 below, No. 249 shall be charged by No. 110 for Water, as metered at the Interconnect Meter Facilities, an amount equal to \$0.55 per 1000 gallons of Water usage. In addition, upon execution of this Contract, No. 249 shall pay to No. 110 \$8,290.80 for reservation of the Water capacity requested through December 31, 1995. Thereafter, on January 1, 1996, and January 1, 1997, No. 249 shall pay to No. 110 \$14,212.80 for reservation of the requested capacity for the ensuing twelve (12) months. Such annual fee equals the estimated interest being paid by No. 110 on that portion of No. 110's water supply facilities being reserved for No. 249, as reflected on the attached Exhibit "B". In the event No. 249 should request that the amount of Water supply capacity being reserved for it be reduced or in the event No. 110 should reduce the amount of capacity being reserved for No. 249, then the annual payment provided above for capacity reservation shall be proportionately reduced. No. 110 or No. 249 shall read the meter at the Interconnect Meter Facilities and shall invoice No. 249 on a monthly basis for such interim Water as has been supplied during the preceding month. No. 110 shall render bills to No. 249, or its designated representatives, on or before the fifteenth (15th) day of each month for Water delivered hereunder during the preceding calendar month and such bills shall be due and payable



sixty (60) days after such bill is deposited into the United States mail properly stamped and addressed. No. 249 shall pay interest on its past due bills at the rate of ten percent (10%) per annum, together with reasonable attorney's fees incurred in the collection thereof. If No. 249 fails to pay any bills on or before their due date, No. 110 may give notice of such delinquent bills to No. 249 in writing, and if all bills due are not paid within fifteen (15) days after deposit of such notice in the United States mail, properly stamped and addressed to such party, then No. 110 shall be authorized to institute legal proceedings for the collection thereof and to pursue any other available legal remedy which may be appropriate, including suspension of No. 249's right to make additional Connections to the No. 249 System, but excluding suspension of delivery of Water to existing Connections within No. 249, until all bills have been paid in full.

Section 4.05.     Construction of Proposed Permanent Water Plant. No. 249 agrees that it will complete the design of its Proposed Permanent Water Plant on or prior to December 31, 1996, including the obtaining of all necessary regulatory approvals in connection therewith. In the event that No. 249 fails to complete such design prior to December 31, 1996, the right of No. 249 to make additional Connections to the No. 249 System shall be suspended until such time as it has completed the design and obtained all approvals of such plans for the Proposed Permanent Water Plant. No. 249 shall provide to No. 110 written evidence of the approval of said plans for its Proposed Permanent Water

Plant at such time as it has obtained final approval thereof. Further, No. 249 agrees that it will complete construction of its Proposed Permanent Water Plant on or prior to December 31, 1997.

In the event No. 249 has not begun construction of its Proposed Permanent Water Plant on or before the date it submits an application to the Texas Natural Resource Conservation Commission for authority to sell bonds, No. 249 agrees to include in such bond application all monies necessary to design and construct such Proposed Permanent Water Plant or to otherwise obtain guarantees for such design and construction as required by the rules of the Texas Natural Resource Conservation Commission. Further, in the event No. 249 has not begun construction of its Proposed Permanent Water Plant at the time it sells said issue of bonds, No. 249 agrees that it will not delete from said issue any monies included to design and construct the Proposed Permanent Water Plant unless it obtains a letter of credit or escrow of cash from third parties in an amount sufficient to construct the Proposed Permanent Water Plant.

Section 4.06. Termination of Interim Water Services. At any time during the Initial Term (hereinafter defined) or any extended term as provided in Section 4.07, No. 249 shall have the right to terminate the interim water supply provisions of this Contract by providing written notice of such termination to No. 110, and such termination shall be effective as of the date specified in such notice.

Section 4.07. Term of Interim Water Supply Provisions. Subject to the provisions of Section 4.06 hereof, the interim

water supply provisions of this Contract shall remain in effect for a term commencing on the date hereof and terminating at midnight December 31, 1997 (the "Initial Term"). By mutual agreement the Districts may extend the interim water supply provisions of this Contract for additional one (1) year periods, subject to the provisions of Section 4.06 above.

Section 4.08. Easements or Sites. No. 249 shall obtain, without expense to No. 110, any easements or sites necessary for the proper operation and maintenance of the Interconnect Meter Facilities.

#### ARTICLE V

##### TERM AND GENERAL PROVISIONS

Section 5.01. Approvals by Parties. Whenever this Contract requires or permits approval or consent to be hereafter given by either District such approval or consent shall be effective without regard to whether such approval or consent is given before or after the time required herein. Such approval or consent shall be evidenced by a resolution adopted by the Board of Directors of the District or by an appropriate certificate executed by a person, firm or entity authorized to determine and give approval or consent on behalf of said District.

Section 5.02. Regulatory Compliance. This Contract and either District's obligations to deliver water to the other District as provided herein shall be subject to all present and future laws, orders, rules and regulations of the United States of America, the State of Texas, and any regulatory body having jurisdiction (and the Districts agree to cooperate to obtain

compliance therewith). In the event that either District is required by any regulatory authority to pay any fee, service charge, penalty, or fine because of, or as a condition to, providing service to the other District pursuant to this Contract, said fee, service charge, penalty, or fine may be billed to the other District as an expense of providing service pursuant hereto, in addition to all amounts due pursuant to this Contract. It is further provided that when receiving water pursuant to this Contract and supplying such water to its own residents and other water users, the receiving District acts in the capacity of owner and operator of a "public water system", as that term is used in the federal Safe Drinking Water Act, and, in that regard, is solely responsible for complying with all governmental rules, regulations, and laws relating to the protection of the health and welfare of its users including, but not limited to, keeping all necessary records and performing all necessary testing, monitoring and treatment, and the supplying District will have no responsibility with respect thereto.

Section 5.03. Water Analysis. If requested by either District, each District will obtain a bacteriological Water analysis on a sample of Water taken from its Water distribution system at least once per month and shall submit the results of said analysis to the other District.

Section 5.04. Term. Except as provided in Section 4.07 with regard to the interim water supply provisions hereof, and unless otherwise terminated pursuant to the provisions hereof,

this Contract shall be in force and effect from the date of its execution for a period of forty (40) years.

Section 5.05. No Additional Waiver Implied. No waiver or waivers of any breach or default by either District of any term, covenant, condition, or liability hereunder, or of performance by the other District of any duty or obligation hereunder, shall be deemed a waiver thereof in the future; nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstances.

Section 5.06. Address and Notice. Unless otherwise provided in this Contract, any notice herein provided or permitted to be given, made, or accepted by either District must be in writing and may be given by depositing the same in the United States mail postage prepaid by certified mail, return receipt requested, or by delivering the same to an officer of such District, or by prepaid telegram addressed to the District to be notified. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the District to be notified. For the purposes of notice, the addresses of the Districts shall be as follows:

Harris County Municipal  
Utility District No. 249  
c/o Schwartz, Page & Harding, L.L.P.  
1300 Post Oak Boulevard  
Suite 1400  
Houston, Texas 77056

Harris County Water Control and  
Improvement District No. 110  
c/o Coats, Rose, Yale, Holm  
Ryman & Lee  
800 First City Tower  
1001 Fannin  
Houston, Texas 77002-6707

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

Section 5.07. Modification. This Contract shall be subject to change or modification at any time, but only with the mutual written consent of the Districts.

Section 5.08. Assignability. This Contract shall be binding upon and inure to the benefit of the Districts and their successors, but this Contract shall not be assignable by either District without the prior written consent of the other.

Section 5.09. Parties in Interest. This Contract is for the sole and exclusive benefit of No. 249 and No. 110 and shall not be construed to confer any benefit or right upon any other party.

Section 5.10. Provisions Severable. The provisions of this Contract are severable, and if any provision or part of this Contract 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 Contract and the application of such provision or part of this

Contract to other persons or circumstances shall not be affected thereby.

Section 5.11. Merger. This Contract embodies the entire understanding between the Districts regarding the subject matter set forth herein and there are no prior effective representations, warranties or contracts regarding same.

Section 5.12. Force Majeure. If either District should be prevented, wholly or in part, from furnishing Water to the other District under this Contract by reason of any force majeure, including without limitation, acts of God, unavoidable accident, acts of the public enemy, strikes, riots, floods, fires, government restraint or regulations, breaks in either District's pipelines, power failure, or for any other cause beyond either District's control, then the obligation of that District to deliver Water to the other shall be suspended during the continuance of such force majeure.

Section 5.13. Breach of Contract.

In enforcing the performance of the provisions of this Contract, any party hereto shall have the right to exercise all remedies available under law, including, but not limited to, a writ of mandamus to command performance of any provision hereof. In particular, any party hereto shall have the right to seek a temporary or permanent injunction to prohibit a party from violating the terms of this Contract. Further, No. 110 shall have the right to seek a writ of mandamus to order No. 249 to levy such maintenance tax as is necessary to pay the fees due hereunder by

No. 249, up to the maximum maintenance tax rate heretofore or hereafter authorized by voters within No. 249.

Section 5.14. Attorney's Fees.

If any party hereto is the prevailing party in any legal proceedings against any signatory on this Contract brought under or with relation to this Contract, such prevailing party shall additionally be entitled to recover court costs and reasonable attorney's fees from any non-prevailing party to such proceedings.

GUARANTY OF PERFORMANCE

Houston Area Development Corporation, a Texas corporation, Roosevelt Bank, FSB, successor in interest to Farm and Home Savings Association, Mark A. Carpenter, Trustee, and Churchill-Louetta Properties, Ltd., a Texas limited partnership (hereinafter collectively "Guarantors"), as owners of land within No. 249, acknowledge that they will benefit from this Contract. For and in consideration of said benefit Guarantors guarantee the performance of all obligations incumbent upon No. 249 under the terms of this Contract, including but not limited to, the obligations of No. 249 to pay from time to time any and all of the amounts due to No. 110 pursuant to this Contract which remain unpaid by No. 249 for thirty (30) days after the date they would otherwise be due upon demand therefor by No. 110 or No. 249. It is specifically understood and agreed, however, that the obligation of each of the Guarantors to pay any of said amounts due shall be limited to the percentage of any of said amount as follows:



Houston Area Development Corporation	33.39%
Roosevelt Bank, FSB	31.32%
Mark A. Carpenter, Trustee	5.06%
Churchill-Louetta Properties, Ltd.	30.23%

None of the Guarantors shall be liable for any of said amounts due in excess of the percentage set forth above for the applicable Guarantor unless otherwise agreed in writing. By the execution of this Contract, the Guarantors agree that No. 110 or No. 249 shall have the right to look directly to the Guarantors for the performance of all such obligations of No. 249 under this Contract, to collect directly from the Guarantors such sums due from No. 249 hereunder, and to proceed directly against the Guarantors in the event of No. 249's failure to pay such amounts thereunder; provided, however, that this guaranty of performance and the Guarantors' obligations hereunder shall terminate upon the closing by No. 249 of its first series of bonds or upon the termination of this Contract, whichever first occurs.

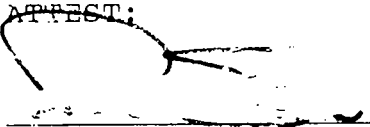
No delay or omission to exercise any right or power accruing upon any default, omission, or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. The obligations, covenants, agreements, and duties of the Guarantors shall be absolute and unconditional and shall remain in full force and effect until the termination of this guaranty.

No. 110 shall be entitled to bring any suit, action, or proceeding against the Guarantors for the enforcement of any

provision of this guaranty, and it shall not be necessary in any such suit, action, or proceeding for No. 110 to make No. 249 a party thereto. Until all of the amounts guaranteed hereby and other obligations covered hereby shall have been paid or performed in full, the Guarantors shall have no right of subrogation and waives any right to enforce any remedy which No. 249 now has or may hereafter have against No. 110.

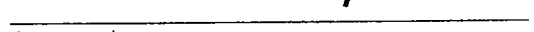
IN WITNESS WHEREOF, this Contract has been executed in multiple counterparts, each of equal dignity, as of the date and year first above written.

ATTEST:

  
Secretary

(SEAL)

ATTEST:

  
Secretary

(SEAL)

HARRIS COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 249

By: 

President

HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110

By: 

President

Approved and agreed to this 2<sup>nd</sup> day of MAY, 1995,  
by HOUSTON AREA DEVELOPMENT, as Guarantor herein.  
CORPORATION

HOUSTON AREA DEVELOPMENT  
CORPORATION, Guarantor

By: 

Name: SAHQUEE H. YAGER, JR.

Title: PRESIDENT

Approved and agreed to this 24 day of June, 1995,  
by Roosevelt Bank, FSB, as Guarantor herein.

ROOSEVELT BANK, FSB, successor  
in interest to Farm & Home  
Savings Association, Guarantor

By: Ronald L. Cawood  
Name: Ronald L. Cawood  
Title: Senior Vice President

Approved and agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 1995,  
by \_\_\_\_\_, as Guarantor herein.

Guarantor

By: \_\_\_\_\_  
MARK A. CARPENTER, TRUSTEE

Approved and agreed to this 5 day of May, 1995,  
by Churchill-Louetta Properties, Ltd., as Guarantor herein.

CHURCHILL-LOUETTA PROPERTIES,  
LTD., Guarantor

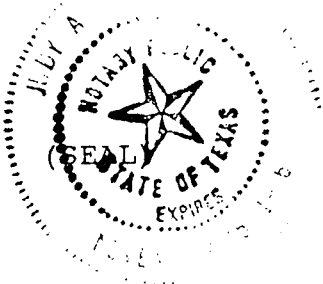
HEMINGWAY PROPERTIES, INC.,  
General Partner

By: Bill F. Davis  
BILL F. DAVIS  
President

THE STATE OF TEXAS    )

COUNTY OF HARRIS    )

This instrument was acknowledged before me on this 16<sup>th</sup> day of JUNE, 1995, by JAMES E. COLSON, President of Harris County Municipal Utility District No. 249.



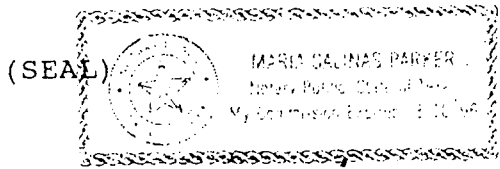
James E. Colson  
Notary Public in and for  
the State of T E X A S

My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS    )

COUNTY OF HARRIS    )

This instrument was acknowledged before me on this 30<sup>th</sup> day of April, 1995 by Larry A. Strickland, President of Harris County Water Control and Improvement District No. 110.



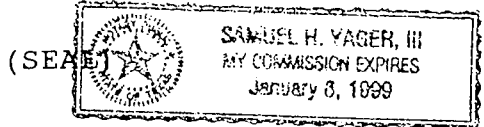
\_\_\_\_\_  
Notary Public in and for  
the State of T E X A S

My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS    )

COUNTY OF HARRIS    )

This instrument was acknowledged before me on this 2<sup>nd</sup> day of MAY, 1995 by SAMUEL H. YAGER, III, PRESIDENT of Houston Area Development Corporation, on behalf of said corporation.



Samuel H. Yager III  
Notary Public in and for  
the State of T E X A S

My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS }

COUNTY OF HARRIS }

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 1995 by \_\_\_\_\_ of Roosevelt Bank, FSB, successor in interest to Farm & Home Savings Association, on behalf of said banking corporation.

\_\_\_\_\_  
Notary Public in and for  
the State of T E X A S

(SEAL)

My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS }

COUNTY OF HARRIS }

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 1995 by Mark A. Carpenter, Trustee.

\_\_\_\_\_  
Notary Public in and for  
the State of T E X A S

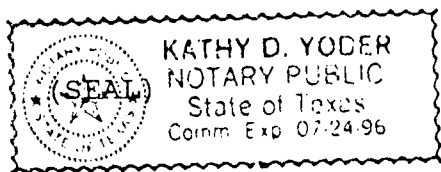
(SEAL)

My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS }

COUNTY OF HARRIS }

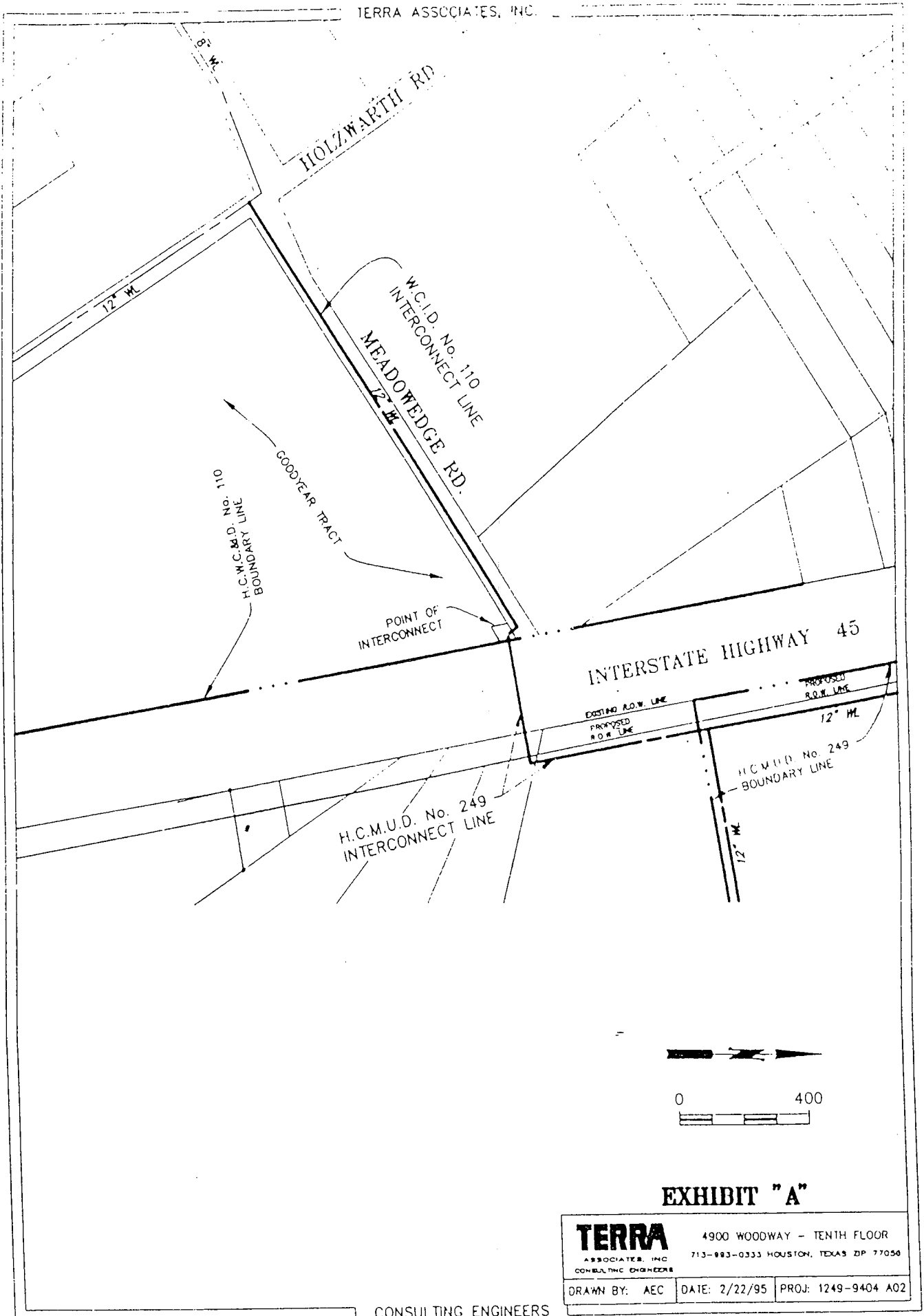
This instrument was acknowledged before me on this 8th day of May, 1995 by Bill F. Davis, President of Hemingway Properties, Inc., general partner of Churchill-Louetta Properties, Ltd.



\_\_\_\_\_  
Notary Public in and for  
the State of T E X A S

My Commission Expires: 07/24/96

TERRA ASSOCIATES, INC.



# EXHIBIT "A"

**TERRA**  
ASSOCIATES, INC.  
CONSULTING ENGINEERS

4900 WOODWAY - TENTH FLOOR  
713-883-0333 HOUSTON, TEXAS 77056

DRAWN BY: AEC DATE: 2/22/95 PROJ: 1249-9404 A02

CONSULTING ENGINEERS

ESTIMATED ANNUAL DEBT SERVICE ON  
HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
WATER SUPPLY FACILITIES.

Estimated Construction Cost

Water Plant No. 1	\$400,000
Water Plant No. 2	500,000
Elevated Storage	346,000
1,000 gpm booster pump	<u>70,000</u>
Total	\$1,316,000*

\*All amounts are estimates provided by the No. 110 engineer.

Assuming average financing cost of 6% per annum, the average debt service on such facilities is \$78,960 per year.

According to the No. 110 engineer, the No. 110 water system will serve approximately 3,300 equivalent single family connections. No. 249 seeks a reservation of 594 equivalent single family connections or 18% of the capacity of the facilities. The debt service attributable to 18% of the capacity of the water production facilities is \$14,212.80 per year.

LIST OF EXHIBITS

Exhibit "A"      Depiction of Interconnect Lines and Point of  
Interconnect

Exhibit "B"      Calculation of Costs for Interim Water