

Exhibit A to 1st Amendment

WATER SUPPLY AGREEMENT

CITY OF FAIR OAKS RANCH / GREEN LAND VENTURES

This Water Supply Agreement (“Agreement”) is made and entered into by and between Green Land Ventures, its successors and assigns (“Owner”) and the City of Fair Oaks Ranch, Texas, a municipal corporation (“City”).

RECITALS

WHEREAS, Owner owns a certain 358.625+/- acre tract of real property (the “Property”) more fully described in Exhibit “A” attached hereto and incorporated herein; and

WHEREAS, Owner petitioned to have the Property annexed into the corporate limits of the City, and the City annexed the property on January 18, 2007 and March 15, 2007; and

WHEREAS, the City has requested that Owner enter into this Agreement to memorialize certain agreements and commitments by the Owner with respect to its planned development of the Property and the provision of water services to the Property; and

WHEREAS, Owner has requested that the City enter into this Agreement to memorialize certain agreements and commitments by the City with respect to the development of the Property and the provision of water services to the Property; and

NOW, THEREFORE, in consideration of the mutual benefits and promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Owner agree as follows:

I.

AUTHORITY AND TERM

- A. Authority. The City’s execution of this Agreement is authorized by The City Council of the City of Fair Oaks Ranch and constitutes a valid and binding obligation of the City. Owner’s execution and performance of this Agreement constitutes a valid and binding obligation of Owner as the Owner proceeds with the development of the Property. The City acknowledges and agrees that Owner is acting in reliance upon the City’s performance of its obligations under this Agreement in making its decision to commit substantial resources and money to the development of the Property.
- B. Term. This Agreement shall become enforceable upon execution by the City and Owner. This Agreement shall terminate on the earlier of (i) the 15th anniversary of its execution or (ii) upon conveyance by Owner of all of the Property to third parties (each a “Lot Owner” and collectively, the “Lot Owners”), unless extended by mutual agreement of the parties.

II.
LAND USE PLAN

Consistent with the existing general land uses that exist within the City, it is the intent of Owner to design a large lot residential subdivision whereby the actual location and design of its roadway system will comprise local streets only.

A. Lot Use Summarization. As of the date hereof, it is anticipated that the Property when developed will contain the following approximate types and sizes of lots to be allocated to the various builders:

(1) Single Family	maximum of 238 Lots	358.625 Acres
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III.
OBLIGATIONS OF THE PARTIES

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Owner and the City agree as follows:

A. Potable Water Service. The City will provide treated water from the City's Water Production, Storage, and Distribution system; as such system may be expanded or modified from time to time. The water to be delivered may be from any source or combination of sources that may be available to the City including, without limitation, water from Canyon Reservoir under the City's Western Canyon Water supply contract and or from the City's Trinity Aquifer well fields.

B. Extension of Utilities. Owner will extend utilities from their present locations to the boundaries of the Property at its sole expense and pay for any increase in size of all appurtenances necessary to provide utility service to the lots within the Property at the level required in the City of Fair Oaks Ranch Subdivision Ordinance.

C. Offsets and Credits. This Agreement shall constitute an application for offsets or credits for the Contributions in Aid of Construction, provided by the owner to facilitate utility service to the Property, against impact fees due for the property. The City shall credit the amount of the Contributions in Aid of Construction provided by the Owner against the amount of Impact Fees due for the Property. Impact fee is the cost allocated to the property owner by the City to provide water service to that lot.

D. Water Service Capacity. Upon execution of this Agreement, the City shall reserve water service capacity to the Property for 238 Living Unit Equivalents ("LUEs"), to support the development of the Property. The City shall also reserve 135 acre-feet of water to serve this development (Annual Reservation). The City shall provide an initial annual commitment (Capacity Reservation) of 27 acre-feet of water. If necessary, the annual Reservation shall be increased in January of each year up to a maximum total of 135 acre-feet.

E. Water Replacement Charge. Upon execution of this Agreement, Owner shall pay, within 30 calendar days, to the City a one-time charge ("Owner's Water Replacement Charge") equal to the product of Owner's Water Reservation (135 acre-feet) times \$275, or Thirty Seven Thousand One Hundred Twenty Five Dollars (\$37,125.00).

F. Contribution in Aid of Construction. Upon execution of this Agreement, Owner shall pay to City a one-time charge ("Owners Contribution in Aid of Construction") equal to the product of Property's total potential residential customers (238 LUE's) times \$1,669.58, or Three Hundred Ninety-Seven Thousand Three Hundred Sixty Dollars and Four Cents (\$397,360.04). The Contribution in Aid shall be payable in two (2) equal payments of \$198,680.02. The first installment shall be due and payable within ten (10) days after execution of this Agreement, and the second installment shall be due and payable within ten (10) days after the City awards a contract to construct the elevated storage tank. The Contribution in Aid of Construction shall be refunded to the Developer pro rata on a quarterly basis for each building permit issued with respect to a residential lot on the Property and receipt by the City of the Impact Fee in the amount of \$1,669.58 for such lot.

G. Water Reservation fees. Upon the execution of the Agreement, Owner shall within 30 calendar days begin paying the monthly Water Reservation Fee. Such fee shall be the monthly rate the City pays for the reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City of Fair Oaks Ranch's cost for the reservation of water necessary to provide for the development of the Property. The Water Reservation Fee will be equal to the product of 1/12th of the annual Reservation times the Firm Water Rate in effect during that month. The initial Owner's Water Reservation Fee will be \$1,125 per month based on the current rate of \$100 per acre-foot per year and the Owners annual reservation of 135 acre-feet per year. The Owner shall continue to pay the Water Reservation fee until such time as all of the 238 LUE's within the Property have been developed and connected to the City's water system minus those LUE's which have been connected (water meter has been set for domestic use.) This shall continue until the development is complete.

H. Capacity Reservation Fees. Upon execution of this Agreement, Owner shall, within 30 calendar days begin paying the monthly Capacity Reservation Fee. Such fee shall be the monthly rate the City pays for Capacity Reservation of an acre foot of water for that year and shall be adjusted annually to be equal to the City's cost for the reservation of water necessary to provide for the development of the Property. This fee is equal to the product of 1/12th of the annual Capacity Reservation times the Capacity Reservation Rate in effect during that month. The initial Owner's Capacity Reservation Fee will be \$1,175.42 per month based on the current rate of \$522.41 per acre-foot per year and the Owner's annual capacity reservation of 27 acre-feet per year. The Owner shall continue to pay said Capacity Reservation Fee until such time as all of the 238 LUE's within the Property have been developed and connected to the City's water system minus those LUE's which have been connected (water meter has been set for domestic use.) Developer shall continue to pay said Capacity Reservation Fee with respect to each lot comprising the Property until such time as one of the following events occurs:

1. Developer conveys one or more lots to new lot Owner(s) and by such conveyance liability for said Reservation Fee for the designated lot(s) transfers to the new Lot Owner(s): or
2. Developer is granted a permit for connection of the lot(s) to the City's water system and developer applies for a building permit for construction of any kind on the lots.

I. Billing. The City will render bills to Owner once each month for the charges required to be paid by Owner pursuant to this Agreement. The City shall, until further notice, render such bills on or before the 10th day of each month and such bills shall be due and payable at the City's office indicated below by the 20th day of each month or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. The City may, however, by sixty (60) days written notice change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable ten (10) days after such date or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to Owner, whichever is later. Owner shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to the City of Fair Oaks Ranch at its office in the City of Fair Oaks Ranch, Texas, or at such other place as the City may from time to time designate by sixty (60) days written notice.

J. Delinquency in Payment. All amounts due and owing to the City by Owner shall, if not paid when due, bear interest at the maximum rate permitted by law, provided that such rate shall never be usurious. If any amount due and owing by Owner is placed with an attorney for collection by the City, Owner shall pay to the City, in addition to all other payments provided for by this Agreement, including interest, the City's collection expenses, including court costs and attorney's fees. Owner further agrees that the City may, at its option, discontinue taking some or all actions to fulfill its obligations under this Agreement until all amounts due and unpaid are paid in full with interest as herein specified.

K. Use of Groundwater Wells for Supplementary Supply. Owner owns one groundwater well, which is located on the Property. Owner agrees to donate this groundwater well and surrounding sanitary easement to the City at no cost. The groundwater well will be utilized for supplementary supply of water.

L. Elevated Storage Tank Site. The Owner shall, at Owner's sole cost and expense, secure a suitable one-half acre tract of land within one-half mile of the Property for the future location and construction of an elevated water storage tank. Owner agrees to donate this elevated storage tank site and surrounding sanitary easement to the City at no cost.

M. Cooperation. The City agrees to reasonably cooperate with Owner in Owner's efforts to meet Owner's obligations set forth above and to assist Owner in preparing and entering into any and all instruments necessary to memorialize the future agreements of the parties pertaining to the development of the Property. The City agrees to use its best efforts and if necessary its power of condemnation, at the Owner's reasonable expense, in order to facilitate serving City-owned utilities to the boundary of the Property.

IV.
DISANNEXATION

It is expressly understood if the Owner submits, a request for disannexation of the Property described in "Exhibit A" and the City Council honors that request, this Agreement shall become null and void. All amounts paid by Owner pursuant to this Agreement shall be non-refundable.

V.
MISCELLANEOUS

A. Mutual Assistance. City and Owner will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions.

B. Representations and Warranties. The City represents and warrants to Owner that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Owner represents and warrants to City that it has the requisite authority to enter into this Agreement.

C. Default. If either the City or Owner should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a minimum period of thirty (30) days to cure such default, prior to instituting an action for breach or pursuing any other remedy for default. Both parties agree that if either party should default on any of the conditions and covenants hereunder, the party found to be responsible for said default agree to pay to the prevailing party a reasonable amount for the prevailing party's reasonable costs, litigation expenses and attorney's fees.

D. Entire Agreement. This Agreement contains the entire agreement between the parties. This Agreement may only be amended, altered or revoked by written instrument signed by the City and Owner.

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

F. Assignment. Except as provided, Owner may not assign all or part of its rights and obligations under this Agreement to a third party without prior written approval of the City. Such approval shall not be unreasonably withheld or denied.

G. Notice. Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party:

Owner: Green Land Ventures
 505 Madison Oak Drive
 San Antonio TX 78258

City: City Administrator
City of Fair Oaks Ranch
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

H. Interpretation. Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any party.

I. Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in Kendall County, Texas.

J. Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

K. ADR. The City and the Owner agree that they shall first submit any and all unsettled claims, counterclaims, disputes and other matter in question between them arising out of or relating to this Agreement or breach thereof to an alternate dispute resolution process before filing suit concerning this agreement. A mediator shall be selected by mutual agreement of the Parties and the cost of said mediator shall be paid equally by both parties.

L. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

M. No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the development of the Property

N. Exhibits. The Exhibits attached hereto are incorporated by reference for all purposes.

O. Force Majeure. If performance by either Party hereunder is prevented by reason of any act of God, strike, governmental restriction or regulation or interference, terrorist acts, fire, tornado, embargoes, unusually severe weather, shortages of supplies of raw materials, or components or finished goods, or other casualty, unreasonable delay in any necessary governmental approval, or any other force majeure beyond the control of the Parties, the other Party agrees to grant the non-performing Party a reasonable time to take action to overcome the force majeure and resume performance of the duties hereunder.

EXECUTED in duplicate and, to be effective on 16² day of Sept, 2008.

Green Land Ventures:

By: Dana Green

Printed Name: Dana Green

Date: 6-16-2008

City of Fair Oaks Ranch, Texas, a municipal corporation:

By: Daniel E. Kasrowicz

Printed Name: Daniel E. Kasrowicz

Date: _____

APPROVED as to form:

Adolph N. Jacobson
City Attorney

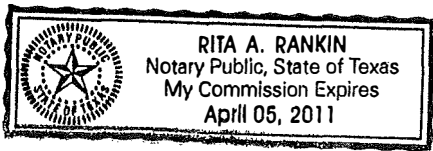
Exhibit "A" - Metes and Bounds of 358.625 acre tract

THE STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Dana Green known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the GREEN LAND VENTURES, and that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 16 day of June, 2008.



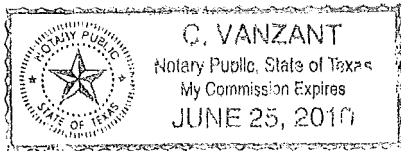
Rita A. Rankin
Notary Public
The State of Texas

THE STATE OF TEXAS

COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Daniel E. Kasprovicz known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF FAIR OAKS RANCH, and that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 2 day of Sept, 2008.



C. Vanzant
Notary Public
The State of Texas

Exhibit A

FIELD NOTES FOR ANNEXATION
INTO THE CITY OF FAIR OAKS RANCH

BEING all of the called 215.251 acres in the William D. Lusk Survey No. 211, Abstract 306 in Kendall County, Texas described in deed recorded in Volume 978, Page 1021 of the Real Property Records of Kendall County, Texas said tract of land being described in said deed of record as follows:

BEGINNING at a point in a fence on the west line of Ammann Road for the southeast corner of this tract, said point being N 00° 06' E 1,949.4', N 00° 12' E 158.0' and N 00° 07' E 227.8' from the southeast corner of the Wm. D. Lusk Survey No. 211;

THENCE N 86° 14' W 5,285.9' to a point in a fence;

THENCE with fence as follows:

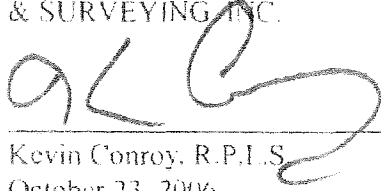
N 02° 08' W	166.9'
N 02° 15' W	561.0'
N 02° 19' W	706.0'
N 01° 41' W	154.2' and
N 02° 30' W	183.5' to the northwest corner of this tract;

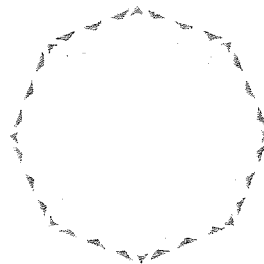
THENCE S 86° 14' E 5,353.3' (with the south line of Ammann Farms Subdivision as shown on plat recorded in Volume 2, Page 76 of the Records of Deeds and Plats of Kendall County, Texas) to a 1/2" iron rod in a fence on the west line of Ammann Road;

THENCE with fence on this line of road S 00° 07' E 1,386.4' and S 00° 07' W 330.5' to the place of beginning and containing 215.251 acres of land according to a Survey made on the ground on January 28 and 29 and April 11, 1978 by Edgar Schwartz, Jr., Registered Professional Engineer.

This document was prepared under 22 TAC Section 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

ALAMO CONSULTING ENGINEERING
& SURVEYING, INC.


Kevin Conroy, R.P.L.S.
October 23, 2006
Job No. 50100.58



**FIELD NOTES FOR ANNEXATION
INTO THE CITY OF FAIR OAKS RANCH**

BEING all of the called 143.374 acres in the William D. Lusk Survey No. 211, Abstract 306 in Kendall County, Texas described in deed recorded in Volume 978, Page 1021 of the Real Property Records of Kendall County, Texas said tract of land being described in said deed of record as follows:

BEGINNING at a 1/2" iron rod in a fence on the west line of Ammann Road for the southeast corner of this tract, said pin being N 00° 06' E 1,148.7' from the southeast corner of this Wm. D. Lusk Survey No. 211;

THENCE N 86° 14' W 5,283.0' (with the north line of a called 10.0 acre tract recorded in Volume 986, Page 221, a called 70.52 acre tract shown on survey plat recorded in Volume 751, Page 424 and the remainder of a called 143.434 acre tract recorded in Volume 130, Page 161, all in the Real Property Records of Kendall County, Texas) to the southwest corner;

THENCE with fence N 02° 21' E 626.6' and N 02° 08' W 567.1' to the northwest corner of this tract;

THENCE S 86° 14' E 5,285.9' to a point in a fence on the west line of Ammann Road;

THENCE with fence on this line of road S 00° 07' W 227.8', S 00° 12' W 158.0' and S 00° 06' W 800.7' to the place of beginning and containing 143.374 acres of land, according to a Survey made on the ground on January 28 and 29 and April 11, 1978 by Edgar Schwartz, Jr., Registered Professional Engineer.

This document was prepared under 22 TAC Section 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

ALAMO CONSULTING ENGINEERING
& SURVEYING, INC.



Kevin Conroy, R.P.L.S.
October 23, 2006
Job No. 50100.58

