AMENDED AND RATIFIED STREET AND UTILITY CONSTRUCTION AGREEMENT
BETWEEN
JOHNSON RANCH MUNICIPAL UTILITY DISTRICT AND DHJB DEVELOPMENT, LLC

THE STATE OF TEXAS §
COUNTY OF COMAL §

This "Amended and Ratified Street and Utility Construction Agreement Between Johnson Ranch Municipal Utility District and DHJB DEVELOPMENT, LLC (the "Amended Agreement") is made and entered into on the date set forth below by and between JOHNSON RANCH MUNICIPAL UTILITY DISTRICT, a body politic and corporate and a governmental agency of the State of Texas, organized pursuant to the provisions of Article XVI, § 59 of the Texas Constitution, and operating in accordance with Chapters 49 and 54, Texas Water Code and other applicable general laws of the State (hereinafter referred to as the "MUD" or "District") and DHJB DEVELOPMENT, LLC, a Texas limited liability corporation (hereinafter referred to as the "Developer"). The MUD and Developer are collectively referred to as "the Parties."

RECITALS

WHEREAS, Johnson Ranch Municipal Utility District (the "MUD" or "District") is the successor entity to the Comal County Water Control and Improvement District No. 1 (the "WCID"); and

WHEREAS, the WCID, was duly created by Order of the Comal County Commissioners' Court dated February 1, 2007, a copy of which is attached hereto as Appendix "A"; and

WHEREAS, the WCID subsequently organized and, thereafter entered into a Utility Construction Agreement (the "Original U.C.A.") with DH/JB Development, Inc., a Texas corporation, which agreement was unanimously authorized and approved by vote of the WCID's Board of Directors on February 19, 2009, as evidenced by the Minutes, a copy of which is attached hereto as Appendix "B"; and

WHEREAS, on September 29, 2009, the Texas Commission on Environmental Quality ("TCEQ") granted the WCID's application to convert to a Municipal Utility District and request to add Road District powers as evidenced by the TCEQ's Order attached hereto as Appendix "C" (the TCEQ Order"); and

WHEREAS, DH/JB Development, Inc., in accordance with Article X of the Original U.C.A., hereby unconditionally assigns any and all rights, benefits, obligations of DH/JB Development Inc. in the Original U.C.A. and the Amended Agreement to the Developer.

WHEREAS, the District was created, organized and exists for the purposes, *inter alia*, of furnishing water, storm sewer, water quality and drainage facilities and services to areas within its boundaries; and

WHEREAS, the District intends to also provide wastewater, and roadway improvements, facilities, and services to areas within its boundaries pursuant to the TCEQ Order; and

WHEREAS, in furtherance of such purposes, the District desires that the Project more fully described in Article II, Section 1 of both the Original U.C.A. and this Amended Agreement (the "Project") be constructed; and

WHEREAS, in furtherance of the desires and intent hereto for recited, the District and the Developer desire to amend and ratify the Amended Agreement between the MUD and Developer and confirm and memorialize the agreements between the District and the Developer through execution of this Amended Agreement); and

WHEREAS, the Developer, as the owner of land to be benefited by the Project, desires to continue and proceed with the construction of the Project without delay, and is willing to finance the cost of such construction based upon the understanding that, at such time as the District is able to sell its bonds using its best efforts for the purpose of reimbursing the Developer at the maximum level allowed by law for the costs of the Project, including carrying costs and charges (the "Bonds"), the District, upon funding of such sale, will acquire the Project in one or more phases at the Developer's cost plus carrying charges, as determined by the terms and conditions of this Amended Agreement and pursuant to the Rules of the Commission; and

WHEREAS, the Board of Directors of the District is cognizant of the advantages of proceeding with the construction of the Project prior to the sale of the Bonds, to wit: (1) interim growth in the District is expected to make the Bonds more marketable; (2) incremental increases in the District's tax base will enable the District to more easily cope with the resulting debt; (3) construction of the Project is necessary to provide the services that will allow the District to carry out and fulfill the purposes for which it was created; and (4) in view of escalating construction costs, the District may save a substantial amount of money by authorizing the award of the construction contracts now rather than waiting until the Bonds are sold; and

WHEREAS, the Developer is willing to proceed with construction of the Project and is willing to advance all costs incurred in connection therewith and assume all risks of any delay or failure to obtain the approval of the Commission for the Project and Bonds; and

WHEREAS, the District is willing to proceed with construction of the Project, provided that the Developer advances all costs and assumes all risk of any delay or failure to obtain the approval of the Commission for the Project and Bonds; and

WHEREAS, until such time as the District has a tax base sufficient to pay its operating expenses through the revenues of an operations and maintenance tax, the Developer has agreed to advance sums necessary to pay the District's operating expenses in accordance with the terms of this Amended Agreement, and the Parties wish to document such agreement in writing and provide for the reimbursement of such advances to the Developer; and

WHEREAS, the Developer has coordinated with the District and the District has approved the contracts for and construction to date of all facilities and works benefitting the District provided at the expense of the Developer subject to the Developer's rights of reimbursement; and desires to ratify the same; and

WHEREAS the District may consider at a future date entering into a lease purchase agreement with the Guadalupe-Blanco River Authority ("GBRA") to operate and maintain that

portion of the Project that is the District's water and wastewater systems and, upon the termination of the lease to convey the District's water and wastewater systems to GBRA pursuant to Sections 51.150, Texas Water Code (the "GBRA L-P Agreement"); and

WHEREAS, the District, in consideration of the promises, actions and advances of monies by the Developer is willing to waive its sovereign immunity, and any and all defenses, rights and privileges related to such sovereign immunity, with respect to its performance of the obligations and liabilities set forth herein to the maximum extent allowed by law;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for and in consideration of the mutual promises, covenants, obligations and benefits hereinafter set forth, the District and the Developer hereby contract and agree as follows:

ARTICLE I

Operations Advances

Section 1. Operation Expenses. The District may request the advancement of funds for District operations under this Amended Agreement until such time as the District establishes an operations and maintenenace tax and taxable value within the District sufficient to generate tax revenues adequate to pay the District's budgeted operations and maintenance expenses. The Developer will have no obligation to advance more than $50,000 for District operations in any calendar year under this Amended Agreement.

Section 2. Applications for Payment. The District may from time to time, submit written requests for payment of expenses under this Amended Agreement to the Developer at the address indicated on the signature page of this Amended Agreement. Each application will be accompanied by copies of invoices or other documentation establishing the expenditure and the purposes for which funding is being requested. Provided that the sums requested are in accordance with the terms of this Amended Agreement, the Developer agrees to fund the sums covered by the District's applications within 15 calendar days of the District's delivery of each request.

Section 3. Reimbursement for Advances. The District and the Developer acknowledge that all reimbursement to the Developer for advances for operation and maintenance are subject to the approval of the Commission. Advances will be reimbursed to the Developer out of future bond proceeds, taxes, or other funding sources available to the District, to the extent authorized by the Commission. To the extent any advances are not approved by the Commission for reimbursement, they will be deemed to be Developer Contributions to the District's operations pursuant to 30 TAC § 293.47 ("Developer's Contribution Rule"). No individual director of the District will have any personal liability for the repayment of any sums advanced to the District by the Developer.

Section 4. No Offset. The obligation of the Developer to advance funds under this Amended Agreement will not be subject to offset, counterclaim, termination, or revision unless mutually agreed to in writing by the Parties.

ARTICLE II

Construction of the Project

Section 1. The Project. The Project shall consist of the water, wastewater, storm sewer, and water quality drainage facilities and roadways described in Exhibit "A", attached hereto and incorporated herein by reference. The Project shall also include all costs for expenses of the District as itemized in Section 49.155, Texas Water Code, as amended, and otherwise authorized by TCEQ or applicable laws now and in the future, to the extent such costs are reimbursable under the rules and regulations of the Commission.

Section 2. Design of the Project. All physical facilities and roadways to be constructed or acquired as a part of the Project shall be designed and prepared by the Developer's engineers ("Developer's Engineers"). Prior to executing any contract for the construction of any part of the Project, the Developer shall obtain the approval of the plans and specifications for the Project from the District and from all other governmental agencies having regulatory authority over the Project. Copies of the approved plans and specifications for the Project shall be filed with the District and the Commission.

Section 3. Construction and Acquisition of Project.

(a) The Project shall be constructed and all easements, equipment, materials and supplies required in connection therewith shall be acquired in the name of the Developer. All contracts for the construction of the Project shall contain provisions in a form satisfactory to the District, to the effect that any contractor, materialman or other party thereto shall look solely to the Developer for payment of all sums coming due thereunder and that the District shall have no obligation whatsoever to any such party.

(b) All bids for the Project shall be advertised and all construction contracts for the Project shall be awarded in the manner provided by law applicable to water control and improvement and/or municipal utility districts and in full compliance with the rules and regulations of the Commission and all other requirements necessary to make the Project eligible for purchase by the District.

(c) The Board of Directors of the District shall review all bids received for the construction of the Project and shall approve the award of all construction contracts prior to the execution of the contracts by the Developer. The Board of Directors hereby confirms and ratifies its prior review and approval of construction contracts for which bids and contracts were reviewed by the WCID and construction has previously been commenced and/or completed, which construction is subject only to final review and approval by the District's Engineers pursuant to TCEQ rules in Chapter 293, 30 TAC.

(d) Unless otherwise mandated by the District's Board of Directors, the Developer's Engineers: (1) shall serve as Project Engineer for the Project; (2) shall make recommendations to and advise the Board of Directors of the District upon the award of construction contracts; (3) shall make monthly reports to the Board on the progress of construction; (4) shall approve all pay estimates submitted and shall certify them as correct; and (5) shall periodically inspect the

Project during the construction thereof. No changes to the plans and specifications for, or change orders to, the construction contracts shall be made without the prior approval of the District, and in compliance with Sction 49.273(i), Texas Water Code, and Section 293.81 (30 TAC) of the TCEQ's rules. The Developer shall cooperate with the District's Engineers and shall keep the District's Engineers fully advised of the status of the construction of the Project.

(e) The Developer shall keep ledgers or accounts and shall make monthly reports on the monies paid to contractors for the Project and shall maintain accounts in such a manner to separately reflect payments subject to the Developer's thirty percent (30%) contribution as required by the "Developer Contribution Rule" as presented in Section 293.47 (30 TAC) of the TCEQ's rules, and for payments which are not subject to such Rule. The Developer's carrying charges shall be calculated based upon these separate accounts, rather than upon a combined total construction cost.

(f) The Project shall be constructed in dedicated public rights-of-way or utility easements or in easements or lands specifically reserved or acquired by the Developer. Subject to the Developer's rights of reimbursement, the Developer shall provide all necessary easements, rights-of-way for the Project.In accordance with Section 293.51 (30 TAC) of the TCEQ's rules, and to the maximum extent authorized by law, the District shall reimburse the Developer for the price paid by the Developer, plus actual taxes and interest paid, for the acquisition of the land for all facilities authorized to be acquired by or acquired for the District, and any lands or property related threto, from the Developer, including by way of illustration only, lands for roads, drainage, and plant sites. The land to be served by the Project shall be subdivided and the plats thereof shall be approved, as needed, by the appropriate parties and properly filed of record in the appropriate deed and/or plat records of Comal County, Texas. To the extent authorized by law and the TCEQ, the District agrees that the Developer shall have the right to retain, maintain and exercise a blanket utility and access easement upon any land it conveys to the District in order to allow the Developer to fully perform its obligations under this Amended Agreement.

(g) The Project shall be constructed in a good and workmanlike manner and all material used in such construction shall be free from defects and fit for their intended purpose. Pursuant to Section 293.48(2), the Developer shall be responsible for the repair and clean-up of broken manholes, burned valve boxes, broken wastewater pipe, and all other damage to District facilities caused by construction of new streets and utlities. The Parties agree that the Project may be constructed in multiple phases.

(h) Upon completion of construction of any phase of the Project, the Developer shall provide the District with final, "as-built" drawings of the completed phase of the Project approved by the District's Engineers.

(i) Upon completion of construction, the District shall be provided with a certificate of completion from the Developer's Engineers certifying that the construction of the Project has been completed in accordance with the plans and specifications approved by the District. Thereafter, the District shall comply with the applicable requirements of TCEQ including Section 293.69 (30 TAC) of TCEQ's rules.

Section 4. Cost of Project to be Funded by Developer. The Developer shall promptly pay all costs of the Project as the same become due, including, without limitation, all costs of design, engineering, materials, labor, construction, and inspection arising in connection with the Project; all payments arising under any contracts entered into for the construction of the Project; all costs incurred in connection with obtaining governmental approvals, certificates, permits, including without limitation, federal stormwater permitting costs and costs associated with requirements for endangered specieies permits, easements, rights-of-way, or sites required as a part of the Project; and all out-of-pocket expenses incurred in connection with the Project including, without limitation, any water reservation fees and operating system deficits, as well as any required Developer contributions to the District. The District shall not be liable to any contractor, engineer, attorney, materialman or other party employed or contracted with in connection with the Project, but shall only be obligated to reimburse the Developer in the manner and to the extent provided in Article II of this Amended Agreement.

Section 5. Reimbursement for Other Advances. In addition to the costs of the Project, the District and the Developer acknowledge and agree that the Developer has advanced and will continue to advance, and the District will reimburse out of future Bond proceeds, organization, administrative, and operational fees and expenses related to the District, as well as other costs described in Section 49.155 of the Texas Water Code, as amended (collectively, "Advances"). The District agrees to reimburse the Developer for the Advances to the maximum extent permitted by the Commission and Texas law.

Section 6. Indemnity. The Developer shall indemnify and hold the District harmless from and against all losses, costs, damages, expenses and liabilities (herein collectively referred to as "Losses") of whatsoever nature, including, but not limited to, attorneys' fees, costs of litigation, court costs, amounts paid in settlement and amounts paid to discharge judgments relating to any claim, lawsuit, cause of action, or other legal action or proceeding brought against the District or to which the District may be a party, even if groundless, false or fraudulent, directly or indirectly resulting from, arising out of or relating to the acquisition, purchase, or construction of the Project. In the event of any action brought against the District in which indemnification by the Developer hereunder is applicable, the District shall promptly give written notice thereof to the Developer, and the Developer shall forthwith assume the investigation and defense of such action, including the employment of counsel and the payment of all expenses related thereto. The District shall have the right, at its expense, to employ separate counsel and to participate in the investigation and defense of any such action. The Developer shall not be liable for the settlement of any such action made by the District without the consent of the Developer; provided, however, that in the event of any settlement entered into with the consent of the Developer or of any final judgment for a plaintiff in any such action, the Developer shall indemnify and hold the District harmless from and against any losses incurred by reason of such settlement or judgment. The expiration of the term of this Amended Agreement shall not relieve the Developer from any liability hereunder arising prior to the expiration hereof. Notwithstanding anything in this Section 6. to the contrary, the Developer shall not be required to indemnify nor hold harmless the District from any loss, costs, damages, expenses, or liabilities for closing arising out of or the result of the gross negligence or intential acts of the District, its officers or directors, employers, agents, servants or contractors.

ARTICLE III

Reimbursement for Funds Advanced

Section 1. Time and Amount of Reimbursement. Within thirty (30) calendar days of the District's receipt of the proceeds of the sale of Bonds to finance the acquisition or construction of the Project, the District shall reimburse the Developer for those Project costs which have been advanced by the Developer and have been approved for reimbursement by the Commission, including any amounts advanced by the Developer for the purpose of oversizing any facilities in order to serve areas within the District owned by persons or entities other than the Developer, together with interest thereon to be calculated in accordance with Commission Rules (30 TAC § 293.50) from the respective dates of advancement of such funds to the date of reimbursement at an annual interest rate equal to the net effective interest rate on such Bonds or the borrowing rate of the Developer on the Project, whichever is less. The "costs of the Developer", as used herein, shall include seventy percent (70%) of the construction contract amounts attributable to those portions of the Project for which the Developer is required to make a thirty percent (30%) Developer Contribution Rule as prescribed by 30 TAC §293.47 of the Commission Rules, and shall include all costs expended by the Developer on other portions of the Project not subject to such Developer Contribution Rule. At its option and expense, the District may have an independent audit of the construction contracts and other items entering into the sales price of the Project conducted. The cost of each construction contract shall be based on the unit price contract amount approved by the District, or the individual low bid thereof if the contract amount has not been approved by the District, as such amount is adjusted by final measurement of the work, authorized change orders, and/or revisions. To the extent the District is eligible for a waiver from or is otherwise exempt from the Developer Contribution Rule requiring that the Developer make a 30% contribution to the cost of the District's facilities, the District agrees to execute all documents and take all actions necessary to obtain such waiver or exemption.

Section 2. Conditions to Reimbursement. The District's obligation to issue the Bonds and to reimburse the Developer for funds advanced for the Project shall be subject to the following terms and conditions:

(a) Approval by the District and the Commission of the Project and of all items of cost proposed for reimbursement,

(b) Approval by the Commission of the issuance and sale of the Bonds;

(c) Recommendation of the District's financial advisor and determination by the District, that the sale of the Bonds is feasible and prudent, is within the guidelines of the Commission and will not cause the District's tax rate to become excessive;

(d) Receipt of a bona fide bid for, and awarding of sale of, the Bonds;

(e) Approval of the Bonds by the Attorney General of the State of Texas;

(f) Registration of the Bonds by the Comptroller of Public Accounts of the State of Texas; and

(g) Approval by the District's Board of Directors of the reimbursement audit performed pursuant to Section 293.70 (30 TAC) of the TCEQ's rules.

Section 3. Marketing the Bonds. The Bonds shall be offered in the manner and at the time or times advised by the District's financial advisor on terms and conditions generally accepted in the water district bond market. The District shall issue and sell a sufficient amount of the Bonds to pay the full purchase price of the Project; provided, however, that the District reserves the right to issue and sell less than all of the Bonds authorized on any offering if a portion of the proceeds of the sale would not be immediately necessary for acquisition of a part of the Project on which construction has not been completed. The District shall not be obligated to sell or issue any amount of the Bonds in excess of the amount or at an interest rate in excess of that then recommended by the District's financial advisor. The District shall not be obligated to offer the Bonds in contravention of any law of the State of Texas with respect to the sale of bonds by the District; or any rule or regulation of the Commission or other agency with jurisdiction. The District shall use its best efforts to sell the Bonds, but shall not be considered to have guaranteed the sale thereof.

Section 4. Priority of Reimbursement. If the District has obligations to reimburse other developers for organizational costs or for construction costs related to other projects at the time of sale of its bonds becomes feasible, the District will reimburse these costs based upon priority determined by the date of the Board's approval of the final pay estimate for each project and the date of each Advance. The District's agreement to reimburse the Developer under this Amended Agreement will not limit the right of the Board to utilize bond funds to finance any District project, and this right is expressly reserved by the District.

Section 5. Time of Issuance of Bonds. The District agrees to cooperate with the Developer to allow the Bonds to be issued at a time and in a manner that will result in the developer 30% contribution requirement of 30 Texas Administrative Code §293.47 not being applicable to the District. The District further agrees, provided that it is eligible to do so, to request, as a part of each bond application, a conditional waiver of such rule pursuant to 30 Texas Administrative Code §293.47(c). Subject to the terms and conditions of this Amended Agreement, the District will request, at the earliest practicable time, and will use reasonable efforts to obtain the expedited reviews and approval of the Project and Bonds by the Commission and upon receipt of Commission approval, will proceed with the issuance and sale of the Bonds.

Section 6. Taxation: Cooperation. The Developer agrees to execute and deliver a waiver of special appraisal prior to the District's submission of any application for the approval of the Project and Bonds. The Developer will cooperate with the District in preparing any necessary applications or other documents necessary in connection with the Bonds, and will provide all information requested by the District or its consultants. Nothing in this Amended Agreement shall be construed as requiring Developer to abandon, waive, surrender or otherwise give up any authorized tax classification or exemption on land owned by the Developer which is not being convyed to the District until such time as the conveyance to the District is completed.

Section 7. Waiver of Sovereign Immunity; Chapter 271, TEXAS LOC. GOV'T CODE. To the extent authorized by Sections 271.152 and 271.153 of the Local Government Code, and only to the extent limited by the provisions of this section of this Amended Agreement, the

District hereby waives, any constitutional, statutory or common law right to sovereign or governmental immunity from liability or suit and expressly consents to be sued and liable as described herein with respect to its performance, and/or failure to fully and timely perform each and every one of its obligations under the Original U.C.A. and/or this Amended Agreement.

ARTICLE IV

Acquisition of Project

Section 1. Acquisition of Project. At the time of reimbursement of the Developer, the District will acquire the Project, or the portion of the Project covered by the reimbursement, from the Developer pursuant to the terms and conditions of this Amended Agreement. The Parties acknowledge and agree, however, that they may in the future negotiate and enter into an agreement with the Guadalupe-Blanco River Authority (GBRA) pursuant to Section 54.2351, Texas Water Code.

Section 2. Conveyance. The Developer shall convey the Project to the District by general warranty deed or other appropriate instrument of conveyance, with full warranties, free and clear of all liens, claims, encumbrances, options, charges, assessments, restrictions, limitations or reservations, including liens for ad valorem taxes for past and current years, and payments due to construction contractors, laborers, or materialmen. The Developer shall provide such proof of title and proof of no liens, claims or encumbrances as the District may reasonably require. For real property, Developer shall provide the District an Owner's Policy of Title Insurance written by a title company satisfactory to the District in the amount of the price paid by the District for the realty. The policy shall show no liens, easements, restrictions, or encumbrances, or any other exceptions except such as do not in the reasonable judgment of the District materially affect the intended use and enjoyment of the realty by the District. Each conveyance shall include all easements within which the water, wastewater and drainage systems of the District are located, unless such easements have been dedicated to the public, and all easements necessary to own, operate and maintain the Project. Each conveyance shall additionally include fee simple title to any and all plant sites, together with necessary rights of way thereto where such site or sites are not directly accessible by a dedicated public street, and all licenses, franchises and permits necessary for the operation and maintenance of the Project. The Developer shall also assign, in writing, all of its contractors' and materialmen's warranties relating to the Project. All documents or instruments of conveyance, transfer or assignment hereunder shall be in a form and content reasonably acceptable to the District's attorneys.

Section 3. Defects. Conveyance of the Project to the District shall not relieve the Developer of liability for the correction of any existing engineering or construction defects then existing in the Project or for satisfaction of any unpaid claim for materials or labor. The District shall be under no obligation to contest or challenge any claim for labor or materials; provided, however, that in the event the Developer fails to promptly correct any such defect or satisfy any such claim, the District may elect to do so and, in such event, shall have full rights of subrogation. The Developer shall pay the District for the District's actual out-of-pocket costs in correcting any defect or satisfying any claim including, but not limited to, construction costs, engineering fees, attorneys' fees, building or construction permits, filing fees or court costs.

Section 4. Survival. All representations, warranties and agreements of the District and the Developer hereunder shall survive the conveyance of the Project to the District.

ARTICLE V

Representations

Section 1. Representations by the Developer. The Developer hereby represents to the District that except as otherwise previously disclosed to the District:

(a) All properties of the Developer to be conveyed pursuant to this Amended Agreement shall be conveyed to the District, except as otherwise permitted herein, free and clear of all liens, claims, encumbrances, options, charges, assessments, restrictions and reservations, including without limitation liens for ad valorem taxes for the year in which the sale is closed and prior years, and claims for payments due to the parties to the construction contracts and engineering fees and expenses. The Project shall be in good operating condition and working order, ordinary wear and tear excepted, and shall have been constructed in accordance with the construction contracts, the approved plans and specifications therefor and any District-approved change orders thereto.

(b) There are no fees or other payments due, nor to the knowledge of Developer will any fees or other payments (except as related to the land Developer will sell to the District for the facilities previously discussed) become due at any time in the future, in connection with any of the easements, rights-of-way, contracts, franchises, licenses and permits to be conveyed hereunder, except standard renewal and extension fees on licenses and permits.

(c) To the knowledge of Developer, no objection to the location or use of the Project or to any permits, licenses or franchises applicable to the Project and no adverse claims of title to the lands, leases, rights-of-way, or easements on which the Project is situated or proposed to be situated are presently being asserted by any other entity or entities.

(d) Developer has not entered into or authorized any contracts or agreements in connection with the Project providing for free services or connections, or which would in any manner restrict the rates, charges or fees to be adopted and charged by the District in connection with providing water and wastewater services by means of the Project.

(e) There are no actions, suits or proceedings pending, or, to the knowledge of the Developer, threatened affecting the Project to be sold hereunder, nor to the knowledge of Developer are there pending condemnation proceedings connected with any of the Project to be conveyed hereunder.

(f) The execution and delivery of this Amended Agreement and the transactions contemplated hereby have been duly authorized by the Developer;

(g) This Amended Agreement, the representations and covenants contained herein, and the consummation of the transactions contemplated hereby shall not violate or constitute a breach of any contract or other agreement to which the Developer is a party;

(h) The Developer has made financial arrangements sufficient to assure its ability to perform its obligations hereunder; and

(i) The Developer will send a representative to all meetings of the Board of Directors of the District at which such presence may be requested; provided that the District provides the Developer with at least 72 hours notice prior to a regular meeting of the Board. Upon at least two hours notice prior to an emergency meeting of the Board of Directors at which the Developer's presence is requested, the Developer will use its best efforts to have a representative present at the meeting.

Section 2. Representations by the District. The District hereby represents and covenants to the Developer:

(a) that it shall use its best efforts to:

(i) obtain the Commission's approval of the Project;

(ii) obtain the Commission's approval of the issuance and sale of the District's Bonds;

(iii) obtain the Attorney General's approval of the Bonds;

(iv) obtain registration of the Bonds by the Comptroller of Public Accounts of the State of Texas;

(v) market the Bonds in the manner set forth herein; and

(b) the Developer has disclosed to the District the existence of the following:

(i) Agreement related to water and wastewater services between Developer and the Guadalupe-Blanco River Authority (the "GBRA Agreement"); and

(ii) Developer's negotiations with GBRA to develop the GBRA L-P Agreement between GBRA and the District, pursuant to Texas Water Code §54.2351.

ARTICLE VI

Expenses and Taxes

Except as otherwise expressly provided herein, each Party shall pay its own expenses incident to carrying this Amended Agreement into effect and consummating the transactions provided herein. All ad valorem or property taxes applicable to the Project for the year of closing shall be the obligation of and paid by the Developer.

ARTICLE VII

Further Assurances

Section 1. Developer. Developer agrees that from time to time and upon the request of District, Developer will execute and deliver such other instruments of conveyance and transfer and take such other actions as may be reasonably required to more effectively convey, transfer to, and vest title to the Project in District and to put District in possession of all of the Project required to be conveyed, transferred and delivered hereunder; and in the case of contracts and rights, if any, which cannot be transferred effectively without the consent of other parties, to obtain such consents and take such other actions as may be reasonably necessary to assure the District the rights and benefits thereof.

Section 2. District. The District agrees that it will timely initiate and carry to a decision the administrative actions and proceedings reasonably necessary to sell bonds of the District, or to obtain alternate financing by other authorized means, commensurate with the District's reasonable ability to repay any funds so obtained (as such ability may be determined in the good faith judgment of the Board of Directors of the District), so that funds obtained from the sale of such bonds or from such alternate financing will be available to reimburse the Developer and/or to purchase the Project from Developer as soon as is reasonably practicable as determined by the District's Board of Directors and financial adviser. In the event, for valid reasons beyond the District's control, the bonds cannot be sold or such alternate financing cannot be obtained (i) in compliance with the provisions of or within the time specified in this Section 2., or (ii) on or before the expiration of fifteen (15) years from the date hereof, either Party may terminate this Amended Agreement by written notice to the other Party, and in such event, the District shall not be liable to the Developer or its successor or any third party, nor shall the Developer be liable to the District or its successor or any third party, for any harm arising out of such inability.

ARTICLE VIII

Annexation or Consolidation of District

The Parties agree that in the event all or any of that part of the District containing the Project is consolidated with or annexed by another governmental entity, any pending sale, at the sole option of the Developer, to be exercised by written notice from Developer to District, shall be closed within sixty (60) calendar days from the date the action of annexing or consolidation is administratively complete. In such event, the annexing or consolidated governmental entity shall for all purposes stand in the place and stead of the District with respect to the terms and provisions of this Amended Agreement, except that the sale of bonds or the obtaining of alternate financing by the annexing or consolidated governmental entity and the receipt of proceeds therefrom to purchase the Project, as specified in this Amended Agreement, shall not be a prerequisite to the enforceability of this Amended Agreement by Developer against the District and/or the annexing or consolidated governmental entity. By way of explanation, the term "administratively complete" as used herein refers to those administrative, executive, ministerial, legislative and quasi-legislative actions required by law to be taken by the governing bodies or the duly authorized officers, employees or agents of the governmental entities directly involved

in or having jurisdiction over the consolidation or annexation proceedings in order to accomplish the annexation or consolidation. Specifically excluded from the concept of "administratively complete" are court appeals and other judicial proceedings related to the consolidation or annexation proceedings, and actions by the State or National Legislature, such as (but not limited to) legislation to validate the annexation or consolidation proceedings.

ARTICLE IX

Operation by District

Section 1. Use of Improvements. Subject to the terms of the GBRA Agreement, the Developer and the District agree that if the District is unable to purchase the Project facilities or its pro rata share of capacity resulting from the construction thereof at such time as the construction of the Project facilities is certified to be complete by the District's Engineer, the District shall be entitled to utilize the Project facilities for a period of ten (10) years from the date of completion of construction without charge to provide service to users within the District on the same terms and conditions as service is provided to other similar users within the District. In the event the District is unable to sell bonds to purchase the Project facilities at the end of such ten (10) year period, the District shall have the right to use the Project facilities without charge from year to year until the District can meet the conditions set forth in Article III, Section 2. The District shall accept, hold and operate the Project, and the District shall exercise due and proper care in the use and maintenance of the Project and keep same in a good state of repair, and shall maintain such insurance on the Project as is customarily maintained on facilities of comparable character by public utilities such as the District for so long as the District shall have use of the Project in accordance with the provisions of this Section.

Section 2. Authorizations. The District shall, subject to applicable law and the GBRA Agreement, be specifically authorized to and shall:

(1) Set and enforce rates for water and wastewater services prior to closing the sale of the Project to the District, which shall be the same as rates charged similarly situated customers of the District;

(2) Establish and enforce reasonable rules governing connections, disconnections, fees, charges, procedures, materials, repairs and all other aspects customarily associated with the proper management of governmental water and wastewater facilities;

(3) Bill and collect for the services from the customers of the water and wastewater facilities;

(4) Levy and collect maintenance taxes that may have heretofore been or may hereafter be authorized and that may be necessary to defray or help defray costs to the District;

(5) Pay all costs and expenses of management, operation and maintenance of the Project or part thereof in question; and

(6) Perform any and all acts in operating, maintaining and managing the Project, in the place and stead of Developer, the same as Developer could do.

Section 3. The Parties hereto understand and agree that the right and privilege granted to District in this Article IX is and shall be without prejudice to the right of Developer to require the sale of the Project to proceed as provided in this Amended Agreement, and in accordance with the terms and provisions of this Amended Agreement, and that nothing in this Article shall be construed, interpreted or understood to be a present conveyance of title to all or any part of the Project, which title shall remain in Developer. If this Amended Agreement is cancelled pursuant to Article VII, above, or pursuant to other provisions hereof prior to closing the sale of the Project, the provisions of this Article IX shall continue in force and District may continue to provide water, wastewater roadway and drainage services to the customers and beneficiaries of the Project in the manner provided in this Article until another procedure for providing such services mutually agreeable to the Parties hereto is established; provided, however, that neither Party shall take any action which would cause disruption of services. The Parties agree to expedite the transfer of the operation and maintenance of the Project in the event the District elects not to provide these services.

Section 4. Indemnity. Developer agrees to indemnify, defend, and save and hold harmless the District, its officers, Directors, agents, employees and attorneys from and against any and all claims, demands, causes of action, costs, liabilities, and expenses, including attorney's fees, that may arise as a result of any undertaking, act or omission which is done or omitted to be done by Developer, District (specifically excluding the negligence or willful misconduct of District, its officers, Directors, agents, employees and attorneys), or their officers, Directors, agents, attorneys and employees acting pursuant to this Article IX.

ARTICLE X

INTENTIONALLY DELETED

ARTICLE XI

Representations Survive Conveyance

The agreements and representations made herein by the Parties to this Amended Agreement shall survive the closing of the transaction for the conveyance of the Project.

ARTICLE XII

Remedies

Section 1. Default by the Developer. In the event of default by the Developer hereunder, the District shall have the right after providing written notice and opportunity to cure to Developer pursuant to Section 3. below:

(a) To terminate this Agreement in full without thereby incurring any liability to the Developer whatsoever;

(b) To assume the outstanding contracts and prosecute construction of the Project to conclusion. In the event that the District exercises this option, the District shall pay to the Developer, upon final completion of the Project, the amount of the purchase price, as set forth in Article II above, less all reasonable amounts paid to contractors, and all reasonable out-of-pocket expenses incurred in prosecuting completion of the Project, or as otherwise limited by applicable Texas law and the applicable rules of the TCEQ;

(c) To pursue all other legal or equitable remedies;

(d) To recover from the Developer all expenses incurred in pursuing its legal rights hereunder, including reasonable attorneys' fees.

(e) Default by the Developer and assumption of the performance of the Developers' responsibilities, as outlined in this Article XII shall not serve to terminate or otherwise relieve the District to perform its obligations pursuant to the GBRA Agreement, or any other Agreement entered into by the District pursuant to Section 54.2351, Texas Water Code.

Section 2. Default by District. In the event of default by the District hereunder, the Developer shall be entitled to seek an injunction and/or a writ of mandamus from a court of competent jurisdiction compelling and requiring the District and its officers to observe and perform the covenants, obligations and conditions hereof. The District shall not be liable to any contractor, engineer, attorney or materialman employed by and contracted with the Developer not contemplated by this Amended Agreement unless the District expressly assumes such obligation by written instrument. The District shall have no liability to the Developer, except in accordance with the terms hereof.

Section 3. Notice and Cure Period: Notwithstanding anything herein to the contrary, prior to exercising any remedies hereunder, each party agrees that it will give written notice of any default to the other party and the other party shall have ten (10) days, with respect to a monetary default, and thirty (30) days, with respect to a non-monetary default, to cure such default before the non-defaulting party shall have any right to exercise its remedies hereunder.

ARTICLE XIII

Miscellaneous

Section 1. Severability. In case any one or more provisions contained in this Amended Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Amended Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. To the extent necessary, the Parties agree to amend this Amended Agreement as necessary to effectuate its intent in light of any such determination.

Section 2. Modification. This Amended Agreement may be modified or varied only by a written instrument subscribed by both of the parties hereto.

Section 3. Assignability. This Amended Agreement may not be assigned in whole or in part by the Developer without the prior written consent of the Board of Directors of the

District; which consent shall not be unreasonably withheld; provided, however that the District hereby authorizes the Developer to grant a security interest in the Developer's rights hereunder and to all sums to be paid to the Developer by the District pursuant to this Amended Agreement to any bank or lending entity making a property acquisition or a construction or development loan to the Developer for payment of the any costs related to the Project.

Section 4. Captions. The captions used in connection with the paragraphs of this Amended Agreement are for convenience only and shall not be deemed to construe or limit the meaning of the language contained in this Amended Agreement, or used as interpreting the meanings and provisions hereof.

Section 5. Applicable Law. This Amended Agreement shall be construed and interpreted under the laws of the State of Texas and all obligations of the parties created hereunder are performable in Comal County, Texas.

Section 6. Parties at Interest. This Amended Agreement shall be for the sole and exclusive benefit of the parties hereto and shall never be construed to confer any benefit on any third party. This Amended Agreement shall be binding upon each party, its successors and assigns.

Section 7. Term. Except as otherwise provided herein, this Amended Agreement shall be in force and effect from the date of execution hereof until the transactions contemplated hereby, including all Developer Reimbursements, are consummated, the mutual agreement of the Parties or pursuant to Article VII, Section 2. hereof, whichever first occurs.

Section 8. Force Majeure. If the District is rendered unable, in whole or in part, by force majeure to carry out any of its obligations under this Amended Agreement, then the obligations of the District, to the extent affected by such force majeure and to the extent that due diligence is being used to remedy such inability and to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. The term "force majeure", as used herein, shall include, without limitation, 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 of Texas or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accidents to machinery, pipelines or canals; partial or total failure of water supply and inability to provide water necessary for operation of the sewer system, or of the District to receive waste; and any other inabilities of the District, whether similar to those enumerated or otherwise, which are not within the control of the District, which the District could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the District, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing party or parties when such settlement is unfavorable to it in the judgment of the District.

[Execution Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amended Agreement in multiple copies, each of equal dignity, as of the 27th day of FEBRUARY, 2012.

JOHNSON RANCH MUNICIPAL UTILITY DISTRICT

By: _____
President, Board of Directors

ATTEST:

_____

(SEAL)

DH/JB Development, Inc.,
a Texas Corporation,

By _____
~~Mike Schoenfeld~~, ~~Vice President~~
DAVID A. HILL, PRESIDENT

DHJB DEVELOPMENT, LLC
A Texas limited liability company

By: _____
Charles Hill, Vice President

EXHIBIT "A"

WATER, SANITARY SEWER, STREETS, ROADS AND DRAINAGE FACILITIES

The Project shall consist of the following water, sanitary sewer and drainage facilities, and streets and roads:

> A water storage, treatment and distribution system, wastewater collection, treatment and disposal system, and a water quality protection and drainage system, and all streets and roads within the land generally referred to as Johnson Ranch Municipal Utility District and specifically described by the field notes in **Exhibit "B"**, together with all improvements, structures, fences, service pumps, air compressors, tanks, storage reservoirs, electrical equipment, plant equipment, distribution lines, collection lines, water mains, lift stations, flush valves, meters, laterals, stormwater mains, drainage facilities, detention ponds, curb and gutter and all other equipment or facilities used or useful in connection with the water distribution system, wastewater collection system and drainage system, and the streets and roads, all as will be more fully described in the design plans and specifications prepared by the District's Engineer in accordance with this Amended Agreement.
>
> The Project shall also include all costs for expenses of the District as authorized in Section 49.155, Texas Water Code, as amended, to the maximum extent such costs are reimbursable under the rules and regulations of the Commission and applicable Texas law.

EXHIBIT "B"

FIELD NOTES

Exhibit A

Metes and bounds description of approximately 767.25 acres of land, more or less, situated wholly in Comal County, Texas

LESS AND EXCEPT

Exhibit "A-1" - Metes and bounds description of Tract 1 containing approximately 5.09 acres of land, more or less, situated wholly within the corporate boundaries of the City of Bulverde, Comal County, Texas.

Exhibit "A-2" - Metes and bounds description of Tract 2 containing approximately 5.48 acres of land, more or less, situated wholly within the corporate boundaries of the City of Bulverde, Comal County, Texas.

Exhibit "A-3" - Metes and bounds description of Tract 3 containing approximately 8.51 acres of land, more or less, situated wholly within the corporate boundaries of the City of Bulverde, Comal County, Texas.

M.W. CUDE ENGINEERS, L.L.C.
CIVIL ENGINEERS & SURVEYORS

Property Description
of

767.32 acres of land being approximately 162.40 acres out of the Agapita Gaytan Survey No. 194, Abstract No. 174, 30.92 acres out of the Julius Vogel Survey No. 720, Abstract No. 650, 150.75 acres out of the F.H. Faiguax Survey No. 787, Abstract No. 767, 171.48 acres out of the Jacob Kaderli Survey No. 465, Abstract No. 309, 162.27 acres out of the I. & G.N. R.R. Co. Survey No. 793, Abstract No. 289, 86.10 acres out of the A.L. Bueche Survey No. 582, Abstract No. 80, and 3.40 acres out of the John Kaderli Survey No. 449, Abstract No. 308, in Comal County, Texas and also being the tract of land (shown as 760 acres) conveyed to Clyde Johnson & Sons Hereford Ranch, LTD, by deed recorded in Document No. 200006037239, Official Records of Comal County, Texas; said 767.32 acres of land being more particularly described as follows:

BEGINNING: At a ½ " iron pin set on the East Right of Way line of U.S. Highway No. 281 for the most Westerly southwest corner of the herein described tract and the Northwest corner of a 238.028 acre tract of land recorded in Volume 317, Page 398, Deed Records of Comal County, Texas;

Thence: Along the East Right of Way line of U.S. Highway No. 281 and the west boundary of the herein described tract, the following:

N04°36'50" E, 214.45 feet to a found TXDOT brass R.O.W. disk;

N20°00'44"E, 207.33 feet to a found TXDOT brass R.O.W. disk;

N04°35'00"E, 429.00 feet to a found TXDOT brass R.O.W. disk;

N03°49'15"W, 311.03 feet to a found TXDOT brass R.O.W. disk;

N16°54'04"E, 287.33 feet to a found TXDOT brass R.O.W. disk;

N22°45'00"E, (reference line) 760.80 feet to a found TXDOT brass R.O.W. disk;

N16°07'00"E, 341.29 feet to a found TXDOT brass R.O.W. disk;

N28°55'17"E, 217.46 feet to a found TXDOT brass R.O.W. disk;

N09°35'57"E, 273.21 feet to a found TXDOT brass R.O.W. disk;

10325 BANDERA ROAD
SAN ANTONIO, TEXAS 78250

INFO@MWCUDE.COM
WWW.MWCUDE.COM

N03°05'49"E, 243.15 feet to a found TXDOT brass R.O.W. disk;

N07°05'27"E, 699.48 feet to a found TXDOT brass R.O.W. disk;

N02°32'58"E, 401.36 feet to a found TXDOT brass R.O.W. disk;

N07°03'28"E, 299.87 feet to a found TXDOT brass R.O.W. disk;

N15°23'07"E, 153.17 feet to a found TXDOT brass R.O.W. disk near a fence post corner for the most westerly Northwest corner of the herein described tract;

Thence: Leaving the East Right of Way line of U.S. Highway No. 281, N89°37'55"E, 844.18 feet along the general course of a fence line to a found ½" iron pin;

Thence: Continuing along the general course of a fence line N89°02'58"E, 600.69 feet to ½" iron pin found by a fence post corner being the occupational Northeast corner of the I.&G.N. R.R. Co. Survey No 793;

Thence: Along the West boundary of the herein described tract and the general course of a fence line, the following:

N00°03'00"E, 983.00 feet to a set ½" iron pin;

N00°08'21"W, 361.54 feet to a found ½" iron pin by a fence post corner;

N00°03'48"E, 709.53 feet to a found ½" iron pin by a fence post corner;

N00°20'00"E, 327.00 feet to a ½" iron pin set by a fence post corner in the south boundary of Lot 20, The Highlands Subdivision, as recorded in Volume 10, Page 365, Map and Plat Records of Comal County, Texas, said iron pin being the most Northerly Northwest corner of the herein described tract;

Thence: Along the South boundary of The Highlands Subdivision, the North boundary of the herein described tract, and the general course of a fence line, the following:

S89°19'21"E, 314.42 feet to a set ½" iron pin in the South boundary of Lot 19, The Highlands Subdivision;

S89°23'00"E, 1100.97 feet to a found nail in rock for the southeast corner of Lot 14, The Highlands Subdivision;

S89°19'58"E, 391.66 feet to a found nail in rock in the South boundary of Lot 12, The Highlands Subdivision;

S88°55'28"E, 285.70 feet to a found nail in concrete by a fence post corner being the southeast corner of Lot 12, the Highlands Subdivision and the Southwest corner of Lot 1, Licata Ranch Subdivision as recorded in Volume 10, Page 283, Map and Plat Records of Comal County, Texas;

Thence: Along the South boundary of said Lot 1, Licata Ranch Subdivision and the general course of a fence line, the following:

S89°02'00"E, 186.59 feet to a set ½" iron pin;

S88°31'57"E, 280.10 feet to a set ½" iron pin;

S88°52'00"E, at 200.43 feet a ½" iron pin found by a fence post corner for the Southeast corner of said Lot 1, a total distance of 221.80 feet to a ½" iron pin found by a fence post corner on the Southwest line of Stahl Lane for the Northeast corner of the herein described tract;

Thence: Along the Southwest and West line of Stahl Lane and the general course of a fence line, the following:

S42°37'06"E, 349.70 feet to a set ½" iron pin;

S25°23'08"E, 63.82 feet to a set ½" iron pin;

S02°51'26"E, 112.09 feet to a set ½" iron pin;

S00°39'07"E, 123.72 feet to a set ½" iron pin;

S00°11'00"W, 26.55 feet to a ½" iron pin found by a fence post corner for the Northeast corner of a 2.822 acre tract of land conveyed to Pedernales Electric Cooperative, Inc. by deed recorded in Document No. 9706018642, Official Records of Comal county, Texas;

Thence: Leaving the West line of Stahl Lane, N88°47'00"W, 349.95 feet to a found steel spike for the Northwest corner of the said 2.822 acre tract;

S01°13'03"W, 350.08 feet to a found ½" iron pin for the Southwest corner of the 2.822 acre tract;

S88°48'21"E, 357.41 feet to a ½" iron pin found by a fence post corner on the West line of Stahl Lane for the Southeast corner of the said 2.822 acre tract;

Thence: Along the West and Northwest line of Stahl Lane and the general course of a fence line, the following:

S07°16'13"E, 207.45 feet to a set ½" iron pin on the East side of an 8" Live Oak Tree;

S04°03'00"W, 122.97 feet to a 60d Nail set in the east side of an 8" Live Oak Tree

S14°21'48"W, 325.56 feet to a set ½" iron pin on the East side of an 18" Cedar Tree;

S36°06'02"W, 125.67 feet to a set ½" iron pin;

S44°39'03"W, 212.44 feet to a set ½" iron pin;

S35°29'37"W, 109.06 feet to a set ½" iron pin;

S00°35'05"W, 666.71 feet to a set ½" iron pin;

S00°28'19"W, 213.64 feet to a set ½" iron pin;

S00°22'52"W, 1241.37 feet to a ½" iron pin set in the North line of a 152.51 acre tract of land recorded in Volume 961, Page 166, Official Records of Comal County, Texas, said iron pin being N89°32'54"W, 12.30 feet from a found ½" iron pin, the Northeast corner of the said 152.51 acre tract;

Thence: Along the North boundary of the said 152.51 acre tract and the general course of a fence line, N89°32'54" W, 1097.48 feet to a ½" iron pin found by a fence corner for the Northwest corner of the said 152.51 acre tract;

Thence: Along the West boundary of the said 152.51 acre tract, the East boundary of the herein described tract and the general course of a fence line, S00°08'08"E, 3027.82 feet to a found ½" iron pin, the southwest corner of the said 152.51 acre tract and the Northwest corner of the Joyce Lux 52.454 acre tract (designated as Tract 1) recorded in Document No. 9706015147, Official Records of Comal County, Texas;

Thence: Along the West boundary of the Lux Estate Tract 1 (52.454 acres), Tract 2 (52.454 acres) and Tract 4 (49.464 acres) as recorded in Document No. 9706015147, Official Records of Comal County, Texas and the East boundary of the herein described tract, the following:

S00°05'07"E, 730.65 feet along the general course of a fence line to a ½" iron pin found by a fence post corner;

S00°16'04"E, 876.25 feet to a found ½" iron pin by an old cedar fence post (1.6 feet East of a newer fence);

S00°10'11"E, 405.98 feet along the general course of an old fence line to a found ½" iron pin by an old cedar fence post (1.8 feet East of a newer fence);

S00°16'36"E, 297.04 feet along the general course of said old fence line to a found ½" iron pin by an old cedar fence post (3.8 feet East of a newer fence);

S02°34'40"W, 55.25 feet to a 3" pipe gate and fence post corner;

S01°39'29"W, 15.38 feet to a found ½" iron pin;

S02°15'24"E, 82.91 feet to a set ½" iron pin;

S14°27'00"E, 42.49 feet along the general course of a fence line to a found 40d nail in a 14" Live Oak Tree;

S41°24'00"W, 41.45 feet to a found ½" iron pin;

S00°06'40"W, at 10.0 feet begin fence and continuing along the general course of a fence line, at 535.66 feet a found ½" iron pin, the southwest corner of said Tract 2 (52.454 acres) and the Northwest corner of said Tract 4 (49.464 acres) a total distance of 1177.01 feet to a set mag-nail by a fence post corner;

S89°30'00"E, 16.84 feet along a fence line to set mag-nail by a fence post corner;

S02°59'00"E, 254.90 feet along the general course of a fence line to a 4" pipe fence post corner;

S21°09'19"W, 27.48 feet along a fence line to a found 40d nail in a 14" Elm Tree;

S01°28'41"W, 52.36 feet to a drill hole found on top of a concrete and rock dam;

S82°50'52" W, 11.15 feet to a set ½" iron pin;

S00°44'23"E, at approximately 60 feet a fence line, at 655.0 feet end fence, a total distance of 656.60 feet to a set ½" iron pin on the Northwest Right of Way line of F.M. Highway No.1863 for the Southeast corner of the herein described tract;

Thence: Along the Northwest and North Right of way line of F.M. Highway No. 1863, the following:

S56°04'23"W, 1157.93 feet to a found TXDOT concrete R.O.W. monument being a point of curvature;

689.00 feet along the arc of a curve concave to the north, having a central angle of 28°20'45", a radius of 1392.69 feet and a chord bearing and distance of S70°14'46"W, 682.00 feet to a set ½" iron pin being the most southerly southwest corner of the herein described tract;

Thence: Leaving the North Right Way line of F.M. Highway No. 1863, N00°02'00"E, at 1.8 feet a fence line, a total distance of 340.33 feet to a ½" inch iron pin set in a fence line:

Thence: Along the west boundary of the herein described tract and the general course of a fence line, the following:

N00°23'32"W, 2269.49 feet to a set ½" iron pin;

N00°15'36"W, 938.00 feet to a set ½" iron pin;

N00°24'47"W, 834.79 feet to a set ½" iron pin;

N00°15'06"W, 239.52 feet to a set ½" iron pin;

N00°16'10"E, 964.12 feet to a ½"iron pin set by a fence corner;

Thence: Along the general course of a fence line the following:

S89°56'00"W, 921.76 feet to a set ½" iron pin;

N89°50'43"W, 397.13 feet to a set ½" iron pin;

S89°56'03"W, 382.36 feet to a set ½" iron pin;

S89°46'27"W, 641.55 feet to the POINT OF BEGINNING, containing 767.32 acres of land.

SAVE AND EXCEPT: 0.07 of an acre of land know as Schlather Cemetery out of the Agapita Gaytan Survey No. 194, Abstract No. 174, in Comal County, Texas and also being the cemetery (designated as cemetery No.CM-C04) recorded in Document No. 200106020234, Official Record of Comal County, Texas; said 0.07 of an acre of land being more particularly described as follows:

Beginning: At a ½" iron pin set by a fence post corner being the Southeast corner of the herein described cemetery, said iron pin being N07°41'48"W, 887.57 feet from a ½" iron pin set on the Northwest Right of Way line of F.M. Highway No. 1863 for the Southeast corner of the aforesaid 767.32 acre tract;

Thence: N87°26'12"W, 48.70 feet to a set ½" iron pin by a fence post corner for the Southwest corner of the herein described cemetery;

Thence: N03°07'58"E, 61.50 feet to a set ½" iron pin by a fence post corner for the Northwest corner of the herein described cemetery;

Thence: S87°26'12"E, 48.70 feet to a set ½" iron pin by a fence post corner for the Northeast corner of the herein described cemetery;

Thence: S03°07'58"W, 61.50 feet to the POINT OF BEGINNING, containing 0.07 of an acre of land.

NOTE: Bearing used in these descriptions are referenced to the East Right of Way line of U.S. Highway No. 281 (N22°45'00"E) as per TXDOT Right of Way map.

Reference is made to survey plat dated September 30, 2004, accompanying these field notes.

September 30, 2004
Job No. 210701
WS/teo

STATE OF TEXAS
REGISTERED
WAYNE A. SECHALD
3698
PROFESSIONAL
LAND SURVEYOR

Wayne Sechald

Exhibit "A-1"

Metes and bounds description of Tract 1 containing approximately 5.09 acres of land, more or less, situated wholly within the corporate boundaries of the City of Bulverde, Comal County, Texas.

CUDE
ENGINEERS SURVEYORS PLANNERS

Property Description
of

5.09 acres of land out of the I. & G.N.R.R. Co. Survey No. 793, Abstract No. 289, in the City of Bulverde, Comal County, Texas and also being out of the tract of land (shown as 760 acres) conveyed to Clyde Johnson & Sons Hereford Ranch, LTD, by deed recorded in Document No. 200006037239, Official Records of Comal County, Texas; said 5.09 acres of land being more particularly described as follows:

Beginning: At a ½" iron pin set on the East Right of Way line of U.S. Highway No. 281 for the most Westerly southwest corner of the said 760 acre tract, the Northwest corner of a 238.028 acre tract of land recorded in Volume 317, Page 398, Deed Records of Comal County, Texas, and the Southwest corner of the herein described tract;

Thence: Along the East Right of Way line of U.S. Highway No. 281 and the west boundary of the herein described tract, the following:

N04°36'50"E, 214.45 feet to a found TXDOT brass R.O.W. disk;

N20°00'44"E, 207.33 feet to a found TXDOT brass R.O.W. disk;

N04°35'00"E, 410.00 feet to a point for the Northwest corner of the herein described tract;

Thence: Leaving the East Right of Way line of U.S. Highway No. 281, S85°25'00"E, 270.00 feet to a point for the Northeast corner of the herein described tract;

Thence: Parallel with and 270.00 feet East of the East Right of Way line of U.S. Highway No. 281, the following:

S04°35'00"W, 446.57 feet to a point;

S20°00'44"W, 207.41 feet to a point;

S04°36'50"W, 155.09 feet to a point in the South boundary of the said 760 acre tract for the Southeast corner of the herein described tract;

Thence: Along the South boundary of the said 760 acre tract, S89°46'27"W, 270.97 feet to the POINT OF BEGINNING, containing 5.09 acres of land.

Note: Bearings used in this description are referenced to the East Right of Way line of U.S. Highway No. 281 (N22°45'00"E) as per TXDOT Right of Way map.

Job No. 210701
October 28, 2005
WS/mg

STATE OF TEXAS
REGISTERED
WAYNE A. SEEWALD
5695
PROFESSIONAL
LAND SURVEYOR

Exhibit "A-2"

Metes and bounds description of Tract 2 containing approximately 5.48 acres of land, more or less, situated wholly within the corporate boundaries of the City of Bulverde, Comal County, Texas.

CUDE
ENGINEERS SURVEYORS PLANNERS

Property Description
of

5.48 acres of land out of the I. & G.N.R.R. Co. Survey No. 793, Abstract No. 289, in the City of Bulverde, Comal County, Texas and also being out of the tract of land (shown as 760 acres) conveyed to Clyde Johnson & Sons Hereford Ranch, LTD, by deed recorded in Document No. 200006037239, Official Records of Comal County, Texas; said 5.48 acres of land being more particularly described as follows:

Beginning: At a found TXDOT brass R.O.W. disk (near a fence post corner) on the East Right of Way line of U.S. Highway No. 281 for the Northwest corner of the herein described tract and the most Westerly Northwest corner of the said 760 acre tract;

Thence: Leaving the East Right of Way line of U.S. Highway No. 281, N89°37'55"E, 272.29 feet along the general course of a fence line to a point for the Northeast corner of the herein described tract;

Thence: Parallel with and 270.00 feet East of the East Right of Way line of U.S. Highway No. 281, the following:

S07°04'00"W, 54.87 feet to a point;

S15°23'07"W, 153.15 feet to a point;

S07°03'28"W, 269.59 feet to a point;

S02°32'58"W, 401.43 feet to a point;

S07°05'27"W, 23.41 feet to point for the Southeast corner of the herein described tract;

Thence: N82°54'33"W, 270.00 feet to a point on the East Right of Way line of U.S. Highway No. 281 for the Southwest corner of the herein described tract;

Thence: Along the East Right of Way line of U.S. Highway No. 281, the following:

N07°05'27"E, 12.70 feet to a found TXDOT brass R.O.W. disk;

N02°32'58"E, 401.36 feet to a found TXDOT brass R.O.W. disk;

N07°03'28"E, 299.87 feet to a found TXDOT brass R.O.W. disk;

N15°23'07"E, 153.17 feet to the POINT OF BEGINNING, containing 5.48 acres of land.

Note: Bearings used in this description are referenced to the East Right of Way line of U.S. Highway No. 281 (N22°45'00"E) as per TXDOT Right of Way map.

Job No. 210701
October 28, 2005
WS/mg

STATE OF TEXAS
REGISTERED
WAYNE A. SEEWALD
3695
PROFESSIONAL
LAND SURVEYOR

Exhibit "A-3"

Metes and bounds description of Tract 3 containing approximately 8.51 acres of land, more or less, situated wholly within the corporate boundaries of the City of Bulverde, Comal County, Texas.

CUDE
ENGINEERS SURVEYORS PLANNERS

Property Description
of

8.51 acres of land out of the Agapita Gaytan Survey No. 194, Abstract No. 174, in the City of Bulverde, Comal County, Texas and also being out of the tract of land (shown as 760 acres) conveyed to Clyde Johnson and Sons Hereford Ranch, LTD, by deed recorded in Document No. 200006037239, Official Records of Comal County, Texas; said 8.51 acres of land being more particularly described as follows:

Beginning: At a ½" iron pin set on the Northwest Right of Way line of F.M. Highway No. 1863 for the Southeast corner of the herein described tract and the Southeast corner of the said 760 acre tract;

Thence: Along the Northwest and North Right of Way line of F.M. Highway No. 1863, the following:

S56°04'23"W, 1157.93 feet to a found TXDOT concrete R.O.W. monument being a point of curvature;

689.00 feet along the arc of a curve concave to the North, having a central angle of 28°20'45", a radius of 1392.69 feet and a chord bearing and distance of S70°14'46"W, 682.00 feet to a set ½" iron pin being the Southwest corner of the herein described tract and the most Southerly Southwest corner of the said 760 acre tract;

Thence: Leaving the North Right Way line of F.M. Highway No. 1863, N00°02'00"E, at 1.8 feet a fence line, a total distance of 201.13 feet to a point being the Northwest corner of the herein described tract;

Thence: Parallel with and 200.00 feet North of the North and Northwest Right of Way line of F.M. Highway No. 1863, the following:

570.38 feet along the arc of a curve concave to the North, having a central angle of 27°24'02", a radius of 1192.69 feet and a chord bearing and distance of N69°46'24"E, 564.96 feet to a point of tangency;

N56°04'23"E, 1288.74 feet to a point in the East boundary of the said 760 acre tract, being the Northeast corner of the herein described tract;

Thence: Along said East boundary and the general course of a fence line, S00°44'23"E, at 237.4 feet end fence, a total distance of 238.98 feet to the POINT OF BEGINNING, containing 8.51 acres of land.

Note: Bearings used in this description are referenced to the East Right of Way line of U.S. Highway No. 281 (N22°45'00"E) as per TXDOT Right of Way map.

October 28, 2005
Job No. 210701
WS/mg

STATE OF TEXAS
REGISTERED
WAYNE A. SEEWALD
3695
PROFESSIONAL
LAND SURVEYOR

APPENDIX "A"

FEBRUARY 1, 2007 ORDER ON THE PETITION REQUESTING THE CREATION OF A WATER CONTROL AND IMPROVEMENT DISTRICT TO BE KNOWN AS "COMAL COUNTY WATER CONTOL AND IMPROVEMENT DISTRICT NO. 1"

RECEIVED
2007 FEB 22 AM 11:35
JOY STREATER
COMAL COUNTY CLERK
BY_____

STATE OF TEXAS	§	BEFORE THE
	§	COMMISSIONERS' COURT
COUNTY OF COMAL	§	OF COMAL COUNTY, TEXAS

ORDER ON THE PETITION REQUESTING THE CREATION OF A WATER CONTROL AND IMPROVEMENT DISTRICT TO BE KNOWN AS THE "COMAL COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1"

On February 1, 2007, came on to be heard before the Honorable Commissioners Court of Comal County, Texas, at a duly posted and noticed public hearing, the Petition of DH/JB Partnership, Ltd., a Texas limited partnership, acting by and through its general partner 281 DHI Corp., a Texas corporation, and Clyde Johnson and Sons Hereford Ranch, Ltd., a Texas family limited partnership, acting by and through its sole general partner CJ&S, LLC, a Texas limited liability company (hereinafter the "Petitioners") seeking the Creation of a Water Control and Improvement District over land located in Comal County, Texas, pursuant to the provisions of Chapter 51, Texas Water Code, in accord with the provisions of Article XVI, Section 59 of the Texas Constitution. The Commissioners Court having considered the Petitioners' Petition and supplemental information, and the testimony presented during the hearing, makes the following findings and conclusions:

(1) organization of the District as requested is feasible and practicable;

(2) the land to be included and the residents of the proposed District will be benefited by the creation of the District;

(3) there is a public necessity or need for the District;

(4) the creation of the District will further the public welfare;

(5) the Commissioners Court can create the District, but lacks the statutory power to authorize the district to exercise powers related to the collection, treatment and disposal of wastewater and/or the power to gather, conduct, divert, and control local storm water or other local harmful excesses of water within the District; and

(6) the following five persons have expressed an interest in serving as preliminary Directors of the District, and are qualified to do so:

a. David Sidney Tamminga;

b. Paul J. Heiligenthal;

c. Thomas Phillip Northington;

d. Brian Kelley Baize; and

e. Shawn Patrick Gosdin;

(7) Notice of the hearing on the proposed Petition to create the District was properly posted and published as prescribed by law; and

(8) No one appeared to contest the creation of the District.

Based upon the foregoing findings and conclusions, the Court orders that:

(1) said Petition be approved and the creation of the Comal County Water Control and Improvement District No. 1 be authorized;

(2) the following five persons are appointed to serve as preliminary Directors of the District:

a. David Sidney Tamminga;

b. Paul J. Heiligenthal;

c. Thomas Phillip Northington;

d. Brian Kelley Baize; and

e. Shawn Patrick Gosdin;

(3) prior to exercising any wastewater powers, the District shall obtain authorization from the Texas Commission on Environmental Quality pursuant to Sections 51.331-51.333, Texas Water Code and the applicable TCEQ Rules.

It is so Ordered this 20 day of February, 2007.

Danny Scheel
County Judge
Comal County, Texas

APPENDIX "B"

MINUTES OF THE WCID'S BOARD OF DIRECTORS'
MEETING OF FEBRUARY 19, 2009

COMAL COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1
OF COMAL COUNTY, TEXAS
MINUTES OF THE BOARD OF DIRECTORS

February 19, 2009

The Board of Directors of Comal County Water Control & Improvement District No. 1 of Comal County, Texas convened a meeting at 3795 FM 1863, Bulverde, Texas, beginning at 9:30 a.m. on February 19, 2009. Notices of the time, place and subject of the meeting and the actions to be taken at the meeting were posted at the places and for the time required by law.

1. The roll was called of the following Directors of the District:

   Brian Baize
   Shawn Gosdin
   Paul Heiligenthal
   Thomas Northington
   David Tamminga

Directors Baize, Northington and Tamminga were present, thus constituting a quorum. Also present were Mike Schoenfeld, Charlie Hill of DH Investment Company, representing DH / JB Development, Inc., the developer of the Comal County Water Control & Improvement District No. 1, and Phil Haag of Winstead PC.

2. The first item of business was approval of the October 15, 2008 meeting minutes. Upon a motion by Director Baize and seconded by Director Northington; the Board unanimously approved the minutes as written.

3. Next, the Board discussed the engagement of District consultants and personnel. Upon a motion by Director Tamminga and seconded by Director Northington; the Board unanimously approved hiring Loomis Engineering as the District's engineer.

4. The next item of business was Board authorization to record the affidavit regarding the order of creation of the WCID in the Comal County, Texas real estate records. Upon a motion by Director Baize and seconded by Director Tamminga; the Board unanimously approved the recording unless it appeared that the conversion to a MUD would occur within a few months, in which case the board would record any Information Form concerning the MUD.

5. Next, the Board discussed authorization of filing the financial dormancy affidavits and district registration forms with TCEQ. Upon a motion by director Baize

and seconded by Director Tamminga; the Board unanimously approved authorization to file the documents.

6. The next item of business was approval of the Utility Construction Agreement between the developer and the District. Upon a motion by Director Tamminga and seconded by director Baize; the Board unanimously approved the agreement as presented.

7. Next, the Board discussed ratification and approval of a contract award for infrastructure improvements. Upon a motion by Director Baize and seconded by Director Tamminga; the Board unanimously ratified and approved the contract award to FT Woods for the construction of water, wastewater, and drainage improvements associated with the Johnson Ranch Phase 1 plat.

8. The next item of business was discussion regarding the conversion of the District into a municipal utility district and election schedule. There was no action on this item.

9. Next, the Board discussed the status of the water supply and wastewater services for the District. There was no action on this item.

10. The Board then discussed the status of development and planning in the District. There was no action on this item.

11. Next, the Board discussed the designation of a meeting place outside of the District. Mr. Haag suggested that the Cordillera Offices be designated, as the meeting place outside of the District. Director Baize moved that the Cordillera offices located at 102 A Cordillera Ridge, Boerne, Texas be designated as the meeting place outside of the District. Director Tamminga seconded the motion, and upon being placed to a vote, the motion carried unanimously. The passage of this motion by the Board carried with it a Resolution, a copy of which is attached to these Minutes. The caption of the resolution reads as follows:

RESOLUTION 09-0219-01

RESOLUTION AMENDING RESOLUTION NO. 07-0411-1 REGARDING DISTRICT ADMINISTRATIVE OFFICE AND MEETING PLACE; AUTHORIZING THE FILING OF A COPY OF THIS RESOLUTION WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY AND PUBLICATION OF NOTICE OF THE AMENDMENT

There being no further business to come before the Board at this time, the meeting was adjourned at 10:40 a.m.

_____

Secretary, Board of Directors
Comal County Water Control & Improvement District No. 1

RESOLUTION NO. 09-0219-01

RESOLUTION AMENDING RESOLUTION NO. 07-0411-1 REGARDING DISTRICT ADMINISTRATIVE OFFICE AND MEETING PLACE; AUTHORIZING THE FILING OF A COPY OF THIS RESOLUTION WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY AND PUBLICATION OF NOTICE OF THE AMENDMENT

WHEREAS, pursuant to Section 49.062 of the Texas Water Code, the Board of Directors of Comal County Water Control Improvement District No. 1, in open, public meeting, proper notice of which has been given as required by law, has given consideration to changing the location of the primary District office and add an additional meeting place of the District to a new location outside the boundaries of the District; and

WHEREAS, it is deemed advisable and in the best interest of the District to change the location of the primary District office and to add an additional meeting place; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF COMAL COUNTY WATER CONTROL IMPROVEMENT DISTRICT NO. 1 THAT:

Section 1. The location of the District administrative office is at 600 Congress Avenue, Suite 2100, Austin, Texas, a location outside of the boundaries of the District. The following places (located outside the boundaries of the District) are designated as meeting places of the District: 401 Congress Avenue, Suite 2100, Austin, Texas and Cordillera Ranch Offices, 102 A Cordillera Ridge, Boerne, Texas.

Section 2. The District administrative office and meeting place established in Section 1, above, are hereby declared to be a public place and the public is invited to attend any meeting of the Board of Directors of the District held at that location or another location.

Section 3. The designated locations of the District's offices and meeting places may be changed in the future in the manner authorized or required by law.

Section 4. Records of the District are maintained at the following location: 401 Congress Avenue, Suite 2100, Austin, Texas (outside the District).

Section 6. Pursuant to Section 49.062 of the Texas Water Code, notice shall be given of the locations for meeting places by filing a true and correct copy of this Resolution with the Texas Commission on Environmental Quality and by publishing notice of the locations in a newspaper of general circulation in the District.

Section. Resolution No. 07-0411-01 adopted by the Board of Directors of the District is hereby amended.

PASSED AND APPROVED this 19th day of February 2009.

President, Board of Directors

ATTEST:

Asst. Secretary, Board of Directors

APPENDIX "C"

TCEQ'S ORDER GRANTING THE WCID'S APPLICATION TO CONVERT TO A MUNICIPAL UTILITY DISTRICT AND REQUEST TO ADD ROAD DISTRICT POWERS

RECEIVED
2009 NOV -2 PM 2:05
JOY STREATER
COMAL COUNTY CLERK

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

THE STATE OF TEXAS
COUNTY OF TRAVIS
I hereby certify that this is a true and correct copy of a Texas Commission on Environmental Quality document, which is filed in the permanent records of the Commission. Given under my hand and the seal of office on
OCT 01 2009
LaDonna Castanuela, Chief Clerk
Texas Commission on Environmental Quality

AN ORDER GRANTING THE CONVERSION OF COMAL COUNTY WATER CONTROL AND IMPROVMENT DISRICT NO. 1 INTO A MUNICIPAL UTILITY DISTRICT; THE ACQUSITION OF ROAD POWERS; AND TO CHANGE THE NAME OF THE DISTRICT

DOCKET NO. 2008-1743-DIS

On August 12, 2009, and on September 23, 2009, the Texas Commission on Environmental Quality (Commission) met in regular session at its offices in Austin, Texas, to consider the application of Comal County Water Control & Improvement District No. 1 (District) for conversion into a municipal utility district pursuant to TEX. WATER CODE ANN. §§ 54.030 - 54.036 and 30 TEX. ADMIN. CODE § 293.15; the acquisition of road powers pursuant to TEX. WATER CODE § 54.234 and 30 Tex. Admin. Code §§ 293.201 and 293.202; and to change the name of the District pursuant to TEX. WATER CODE §§ 49.071 and 30 TEX. ADMIN. CODE § 293.102.

The Commission has jurisdiction to consider this matter and the following Findings of Fact and Conclusions of Law are appropriate after examining the application and supporting documentation:

FINDINGS OF FACT

1. On July 22, 2008, an application (including the District's Resolution) requesting the conversion of the District into a municipal utility district; the acquisition of road powers; and to change the name of the District was filed with the Commission pursuant to TEX. WATER CODE Chapters 49 and 54 and 30 TEX. ADMIN. CODE chapter 293.

2. The Resolution adopted by the governing body of the District on May 27, 2008, declares that in the judgment of the governing body, conversion of the District into a municipal utility district, acquiring road powers, and changing the name of the District will serve the best interests of the District and will be of benefit to the land and property within its boundaries, and the governing body requests that the Commission hold a hearing on the question of the conversion of the District pursuant to TEX. WATER CODE ANN. § 54.030, acquisition of road powers pursuant to TEX. WATER CODE § 54.234, and to change the name of the District pursuant to TEX. WATER CODE § 49.071.

3. The Commission reviewed the application and found that conversion to a municipal utility district would serve the best interest of the District and would be a benefit to the land and property included in the District; that the District's acquisition of road powers met the requirements under Commission rules in effect at the time the District submitted its application and at the time the application was declared administratively complete; and that the District showed reasonable grounds for the requested name change.

4. Proper notice of the application was given by publication on July 12, 2009, and July 22, 2009, in the Herald-Zeitung newspaper regularly published and generally circulated in Comal County, where the District is located, pursuant to TEX. WATER CODE ANN. § 54.032 and 30 TEX. ADMIN. CODE §293.15.

5. The appropriate and necessary deposits and fees associated with the filing of the petition have been paid to the Commission.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction to consider the application and is authorized to make and enter its Findings of Fact, Conclusions of Law, and Orders with respect to the request for conversion of the District into a municipal utility district.

2. The application of the District conforms in all respects to TEX. WATER CODE §§ 54.030 and 49.071 and 30 Tex. Admin. Code §§ 293.102, 293.15, and 293.201 - 293.202, is in proper and legal form, and the purposes thereof are lawful.

3. All statutory and regulatory requirements for conversion of the District into a municipal utility district; acquisition of road powers; and to change the name of the District have been fulfilled pursuant to TEX. WATER CODE §§ 54.030 - 54.036 and 49.074 and 30 TEX. ADMIN. CODE §§ 293.201, 293.15, and 293.201. - 293.202.

NOW THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that the Utilities and District's Section's memorandum dated July 1, 2009, is hereby attached as Exhibit "A" and incorporated as part of this order. The District's request for conversion of the District from a water control and improvement district operating under TEX. WATER CODE Chapters 49 and 51 to a municipal utility district (MUD) operating under TEX. WATER CODE Chapters 49 and 54 is hereby approved. The District's request for the acquisition of road powers in accordance with TEX. WATER CODE § 54.234 and 30 TEX. ADMIN. CODE §§ 293.201 and 293.202 is hereby approved subject to the requirements imposed by the Commission and general laws of the State of Texas relating to the exercise of such powers. The District's request to change the name of the District in accordance with TEX. WATER CODE § 49.071 and 30 TEX. ADMIN. CODE 293.102 from Comal County Water Control and Improvement District No. 1 to "Johnson Ranch Municipal Utility District" is hereby granted.

The District shall file a copy of this Commission Order in the deed records of Comal County, Texas.

The Chief Clerk of the Commission shall forward a copy of this Order to all affected persons.

If any provision, sentence, clause or phrase of this Order is, for any reason, held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: SEP 2 9 2009

For the Commission

EXHIBIT A

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Texas Commission on Environmental Quality Date: July 1, 2009

Thru: Doug Holcomb, P.E., Manager, Utilities and Districts Section
Alex A. (Skip) Ferris, P.E., Leader, Districts Review Team

From: Districts Review Team

Subject: Docket No. 2008-1743-DIS; Comal County Water Control & Improvement District No. 1; Petition for Conversion to a Municipal Utility District; Acquisition of Road Powers; and To change the Name of the District. Pursuant to Texas Water Code Chapters 49 and 54 and 30 Texas Administrative Code Chapter 293.
TCEQ Internal Control No. 07222008-D06 (TC)
CN: 603184193 RN: 105217061

A. GENERAL INFORMATION

On July 22, 2008, the Texas Commission on Environmental Quality (Commission) received the above reference application from Comal County Water Control & Improvement District No. 1 (District). The application, as submitted, requests Commission approval to convert from a Water Control & Improvement District (WCID) to a Municipal Utility District (MUD), acquire road powers, and to change the name of the District to Johnson Ranch MUD.

History

The District was created on February 20, 2007, as a WCID by the Comal County Commissioner's Court under Article XVI, Section 59 of the Texas Constitution. The District was created with the power to provide water service to its residents.

Location

The District is located in Comal County approximately 0.5 miles east of the City of Bulverde and six miles north of the City of San Antonio. The District's northern boundary is approximately 1.5 miles south of the intersection of State Highway 46 and United States Highway (US) 281, the District's eastern boundary is along Stahl Lane, the western boundary is along US 281, and the southern boundary is along Farm-to-Market Road (FM) 1863. US 281, FM 1863, and Stahl Lane provide access to the District. The District is located entirely within Comal County, the Bulverde Independent School District, and the City of Bulverde's extraterritorial jurisdiction.

B. ENGINEERING ANALYSIS

1. Status of Development

The District is projected to include 1,500 equivalent single family connections (ESFCs) at build-out including 1,025 single family homes and 475 ESFCs for multi use development. The total assessed

valuation is projected to be $582,500,000. Information on file indicates that the District is currently inactive.

2. Water Supply

Water supply for the District is provided through an interconnection with the Western Canyon Regional Treated Water Supply Project owned and operated by the Guadalupe Blanco River Authority (GBRA). Water will be provided by a proposed interconnection to the 30 inch diameter GBRA water line along Stahl Road on the east side of the District. The District's water distribution system is to include a network of main lines and secondary feeder lines which consist of 8 inch - 16 inch diameter water lines.

3. Wastewater Treatment

The District will construct facilities which will be operated by GBRA or other approved and licensed operators for the District. The wastewater collection system is to include collection lines ranging in size from 8 to 15 inches in diameter, and one lift station.

4. Storm Drainage

Storm water run-off within the District is currently conveyed by natural channels to Cibolo Creek. Developed flows are to be conveyed through an underground storm sewer system to one large in-channel detention facility proposed for the northern portion of the development, or man made or natural channels in the southern portion.

C. SUMMARY OF COSTS

Utilities Construction Costs	Total Cost	District's Share [1]
A. Developer Contribution Items		
1. Water	$4,580,000	$3,206,000
2. Wastewater	5,511,800	3,858,260
3. Drainage	6,237,500	4,366,250
4. Contingencies (20% of items 1-3)	3,265,860	2,286,102
5. Engineering (17% of items 1-4)	3,277,291	2,294,104
Total Developer Contribution Items	$22,872,451	$16,010,716
B. District Items		
1. Water Supply Facilities		$2,510,000
2. Wastewater Treatment Plant Facilities		9,450,000
3. Contingencies (20% of items 1-2)		2,392,000
4. Engineering (17% of items 1-3)		2,400,372
5. Wastewater Treatment Plant & Disposal Land Costs		630,000
6. Detention Pond Land Costs		24,000
Total District Items		$17,406,372
TOTAL CONSTRUCTION COSTS (69.7% of BIR)		$33,417,088

Non Construction Costs	
A. Legal Fees (2%)	$959,400
B. Fiscal Agent Fees (2%)	959,400
C. Interest Costs	
1. Capitalized Interest (2 years @ 6.5%)	6,236,100
2. Developer Interest (2 years @ 6.5%)	4,344,221
D. Bond Discount (3%)	1,439,100
E. Creation Costs	220,000
F. Bond Application Report	132,000
G. Bond Issuance Expenses	94,796
H. Attorney General Fee (0.10%)	47,970
I. TCEQ Bond Issuance Fee (0.25%)	119,925
TOTAL NONCONSTRUCTION COSTS	$14,552,912
TOTAL BOND ISSUE REQUIREMENT	**$47,970,000**

Note: (1) Represents 70% funding.

Eligibility of costs and 30% developer contribution requirement will be determined in accordance with Commission rules in effect at the time bond applications are received. It is noted that box culverts under developer roads over natural waterways are not reimbursable items.

Roads Construction Costs	Total Cost	District's Share (1)
A. Developer Contribution Items		
1. Collector Road Costs	$5,586,000	$3,910,200
2. Contingencies (10% of item 1)	558,600	391,020
3. Engineering (10% of item 1)	558,600	391,020
Total Developer Contribution Items	$6,703,200	$4,692,240
B. District Items – None		
TOTAL CONSTRUCTION COSTS (69.7% of BIR)		$4,692,240
Non Construction Costs		
A. Legal Fees (2%)		$134,900
B. Fiscal Agent Fees (2%)		134,900
C. Interest Costs		
1. Capitalized Interest (2 years @ 6.5%)		876,850
2. Developer Interest (2 years @ 6.5%)		609,991
D. Bond Discount (3%)		202,350
E. Creation Costs		30,000
F. Bond Application Report		18,000
G. Bond Issuance Expenses		22,161
H. Attorney General Fee (0.10%)		6,745
I. TCEQ Bond Issuance Fee (0.25%)		16,863
TOTAL NONCONSTRUCTION COSTS		$2,052,760
TOTAL BOND ISSUE REQUIREMENT		$6,745,000

D. PROJECT FEASIBILITY

1. Project Financing

The estimated total assessed valuation of the proposed District at completion is as follows:

Land Use	Number of Units Planned	Average Unit Value	Total Value at Build-out
Single-Family Residential	1,025 ESFCs	$350,000	$358,750,000
Town Homes	150 ESFCs	$200,000	$30,000,000
Multi-Family	300 ESFCs	$75,000	$22,500,000
Retail/Office	25 ESFCs	$6,850,000	$171,250,000
		Total Assessed Valuation	$582,500,000

The District's water, wastewater and drainage facilities will require an estimated bond issuance of $47,970,000. The District's road facilities will require an estimated bond issuance of $6,745,000. The total bond issuance would be $54,715,000. Considering an estimated bond issue requirement of $54,715,000 (assuming 70% financing), a coupon bond interest rate of 6.5%, and a 25-year bond life, the annual debt service requirement would be approximately $4,485,617. Assuming a 90% collection rate and an ultimate assessed valuation of $582,500,000, tax rate of $0.86 per $100 assessed valuation would be necessary to meet the annual debt service requirements.

The total year 2007 overlapping tax rates on land within the proposed District are shown in the following table:

Taxing Jurisdiction		Tax per $100 Valuation
Comal County WCID No. 1		$1.00 (1)
Comal County		$0.32
Bulverde ISD		$1.31
	Total tax per $100 valuation	**$2.63**

Note: (1) Includes $0.86 estimated for debt service and $0.14 for a maintenance tax to equal the $1.00 total indicated.

Based on the proposed District's combined projected tax rate of $2.63 and the year 2007 overlapping tax rates on land within the proposed District, the project is considered economically feasible.

2. Water and Wastewater Rates

Based on the District's rate information provided with the application, the costs for 10,000 gallons of water and wastewater service for a single family residence is $63.60 ($33.60 for water and $30.00 for wastewater) per month. The cost for 10,000 gallons of wastewater service for commercial use is $30.00.

E. SPECIAL CONSIDERATIONS

1. Board Resolution

A resolution signed by two members of the District's board requesting conversion was originally submitted. However, 30 Texas Administrative Code Sections 293.15(b)(1) and 293.202(a)(2) require a certificate of resolution be provided showing action by a board majority. On March 17, 2009, a certified copy of the resolution was provided showing the resolution was adopted by three of five members of the District's Board.

2. Acquisition of Road Powers

The request to fund roads, with respect to having road powers, is due to the lack of appropriate road facilities, including thoroughfares, arterials and collector roads, in the area of the District. The resolution states that the area in which the District is located will experience substantial and sustained residential and commercial growth within the immediate future and it would benefit the health, safety, and welfare of the future inhabitants of the District, and to the land and property included in the District to have road powers. Evidence that the City of Bulverde received a copy of the District's request for road powers (30 Texas Administrative Code Section 293.202(4)) and a preliminary layout of collector roads have been provided. The proposed roads include one connecting U.S. 281 to Stahl Road, a loop road connecting to U.S. 281, and a road from the loop road to Farm-to-Market Road 1863.

3. District Name Change

The District has requested to change the name of the District, pursuant to Texas Water Code Section 49.071, and 30 Texas Administrative Code Section 293.102 from Comal County Water Control & Improvement District No. 1 to Johnson Ranch Municipal Utility District.

4. Projected Values

Application material indicates a projected value of $582,500,000. Information supporting this proposed value was provided on March 17, 2009. The District will primarily be residential with some commercial/retail and office development.

5. Boundary Description

A complete boundary description delineating the area of the District was provided on March 17, 2009. The District includes a 767.25 acre tract, save and except 3 tracts totaling 19.08 acres, for a net of 748.17 acres.

F. CONCLUSIONS

1. Based on a review of application material, and the combined projected tax rate of $1.00 per $100 assessed valuation, the conversion to a MUD meets the requirements of the economic feasibility rules of 30 Texas Administrative Code Section 293.59.

2. The conversion to a MUD would be a benefit to the land and serve the best interest of the District.

3. The request for road powers is feasible and the proposed roads appear to be a benefit to the land in the District.

4. The recommendations are made under authority delegated by the Executive Director of the Texas Commission on Environment Quality.

G. RECOMMENDATIONS

1. Grant the request for conversion from a water control and improvement district operating under Chapters 49 and 51 of the Texas Water Code to a municipal utility district operating under Chapters 49 and 54 of the Texas Water Code.

2. Grant the request for the acquisition of road powers in accordance with Texas Water Code Section 54.234 and 30 Texas Administrative Code Sections 293.201 and 293.202, subject to the requirements imposed by the Commission and general laws of the State of Texas relating to the exercise of such powers.

3. Grant the request to change the name of the District to "Johnson Ranch Municipal Utility District" in accordance with 30 Texas Water Code Section 49.071 and Texas Administrative Code Section 293.102.

H. ADDITIONAL INFORMATION

The District's consultants are listed as follows:

Mr. Scott R. Rhodes – McGinnis, Lochridge & Kilgore – 600 Congress Avenue, Suite 2100 – Austin, Texas 78701
Mr. Thomas E. Caponi – Bury and Partners Public Works, Inc. – 221 West Sixth Street, Suite 600 Austin, Texas 78701

Ruben Soto, Jr.
Districts Review Team