RESOLUTION NO. R2000-89

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE A DEVELOPMENT AGREEMENT WITH LENNAR HOMES OF TEXAS LAND AND CONSTRUCTION LTD., A TEXAS LIMITED PARTNERSHIP, DBA FRIENDSWOOD DEVELOPMENT COMPANY ("DEVELOPER"), RECITING THE RESPONSIBILITIES OF THE CITY AND DEVELOPER ASSOCIATED WITH THE DEVELOPMENT OF A RESIDENTIAL COMMUNITY IN THE CITY'S EXTRATERRITORIAL JURISDICTION.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:

Section 1. That certain Development Agreement by and between the City of Pearland and Lennar Homes of Texas Land and Construction Ltd., a Texas limited partnership, DBA Friendswood Development Company Ltd., a copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes, is hereby authorized and approved.

Section 2. That the City Manager or his designee is hereby authorized to execute and the City Secretary to attest the original of the attached agreement for and on behalf of the City of Pearland.

PASSED, APPROVED and ADOPTED this the 24th day of July, A.D., 2000.

Tom Reid
TOM REID
MAYOR

ATTEST:

Young Lorfing
YOUNG LORFING
CITY SECRETARY

APPROVED AS TO FORM:

Darrin M. Coker

DARRIN M. COKER
CITY ATTORNEY

DEVELOPMENT AGREEMENT

This **DEVELOPMENT AGREEMENT** (this "Agreement"), is made and entered into as of July 24, 2000, by and between the **CITY OF PEARLAND, TEXAS**, a municipal corporation and home-rule city of the State of Texas (the "City"), and Lennar Homes of Texas Land and Construction Ltd., a Texas limited partnership, dba "Friendswood Development Company" (the "Developer").

RECITALS

The Developer has the right to own and develop certain property located in the general vicinity of State Highway 6 and Farm to Market Road No. 521, in Brazoria County, located entirely within the extraterritorial jurisdiction ("ETJ") of the City, more fully described in Exhibit A, attached hereto (the "Property"), and the Developer has determined that the creation of two municipal utility districts (the "Districts") over the Property is necessary for the provision of water, sewer and drainage facilities necessary to develop the Property. In accordance with applicable law, the consent of the City is required for the creation of municipal utility districts within the City's ETJ, and the City is willing to consent to such creations, as expressed in Resolution 2000-21, adopted by the City Council of the City on February 14, 2000, in lieu of the current annexation of the Property, subject to certain conditions.

Section 43.0751, Tex. Local Gov't Code (the "Act") provides for the negotiation and implementation of "strategic partnership agreements" between cities and municipal utility districts, whereby the continued existence and various areas of governmental cooperation may be provided for by agreement, and the City is interested in entering into such agreements with the Districts immediately subsequent to their creation and organization.

The Developer and the City agree that the City intends to consent to the creation of the Districts subject to the City's standard conditions relating to the creation of districts in its ETJ. The City and the Developer have determined that they are authorized by the Constitution and laws of the State of Texas to enter into this Agreement and have further determined that the terms, provisions, and conditions hereof are mutually fair and advantageous to each.

AGREEMENT

For and in consideration of these premises and of the mutual promises, obligations, covenants, and benefits herein contained, the City and the Developer contract and agree as follows:

ARTICLE 1
DEFINITIONS

The terms "Act," "City," "Developer," "Districts," "ETJ," and "Property" shall have the meanings provided for them in the Recitals, above. Except as may be otherwise defined, or the context clearly requires otherwise, capitalized terms and phrases used in this Agreement shall have the meanings as follows:

CR58 Segment means the segment of Brazoria County Road 58 described in Section 3.03(a), below.

City Subdivision Ordinance means those regulations adopted by Ordinance 421, passed March 31, 1981, as amended.

Consent Ordinance means the ordinance or resolution to be adopted by the City evidencing the City's consent to the inclusion of land within each of the Districts in accordance with Tex. Local Gov't Code Section 42.042 and Tex. Water Code Section 54.016, each as amended.

Comprehensive Plan means the City's Comprehensive Plan for the location of streets, fire stations, libraries and other public facilities, adopted November 22, 1999, as amended subject to the rights of the parties hereto.

Developer's Road Contribution means the Developer's payment to the City for construction of roads defined in Section 3.03, below.

Plan of Development means the Developer's conceptual land plan and criteria for the development of the Property, attached hereto as Exhibit B.

SPA means a strategic partnership agreement between the City and one or more Districts pursuant to the terms of the Act.

Article 2
GENERAL STATEMENT

Subject to the specific terms and conditions stated in this Agreement, the City will defer annexation of the Property. The City and the Developer will cooperate to accomplish the creation of the Districts in the ETJ and the approval and execution of strategic partnership agreements by the Districts relating to the provisions of services within the Districts. In addition, the terms and conditions under which the Districts will be annexed and then dissolved by the City are set out.

Article 3
OBLIGATIONS OF THE DEVELOPER

3.01. Fire station and library sites.

a. The Developer agrees to donate to the City 1.3 acres and two acres of land, respectively, for the purpose of construction and operation of a City fire station and a City or County public library. The location of such sites shall be consistent with the Plan of Development. The exact location of such sites shall be approved by the City and shall be donated to the City at the time of the platting of the property adjacent to the sites. All utilities shall be provided at the property line of each site at no cost to the City. The City agrees to use its best efforts to cause such facilities to be constructed on the donated sites. The fire station site shall be eligible for use to serve the District in accordance with the fire plan described in Section 4.01 of the SPA. Any agreement for the use of the City fire station and library with a third party shall

terminate upon annexation of the District in which it is located, unless the City agrees otherwise.

b. The conveyances shall provide that (i) in the event the land is used for any purpose other than the specified purpose, without the written consent of the Developer, such site will revert to the Developer; and (ii) the Developer may make temporary use of the land prior to the City's construction of the fire station and library improvements, so long as the Developer vacates the land with all improvements within 60 days of receipt of notice from the City of its intention to commence construction thereon. Prior to the construction of any temporary improvements by the Developer, the Developer shall notify the City, and the City shall have the right to approve such improvements in advance.

3.02. Park Dedication Ordinance. The Developer agrees to dedicate to the City a 19.4-acre park as shown on the Plan of Development, at the time of platting of the surrounding land. In addition, the Developer shall pay $78.00 dollars per lot at the time the plat is recorded. Developer shall have no other park land dedication requirements.

3.03 Street construction. The Developer agrees to comply with the minimum road design standards in the City's Subdivision Ordinance as amended and approved by City Council on July 11, 1983, and the thoroughfare plan shown on the Plan of Development, except to the extent that the standards for road construction are inconsistent with the Plan of Development. The City agrees to use its best efforts to cause such future thoroughfare construction in the traffic shed to comply with the minimum design standards of the Comprehensive Plan. In addition, the Developer shall provide a contribution for road construction (the "Developer's Road Contribution") toward the construction of portions of the County Road 58 outside the Property, as detailed below.

a. County Road 58. County Road 58 will be planned as a major thoroughfare (120-foot right-of-way) as detailed in the Plan of Development. The Developer shall be responsible for the construction of a four-lane boulevard section within the Property as shown on figure 5 of the Plan of Development, and for a pro-rata share of a secondary thoroughfare outside the Property. The majority of County Road 58, within the ETJ, will be widened and constructed as development occurs adjacent to it under the City's Subdivision Ordinance. A portion of County Road 58, from County Road 48 west for approximately 2,560 feet (the "CR58 Segment") has already been developed with low-density housing and other similar uses that did not give rise to a requirement that a developer fund improvements to the CR58 Segment, and therefore future improvements thereto will not likely be funded by anyone under the Subdivision Ordinance; as a result, the CR58 Segment will need to be widened through the joint effort of the City, Brazoria County, and future development within the traffic shed. According to that certain traffic study carried out by Walter P. Moore, dated June 14, 2000, development of the Property will contribute 38 percent of the forecast traffic on the CR58 Segment. Subject to the contribution of other developers, and the timing of contributions described in Subsections (b) and (c), below, the Developer will pay to the City such percentage of the estimated construction costs of the CR58 Segment to be used for such purpose. The Developer's Road Contribution payment shall not exceed $233,490.

b. Timing of contribution. The Developer's Road Contribution shall be phased to coincide with the development of the Property. The total amount of the Developer's Road Contribution shall be divided by the number of lots anticipated to be provided on the Property in accordance with the Plan of Development, and in connection with the recording of a plat within the Property, the Developer will deposit with the City the per-lot amount as determined above, multiplied by the number of lots platted. The Developer's Road Contribution obligations with respect to platted Property shall terminate upon payment to the City.

c. Collection of funds from other developers. The parties understand that the City's Development Ordinance requires other developers to construct County Road 58 within or adjacent to their developments, in the same manner as the Developer will be required to construct County Road 58 within the Property. The City will require other developers to contribute to the CR58 Segment in accordance with applicable City development ordinances, and will credit the Developer's Road Contribution by the amount of such contributions, including the refund of any amounts already paid by the Developer with respect to applicable portions of the CR58 Segment.

d. Construction costs attributable to the Developer. Construction costs under this Section means costs associated with the actual construction costs, and engineering fees and expenses directly relating to the CR58 Segment, but shall not include right of way, costs of City financing, or other costs not directly related to the CR58 Segment.

e. City construction of alternate street design. If the City determines that the traffic requirements of County Road 58 may be satisfied by a different, less costly design, and wishes to make use of the Developer's Road Contributions to construct such an alternate roadway section, the City shall notify the Developer and may do so without Developer's written consent. In such event, Developer's thoroughfare design standards within the Property shall be modified to match the City's revised plan, and the Developer's Road Contribution shall be decreased to an amount consistent with the revised thoroughfare design.

f. Separate accounting. The City agrees to invest the Developer's Road Contributions in interest-bearing accounts, and to account for all principal and interest thereon, secured in the same manner and at the same interest rate that the City invests other City funds.

g. Final accounting. Upon completion of the CR58 Segment, or upon the occurrence of an event described herein such that the Developer is entitled to a return of all or a part of the Developer's Road Contributions, the City shall prepare a final accounting of funds advanced by the Developer, the use of such funds, and the earnings thereon. Within 30 days of the completion of the accounting, any unused funds or earnings shall be returned to the Developer.

h. County construction of alternate thoroughfare design. Because the subject portion of CR58 is not currently located within the City, it is possible that Brazoria County may wish to construct the CR58 improvements before the City does so. If, prior to the City

improving CR58 east of the Property, Brazoria County elects to improve CR58 east of the Property as provided in the Comprehensive Plan, or to an alternate design standard from the design in the Comprehensive Plan, and such improvement will result in CR58 being improved to a minimum four-lane rural asphalt section road the City will make available to the County (the Developer's Road Contribution) on the same pro-rata share basis. In such event, the thoroughfare so constructed shall be considered to have complied with the Developer's financial obligations under this Section, and all provisions hereof relating to the City shall be construed to refer to Brazoria County.

3.04. Cost reimbursement. The Developer shall reimburse the City for professional consulting fees reasonably incurred by the City in connection with the review and approval of this Agreement and the Strategic Partnership Agreement. Such cost shall be reimbursed within 30 days of notice thereof by the City, accompanied by copies of invoices therefor and appropriate backup documentation.

3.05. City gateway locations. The Developer agrees to make available to the City, at no cost, two locations along State Highway 6 (500 square foot minimum each) for City gateway sign locations. Such sites shall be mutually approved by the parties. The Developer shall have no funding obligation with respect to the gateway signs themselves, but shall cooperate to maintain their visibility.

3.06. Conforming City actions. The obligations of the Developer with respect to Sections 3.01, 3.02, 3.03, and Article 4 are conditioned upon the adoption of one or more ordinances by the City that will allow the provisions of the Plan of Development to prevail over applicable City provisions of the City's Subdivision Code, infrastructure design criteria, Land Use and Urban Design Code, flood plain ordinance, and other applicable City codes and regulations to the extent of a specific conflict.

Article 4
LAND AND DEVELOPMENT COVENANTS

4.01. City regulations applicable. The Developer agrees that, subject to the terms of this Agreement and the Plan of Development, it will abide by the terms of the City Subdivision Ordinance, infrastructure design criteria, the City Building Code, Land Use and Urban Design Code, and Flood Plain Ordinance, (collectively, the "Regulations") notwithstanding the fact that some or all of such regulations would not otherwise apply to the Property located outside the City. Plans and specifications for all public improvements shall be submitted to and approved by the City before the Developer awards a construction contract for such improvements. The Developer agrees that, at the time the Developer records a subdivision plat for any tract of land in the Property, and prior to the sale or conveyance of any land within the Property, it will record restrictive covenants on such land requiring all subsequent grantees to abide by the Regulations in the same manner, and providing that the City is a third party beneficiary to such covenants. Such covenants will be provided to the City Manager for review and comment at least ten days prior to recording thereof.

4.02. Land use. The Developer agrees to comply with the provisions of Land Use and Urban Development Ordinance, revised June 26, 2000, as amended subject to the rights of the parties, with such variations thereto as may be required to conform to the Plan of Development.

Article 5
CITY CONSENT TO CREATIONS AND STRATEGIC PARTNERSHIP AGREEMENTS

5.01. City consent to creation. Subject to the provisions of this Development Agreement, the City consents to the creation of two Districts over the Property. Upon submission of a proper petition for consent, and subject to the consent conditions attached hereto as Exhibit C, the City will provide a written consent in a form acceptable under the rules of the TNRCC and the Attorney General of Texas.

5.02. Strategic partnership agreements. Upon the creation and organization of each District, the Developer will present an SPA to the board of the District in substantially the form attached hereto as Exhibit D. The Developer shall use its best efforts to secure the approval of the SPA by the District as soon as practicable. Any revisions to the form of the SPA shall be made subject to the approval of the City, the Developer and the District's board of directors. The parties acknowledge that if the SPA's are not approved by the Districts, the provisions of Tex. Local Gov't Code, §43.052(h)(1) allow the City to annex the Districts prior to substantial development therein without regard to the requirements of a municipal annexation plan under such section.

Article 6
TERM AND DEFAULT

6.01. Term. This Agreement shall be in effect as of the date set forth on the first page hereof, and shall terminate 20 years thereafter, unless terminated earlier as specifically provided herein.

6.02. Default.

a. A party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such party fails to materially perform, observe or comply with any of its covenants, agreements or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

b. Before any failure of any party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the party claiming such failure shall notify, in writing, the party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining party within 30 days of the receipt of such notice, subject, however, to the terms and provisions of Section 7.01, below. Upon a breach of this Agreement, the non-defaulting Party may be awarded actual damages for failure of performance. Except as otherwise set forth herein, no action taken by a party pursuant to the provisions of this Section pursuant to the provisions of any other section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other party.

Article 7
MISCELLANEOUS PROVISIONS

7.01. *Force majeure*. In the event either party is rendered unable, wholly or in part, by *force majeure* to carry out any of its obligations under this Agreement, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this Agreement, then the obligations of such party, to the extent affected by such *force majeure* and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the *force majeure* relied upon, the party whose contractual obligations are affected thereby shall give notice and full particulars of such *force majeure* to the other party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "*force majeure*," as used herein, shall include without limitation of the generality thereof, 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 the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, drought, arrests, restraint of government, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply resulting in an inability to provide water necessary for operation of the water and wastewater systems hereunder, and any other inabilities of any party, whether similar to those enumerated or otherwise, which are not within the control of the party claiming such inability, which such party could not have avoided by the exercise of due diligence and care.

7.02. Approvals and consents. Approvals or consents required or permitted to be given under this Agreement shall be evidenced by an ordinance, resolution or order adopted by the governing body of the appropriate party or by a certificate executed by a person, firm or entity previously authorized to give such approval or consent on behalf of the party. Approvals and consents shall be effective without regard to whether given before or after the time required for giving such approvals or consents.

7.03. Address and notice. Any notice to be given under this Agreement shall be given in writing, addressed to the party to be notified as set forth below, and may be given either by depositing the notice in the United States mail postage prepaid, registered or certified mail, with return receipt requested; by messenger delivery; or by telecopy. Notice deposited by mail shall be effective three days after posting. Notice given in any other manner shall be effective upon receipt by the party to be notified. For purposes of notice, the addresses of the parties shall be as follows:

If to the City, to:

City Manager
City of Pearland
3519 Liberty Dr.
Pearland, Texas 77581
Telecopy No. (281) 652-1708

If to the Developer, to:

Friendswood Development Company

550 Greens Parkway
Suite 100
Houston, Texas 77067
Attention: John W. Hammond
Telecopy: (281) 872-4207

With a copy to:

Vinson & Elkins L.L.P.
2300 First City Tower
1001 Fannin
Houston, Texas 77002-6760
Attn: James A. Boone
Telecopy No. 713-615-5523

The parties shall have the right from time to time to change their respective addressees by giving at least 15 days' written notice of such change to the other party.

7.04. Assignability; successors and assigns. All covenants and agreements contained by or on behalf of a party in this Agreement shall bind its successors and assigns and shall inure to the benefit of the other parties, their successors and assigns. The parties may assign their rights and obligations under this Agreement or any interest herein, only with the prior written consent of the other party, and any assignment without such prior written consent, including an assignment by operation of law, is void and of no effect; provided that, the Developer may make an assignment to a successor developer of the Land if such assignee specifically assumes all of the obligations of the Developer hereunder or may make a collateral assignment in favor of a lender without consent. This Section shall not be construed to prevent the Developer from selling lots, parcels or other portions of the Land in the normal course of business. If such assignment of the obligations by the Developer hereunder is effective, the Developer shall be deemed released from such obligations. If any assignment of the obligations by the Developer hereunder is deemed ineffective or invalid, the Developer shall remain liable hereunder.

7.05. No additional waiver implied. The failure of either party to insist upon performance of any provision of this Agreement shall not be construed as a waiver of the future performance of such provision by the other party.

7.06. Reservation of rights. All rights, powers, privileges and authority of the parties hereto not restricted or affected by the express terms and provisions hereof are reserved by the parties and, from time to time, may be exercised and enforced by the parties.

7.07. Parties in interest. This Agreement shall be for the sole and exclusive benefit of the parties hereto and shall not be construed to confer any rights upon any third parties.

7.08. Merger. This Agreement embodies the entire understanding between the parties and there are no representations, warranties, or agreements between the parties covering the subject matter of this Agreement.

7.09. Modification; exhibit. This Agreement shall be subject to change or modification only with the mutual written consent of the City and the Developer. The exhibits attached to this Agreement are incorporated by this reference for all purposes.

7.10. Captions. The captions of each section of this Agreement are inserted solely for convenience and shall never be given effect in construing the duties, obligations or liabilities of the parties hereto or any provisions hereof, or in ascertaining the intent of either party, with respect to the provisions hereof.

7.11. Interpretations. This Agreement and the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Agreement.

7.12. Severability. If any provision of this Agreement or the application thereof to any person or circumstances is ever judicially declared invalid, such provision shall be deemed severed from this Agreement and the remaining portions of this Agreement shall remain in effect.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple copies, each of equal dignity, as of the date first given above.

CITY OF PEARLAND, TEXAS

By: _____
Tom Reid, Mayor

ATTEST:

By: _____
Young Lorfing, City Secretary

(SEAL)

APPROVED AS TO FORM:

By: _____
Darrin Coker, City Attorney

LENNAR HOMES OF TEXAS
LAND AND CONSTRUCTION, LTD.,
a Texas limited Partnership
dba Friendswood Development Company

By: Lennar Texas Holding Company,
a Texas Corporation, its general partner

By: _____
Joseph L. Stunja, Vice President

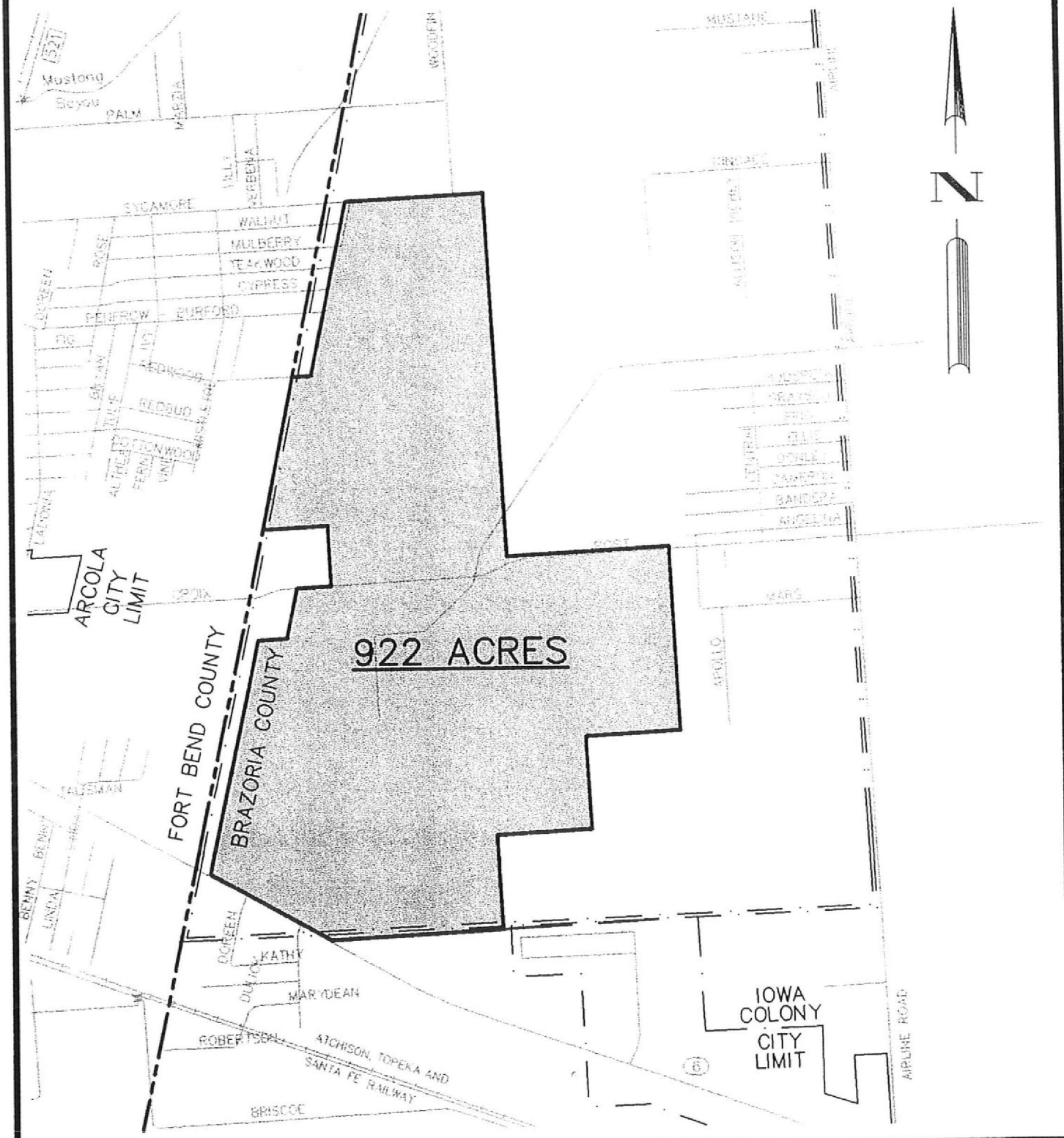
ATTEST:

By: _____
Nanette R. Peavey, Assistant Secretary

(SEAL)

EXHIBIT A

THE PROPERTY



BROWN & GAY ENGINEERS, INC.
CIVIL ENGINEERS & SURVEYORS
11490 WESTHEIMER, SUITE 700
HOUSTON, TEXAS 77077
(281) 558-6700

CITY OF PEARLAND

922 ACRE DEVELOPMENT

Scale:	Job No.:	Date:	Exhibit:
1"=2000'	02160	MAY, 2000	A

K:\LAND\RDG00\EXHIBITS\EXHIB-C

Exhibit "A"

EXHIBIT B

PLAN OF DEVELOPMENT

EXHIBIT "B"

PLAN OF DEVELOPMENT

This Plan of Development is an important opportunity for the City of Pearland to participate in the strategic planning of a major master planned community within the City's E.T.J. This Plan of Development is intended to align elements of the Comprehensive Plan with the goals and objectives of a major master planned development at the southern gateway to Pearland. The quality and cohesiveness of this development should set a standard of the type of development the City desires to promote in the far southwest quadrant of the City's ETJ.

I. PROJECT DESCRIPTION

The project is a proposed master-planned community of approximately 922 acres, located in the far southwest quadrant of Pearland's ETJ. The community will consist of residential, civic, and commercial uses; including facilities such as a school, church, day care, library, fire station, parks, lakes and trails and significant open space.

The Development Agreement and this Plan of Development will establish a comprehensive land use plan to guide development within the project. Figure 1 shows the location of the development.

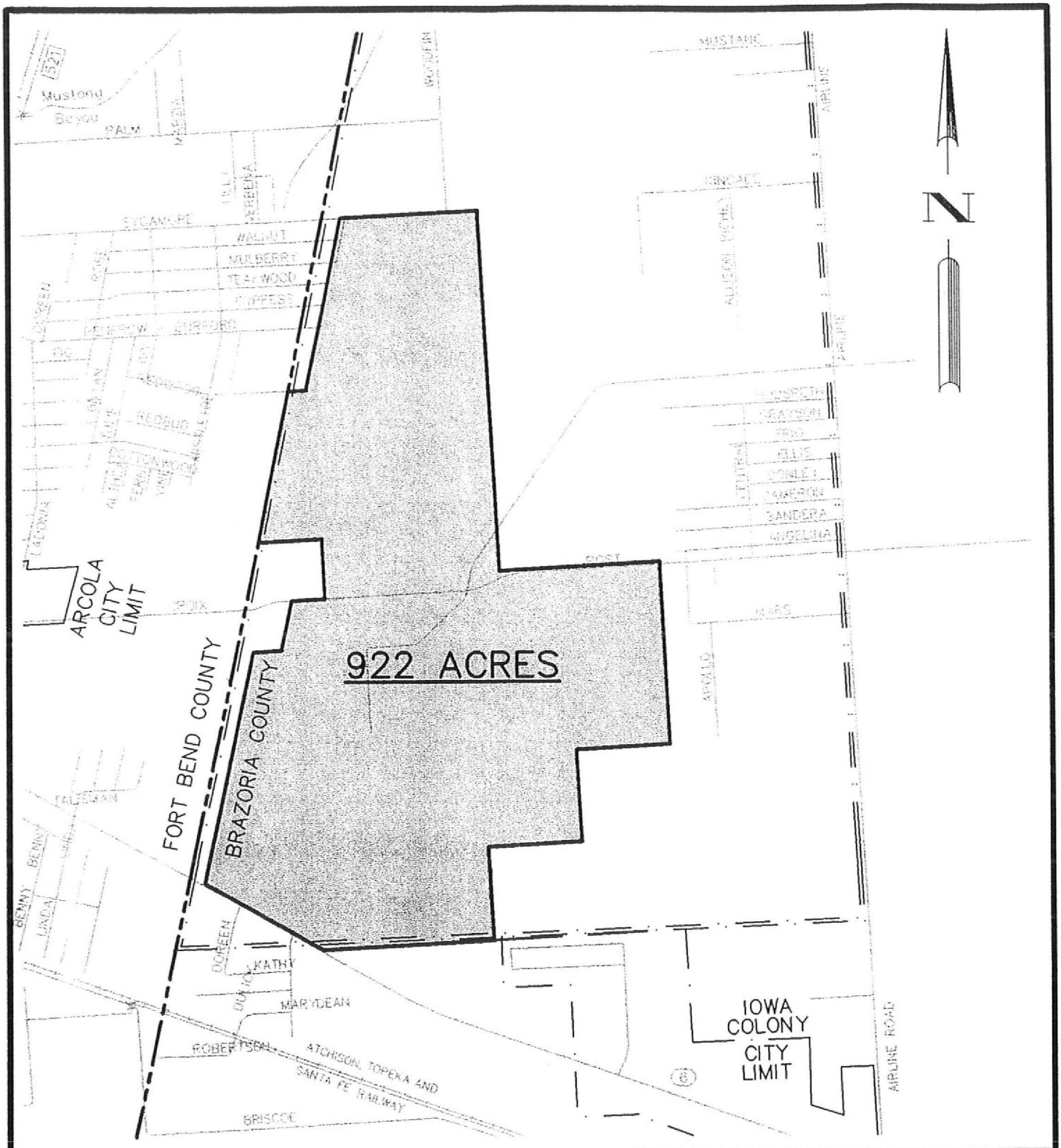
II. CURRENT LAND USE

The Property is located in Brazoria County, at the far southwest quadrant of the City of Pearland's ETJ and is bounded by S.H. 6 and the City of Iowa Colony on the south, the Fort Bend County line on the west, C.R. 564 (Sycamore St.) on the north, miscellaneous individual property owners along the east and is bisected by C.R.58 (Post Road).

The property is a compilation of nine large tracts and is currently vacant and unimproved, consisting of flat coastal plain used for cattle grazing. The surrounding vicinity is characterized by vacant tracts of land and substandard subdivisions with a scattered mix of permanent residences and mobile homes.

III. PROPOSED LAND USE

The property is outside of the City, and as such is not zoned. The Comprehensive Plan indicates this portion of the planning area as low density residential with appropriate commercial uses. The proposed General Development Plan, Figure 2, presents a low density master planned community with a wide range of attractive and affordable housing in well defined neighborhoods. The General Development Plan complies with the intent of the Comprehensive Plan with an overall density not to exceed 3.6 dwelling units per acre based on a maximum of 2,500 homes on 692 residential use acres. The General Development Plan and the Development Agreement provides for sites to be donated by the Developer to the City for construction of the future Library and Fire Station #10 by the City. Figure 3 illustrates the proposed amenities and beautification plan consisting of an integrated network of parks trails and open spaces.



BROWN & GAY ENGINEERS, INC.

CIVIL ENGINEERS & SURVEYORS
11490 WESTHEIMER, SUITE 700
HOUSTON, TEXAS 77077
(281) 558-8700

CITY OF PEARLAND

922 ACRE DEVELOPMENT

Scale:	Job No.:	Date:	Exhibit:
1"=2000'	02160	MAY, 2000	A

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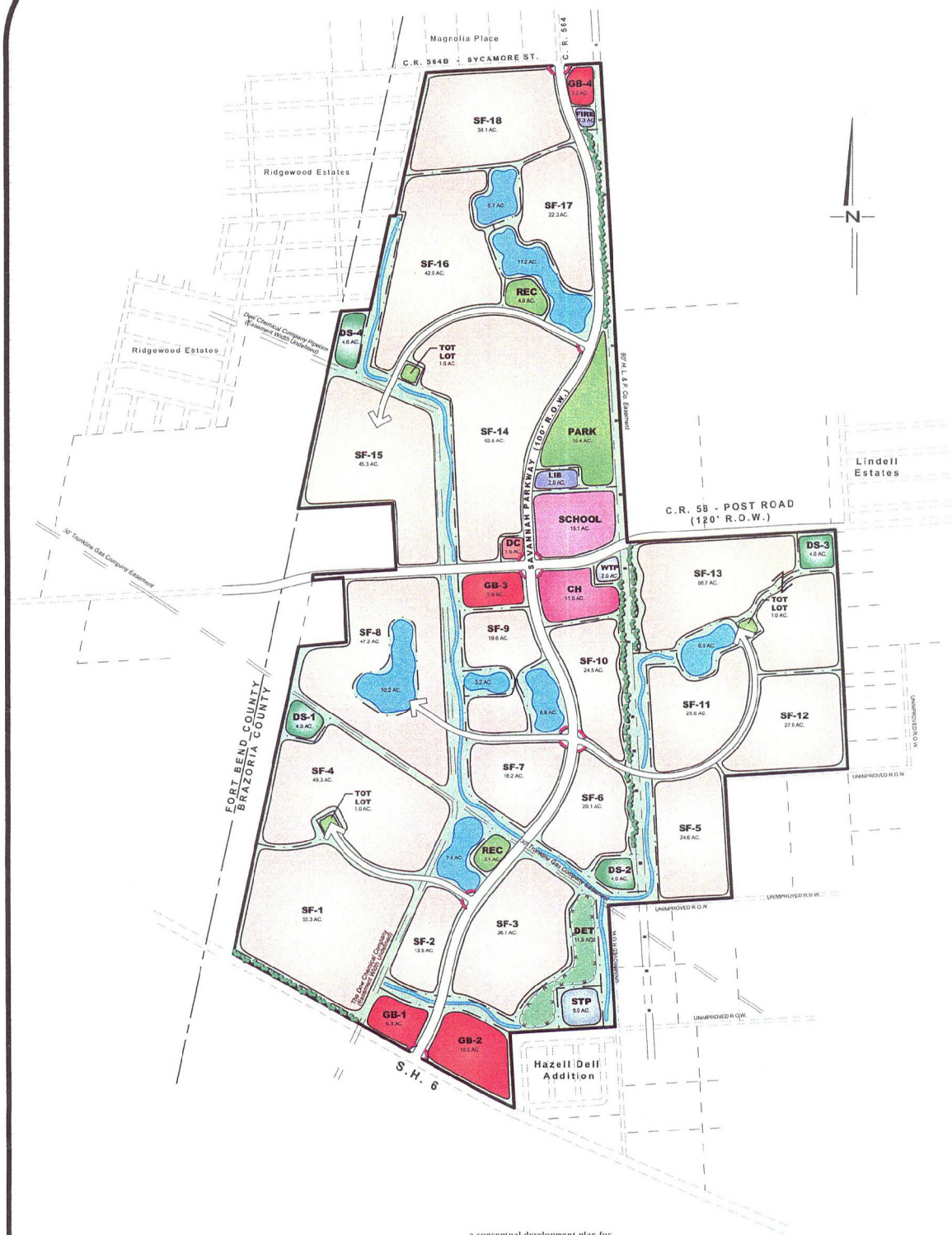
Figure 1



a conceptual development plan for

SAVANNAH

933.0 AC. TRACT

PEARLAND, TEXAS

prepared for

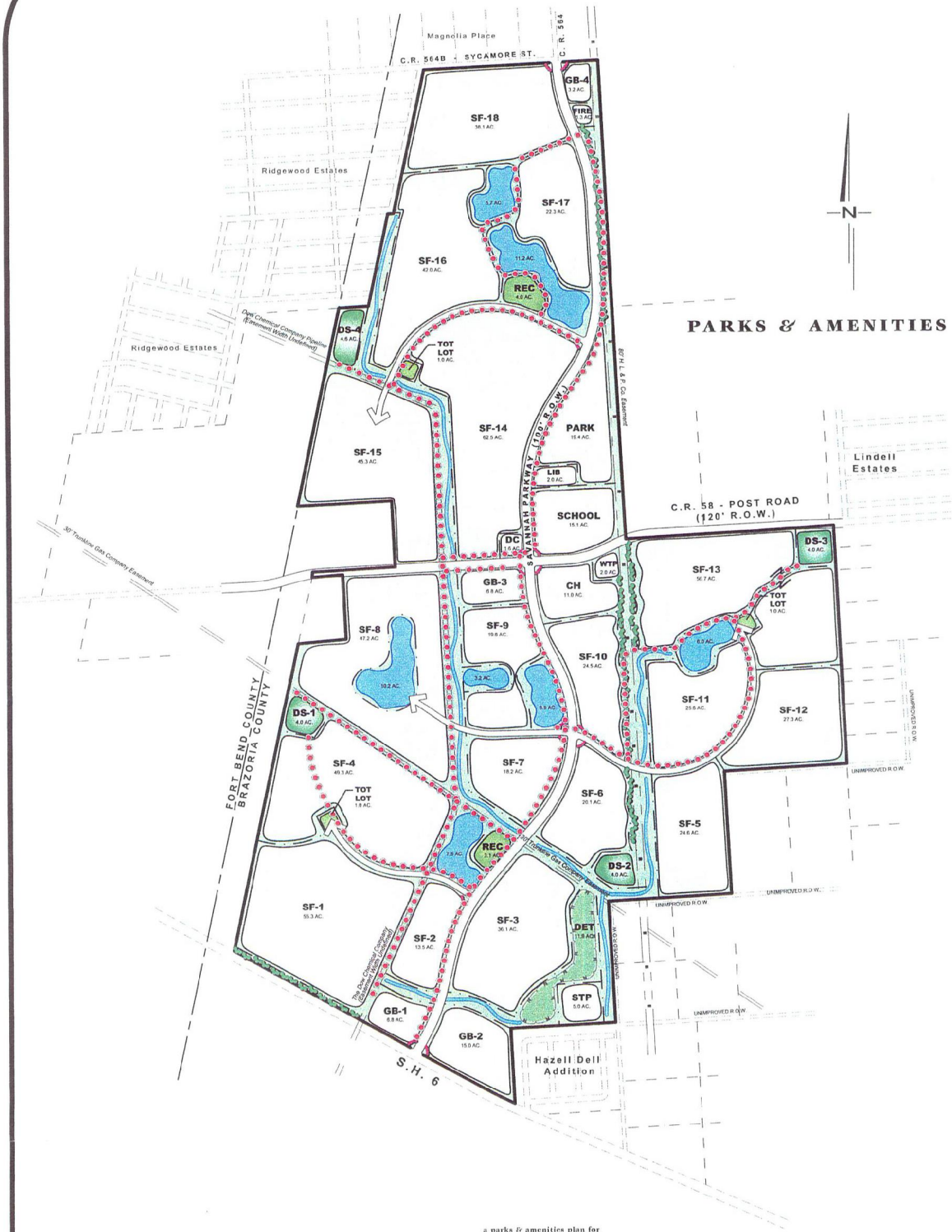
FRIENDSWOOD DEVELOPMENT CO.

KERRY R. GILBERT & ASSOCIATES, INC.
Land Planning Consultants
15810 Park Ten Place
Suite 160
Houston, Texas 77084
(281) 579-0340

SCALE

JUNE 1, 2000
KGA #4708-010

FIGURE 2



a parks & amenities plan for

SAVANNAH

933.0 AC. TRACT

PEARLAND, TEXAS

prepared for

FRIENDSWOOD DEVELOPMENT CO.

KERRY R. GILBERT & ASSOCIATES, INC.
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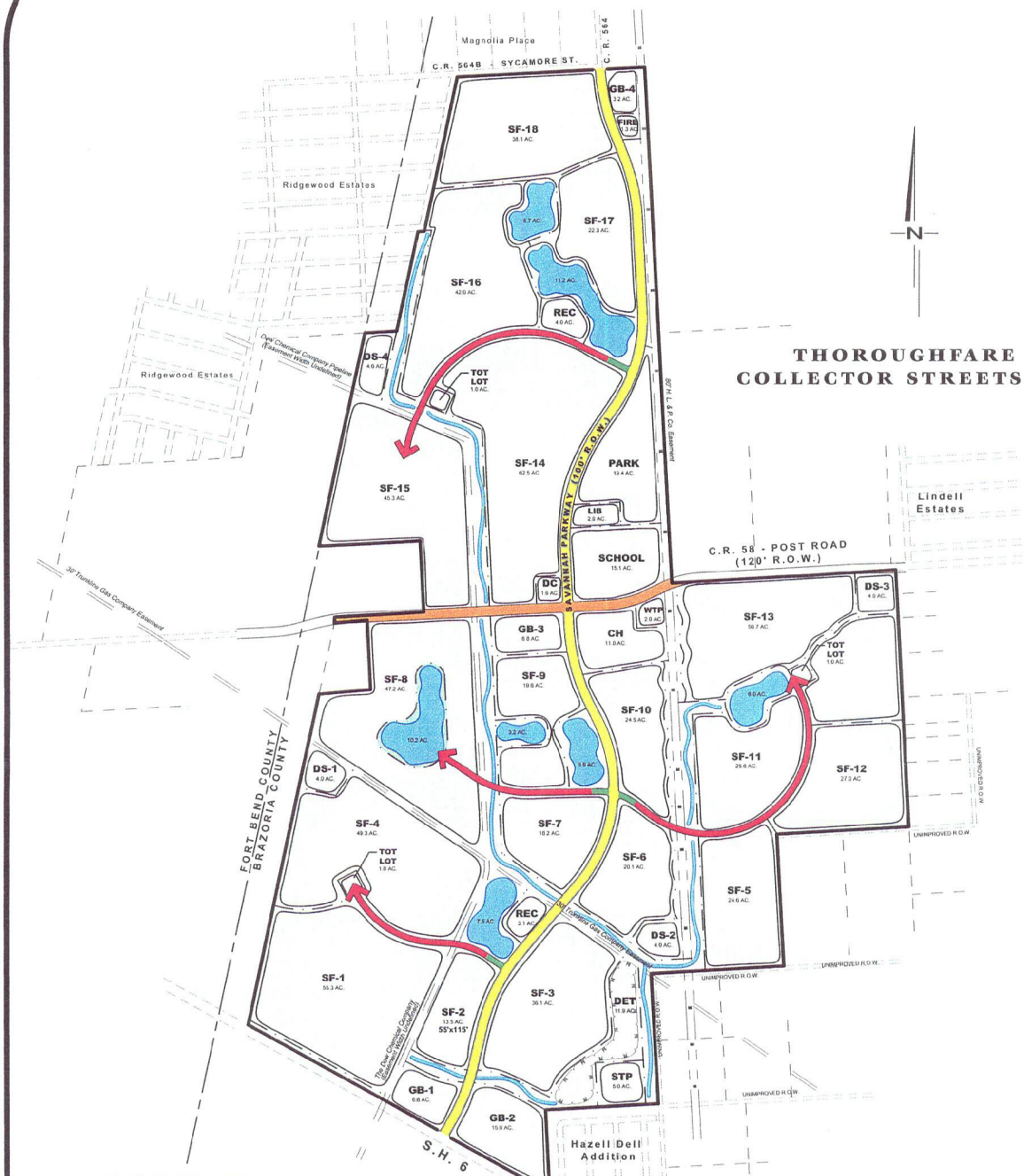


THOROUGHFARE & COLLECTOR STREETS PLAN

LEGEND

- 120' ROW WITH 2-25' PAVEMENT SECTIONS (8" CONC.)
- 100' ROW WITH 2-25' PAVEMENT SECTIONS (8" CONC.)
- 90' ROW WITH 2-25' PAVEMENT SECTIONS
- 60' ROW WITH 28' PAVEMENT

a thoroughfare & collector streets plan for

SAVANNAH

933.0 AC. TRACT

PEARLAND, TEXAS

prepared for

FRIENDSWOOD DEVELOPMENT CO.

KERRY R. GILBERT & ASSOCIATES, INC.
Land Planning Consultants
15810 Park Ten Place
Suite 160
Houston, Texas 77084
(281) 579-0340

SCALE

JUNE 1, 2000
KGA #4708-010

Table 1 below illustrates the composition of land usage proposed for the development .

TABLE 1: Composition of Land Usage

Use	Acres	Mix
Single Family Residential (SFR) *	692.0	75.0%
Multi Family Residential	0	0%
General Business (G.B.)	20.8	2.2%
Civic/Schools/Churches/Daycare	31.0	3.4%
Parks/Recreation/Open Spaces **	115.8	12.6%
Thoroughfare Right-of-ways	36.5	4.0%
Light Industrial (M1) ***	25.9	2.8%
TOTAL	**922.0**	

* Single family residential encompasses R-1 (217 acres); R-2 (200 acres); R-3 (200 acres) and R-4 (75 acres) single family dwelling districts as presented in Appendix "A" hereto. Any district may increase in acreage by up to 15%. The total increase in SFR is defined in Section IV.

** Parks, recreation and open space includes public and private parks, community recreation centers, linear parks and greenbelts, and open space, lakes, bayous and drainage ways.

*** Light Industrial includes the water plant sites, waste water treatment plant site, radio, telephone or television towers, and the existing 80' H.L.&P transmission line easement.

IV. Land Use Changes

Land use shall be regulated on a total acreage basis on Table 1 and by a finite cap on the number of dwelling units. Each land use category, except Single Family Residential (SFR), may be increased in acreage by up to 15%. SFR may be increased in acreage by up to 5%, as long as the total number of dwelling units does not exceed 2500. The percentage land use area change is required to assure the success of the development. If a proposed land use is requested to be an increase in area by more than 15% an amendment to this Plan of Development must be requested and approved by the City of Pearland.

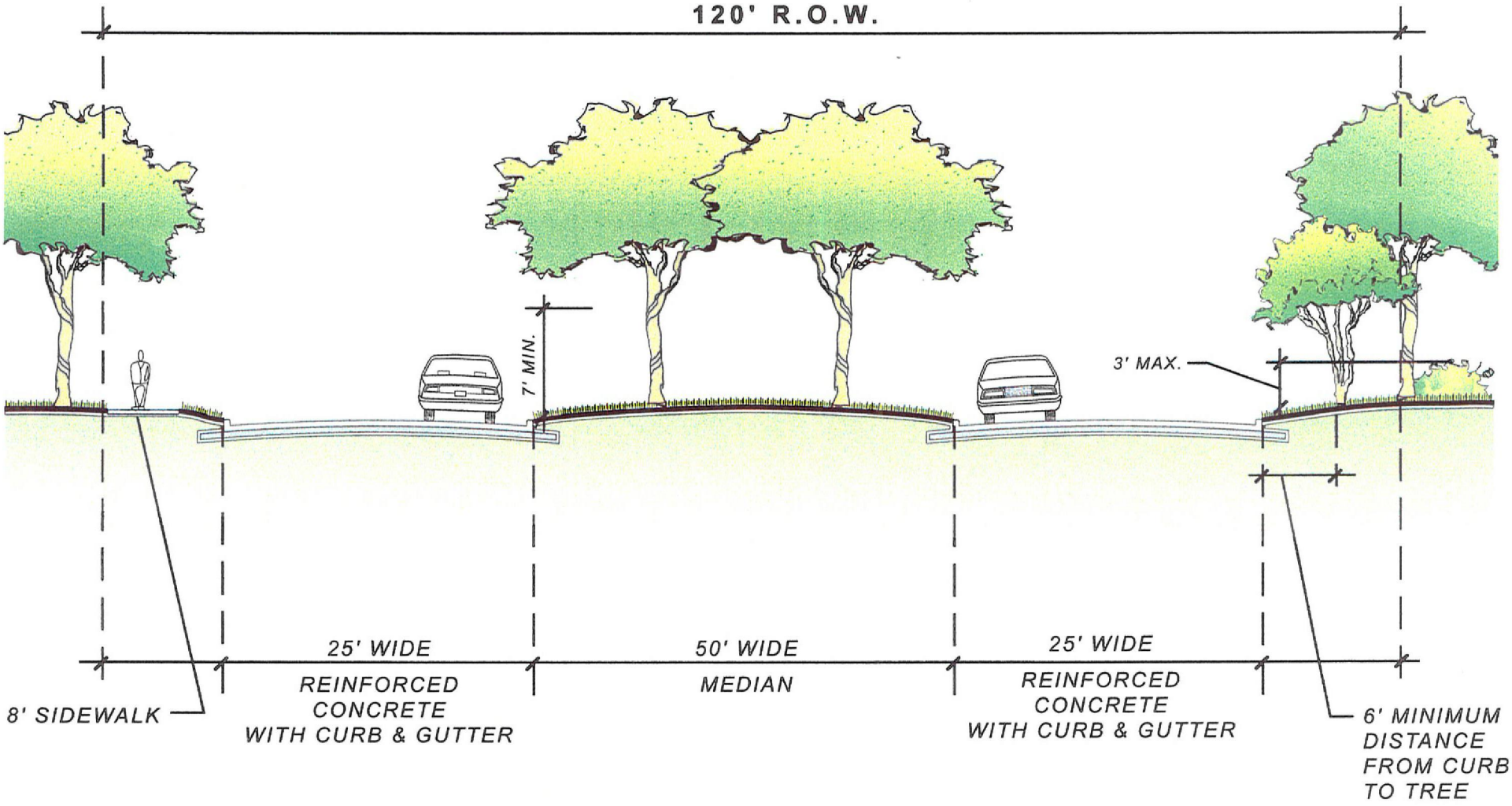
Land uses may be interchanged within the boundaries of the project provided they are in compliance with the acreage defined in Table 1, subject to the 15% allowable increase. The location and configuration of the library, fire station and park sites shall be approved by the City.

V. Traffic Improvements.

The following improvements will be built in phases during the development of the project.

- Figure 4 illustrates the general plan for thoroughfares and collector streets.
- Figure 5 illustrates the proposed street cross-section. for C.R. 58 (Post Road)
- Figure 6 illustrates the proposed street cross-section for Savannah Parkway.
- Figure 7 illustrates the proposed cross section for the entrances to collector streets.
- Figure 8 illustrates the proposed street cross section for collector streets.

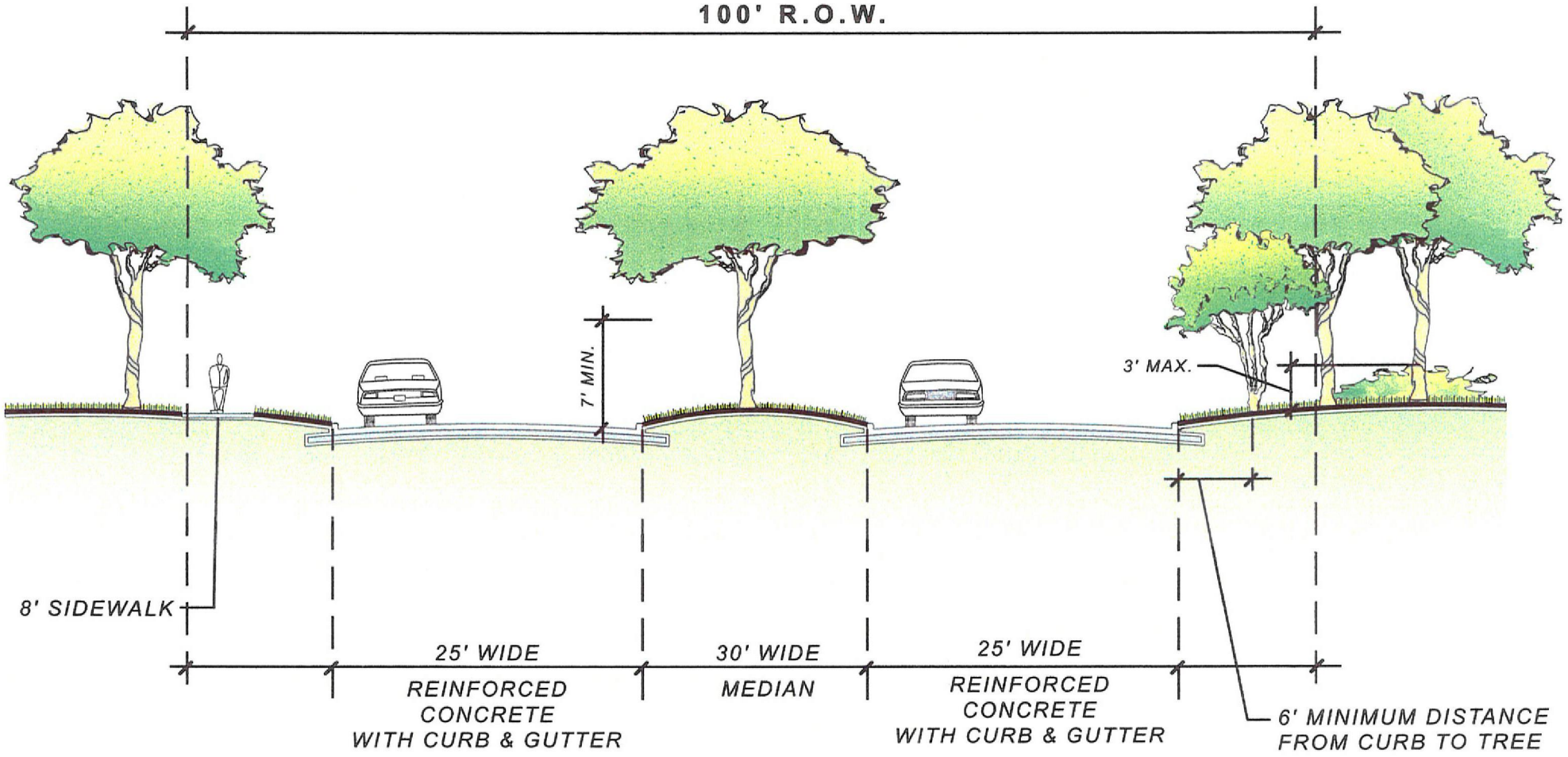
PROPOSED STREET CROSS SECTION
FOR
C.R. 58 (POST ROAD)



NOTE: NO RESIDENTIAL DRIVEWAY ACCESS.

FIGURE 5

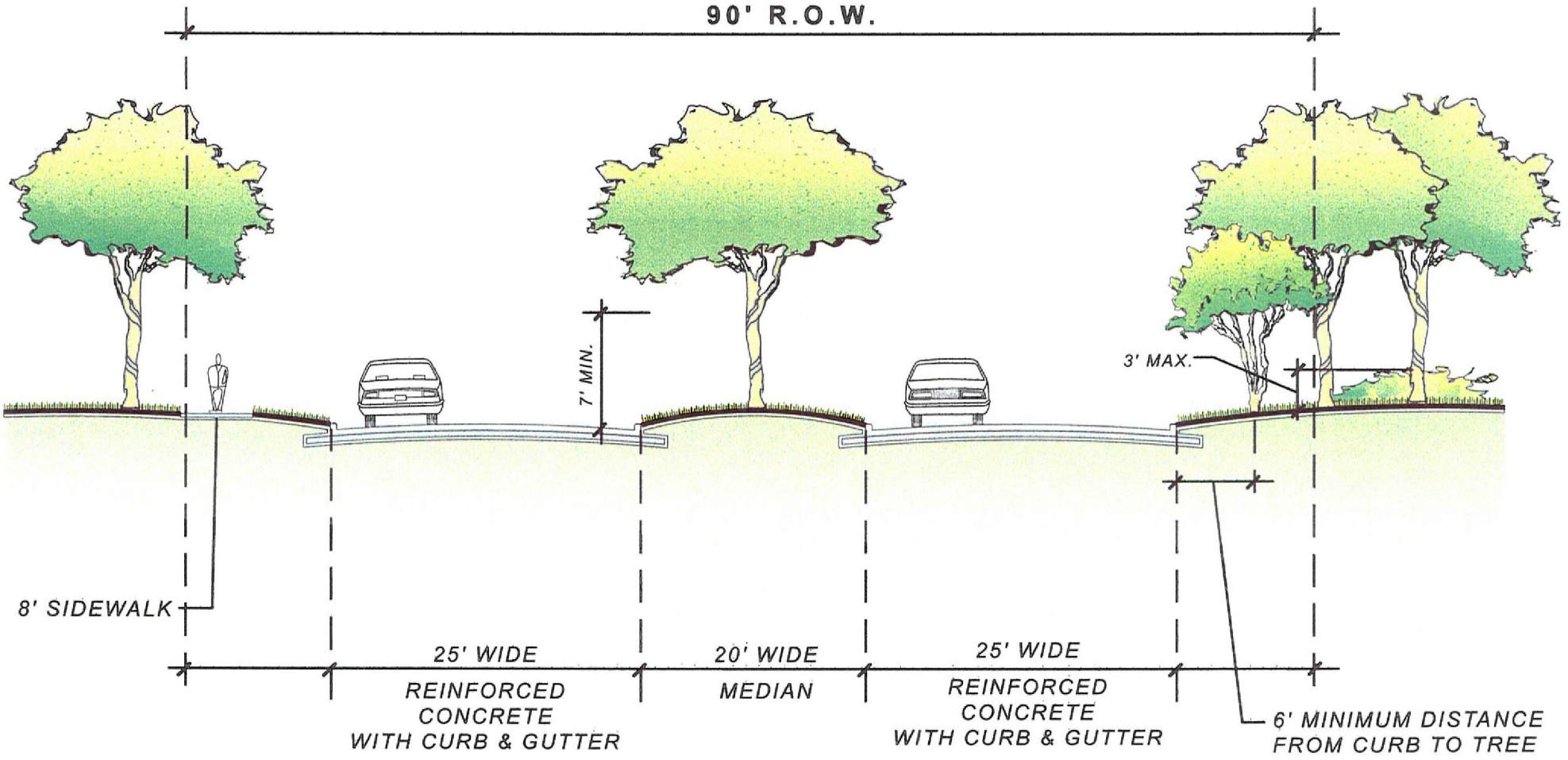
PROPOSED STREET CROSS SECTION
FOR
SAVANNAH PARKWAY



NOTE: NO RESIDENTIAL DRIVEWAY ACCESS.

FIGURE 6

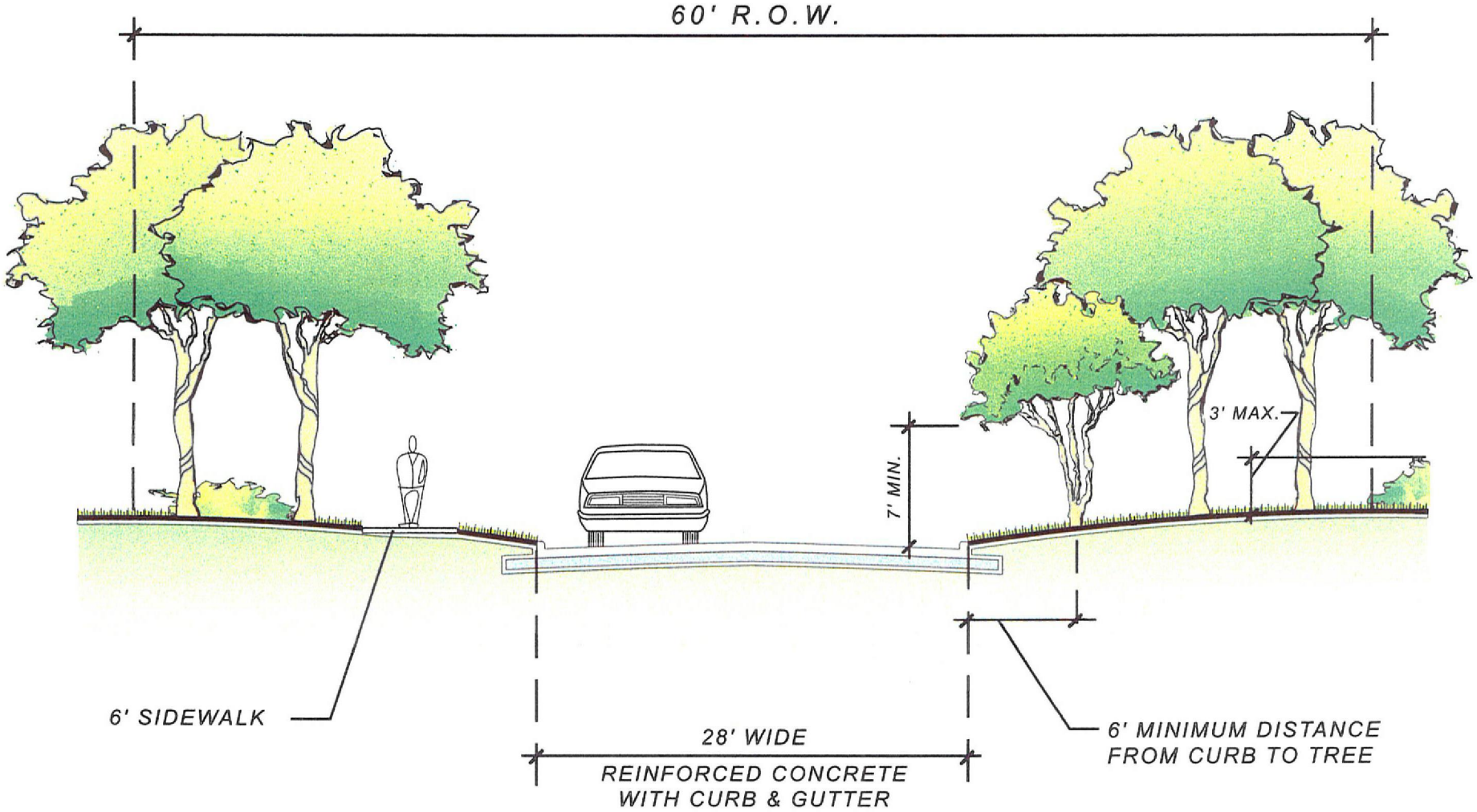
PROPOSED STREET CROSS SECTION
FOR
ENTRANCE ROADS



NOTE: NO RESIDENTIAL DRIVEWAY ACCESS.

FIGURE 7

PROPOSED STREET CROSS SECTION
FOR
COLLECTOR STREETS



NOTE: NO RESIDENTIAL DRIVEWAY ACCESS.

FIGURE 8

Appendix "A"

R-1 SINGLE FAMILY DWELLING DISTRICT

Purpose of District

The R-1 Dwelling District provides for large lot, single family detached dwellings. The district is the most restrictive of all residential districts, requiring large lots, and encourages a grouping of dwelling units to achieve larger open space areas and community recreational uses. This district will follow the provisions provided in the City of Pearland Land Use and Urban Development Ordinance applicable to the R-1 PUD district, and amendments thereto.

R-2 SINGLE FAMILY DWELLING DISTRICT

Purpose of District

The R-2 Dwelling District is intended to permit the low density residential development of detached, single family dwelling units, and encourages a grouping of dwelling units to achieve larger open space areas and community recreational uses. This district will follow the provisions provided in the City of Pearland Land Use and Urban Development Ordinance applicable to the R-2 PUD district, and amendments thereto.

R-3 SINGLE FAMILY DWELLING DISTRICT

Purpose of District

The R-3 Dwelling District provides for medium density lot, single family detached dwelling units, an appropriate grouping of dwelling units to achieve larger open space areas and community recreational uses.

General Conditions

1. **Area Requirements**

   In all areas where patio homes are developed, common recreation areas shall exist as greenbelts, trails, parks, recreation areas, an other passive and active open space amenities provided throughout the Project. Based on the Development's provision of 2,000 square feet of parks, recreation areas and open space per unit, no specific requirements shall apply to common recreation areas for this residential district.

2. **Yard Requirements (Setbacks)**

   There shall be one side yard of at least five (5) feet, with an aggregate side yard of at least ten (10) feet.

   Every part of a required side yard shall be open and unobstructed. Accessory buildings must meet all setback requirements. The ordinary projections of window sills, belt courses, cornices and other architectural features projecting not to exceed twelve (12) inches into the required side yard, and roof eaves projecting not to exceed eighteen (18) inches into the required side yard, except that no projections shall be permitted closer than twelve (12) inches to a common property line.

All other requirements of this district follow the provisions provided in the City of Pearland Land Use and Urban Development Ordinance applicable to the R-3 PUD district, and amendments thereto.

R-4 SINGLE FAMILY DWELLING DISTRICT

Purpose of District

The R-4 Dwelling District provides for maximum density single family dwelling units and appropriate open space. The R-4 dwelling district shall be located to provide a buffer between low-density single family residences and less restrictive residences and business related districts.

General Conditions

1. **Area Requirements**

   In all areas where patio homes or townhomes are developed, common recreation areas shall exist as

greenbelts, trails, parks, recreation areas, and other passive and active open space amenities provided throughout the Project. Based on the Development's provision of 2,000 square feet of parks, recreation areas and open space per unit, no specific requirements shall apply to common recreation areas for this residential district.

2. Yard Requirements (Setbacks)

Every lot within this district shall have front yards of at least twenty (20) feet and rear yards of at least ten (10) feet. There shall be required building separations a minimum of ten (10) feet. This shall allow for zero lot line on one side.

Townhomes are not required to meet setback requirements if they are attached.

All other requirements of this district follow the provisions provided in the City of Pearland Land Use and Urban Development Ordinance applicable to the R-4 PUD district, and amendments thereto.

GB General Business District

Purpose of District

The General Business district is intended to permit an extensive variety of commercial uses including retail trade, personal and business service establishments, offices and commercial recreational uses of limited scope. This district will follow the provisions provided in the City of Pearland Land Use and Urban Development Ordinance applicable to the GB PUD district, and amendments thereto.

M-1 LIGHT INDUSTRIAL

Purpose of District

The light industrial district is intended to permit community utility and related services, specifically radio, television or communication tower site, sewage treatment plant site, water wells, water treatment plant, pumping station or storage. All requirements of this district follow the provisions provided in the City of Pearland Land Use and Urban Development Ordinance, applicable to the M-1 PUD district, and amendments thereto.

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EXHIBIT C

CONSENT CONDITIONS

Exhibit C
Consent Conditions

(a) The District may issue bonds, including refunding bonds, including but not limited to, purchasing, refinancing, designing and constructing, or otherwise acquiring waterworks systems, sanitary sewer systems, storm sewer systems, fire/ems and drainage facilities, or parts of such systems or facilities, and to make any and all necessary purchases, constructions, improvements, extensions, additions, and repairs thereto, and to purchase or acquire all necessary land, right-of-way, easements, sites, equipment, buildings, plants, structures, and facilities therefor, and to operate and maintain same, and to sell water, sanitary sewer, and other services within or without the boundaries of the District. Such bonds must provide that the District reserves the right to redeem said bonds on any date subsequent to the tenth (10th) anniversary of the date of issuance (or any earlier date at the discretion of the District) without premium, and none of such bonds, other than refunding bonds, will be sold for less than 95% of par; provided that the net effective interest rate on bonds so sold, taking into account any discount or premium as well as the interest rate borne by such bonds, will not exceed two percent (2%) above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date of the sale of such bonds. The resolution authorizing the issuance of the District's bonds will contain a provision that the pledge of any revenues from the operation of the District's water and sewer and/or drainage system to the payment of the District's bonds will terminate when and if the City annexes the District, takes over the assets of the District, and assumes all of the obligations of the District.

(b) Before the commencement of any construction within the District, its directors, officers, or developers and landowners will submit to the City, or to its designated representative, all plans and specifications for the construction of fire/ems, water, sanitary sewer and drainage facilities to serve the District and obtain the approval of such plans and specifications therefrom. All water wells, water meters, flushing valves, valves, pipes, and appurtenances thereto, installed or used within the District, will conform to the specifications of the City. All water service lines and sewer service lines, lift stations, and appurtenances thereto, installed or used within the District will comply with the City's standard plans and specifications as amended from time to time. Prior to the construction of such facilities within or by the District, the District or its engineer will give written notice by registered or certified mail to the City, stating the date that such construction will be commenced. The construction of the District's water, sanitary sewer, and drainage facilities will be in accordance with the approved plans and specifications and with applicable standards and specifications of the City; and during the progress of the construction and installation of such facilities, the City may make periodic on-the-ground inspections.

(c) Prior to the sale of any lot or parcel of land, the owner or the developer of the land included within the limits of the District will obtain the approval of the Planning and Zoning Commission of the City of a plat which will be duly recorded in the Official Records of Brazoria County, Texas, and otherwise comply with the rules and regulations of the Engineering Department and the Department of Public Works of the City of Pearland.

EXHIBIT D

STRATEGIC PARTNERSHIP AGREEMENT

Exhibit D

STRATEGIC PARTNERSHIP AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF BRAZORIA §

This **STRATEGIC PARTNERSHIP AGREEMENT** (this "Agreement") is made and entered into, effective as of , , by and between the **CITY OF PEARLAND, TEXAS**, a municipal corporation and home-rule city of the State of Texas (the "City"), and **BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. ____**, a conservation and reclamation district created pursuant to Article XIV, Section 59, Texas Constitution and operating pursuant to Chapters 49 and 54, Texas Water Code (the "District").

RECITALS

1. The District was created with the consent of the City for the purpose of providing water, sewer and drainage facilities to the land within its boundaries. The District is located within the extraterritorial jurisdiction ("ETJ") of the City, but is not within its corporate limits. The District is part of a master planned community of approximately 922 acres (the "Development").

2. The City has historically annexed land into its corporate limits before development of such land has proceeded. However, the City determined that, because the District is located a substantial distance from current development within the City, its development can best proceed pursuant to a development agreement with the developer of land within the Development (the "Developer") and a strategic partnership agreement with the municipal utility districts within the Development.

3. To provide certainty and order with regard to the conduct of the Development and the roles of the City, the District and the Developer, the City and the Developer entered into that certain Development Agreement, dated _____, 2000 (the "Development Agreement") to provide for certain terms in connection with the Development. In addition, the provisions of Tex. Local Gov't Code, §43.0751 (Vernon Supp. 2000) (the "Act") state that the City and the District may enter into a strategic partnership agreement that provides for the terms and conditions under which services will be provided and funded by the City and the District and under which the District will continue to exist for an extended period after annexation of the land within the District by the City.

4. The City and the District, after the provision of required notices, held public hearings in compliance with the Act. Based upon public input received at such hearings, the City and the District wish to enter into a strategic partnership agreement to provide the terms and conditions under which services will be provided by the City and the District and under which the District will continue to exist for an extended period of time after the District is annexed for general purposes.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the City and the District agree as follows:

Article 1
DEFINITIONS

1.01. Definitions. The terms "Act," "City," "Developer," "Development," "Development Agreement," "District," and "ETJ" shall have the meanings provided for them in the Recitals, above. Except as may be otherwise defined, or the context clearly requires otherwise, capitalized terms and phrases used in this Agreement shall have the meanings as follows:

City Consent means the ordinance of the City consenting to the creation of the District, and the terms and conditions to such consent described therein.

City Regulations means the City's Building Code and related regulations, the City Subdivision Code, the City's infrastructure design criteria, the City's Land Use and Urban Design Code, and the City's Flood Plain Ordinance.

Districts means the District and the Participating District.

Effective Date and similar references means the date first written above.

Fee means the monthly fee assessed against residential property defined in Section 5.02, below.

Interim STP means the interim rental package wastewater plant described in Section 6.02, below.

Maximum Capacity means 750,000 gallons per day, average daily flow.

Participating District means the second municipal utility district established within the Development.

Party or Parties means a party or the parties to this Agreement, being the City and the District.

Permanent STP is defined in Section 6.02, below.

Person means any individual, partnership, association, firm, trust, estate, public or private corporation, or any other entity whatsoever.

TNRCC means the Texas Natural Resource Conservation Commission and its successors.

1.02. Findings and conclusions. The City and the District hereby find and declare:

a. The Act authorizes the City and the District to enter into this Agreement to define the terms and conditions under which services to the District will be provided and funded by the Parties and to define the terms and conditions under which the District will be annexed by the City at a future date as agreed hereunder as an alternative to annexation without the consent of the District.

b. In compliance with Subsection (p) of the Act, this Agreement (i) does not require the District to provide revenue to the City solely for the purpose of an agreement with the City to forgo annexation of the District, and (ii) provides benefits to each party, including revenue, services, and regulatory benefits which are reasonable and equitable with regard to the benefits provided to the other Party.

c. All the terms and conditions contained in this Agreement are lawful and appropriate to provide for the provision of municipal services and annexation.

d. The District is not obligated to make payments to the City for services except as otherwise provided herein.

e. This Agreement has been duly adopted by the City and the District after conducting two public hearings at which members of the public who wanted to present testimony or evidence regarding the Agreement were given the opportunity to do so. Notice of each hearing was published in the format required by Tex. Local Gov't Code, §43.123(b) and was published at least once on or after the 20th day before each public hearing.

Article 3
ANNEXATION OF THE DISTRICT

3.01. Conditions to annexation. The Parties agree that the District and its residents should be allowed to develop and function with certainty regarding the conditions under which annexation will be authorized for the City. As a result, the City and the District agree that, without regard to the City's right and power under existing or subsequently enacted law, the City will not annex the District until the following conditions have been met, and shall thereafter be authorized, but not required, to annex the District for any purpose:

a. All of the District's water, wastewater treatment, and drainage facilities have been constructed; and

b. The Developer, or the Developer's successors or assigns, has been reimbursed by the District to the maximum extent permitted by the rules of the TNRCC or the City assumes any obligation for such reimbursement of the District under such rules.

3.02. Annexation procedures. Because the District is, pursuant to this Agreement, an area that is the subject of a strategic partnership agreement, the City is not required to include the District in its Annexation Plan pursuant to Tex. Local Gov't Code, §43.052, et seq. (Vernon Supp. 2000). Except as provided in this Agreement, the City hereby waives any right to annex the District for full or limited purposes under any and all existing or future laws including under Section 17 of Senate Bill 89, published as Act of May 30, 1999, 76th Leg., R.S., ch. 1169, § 17, 1999 Tex. Gen. Laws 4074, 4090. Upon the annexation of territory within the District by the City pursuant to the provisions of this Agreement, such territory shall no longer be subject to the terms and provisions of this Agreement but shall instead be governed by the rules, regulations, codes, and ordinances then and thereafter effective within the City. Annexation shall otherwise be in accordance with existing law.

3.03. Operations prior to annexation. Prior to annexation, except as may be specifically provided in this Agreement or in the City Consent, the District is authorized to exercise all powers and functions of a municipal utility district provided by law, including, without limiting the foregoing, the power to incur additional debts, liabilities, or obligations, to construct additional utility facilities, or to contract with others for the provision and operation thereof, or sell or otherwise transfer property without prior approval of the City, and the exercise of such powers is hereby approved by the City; provided that the authority granted hereby shall be limited to actions in compliance with the City Consent.

3.04. Continuation of the District following annexation. Upon annexation of the District under the provisions of Section 3.01, above, the District will continue to exist for an extended period to allow for the completion of District operations and the integration of the District's system into the City's system, following which period the City shall act to abolish the District in accordance with applicable law; provided that, if the City has not abolished the District within 90 days after annexation, the District shall be automatically abolished on the 91st day. At such time, the City will assume all rights, assets, liabilities and obligations of the District (including all obligations to reimburse the developers within the District) and the District will not be continued or converted for limited purposes. Upon annexation, fees and charges imposed on residents of the former District for services provided by the City shall be equal to those fees and charges imposed on all other residents of the City.

3.05. Attempted incorporation. Notwithstanding any provision herein to the contrary, in the event that an election is called pursuant to applicable law in connection with a bona fide petition for incorporation of a municipality that includes a substantial portion of the District, the City shall be entitled to annex that portion the District attempting to incorporate.

Article 4
ALLOCATION OF MUNICIPAL SERVICES WITHIN THE DISTRICT

4.01. City Fire/EMS services. The District will formulate, with the assistance and advice of the City, and in conjunction with the Participating District, a "fire plan," as such term is used in Tex. Water Code, §49.351, consistent with the terms of this Section. The City may, but is not required to, provide all required fire and emergency medical services within the District. Such services will be provided as warranted by the then-current status of development within the District, on the same basis and using the same criteria as are used for the determination of the provision of such services within the City. The District will use its reasonable efforts to receive the required authorization and to thereafter contract with the City (in a form mutually agreeable and consistent with other such contracts entered into by the City relating to fire/EMS services outside the City) for the City to provide fire/EMS protection services to the District. Payment to the City with regard to services provided under this Section shall be described in the fire plan, and shall be based upon the actual costs to the City, including reasonable overhead, in providing such services. The Developer has agreed in the Development Agreement to provide a site for a fire station within the Development, and the City agrees to make use of such site in conjunction with the provision of fire/EMS service described herein.

4.02. Police protection. The District may provide for the provision of enhanced police protection services within the District by either contracting with the City or with a third party

provider of such services. If provided by the City, such services will be provided as warranted by the then-current status of development within the District, on the same basis and using the same criteria as are used for the determination of the provision of such services within the City. Payment to the City with regard to any police protection provided under this Section shall be based upon the actual costs of the City, including reasonable overhead, in providing such services.

4.03. Solid waste services. The District will provide solid waste collection services to the residential users within the District, using the same contractor used by the City. The District may, at its option, either (i) enter into a separate contract with such contractor to provide solid waste collection services to its residents, or (ii) request the City to extend its existing collection contract to cover the District. If the District elects the first option, it shall pay the contractor directly; if the District elects the second option, it shall pay the City for the costs attributable to the contract extension.

4.04. City inspection and regulation services. As a part of the municipal services to be provided within the District by the City, the City shall be authorized to enforce the City Regulations within the District, including the requirements included in such regulations relating to inspection of residential and commercial property and construction. The City reserves the right to charge a differential inspection fee for inspections conducted outside the City limits, but such fee shall not be more than 110 percent of the in-City inspection fee. To assist the District in enforcing the City Regulations, the District shall include in its Rate Order or other applicable water and sewer regulations a provision requiring that applicants for new District sewer taps affirm their compliance with the City Regulations, and that continued water and sewer services from the District shall be contingent upon the continued compliance of the affected property by the City Regulations; provided that, the District shall not be responsible for detecting or enforcing violations of the City Regulations except as provided in this Section. The District shall not transfer any new water or sewer service from a builder to the initial occupant of any structure requiring a certificate of occupancy without first obtaining from the applicant a certificate of occupancy issued by the City with respect to the structure.

4.05. Infrastructure inspection fees. The District shall be responsible for the payment of the City's infrastructure construction inspection fees that are applicable to District facilities. The City intends to rely upon the District's inspection reports with periodic inspection by City inspectors, but the City reserves the right to provide for full-time inspection by City personnel or by contract inspection services.

4.06. Expenses to be reasonably incurred. The City shall not incur capital or operating expenses in connection with this Article for which it intends to be reimbursed that cannot be repaid by a Fee that can be reasonably paid by a residential property owner, taking into consideration all other District fees, including property taxes and utility fees.

Article 5
COSTS AND ASSESSMENTS

5.01. Determination of costs of municipal services. The City shall determine its actual costs of providing municipal services described in Article 4 using generally accepted municipal auditing procedures, and shall provide such cost to the District annually, at least 60 days prior to the

beginning of the District's fiscal year. The costs of each City service shall be separately accounted for and, to the extent the City receives fees or other revenues in connection therewith (e.g., inspection or permit fees), such revenues shall be described and used to offset the City's costs. The District agrees to pay the reasonable expenses incurred by the City in computing the cost of municipal services, including reasonable consultants' fees.

5.02. Fee derived from residential property. In accordance with the Act, the District shall impose a fee on residential property within the District to be used to pay the City a fee in lieu of full-purpose annexation. The fee shall be equal to the costs of providing municipal services within the District as computed in accordance with Section 5.01, above, divided by the number of residential properties within the District. Fees with respect to multi-family properties, if any, shall be allocated based upon the number of dwelling units within each property. Costs associated with the District's fire/EMS plan described in Section 4.01, above, and solid waste collection described in Section 4.03, above, reflect services that the District would otherwise provide for itself, without respect to this Agreement, and are therefore not considered to be fees in lieu of full-purpose annexation as such term is used in the Act. The District will convert the fee derived under this Section into a monthly fee, payable by the owners of residential property within the District (the "Fee"), and enforceable in the same manner as other District fees and expenses. The District will be responsible for payment to the City, regardless of the District's ability to collect the full assessment.

5.03. Fee in lieu of full-purpose annexation. Each calendar quarter, the District shall pay the Fee collected pursuant to Section 5.02, above, to the City in lieu of full-purpose annexation.

Article 6
WATER, WASTEWATER AND DRAINAGE SERVICES

6.01. Generally. The District, in conjunction with the Participating District, will initially provide all water, sewer and drainage services for the Development in the same manner as such services are provided by other ETJ districts; provided that the Districts will participate in regional facilities as provided in this Article.

6.02 Wastewater facilities. The Districts will provide wastewater treatment for the Development by owning or leasing interim package wastewater treatment plants or capacity ("Interim STP"). The Interim STP shall not exceed the Maximum Capacity. At the time the Interim STP average daily flow reaches 75 percent of the Maximum Capacity, the District and the Participating District will begin design of a permanent wastewater treatment plant (the "Permanent STP") to serve the Development, and will commence construction when the flow reaches 90 percent of the Maximum Capacity. The Parties agree that the City may financially participate in such Permanent STP to the extent that it desires capacity therein for its purposes outside the Districts. Should the average daily flow in the Interim STP not exceed 90 percent of the Maximum Capacity within two years of completion of residential construction within the Development, the Districts agree to commence construction on the Permanent STP prior to lowering the tax rate below $1.00 per $100.00 of taxable valuation. The District will consult with the City regarding the conceptual and final design of wastewater treatment facilities, and the City may provide comments thereto, which comments the District will use its best efforts to incorporate consistent with good engineering practices and applicable regulations. The City reserves the right for the City, or its designee, to construct the initial or subsequent phases of the Permanent STP at any time to serve properties

outside the Districts. The District will not be required to participate in any such City-required expansion without its agreement, but will remain financially responsible for its pro-rata share of the Permanent STP prior to such expansion.

6.03 Water facilities. The Districts will provide for such interim water capacity as they determine is necessary, in accordance with applicable TNRCC regulations, and consistent with the timing of the needs of the Development, including without limitation the design and construction of the water distribution system to facilitate the interconnection to the City's permanent water supply and to Fort Bend Fresh Water Supply District No. 1. The distribution water mains within the Development are anticipated to be a 16-inch water main along County Road 58 and a 12-inch water main north to future County Road 101. At such time as the City determines that it is necessary to connect the Districts to the City water distribution system, the Districts will participate in funding the construction of a City water main (currently anticipated to be a 16-inch water main east along County Road 58, then continuing as a 12-inch water main north along County Road 48 to County Road 59). The District's financial participation in the water main shall be based upon its pro rata share of the water main's capacity required to serve it, taking into account any then-existing permanent water supply constructed by or on behalf of the District. The water plant site will be configured to include a minimum 500,000 gallon elevated tank; however, the District will not be responsible for funding or constructing the elevated tank.

6.04. Other considerations. Except as provided herein, the District shall be subject to the regulation and approval of the City in the same manner as provided for a district located in the City's ETJ generally.

Article 7
SALES TAX PROVISIONS

7.01. Imposition of sales tax. The City is hereby authorized to impose its sales and use taxes within the boundaries of the District, without annexation by the City, subject to the provisions and procedures described in this Article.

7.02. Eligibility. This Article shall become effective upon the receipt of notice by the District from the City that, as a result of any Federal Census, the City is an eligible municipality under Subsection (n) of the Act. The City shall have one year from the date of the official publication of the Federal Census to provide such notice. Because the most recent estimated Federal Census figures for Brazoria and Harris Counties greatly exceed the following population figures, it is anticipated that, after completion of the 2000 Federal Census, Brazoria County will be shown to have a population exceeding 200,000, and that Harris County will be shown to have a population exceeding 2.8 million, and that the City will be eligible to invoke this Article at such time.

7.03. Hearings. Upon receipt of the notice described in Section 7.02, above, the District will cooperate with the City to schedule two public hearings regarding the imposition of the City's sales and use taxes in the District, following the same notification process as provided in Subsection (d) of the Act.

7.04. Sales tax agreement. Following the hearings, the City may direct the District to approve and execute the Sales and Use Tax Agreement attached hereto as Exhibit A. The District

agrees that, upon receipt of such direction, it will execute the Sales and Use Tax Agreement within 60 days thereafter.

7.05. Cooperation. The Parties will cooperate to provide such documentation as the City may reasonably require to satisfy the requirements of the State Comptroller in connection with the collection of sales and use taxes within the District.

Article 8
DEFAULT, NOTICE AND REMEDIES

8.01. Default, notice. A breach of any material provision of this Agreement after notice and an opportunity to cure, shall constitute a default. The non-breaching defaulting Party shall notify the breaching Party of an alleged breach, which notice shall specify the alleged breach with reasonable particularity. If the breaching Party fails to cure the breach within a reasonable time not sooner than 30 days after receipt of such notice (or such longer period of time as the non-breaching Party may specify in such notice), the non-breaching Party may declare a default hereunder and exercise the remedies provided in this Agreement in the event of default.

8.02. Remedies. In the event of a default hereunder, the remedies of the non-defaulting Party shall be limited to either or both of the following:

a. Monetary damages for actual losses incurred by the non-defaulting Party if such recovery of monetary damages would otherwise be available under existing law and the defaulting Party is not otherwise immune from paying such damages; and

b. Injunctive relief specifying the actions to be taken by the defaulting Party to cure the default or otherwise comply with its obligations hereunder. Injunctive relief shall be directed solely to the default and shall not address or include any activity or actions not directly related to the default.

Article 9
MISCELLANEOUS

9.01. Beneficiaries. This Agreement shall bind and inure to the benefit of the Parties, their successors and assigns. This Agreement shall be recorded with the County Clerk in Official Records of each county in which the District is located, and shall bind and benefit each owner and each future owner of land included within the District's boundaries in accordance with Tex. Local Gov't Code, §43.0751(c). In the event of a dissolution of the District by the City, the Developer shall be considered a third-party beneficiary of this Agreement.

9.02 Term. This Agreement shall commence and bind the Parties on the Effective Date and continue for 50 years thereafter, unless terminated on an earlier date pursuant to other provisions or by express written agreement executed by the City and the District. Upon the expiration of 50 years from its Effective Date, this Agreement may be extended, at the District's request, with City approval, for successive one-year periods until all land within the District has been annexed by the City.

9.03. Notice. Any notices or other communications (a "Notice") required to be given by one Party to another by this Agreement shall be given in writing addressed to the Party to be notified at the address set forth below for such Party, (i) by delivering the same in person (ii) by depositing the same in the United States Mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party to be notified, or (iii) by depositing the same with Federal Express or another nationally recognized courier service guaranteeing "next day delivery," addressed to the Party to be notified, or (iv) by sending the same by telefax with confirming copy sent by mail. Notice deposited in the United States mail in the manner hereinabove described shall be deemed effective from and after the date of such deposit. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of notice, the addresses of the Parties, until changed as provided below, shall be as follows:

City:	City of Pearland 3519 Liberty Drive Pearland, Texas 77581 Attn: City Manager
District:	Brazoria County Municipal Utility District No. ___ c/o Vinson & Elkins L.L.P. 2300 First City Tower 1001 Fannin Houston, Texas 77002 Attn: James A. Boone

The Parties shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by giving at least five days written notice to the other Parties. If any date or any period provided in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable period for calculating the notice shall be extended to the first business day following such Saturday, Sunday or legal holiday.

9.04. Time. Time is of the essence in all things pertaining to the performance of this Agreement.

9.05. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable then, and in that event, it is the intention of the Parties hereto that the remainder of this Agreement shall not be affected.

9.06. Waiver. Any failure by a Party hereto to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof or of any other provision hereof, and such Party shall have the right at any time thereafter to insist upon strict performance of any and all of the provisions of this Agreement.

9.07. Applicable law and venue. The construction and validity of this Agreement shall be governed by the laws of the State of Texas without regard to conflicts of law principles. Venue shall be in Brazoria County, Texas.

9.08. Reservation of rights. To the extent not inconsistent with this Agreement, each Party reserves all rights, privileges, and immunities under applicable laws.

9.09. Further documents. The Parties agree that at any time after execution of this Agreement, they will, upon request of another Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request in order to carry out the terms of this Agreement.

9.10. Incorporation of exhibits and other documents by reference. All Exhibits and other documents attached to or referred to in this Agreement are incorporated herein by reference for the purposes set forth in this Agreement.

9.11. Effect of State and Federal laws. Notwithstanding any other provision of this Agreement, the District shall comply with all applicable statutes or regulations of the United States and the State of Texas, as well as any City ordinances or rules implementing such statutes or regulations, and such City ordinances or rules shall not be deemed a breach or default under this Agreement.

9.12. Authority for execution. The City hereby certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with the City Charter and City ordinances. The District hereby certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted by the Board of Directors of the District.

SIGNATURE PAGES FOLLOW

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement effective as of the date first written above.

CITY OF PEARLAND, TEXAS

By: _____
Mayor

ATTEST:

_____
City Secretary

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. ___

By: _____
President, Board of Directors

ATTEST:

By: _____
Secretary

Exhibit A to Strategic Partnership Agreement

SALES AND USE TAX AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF BRAZORIA §

This **SALES AND USE TAX AGREEMENT** (this "Agreement") is made and entered into effective as of _____,_____, by and between the **CITY OF PEARLAND, TEXAS**, a municipal corporation and home-rule city of the State of Texas (the "City"), and **BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. ____**, a conservation and reclamation district created pursuant to Article XIV, Section 59, Texas Constitution and operating pursuant to Chapters 49 and 54, Texas Water Code (the "District").

RECITALS

1. The City and the District have preciously entered into that certain Strategic Partnership Agreement, dated as of (the "Strategic Partnership Agreement"), providing for, inter alia, the imposition of the City's sales and use taxes within the District, contingent upon the City being an eligible municipality in accordance with the terms of Subsection (n) of the Act.

2. The 2000 Federal Census has determined that Brazoria County has a population in excess of 200,000, and that Harris County has a population in excess of 2.8 million. As a result, the City has found that it is a municipality in a county with a population of more than 200,000, bordering on the Gulf of Mexico, and adjacent to a county with a population of more than 2.8 million, and is therefore an eligible municipality under Subsection (n) of the Act.

3. The City provided notice to the District, and together they held two public hearings in accordance with Article 7 of the Strategic Partnership Agreement.

NOW, THEREFORE, the City and the District hereby agree as follows:

Section 1. Capitalized terms used herein shall have the same meanings as provided in the Strategic Partnership Agreement, unless otherwise defined herein.

Section 2. Effective upon the date first written above, the City is hereby authorized to impose, levy and collect its Sales and Use Taxes within the District.

Section 3. The parties agree to take all reasonably necessary steps to give effect to the terms of this Agreement.

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement effective as of the date first written above.

CITY OF PEARLAND, TEXAS

By: _____
Mayor

ATTEST:

_____
City Secretary

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. ___

By: _____
President, Board of Directors

ATTEST:

By: _____
Secretary