

**First Amendment
to that certain Utility Facilities Construction and Water Service Agreement
between Hamilton Bee Cave, L.P. and LCRA**

This First Amendment to that certain Utility Facilities Construction and Water Service Agreement between Hamilton Bee Cave, L.P., and LCRA ("Amendment") is made effective March 30, 2005, between Hamilton Bee Cave, LP ("Landowner") and the Lower Colorado River Authority, a political subdivision of the State of Texas ("LCRA").

RECITALS

Whereas, LCRA entered into that certain Utility Facilities Construction and Water Service Agreement ("Agreement") with William L. Formby on or about December 7, 2004; and

Whereas, William L. Formby assigned his rights and obligations under said Agreement to LANDOWNER pursuant to the terms of that certain Assignment of Contract effective March 30, 2005; and

Whereas, LANDOWNER is required pursuant to the terms of the Agreement to provide a Letter of Credit as fiscal security for certain facilities to be constructed by LCRA to deliver water to LANDOWNER; and

Whereas, LANDOWNER desires to provide a cash payment to LCRA as a substitute for the Letter of Credit ("LOC") required under the terms of the Agreement;

Now, therefore, in consideration of the mutual covenants and agreements expressed in this Amendment along with other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, LANDOWNER and LCRA agree as follows:

1. Article 2.05 of the Agreement is amended by inserting subsection "c.", which subsection shall read in its entirety as follows:

"c. LANDOWNER may pay to LCRA a cash deposit in the same amount as, and in substitution of, any LOC to be provided pursuant to Article II of the Agreement. This amount shall be known as the 'Cash Security,' and will be held and used by LCRA as provided in Article 2.05(d)."

2. In the first sentence of Article 2.09 of the Agreement, the phrase "Project Completion Date" is amended to be "Actual Completion Date."

3. Article 2.09 of the Agreement is amended by inserting subsection "c," which shall read in its entirety as follows:

"c. Any Cash Security or letter of credit proceeds received by LCRA pursuant to Article 2.05 shall be held and used as follows, notwithstanding any other provision of this Agreement to the contrary. The Cash Security or letter of credit proceeds will earn interest based on an allocated portion of the total interest earned on LCRA's investment portfolio. This interest will be calculated and credited annually in accordance with this Article 2.09. Interest shall accrue, however, only until the earlier of (i) the application or return thereof as provided herein or (ii) June 30, 2014. Except for its obligation to apply or return same pursuant to this Article II, LCRA may use the Cash Security or letter of credit proceeds for any purposes allowed by law. All such Cash Security or letter of credit proceeds may be drawn and applied by LCRA, and will be subject to credit and reduction, as provided in Articles 2.09a and 2.09b, and shall be subject to return and true-up as provided in Articles 2.10 and 2.11, of this Agreement, subject to the following:

- i. LCRA will pay interest to Landowner on the Cash Security or letter of credit proceeds only to the extent the Cash Security or letter of credit proceeds are returned, annually, in accordance with Articles 2.09 and 2.10 of this Agreement. In addition, the amount of interest that will be reimbursed annually will be limited to the amount associated with the same year's reimbursement. By way of example, if the Cash Security or letter of credit proceeds total \$100,000.00, and it earns interest in the amount of \$2,500.00 for the same year, but based on the number of connections within Landowner's Tract for that year LCRA returns \$10,000.00 to Landowner, then LCRA also will pay to Landowner \$250.00. To the extent Cash Security or letter of credit proceeds are not returned based on the number of connections within Landowner's Tract falling below the cumulative number of Projected Connection, as provided in this Agreement, LCRA shall retain that portion of the interest that relates to the portion of the Cash Security or letter of credit proceeds retained by LCRA. LCRA shall disburse the remainder of the interest upon final disposition of the Cash Security or letter of credit proceeds through either i) return to Landowner in accordance with this Agreement or ii) retention by LCRA in accordance with this Agreement.
- ii. Before returning to Landowner any portion of the Cash Security or letter of credit proceeds or interest thereon on an annual basis, LCRA shall first deduct and retain for its own purposes from said portion and interest the amount of \$900.00 per year for the cost of administering said Cash Security under this Agreement."

4. The second sentence in Article 3.02 is amended to read as follows:

Upon payment of the applicable impact fee to LCRA or LCRA's draw on the Cash Security in conformance with Article II of this Agreement, and provided that service connections to LCRA's system are made in a timely

*see LCRA letter
1/25/2006*

manner in accordance with LCRA's Schedule, the paying Landowner will have a guaranteed reservation of capacity in the Project for the number of LUEs of service for which the impact fees were paid or draws were made, and may assign all or any portion of such capacity (a) to any District that includes the Tract in question, or (b) to any person or entity within the Landowner's Tract, provided that written notice of such assignment is provided to LCRA.

5. By execution of this Amendment, LCRA acknowledges receipt of One Hundred Fifty Seven Thousand Two Hundred Thirty Six and 00/100 U.S. Dollars ("US \$157,236.00") from Landowner, in substitution of the Design LOC.
6. All terms of the Agreement remain in full force and effect except as expressly amended by this Amendment. Capitalized terms contained in this Amendment shall have the same meaning as provided in the Agreement except as expressly amended by this Amendment. In the event of an irreconcilable conflict between terms provided in this Amendment and terms contained in the Agreement, the terms of this Amendment shall control.
7. Notices to Landowner shall be given in the same manner as provided in the Agreement, but notices shall now be directed to:

Joel Robuck
c/o Hamilton Bee Cave, LP
7015 Snider Plaza, Suite 205
Dallas, Texas 75205
Fax: (214) 353-3090

and

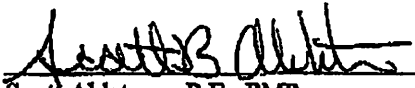
c/o E2M Partners, LLC
3401 Armstrong Avenue
Dallas, Texas 75205
Attn: Paul E. Rowsey, III
Fax: _____

With a copy to:

Mr. Terry Bray
Graves, Dougherty, Hearon & Moody
401 Congress Avenue, Suite 2200
Austin, Texas 78701
Fax: (512) 480-5635

Executed by the parties in duplicate originals to be effective March 30, 2005.


LCRA:

By: 
Scott Ahlstrom, P.E., PMP
Manager, Water & Wastewater Utility Services



LANDOWNER:

Hamilton Bee Cave, LP

By: 
Joel Robuck, its Authorized Agent