

AN ORDINANCE

APPROVING AN AGREEMENT CONSENTING TO THE UTILITY SERVICE AGREEMENT ENTERED INTO AMONG THE SAN ANTONIO WATER SYSTEM, TEXAS A&M UNIVERSITY, VERANO LAND GROUP, LP, AND VTLM TEXAS, LP AND DIRECTING THE BOARD FOR TIRZ NO. 28 TO MAKE ASSIGNED PAYMENTS DIRECTLY TO SAWS.

* * * * *

WHEREAS, the City, pursuant to Ordinance 2005-04-01, passed a Resolution on January 20, 2005, to support the development of Texas A&M University in San Antonio and to provide utility service to said campus; and

WHEREAS, the City, pursuant to Ordinance 2007-09-06-0947, approved a Memorandum of Understanding with various parties under which the Verano Land Group, LP and Texas A&M University were to negotiate and enter into an agreement with SAWS for the provision of some water and all wastewater service to TAMU-SA; and

WHEREAS, the City, pursuant to Ordinance 2007-12-06-1257, created Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas (the "TIRZ") to promote development of TAMU-SA and surrounding property, via tax increment financing, and established the TIRZ Board; and

WHEREAS, the City, pursuant to Ordinance 2008-11-20-1018, entered into a Development Agreement with the Developer, VTLM Texas, LP, defining the rights and duties of the parties with regard to development of public infrastructure within the TIRZ and recognizing the Developer's right to reimbursement from the TIRZ of water and wastewater infrastructure costs and related impact fees; and

WHEREAS, SAWS, pursuant to Resolution No. 09-217, passed on August 4, 2009 by its Board of Trustees, will enter into a Utility Service Agreement (the "USA") with the Developer and the Texas A&M University System for the benefit of TAMU-SA; and

WHEREAS, City Council approval of this Consent Agreement, expressing the City's consent to the USA and agreement to its terms, is a condition precedent to the execution of the USA and the SAWS Board of Trustees will consider SAWS' participation in this same Consent Agreement on September 1, 2009; and

WHEREAS, according to the USA, the Developer assigned his right to certain TIRZ reimbursement of public infrastructure costs under the Development Agreement to SAWS; and

WHEREAS, the City and the TIRZ Board have entered into an Interlocal Agreement with each of the three other Participating Taxing Entities in the TIRZ, specifically Bexar County, the San Antonio River Authority, and the Alamo Community College District; and

WHEREAS, as provided in paragraph V.C. of each Interlocal Agreement, the City and the TIRZ Board may enter into agreements to reimburse public infrastructure from the TIRZ solely from tax increment collected by the City after written notice to the other Participating Taxing Entities; and

WHEREAS, the TIRZ Board approved the Consent Agreement on August 13, 2009 and the City Council of the City of San Antonio, Texas desires to consent to SAWS' USA for the provision of utility service to TAMU-SA; and

WHEREAS, this consent does not financially impact the City's General Fund or other taxing entities with additional tax increment collections, but only recognizes the Developer's assignment of TIRZ reimbursement to SAWS, **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. CONSENTING TO THE TERMS OF THE USA. The City Council consents to the implementation of the USA as entered into among SAWS, Verano Land Group, LP, VTLM Texas, LP, and Texas A&M by executing the Consent Agreement, attached as **Exhibit A** in substantial form and incorporated by reference for all purposes, between the City, SAWS, the TIRZ Board, Verano Land Group, LP, and VTLM Texas, LP. The City Manager or her designee is authorized to execute the Consent Agreement and any necessary amendments to it or additional agreements should the USA be amended or the terms of the USA require clarification.

SECTION 2. RECOGNITION OF ASSIGNMENT OF CITY TAX INCREMENT BY DEVELOPER TO SAWS. The City agrees that: (i) the Developer has a right to be reimbursed from the TIRZ; (ii) the items described in Section 5 below are reimbursable from the TIRZ; (iii) the Developer's only assignment of TIRZ proceeds to date is to SAWS under the USA; (iv) the Developer's successor(s) in interest, including assignees other than SAWS, shall be inferior to those reimbursements to SAWS for its costs identified in the USA; (v) SAWS is entitled to direct reimbursement from the TIRZ because of the Developer's assignment according to Section 5 below; and (vi) only the City's contributed tax increment will be used when paying SAWS the assigned TIRZ reimbursement.

SECTION 3. NOTIFICATON TO PARTITICPATING TAXING ENTITIES. Staff is directed to notify the other Participating Taxing Entities as to the existence and terms of this Consent Agreement and the USA.

SECTION 4. ACCOUNTING. The City shall maintain an accounting of the tax increment collected by the City and available for distribution to SAWS under the USA and shall allow all other parties and the Participating Taxing Entities to review of such accounting.

SECTION 5. DIRECT PAYMENT TO SAWS. The City shall direct the TIRZ Board to make the following assigned reimbursements directly to SAWS from the TIRZ: (i) up to \$2,700,000.00 for the design and construction of wastewater improvements, subject to proration based on actual expenditures; (ii) actual costs incurred by SAWS, if any, for repair or reconstruction of any wastewater infrastructure designed or constructed by Developer within two

(2) years of completion; and (iii) the actual amount of water and wastewater impact fees attributable to TAMU-SA until the earlier of August 2034 or such time as the capacity reserved and allocated to TAMU-SA under the USA are committed or utilized.

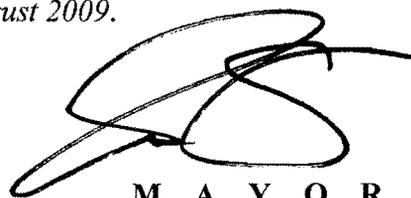
SECTION 6. COMMITMENTS TO SAWS. This City agrees not to terminate or dissolve the TIRZ while SAWS is due reimbursement or has the possibility of being reimbursed from the TIRZ under the Developer's assignment. Further, the City shall appoint a SAWS representative to the TIRZ Board under the same circumstances. The City shall provide SAWS access to all TIRZ financial reporting and access to the CIMS Portal as necessary. The City shall provide notice to SAWS before making any reimbursement that would cause the total paid from the tax increment collected by the City to exceed \$130,000,000.00. If SAWS then notifies the City of outstanding potential impact fees attributable to TAMU-SA, then the City shall reserve City's tax increment in that amount until August 2034 at which time the City shall release the reserved funds for use towards other reimbursements.

SECTION 7. INCORPORATION OF RECITALS. The statements set forth in the recitals of this Ordinance are true and correct, and are incorporated as a part of this Ordinance.

SECTION 8. SEVERABILITY. If any provision of this Ordinance or the application of this Ordinance to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application of this Ordinance to other circumstances shall nevertheless be valid, as if such invalid provision had never appeared in this Ordinance, and this Ordinance would have been enacted without such invalid provision.

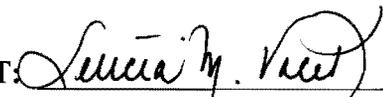
SECTION 9. EFFECTIVE DATE. This Ordinance shall be effective immediately upon passage of eight or more affirmative votes; otherwise it shall be effective on the tenth day after passage.

PASSED AND APPROVED *this 20th day of August 2009.*



M A Y O R
JULIÁN CASTRO

ATTEST:


City Clerk

APPROVED AS TO FORM:


for City Attorney

EXHIBIT A

**CONSENT AGREEMENT AMONG THE CITY OF SAN ANTONIO, TEXAS,
THE SAN ANTONIO WATER SYSTEM,
VERANO LAND GROUP, LP,
VTLM TEXAS, LP, and
THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER TWENTY-
EIGHT,
CITY OF SAN ANTONIO, TEXAS**

**CONSENT AGREEMENT AMONG THE CITY OF SAN ANTONIO, TEXAS,
THE SAN ANTONIO WATER SYSTEM,
VERANO LAND GROUP, LP
VTLM TEXAS, LP, and
THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER TWENTY-EIGHT,
CITY OF SAN ANTONIO, TEXAS**

This Agreement ("Agreement"), pursuant to Ordinance No. 2009-08-20-____, passed and approved on the 20th day of August, 2009 is entered into by and between the City of San Antonio, a Texas municipal corporation in Bexar County, Texas (the "City"); the San Antonio Water System, a public utility, acting through its Board of Directors pursuant to Resolution No. 09-217 as passed and approved on August 4, 2009 and Resolution No. 09-____ as passed and approved on September 1, 2009 ("SAWS"); Verano Land Group, LP a Texas limited partnership ("Owner"); and VTLM Texas, LP, a Texas limited partnership (the "Project Manager"), with the Owner and Project Manager being individually and/or collectively referred to in this Agreement as "Developer"; and the Board of Directors for Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas, a tax increment reinvestment zone as passed and approved on August 13, 2009 (the "Board"). The City, SAWS, the Developer, and the Board may each be referred to singularly as a "Party" or collectively as "Parties."

BACKGROUND:

WHEREAS, the City, pursuant to Ordinance 2007-12-06-1257, created Reinvestment Zone Number Twenty-Eight to promote development of property surrounding the Texas A&M University campus in San Antonio ("TAMU-SA"), pursuant to the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, through the use of tax increment financing, and established the Board; and

WHEREAS, the City, pursuant to Ordinance 2008-11-20-1018, entered into a Development Agreement with the Developer defining the rights and duties of the parties with regard to development of public infrastructure within Tax Increment Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas ("TIRZ"); and

WHEREAS, SAWS, pursuant to Resolution No. 09-217, will enter into a Utility Service Agreement with the Developer and the Texas A&M University System for the benefit of TAMU-SA; and

WHEREAS, this Agreement is authorized by SAWS' Resolution No. 09-____, which was passed on September 1, 2009; and

WHEREAS, under the Utility Service Agreement, the Developer assigned his right to some of the reimbursement of Project Costs under the Development Agreement to SAWS; and

WHEREAS, the City and the Board have entered into an Interlocal Agreement with each of the three other Participating Taxing Entities in the TIRZ; and

WHEREAS, per paragraph V.C. in each of the Interlocal Agreements, the City and the Board may enter into agreements to pay Project Costs from the TIF Fund with only written notice to the other Participating Taxing Entities; and

NOW, THEREFORE, the Parties consent to the terms of the Utility Service Agreement and agree as follows in order to implement the provisions of Utility Service Agreement:

I. DEFINITIONS

1.1 “Agreement” means this document by and among the City, SAWS, the Developer, and the Board which may be amended from time to time as necessary to fully implement the Utility Service Agreement, attached as Exhibit A.

1.2 “Assignment” means a written assignment to SAWS of right to receive TIF Fund reimbursements with a warranty of the Developer’s rights to such funds as set forth in the Utility Service Agreement [which is to be filed with the Utility Service Agreement in the Bexar County Property Records: necessity and means and manner of filing to be determined], attached in substantial form as Exhibit B to this Agreement

1.3 “Development Agreement” means the agreement by and among the City, Bexar County, the Developer, and the Board which may be amended from time to time as necessary to fully implement the Project Plan and Finance Plan for the TIRZ.

1.4 “EDU” stands for “Equivalent Dwelling Unit”, a means of measuring water and wastewater capacity provided by SAWS.

1.5 “Effective Date” is the date the last Party executes this Agreement.

1.6 “Impact Fees” is a one time charge imposed on new development by SAWS to help recover capital costs associated with providing the infrastructure and other required improvements to provide water or wastewater service to the new development.

1.7 “Participating Taxing Entity” means any governmental entity recognized as such by Texas law, which is participating in this TIRZ by contributing a percentage of its Tax Increment.

1.8 “Project Costs” has the meaning provided by Section 311.002(1) of the Act.

1.9 “Public Improvements” include those improvements that provide a public benefit and that are listed in the Project Plan, the Financing Plan and the Construction Schedule. When an improvement has both private and public benefits, only that portion dedicated to, held open to or accessible by the public may be reimbursed to the Developer as a Public Improvement.

1.10 “TAMU-SA” means Texas A&M University – San Antonio.

1.11 “Tax Increment” has the meaning assigned by Section 311.012 of the Texas Tax Code, and applies only to taxable real property within the TIRZ.

1.12 "TIF" means Tax Increment Financing.

1.13 "TIF Fund" means the tax increment fund created by the City pursuant to Ordinance 2007-12-06-1257 for the deposit of Tax Increments for the TIRZ, entitled "Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas Tax Increment Fund."

1.14 "TIRZ" means Tax Increment Reinvestment Zone Number Twenty-Eight, City of San Antonio, Texas.

1.15 "Utility Service Agreement" means the Utility Service Agreement entered into among SAWS, the Developer, and Texas A&M University on behalf of TAMU-SA.

Singular and Plural: Words used in this Agreement in the singular, where the context so permits, also include the plural and vice versa, unless otherwise specified.

Gender: The gender of the wording throughout this Agreement shall always be interpreted to mean either sex.

II. REPRESENTATIONS AND AGREEMENTS

2.1 **Consent.** The City, SAWS, the Developer, and the Board consent to the terms of the Utility Service Agreement, attached as Exhibit A. Because the City and the Board are not parties to the Utility Service Agreement, the intent of this Agreement is to evidence the agreement of all Parties to the Utility Service Agreement.

2.2 **City and Board Authority.** The City and the Board are authorized by paragraph V.C. in each of the Interlocal Agreements with the Participating Taxing Entities to enter into any other agreements to pay Project Costs and other reasonable expenses from the Tax Increments paid into the Tax Increment Fund by the City without the consent of any other Participating Taxing Entity and therefore have the authority to enter into this Agreement. The City and Board have provided each of the Participating Taxing Entities: Bexar County, Alamo Community College District, and the San Antonio River Authority, a written notice of this Agreement and will provided each entity executed copies of this Agreement when available.

2.3 **Right to Assign Payment.** The Developer may rely upon the payments to be made to them from the TIF Fund out of the Available Tax Increment Funds as specified in the Development Agreement, and the Developer may assign its rights to such payments to other parties. The Developer, City, and the Board agree that SAWS shall be assigned certain tax increment reimbursement otherwise due the Developer under the Utility Service Agreement and that City shall issue a check or other form of payment from the TIF Fund made payable only to SAWS for any assigned reimbursement.

2.4 **Right to Receive Reimbursements.** In exchange for certain expenditures by SAWS for Public Improvements within the TIRZ, the Developer shall by separate document, in substantially

the form attached as Exhibit B, assign a portion of his right to recover tax increment under the Development Agreement to SAWS.

2.5 Assigned Payment not Otherwise Encumbered. The Developer warrants that as of the Effective Date he has not made any other assignment of his right to TIF Fund proceeds and the City and the Board confirm that they have not authorized any other assignments of Developer's right to proceeds from the TIF Fund. The Developer agrees that SAWS reimbursement shall take precedence over any other reimbursement that Developer or assignee of Developer is entitled to under the Development Agreement, a condition precedent appearing in Paragraph S.C.2.00 in the wastewater section of the Utility Service Agreement.

2.6 Reasonable Efforts of all Parties. The City, SAWS, the Board, and the Developer represent each to the others that they shall make reasonable efforts to expedite the subject matters of this Agreement and acknowledge that the successful performance of this Agreement requires their continued cooperation.

III. THE RIGHT TO RECOVER

3.1 In partial reimbursement for certain expenditures by SAWS for the design and construction of wastewater infrastructure in the TIRZ, the Developer agreed in the Utility Service Agreement to allow SAWS the right to recover the following reimbursement amounts to which Developer is entitled under the Development Agreement for the TIRZ:

- a. up to \$2,700,000.00 for the design and construction of wastewater improvements, subject to proration based on the actual expenditures of SAWS;
- b. actual costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any wastewater infrastructure designed or constructed by Developer within two (2) years from the date of completion of such infrastructure; and
- c. the actual amount of water and wastewater impact fees attributable to TAMU-SA until the earlier of August 2034 or such time as the EDUs reserved and allocated to TAMU-SA under the Utility Service Agreement are committed or utilized.

IV. TERM OF AGREEMENT AND TIRZ

4.1 The term of this Agreement shall commence on the Effective Date and end on the date which is the earlier to occur of the following: (i) SAWS has been reimbursed from the TIF Fund for the full amount that they are entitled to under the Utility Service Agreement and has no possibility of additional reimbursement or (ii) September 30, 2037. The City and the Board agree that they will not terminate the TIRZ unless SAWS has been reimbursed the full amount they become entitled to under the Utility Service Agreement and TAMU-SA has constructed its first facility on site. However, the City agrees not to terminate the TIRZ while SAWS has outstanding reimbursement that they are entitled to receive per Paragraph S.C.202(C)(2) in the wastewater section of the Utility Service Agreement.

V. DUTIES AND OBLIGATIONS OF DEVELOPER

- 5.1 The Developer has the following duties and obligations to the other Parties:
- a. **Proration of Wastewater Construction Costs:** The Developer shall calculate the proration, if any, of SAWS' recovery for wastewater improvements per Paragraph S.C.2.02(E) in the wastewater section of the Utility Service Agreement. The Developer will give SAWS the opportunity to review the proration calculations. Upon agreement of both Developer and SAWS, the Developer will transmit the proration calculations to the City and the Board. If there is no required proration, the Developer will so notify the other Parties.
 - b. **Invoices.** The Developer shall designate SAWS as the direct payee on all supporting invoices submitted to the City for reimbursement for construction of wastewater improvements as outlined in Paragraph S.C.2.01 in the wastewater section of the Utility Service Agreement and undertaken by Developer.

VI. DUTIES AND OBLIGATIONS OF SAWS

- 6.1 SAWS has the following duties and obligations to the other Parties:
- a. **Documentation in Support of Payment from the TIF Fund.** SAWS agrees to promptly submit to the City, in a form acceptable to the City, documentation of impact fees due and owing on behalf of TAMU-SA and any repair and reconstruction expenses, including competitive bidding documentation, made by SAWS per Paragraphs S.C.2.02(D) and S.C.2.02(C)(2)(i) respectively in the wastewater section of the Utility Service Agreement.

VII. DUTIES AND OBLIGATIONS OF CITY

- 7.1 The City has the following duties and obligations to the other Parties:
- a. Provide written notification to the other Participating Taxing Entities contributing to the TIF Fund that none of the Tax Increment that they contribute will be used to reimburse SAWS per Paragraph S.C.2.00(iv) in the wastewater section of the Utility Service Agreement.
 - b. Maintain an accounting of the tax increment collected by the City and available for distribution to SAWS and allow all other Parties and Participating Taxing Entities access to review such an accounting.
 - c. Direct the Board to recognize the Assignment and to make payment directly to SAWS from the TIF Fund in the amount required by Paragraph S.C.2.02(C)(2) in the wastewater section of the Utility Service Agreement.

- d. Provide SAWS access to all TIRZ financial reporting, including periodic financial reports that provide an accounting of all TIF Fund collections and disbursements and access to the City's "CIMS Portal" if necessary as required by Paragraphs S.C.2.02(C)(3) and S.C.2.02(C)(4) respectively in the wastewater section of the Utility Service Agreement.
- e. Prior to paying out any reimbursements to any party that would cause the total amount of reimbursements paid from the Tax Increment contributed by the City to exceed \$130,000,000, the City shall send notice to SAWS and allow SAWS to determine if any amount of City Tax Increment should be reserved to complete the payment of Impact Fees attributable solely to TAMU-SA in accordance with Paragraph S.C.2.02(D) of the wastewater section of the Utility Service Agreement. If SAWS determines an Impact Fee amount should be reserved and attributable to TAMU-SA until August 2034, then the City shall reserve that amount on behalf of SAWS until August 2034. Any unreserved funds, or any reserved funds remaining after August 2034, shall be released to the City for use towards other reimbursements.

VIII. DUTIES AND OBLIGATIONS OF THE BOARD

- 8.1 The Board has the following duties and obligations to the other Parties:
 - a. Approve disbursements to be made directly to SAWS from the TIF Fund in the amount required by Paragraph S.C.2.02(C)(2) in the wastewater section of the Utility Service Agreement.

IX. LEGAL AUTHORITY

9.1 Each person executing this Agreement on behalf of the City, SAWS, the Board or the Developer, represents, warrants, assures and guarantees that he has full legal authority to (i) execute this Agreement on behalf of the City, SAWS, the Board and/or the Developer, respectively and (ii) to bind the City, SAWS, the Board and/or the Developer, respectively, to all of the terms, conditions, provisions and obligations contained in this Agreement.

X. PARTIES' REPRESENTATIONS

10.1 This Agreement has been jointly negotiated by the City, SAWS, the Board, and the Developer and shall not be construed against a party because that party may have primarily assumed responsibility for the drafting of this Agreement.

XI. CAPTIONS

11.1 All captions used in this Agreement are only for the convenience of reference and shall not be construed to have any effect or meaning as to the agreement between the parties to this Agreement.

XII. ENTIRE AGREEMENT

12.1 **No Contradictions.** This written Agreement is a consent to the Utility Service Agreement and embodies the final and entire agreement between the Parties for the implementation of said Utility Service Agreement, and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties. If there is any conflict between the terms of this Agreement and the Utility Service Agreement, the terms of the Utility Service Agreement shall control.

12.2 **Incorporation of Exhibits.** The Exhibits attached to this Agreement are incorporated in and shall be considered a part of this Agreement for the purposes stated in this Agreement.

IN WITNESS THEREOF, the Parties hereto have caused this instrument to be signed on the date of the each signature below. In accordance with Section 1.5 above, this Agreement will become effective on the date of the last signature below:

CITY OF SAN ANTONIO

SAN ANTONIO WATER SYSTEM

Sheryl Sculley

Robert R. Puente, President and Chief Executive Officer

City Manager

Date: _____

Date: _____

ATTEST/SEAL:

ATTEST/SEAL:

Leticia M. Vacek

City Clerk

Date: _____

Date: _____

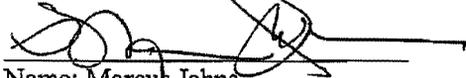
APPROVED AS TO FORM:

Michael D. Bernard

City Attorney

Date: _____

**BOARD OF DIRECTORS
TAX INCREMENT REINVESTMENT
ZONE NUMBER TWENTY-EIGHT,
CITY OF SAN ANTONIO, TEXAS**



Name: Marcus Jahns
Title: Presiding Officer, Board of Directors
Date: 8-13-2009

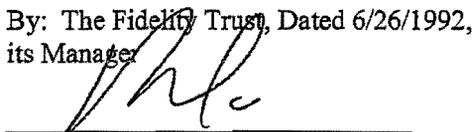
DEVELOPER

VTLM Texas, LP,
a Texas limited partnership

By: Texas Manager, LLC,
a Nevada limited liability company,
its General Partner

By: Triple L Management, LLC,
a Nevada limited liability company,
its Manager

By: The Fidelity Trust, Dated 6/26/1992,
its Manager


Ralph J. Lampman, Trustee

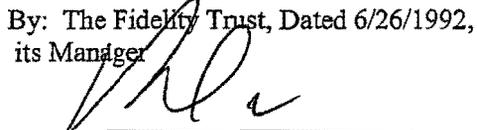
Date: 8-13-2009

Verano Land Group, LP,
a Texas limited partnership

By: San Antonio Management, LLC
A Nevada limited liability company,
its General Partner

By: Triple L Management, LLC,
a Nevada limited liability company,
its Manager

By: The Fidelity Trust, Dated 6/26/1992,
its Manager


Ralph J. Lampman, Trustee

Date: 8-13-2009

EXHIBIT A

Utility Service Agreement

UTILITY SERVICE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This Utility Service Agreement (“Agreement”) is entered into by and among the San Antonio Water System Board of Trustees, through Resolution Number _____, acting by and through its President/Chief Executive Officer (“SAWS”); The Texas A&M University System (“TAMUS”), for the benefit of The Texas A&M University – San Antonio (“TAMU-SA”); Verano Land Group, LP a Texas limited partnership (“Owner”); and VTLM Texas, LP, a Texas limited partnership (“Project Manager”), with the Owner and Project Manager being individually and/or collectively referred to in this Agreement as “Developer”; and all of the foregoing entities being referred to together as the “Parties”.

Recitals

Whereas, Owner has employed Project Manager, who is authorized to act on its behalf in connection with development of the Tract, as defined below.

Whereas, Owner acquired approximately 2,523.47 acres of real property in the southern portion of the City of San Antonio, Texas, being more particularly described in Attachment III hereto, which is not located over the Edwards Aquifer Recharge Zone nor within the five mile Awareness Zone surrounding Camp Bullis (the “Tract”); and

Whereas, pursuant to that certain Donation Agreement dated July 13, 2007, Owner conveyed approximately 694.5 acres of the Tract to TAMUS (the “TAMU-SA Tract”), leaving approximately 1,828.97 acres (the “Verano Tract”) for the development of a mixed-use integrated university community urban village (the “Development”), all as depicted on Attachment III; and

Whereas, the TAMU-SA Tract consists of (i) approximately 590 acres, being two 5 acre parcels along South Loop 410 and one contiguous 580 acre parcel north of Mauermann Road (collectively, the “Main Campus”) and (ii) one 104.5 acre parcel south of Mauermann Road to be used for an Irrigation Technology Center (the “ITC Tract”); and

Whereas, the Verano Tract consists of (i) approximately 1,783.32 acres surrounding the Main Campus north of Mauermann Road (the “Verano North Tract”), and (ii) approximately 45.65 acres adjacent to the ITC Tract south of Mauermann Road (the “Verano South Tract”); and

Whereas, the Main Campus and the Verano North Tract are referred to herein as the “North Tract”, and the ITC Tract and the Verano South Tract are referred to herein as the “South Tract”; and

Whereas, the entire Tract is within the authority of SAWS’ Certificate of Convenience and Necessity (“CCN”) for wastewater service; the South Tract is within the authority of SAWS’ CCN for water service and the North Tract is within the authority of Bexar Metropolitan Water District’s (“Bexar Met”) CCN for water service; and

Whereas, Developer has requested that SAWS provide wastewater service to the Tract and water service to the South Tract (such water and wastewater services being collectively referred to herein as the “Services”); and

Whereas, the Parties acknowledge and agree that the rights in this Agreement to capacity and Services for TAMU-SA Tract are personal to and for the exclusive benefit of TAMUS, and are not assignable; and

Whereas, SAWS desires to provide the Services to the Developer and TAMUS pursuant to this Agreement, the SAWS Utility Service Regulations, and all applicable local, state, and federal regulations, as amended.

Now Therefore, The Parties Hereto Agree To The Following Terms and Conditions:

1.00 Interpretation of Agreement.

1.01 The Parties acknowledge that the Services contemplated by this Agreement shall be provided in accordance with the SAWS Utility Service Regulations, Design Criteria, Schedules, Attachments and Instruments thereto, as amended (together “USR”). In the event the specific terms of this Agreement are in conflict with the USR, the specific terms of this Agreement shall apply. The above notwithstanding, for the specific conflicting terms to prevail, the conflict must be expressly noted in this Agreement. The Parties further acknowledge that this Agreement is subject to future acts of the City Council of the City of San Antonio with respect to the adoption or amendment of impact fee ordinances/resolutions.

1.02 The Parties agree that the purpose of this Agreement is the reservation of the designated water supply and/or wastewater discharge capacity for the Tract. Any rights that the Developer claims arise under Chapter 245, Texas Local Government Code, that are related to this Agreement are dependent upon the provision of all information required by the Fair Notice Declaration that is attached hereto and is incorporated by reference as Attachment IX.

2.00 Obligation Conditioned.

The obligation of SAWS to provide the Services is conditioned upon present rules, regulations and statutes of the United States of America and the State of Texas and any court order that directly affects the SAWS’ Regional Water Production and Distribution System and/or Regional Wastewater Transportation and Treatment System and/or the utility infrastructure directly servicing the Tract. Developer acknowledges that if the rules, regulations and statutes of the United States of America and/or the State of Texas that are in effect upon the execution date of this Agreement are repealed, revised or amended to such an extent that SAWS becomes incapable of, or prevented from, providing the Services, then no liability of any nature is to be imposed upon SAWS as a result of SAWS’ compliance with such legal or regulatory mandates. SAWS agrees that it will use its best efforts to prevent the enactment of such legal or regulatory mandates.

3.00 Term.

3.01 The term of this Agreement shall be seven (7) years from the Effective Date if the Developer complies with the requirements set out in G.C. 19.00 (attached) within the time period therein stated. This Agreement shall automatically expire if Developer fails to comply with the requirements of G.C. 19.00 within the time period therein provided. The term of this Agreement

may be extended to fifteen (15) years from the Effective Date, if Developer complies with the requirements to extend the term set forth in G.C. 19.00 within the time period therein stated. Certain obligations of SAWS (described in Section 3.03 below) may survive the expiration of the term of this Agreement, to the extent that Developer has (i) paid all applicable impact fees for the Services at the then-current rate, and (ii) complied with all On-Site and Off-Site utility infrastructure requirements of this Agreement (described in the Special Conditions), including over-sizing requirements.

3.02 To the extent that SAWS' obligations do not survive the expiration of this Agreement, Developer understands and agrees that a new Utility Service Agreement must be entered into with SAWS to receive the Services for the development project that is the subject of this Agreement.

3.03 Subject to the terms and provisions of wastewater Special Conditions Section 2.02.D, to the extent that all impact fees are paid; Developer complies with all Off-Site utility infrastructure requirements for the Tract and all On-Site utility infrastructure requirements for the Verano Tract; and TAMUS complies with all On-Site utility infrastructure requirements for the TAMU-SA Tract; all prior to the expiration of this Agreement, the following obligations will survive expiration of this Agreement:

- (i) SAWS' recognition of the EDUs referenced as the subject of this Agreement as Guaranteed Capacity.
- (ii) SAWS' continued recognition of impact fee credits previously earned by the Developer pursuant to Article 15 of the USR.
- (iii) SAWS' continued provision of the Services to retail customers located in the Tract, so long as such customers pay for the Services and comply with the regulations applicable to individual customers.

3.04 Developer's obligations to pay SAWS all sums set forth in this Agreement shall survive the expiration of the term of this Agreement.

4.00 Entire Agreement.

The following documents attached hereto and incorporated herein are as fully a part of this Agreement as if herein repeated in full, together with this Agreement, comprise the Agreement in its entirety:

Attachment I:	General Conditions
Attachment II:	Special Conditions (Water and Wastewater)
Attachment III:	Description of Tract
Attachment IV:	Board Summary & Recommendation and Resolution
Attachment V:	Developer Water and/or Wastewater Master Plan
Attachment VI:	Engineering Study
Attachment VII:	Lift Station & Force Main Supplemental Agreement
Attachment VIII:	NOT APPLICABLE
Attachment IX:	Fair Notice Declaration (if Developer claims rights under Chapter 245 of the Texas Local Government Code)
Attachment X:	Development Master Plan
Attachment XI:	NOT APPLICABLE

Any of the above attachments that are created and submitted by the Developer as an attachment to this Agreement shall be limited to providing relevant engineering, planning or managing information for the purposes of setting aside or reserving water and/or wastewater service capacity as specified in the body of this Agreement, the General Conditions and the Special Conditions. Developer agrees that it will not attempt to rely on, and SAWS does not authorize, any of the contents of any attachments created and submitted by the Developer as a basis for claiming rights under Chapter 245 of the Texas Local Government Code, except as specifically required by Section 1.02 and Attachment IX of this Agreement.

Developer understands that this Agreement, including, its General Conditions, Special Conditions and Attachments, is subject to the Texas Public Information Act; and, therefore, agrees that it will not claim that any of the information contained herein is subject to any third party exception under that Act.

5.00 Developer's Obligations.

The Developer acknowledges and agrees that the capacity provided by this Agreement runs with the land and shall be an appurtenance to the Tract. The Developer acknowledges that recordation of this Agreement in the Real Property Records of the County in which the Tract is located within three (3) years of the Effective Date of this Agreement is required; otherwise, this Agreement will automatically terminate. Developer shall record this Agreement and the delivery of a recorded copy to the Director within three (3) years of the Effective date of this Agreement or before any transfer of property or EDUs as specified in G.C. 20.00, whichever is sooner, is required. The Developer shall maintain records of EDU's remaining on the Tract pursuant to the approved Developer Master Plan. Developer shall provide SAWS with such records upon SAWS written request. Notwithstanding anything herein to the contrary, the Parties acknowledge and agree that the rights herein regarding the Main Campus and the ITC Tract are personal to and for the exclusive benefit of TAMUS, and are not assignable.

6.00 Indemnity.

TO THE EXTENT ALLOWED BY LAW AND TEXAS CONSTITUTION, THE DEVELOPER FURTHER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS SAWS AND ITS SUCCESSOR AND ASSIGNS FROM THE CLAIMS OF THIRD PARTIES ARISING OUT OF SAWS' RECOGNITION OF THE TRANSFER OF CAPACITY UNDER THIS AGREEMENT TO DEVELOPER'S SUBSEQUENT PURCHASERS, SUCCESSORS AND ASSIGNS AND FOR ANY COSTS AND ATTORNEY'S FEES RELATED TO A BREACH OR ALLEGED BREACH OF THE AGREEMENT BY DEVELOPER OR 3RD PARTY CLAIMS RELATED TO THIS AGREEMENT.

7.00 Notices.

Any notice, request, demand, report, certificate or other instrument which may be required or permitted to be furnished to or served upon the parties shall be deemed sufficiently given or furnished or served if in writing and deposited in the United States mail, registered or certified, return receipt requested, addressed to such party at the address set forth below:

IF TO SAN ANTONIO WATER SYSTEM:

**SAN ANTONIO WATER SYSTEM
POST OFFICE BOX 2449
SAN ANTONIO, TEXAS 78298-2449
ATTN: SAM MILLS, P.E., DIRECTOR, INFRASTRUCTURE PLANNING**

IF TO DEVELOPER:

**VERANO LAND GROUP, LP
3157 RAINBOW BLVD. SUITE 305
LAS VEGAS, NEVADA 89108
ATTN: RALPH LAMPMAN**

WITH A COPY TO:

**VTLM TEXAS, LP
3611 PAESANO'S PARKWAY, SUITE 201
SAN ANTONIO, TEXAS 78231**

AND

**FULBRIGHT & JAWORSKI L.L.P.
300 CONVENT STREET, SUITE 2200
SAN ANTONIO, TEXAS 78205
ATTN: JANE H. MACON**

IF TO TAMUS:

**SYSTEM REAL ESTATE OFFICE
THE TEXAS A&M UNIVERSITY SYSTEM
A&M SYSTEM BUILDING, SUITE 2079
200 TECHNOLOGY WAY
COLLEGE STATION, TEXAS 77845
ATTN: TIMOTHY V. COFFEY
EMAIL: TCOFFEY@TAMU.EDU
TELEPHONE: (979) 458-6350
FACSIMILE: (979)458-6359**

WITH A COPY TO:

**GENERAL COUNSEL
THE TEXAS A&M UNIVERSITY SYSTEM
A&M SYSTEM BUILDING, SUITE 2079
200 TECHNOLOGY WAY
COLLEGE STATION, TEXAS 77845
ATTN: ANDREW L. STRONG
EMAIL: ASTRONG@TAMU.EDU
TELEPHONE: (979) 458-6120
FACSIMILE: (979)458-6150**

8.00 Severability.

If for any reason any one or more paragraph of this Agreement are held legally invalid, such judgment shall not prejudice, affect impair or invalidate the remaining paragraphs of the Agreement as a whole, but shall be confined to the specific sections, clauses, or paragraphs of this Agreement held legally invalid.

9.00 Effective Date.

The Effective Date of this Agreement shall be the date signed by the authorized representative of the San Antonio Water System.

10.00 Ownership.

By signing this Agreement, the Owner represents and warrants that it is the owner of the Verano Tract. TAMUS represents and warrants that it is the owner of the TAMU-SA Tract. Any misrepresentation of authority or ownership by Developer or TAMUS shall make this Agreement voidable by SAWS. If the Developer or TAMUS does not own the respective Tract, then the Developer or TAMUS, as the case may be, must provide documentation from the owner of the respective Tract to show that it has the proper authority to develop the respective Tract.

11.0 Controlling Provisions.

To the extent of any irreconcilable conflict between the Agreement, the Attachments, and/or the General Conditions and the Special Conditions, the provisions of the Special Conditions shall apply.

12.0 Counterparts.

This Agreement may be executed in multiple counterparts, with the same effect as if all signatory parties had signed the same Agreement. All counterparts will be construed together and will constitute one and the same document. The signature pages from each counterpart document may be removed and attached to the same document for purposes of recording in the Real Property Records of Bexar County, Texas.

[SIGNATURE AND NOTARY PAGES FOR EACH PARTY FOLLOWS]

SAN ANTONIO WATER SYSTEM

By: _____
**Robert R. Puente, President and Chief
Executive Officer**

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me this _____ day of August, 2009, by Robert R. Puente, President/Chief Executive Officer of SAN ANTONIO WATER SYSTEM, on behalf of said SAN ANTONIO WATER SYSTEM.

Notary Public in and for the State of Texas
My Commission expires: _____

VERANO LAND GROUP, LP,
a Texas limited partnership

By: San Antonio Management, LLC
a Nevada limited liability company,
its General Partner

By: Triple L Management, LLC
a Nevada limited liability company
its Manager

By: The Fidelity Trust, dated 6/26/1992,
its Manager

By: _____
Ralph J. Lampman
Trustee

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on the ____ day of August, 2009, by Ralph J. Lampman, Trustee of The Fidelity Trust, dated 6/26/1992, the Manager of Triple L Management, LLC, the Manager of San Antonio Management, LLC, the General Partner of Verano Land Group, LP, a Texas limited partnership, with full authority and on behalf of said limited partnership.

Witness my hand and official seal this the _____ day of August, 2009.

Notary Public in and for the State of Texas
My commission expires: _____

VTLM Texas, LP
a Texas limited partnership

By: Texas Manager, LLC
a Nevada limited liability company,
its General Partner

By: Triple L Management, LLC
a Nevada limited liability company
its Manager

By: The Fidelity Trust, dated 6/26/1992,
its Manager

By: _____
Ralph J. Lampman
Trustee

THE STATE OF TEXAS

§
§
§

COUNTY OF BEXAR

This instrument was acknowledged before me on the ____ day of August, 2009, by Ralph J. Lampman, Trustee of The Fidelity Trust, dated 6/26/1992, the Manager of Triple L Management, LLC, the Manager of Texas Manager, LLC, the General Partner of VTLM Texas, LP, a Texas limited partnership, with full authority and on behalf of said limited partnership.

Witness my hand and official seal this the _____ day of August, 2009.

Notary Public in and for the State of Texas
My commission expires: _____

TAMUS JOINS IN THE EXECUTION OF THIS AGREEMENT SOLELY FOR THE PURPOSE OF RESERVING CAPACITY FOR THE TAMU-SA TRACT AND ACKNOWLEDGING THE TERMS AND CONDITIONS OF SERVICE AND ALL REQUIREMENTS RELATED TO ON-SITE INFRASTRUCTURE FOR THE TAMU-SA TRACT. NOTHING IN THIS AGREEMENT SHALL CREATE AN OBLIGATION FOR TAMUS OR TAMU-SA TO PAY ANY COSTS FOR OR PERFORM ANY OF THE DESIGN OR CONSTRUCTION OBLIGATIONS OF DEVELOPER TO PROVIDE SERVICES TO THE BOUNDARY OF THE TAMU-SA TRACT.

TAMUS:

THE TEXAS A&M UNIVERSITY SYSTEM,
an Agency of the State of Texas

By: _____
Name: Michael D. McKinney, M.D.
Title: Chancellor
Date: _____

THE STATE OF TEXAS §
§
COUNTY OF BEXAR §

This instrument was acknowledged before me on the ____ day of August, 2009, by Michael D. McKinney, M.D., Chancellor of The Texas A&M University System, an Agency of the State of Texas, with full authority and on behalf of Agency.

Witness my hand and official seal this the ____ day of August, 2009.

Notary Public in and for the State of Texas
My commission expires: _____

ATTACHMENT I

GENERAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

G.C.1.00 Definitions.

G.C.1.01 Developer.

Individually and/or collectively, (i) the Owner of the Verano Tract, his subsequent purchasers, successors, and/or permitted assigns; and (ii) the Project Manager, and its successors and/or permitted assigns.

G.C.1.02 Director of Infrastructure Planning.

The Director of Infrastructure Planning of the San Antonio Water System or his/her designated representative.

G.C.1.03 Definition of Terms.

Unless defined in the Utility Service Agreement (the "Agreement"), the terms used in this General Conditions of the Utility Service Agreement (the "General Conditions") shall have the same definitions and meaning as those set out in Chapter 2, Definitions, of the Utility Service Regulations ("USR"). In the event a term is specifically defined in the General Conditions, and the definition is in conflict with that found in the USR, and such conflict is acknowledged in the General Conditions, the definition set out in the General Conditions shall apply.

G.C.2.00 Required Submittals.

If determined to be necessary by the Director of Infrastructure Planning ("Director"), the Developer hereby agrees to submit the following documents prior to the execution of the Agreement: Developer Master Plan, Developer Utility Layout, and Engineering Report. The Parties agree that such documents are included instruments to the Agreement. The submittal of such documents is a condition precedent to plat recordation and initiation of Services. Developer shall modify such documents as may be reasonably required by the Director. Such documents shall be updated as required by the Director and the USR.

G.C.3.00 Dedication to SAWS.

The Developer agrees to dedicate, grant, and convey to SAWS all rights, title and interest of Developer in both the Off-Site and On-Site utility infrastructure that the Developer is required to construct under the Special Conditions of the Utility Service Agreement (the "Special Conditions"), and to dedicate, grant, and convey to SAWS easements or fee title, as determined by SAWS, for such utility infrastructure. Developer agrees to provide SAWS with all necessary documentation necessary, as determined by SAWS, for SAWS to accept the conveyance. Upon written acceptance of Off-Site and On-Site utility infrastructure by SAWS, the infrastructure shall be owned, operated and maintained by SAWS.

G.C.4.00 Design and Construction Requirements.

The design and construction of all Off-Site and On-Site utility infrastructure shall, at a minimum, comply with the requirements established by SAWS, including the USB, the City of San Antonio, the County of Bexar, the State of Texas, and any agency thereof with jurisdiction, including but not limited to the Texas Commission on Environmental Quality and the Texas Department of Health. Off-Site and On-Site utility infrastructure shall be constructed under the inspection of SAWS. Provision of the Services to the Tract shall not commence until the Director has accepted and approved Off-Site and On-Site utility infrastructure in writing.

G.C.5.00 Joint Venture Agreements.

In the event the Developer enters into a Joint Venture Agreement covering the costs for supplying the Services to the Tract, the Developer shall send a copy of such agreement to the attention of the Director.

G.C.6.00 Assignment.

This Agreement may not be assigned in whole or in part; however, Owner may assign, convey or transfer EDU capacity ("EDU capacity transfer") to buyers of portions of the Verano Tract in accordance with the terms in G.C. 20.00.

G.C.7.00 Event of Foreclosure.

In the event Developer's interest in the Tract described in Attachment III is extinguished by an act of foreclosure, and the foreclosing party has supplied sufficient evidence to SAWS that they are the successor in interest to the Tract as a result of such foreclosure, and that there are no lawsuits pending concerning the Tract, SAWS shall consider the foreclosing party a successor in interest if the foreclosing party executes a utility service agreement with SAWS after the Director determines that the execution of such an agreement will not be adverse to SAWS' interest.

G.C.8.00 Payment for Provision of Utility Service.

In the event payment for the Services provided to a subdivision plat within the Tract is not billed by SAWS, the amount of the monthly fees for the provision of the Services will be those charged to the various customer classifications as set by City Ordinances, with the billing and collection thereof on behalf of SAWS, being the responsibility of the billing utility purveyor. To facilitate this arrangement, Developer is to insert into any utility agreement with whatever utility purveyor is to bill for utility services to a subdivision plat within the Tract, a provision requiring said purveyor to enter into a Contract with SAWS to bill and collect SAWS' monthly utility services fees and transmit said fees to SAWS. The billing utility purveyor shall advise customers that delinquent non-payment of any of SAWS' fees will result in interruption and/or termination of the Services provided by SAWS, in accordance with applicable interruption and termination policies and procedures, as amended. SAWS shall not be obligated to provide the Services to any plat within the Tract unless and until the utility purveyor has executed a contract with SAWS to provide for the billing and collection of the Services provided by SAWS.

G.C.9.00 Enforcement of Industrial Waste Ordinance if Required by SAWS.

The Developer and TAMUS, and their respective successors and assigns, shall comply with and SAWS shall have the right, should SAWS so elect, to enforce and or otherwise pursue to the extent provided at law or in equity, the provisions of the City's Industrial Waste Ordinance No. 57214, as amended or as may be amended (codified as Chapter 34, Article V, Division 3 of the City Code). SAWS' right shall include, to the extent provided at law or in equity, the right to inspection, sampling and monitoring of the collection system to assure ordinance compliance. [SAWS reserves the right to confirm whether any restrictive covenants will be required.]

G.C.10.00 Oversizing.

Except as set forth in the Special Conditions, Developer must pay for all mains and other utility facilities needed to serve the Tract. SAWS may require the installation of oversized water mains and wastewater mains and related facilities. SAWS' requirements for over-sizing, if any, are set forth in the Special Conditions. SAWS may execute a trilateral contract with Developer and a contractor for the construction of oversized facilities, enter into some other form of agreement or utilize the City of San Antonio's contracting process to accomplish the objectives of this Agreement. Contracts for the design and construction of the facilities must be competitively bid or otherwise procured in compliance with all applicable law. SAWS will reimburse the Developer for the oversize construction cost differential upon completion of the approved facility installation and SAWS' acceptance of such facility.

G.C.11.00 Off-Site /On-Site Facilities.

Except as set forth in the Special Conditions, Developer shall construct and install all required Off-Site and On-Site utility infrastructure in accordance with the USR and Special Conditions, at no cost to SAWS. Any specific requirements related to the facilities are set forth in the Special Conditions.

G.C.12.00 Impact Fee Payment.

Developer agrees that the Agreement does not constitute an assessment of impact fees. Developer agrees to pay all applicable impact fees at the time and in the amount prescribed by ordinance or resolution of the City Council of the City of San Antonio and the USR, as amended. An estimate of the impact fees for the development Tract is provided in the Special Conditions. The estimate does not constitute an assessment of impact fees, and the amount of impact fees is subject to change by the City Council of the City of San Antonio as provided by law.

G.C.13.00 SAWS' Obligation to Supply Service.

Subject to the terms and provisions of Wastewater Special Conditions Section 2.02.D, to the extent that all impact fees are paid; Developer complies with all Off-Site utility infrastructure requirements for the Tract and all On-Site utility infrastructure requirements for the Verano Tract; and TAMUS complies with all On-Site utility infrastructure requirements for the TAMU-SA Tract; Developer and TAMU shall be entitled to the permanent use and benefit of the Services and is entitled to receive immediate service from any existing facilities with actual capacity to serve the development for which impact fees were paid, subject to compliance with other valid regulations. If, after collecting the impact fees, there is no actual capacity in existing

facilities to provide the Services, SAWS will provide the Services within a reasonable period of time not to exceed five (5) years, as prescribed by Chapter 395 of the Local Government Code, as amended. In the event Services are required by Developer or TAMUS earlier than the five (5) year period, Developer, TAMUS and SAWS may agree that Developer may construct or finance the capital improvements or facility expansions required to provide Services, and the costs incurred or funds advanced will be credited against impact fees otherwise due from the new development or reimbursed to Developer from impact fees paid from other new developments that will use such capital improvements or facility expansions, which fees shall be collected and reimbursed to Developer at the time the other new development records it plat.

G.C.14.00 Facility Design and Construction.

The Developer shall design and construct all On-Site and Off-Site utility infrastructure described in the Special Conditions, including any oversizing, in accordance with the USR and all applicable local, state and federal requirements. Developer further recognizes that SAWS' approval in all respects as to facility right-of-way adequacy, location, size, grade and invert elevation is a condition precedent to any further obligation of SAWS. Specific design and construction requirements are set forth in the Special Conditions.

G.C.15.00 Use of Capacity by SAWS.

Developer understands that capacity in Off-Site and On-Site utility infrastructure resulting from the Agreement for the Tract may be utilized by SAWS for other tracts requesting service from SAWS. SAWS shall keep accurate records of the capacity provided to the Tract under the Agreement, whether Set-Aside or Guaranteed Capacity, and in no event will Developer be denied capacity as a result of SAWS' utilization of such capacity for another tract. Set-Aside capacity shall not survive the expiration of the Agreement.

G.C.16.00 Utility Master Plan Requirements.

The Developer will prepare a utility master plan, which details the water and/or wastewater systems for the Tract pursuant to the USR, as amended.

G.C.17.00 Phased Utility Master Plans.

If the Developer's water and/or wastewater systems are to be installed in phases or units, the Developer shall submit overall utility master plans to SAWS for review and approval. The overall utility master plan(s) shall be submitted before the first construction phase is submitted for plat approval. The overall utility master plan(s) shall show the development phases or units including the sequence and a timetable for build-out. The Developer shall also provide SAWS with a digital version of the proposed recorded plat, as submitted for plat recordation in a format acceptable to SAWS, for each phase or unit of the development project.

G.C.18.00 Conformance of Plans to Utility Master Plan.

All water and wastewater system facilities to serve the Tract shall be designed and constructed in conformance with the approved utility master plan. Changes in the water and wastewater system design shall be resubmitted to SAWS for written approval.

G.C.19.00 Timing Requirements for Submission of Plans.

Developer shall have three (3) years from the Effective Date of the Agreement to complete and submit the required utility master plan and to start construction of the Off-Site and On-Site utility infrastructure described in the Special Conditions. Developer agrees that the Agreement for the provision of Services shall automatically expire if Developer has not submitted a utility master plan and started construction of required Off-Site and On-Site utility infrastructure within three (3) years of the Effective Date of the Agreement, and a new request for the Services must be submitted to SAWS, which SAWS will grant based on then existing policies and regulations. In the event Developer meets the above-mentioned requirements within the three (3) year period provided, the Agreement shall remain in effect for seven (7) years from the Effective Date. If Developer submits a revised Utility Master Plan in accordance with the USR prior to the expiration of the seven (7) year period, the Agreement for the provision of Services may be extended to a maximum term of fifteen (15) years from the Effective Date.

G.C.20.00 EDU Transfers.

The transfer of EDU capacity outside the original boundaries of this Utility Service Agreement will not be allowed. The San Antonio Water System considers this Agreement to run with the land; however, EDU capacity transfers to subdivided tracts within the Tract of this Agreement are the responsibility of the Developer and approval of such transfers is not required by the San Antonio Water System. The Developer shall maintain an accounting of the EDU capacity that is used by the Developer and/or transferred after the effective date of this Agreement to portions of the Tract. If the Developer sells a portion of the Tract and transfers part of the EDU capacity contained in this Agreement, then that EDU capacity transfer must be included in the deed, bill of sale or instrument conveying the land and the Developer must require the buyer of the land who receives the allocated EDUs to record the instrument effectuating the transfer. Developer may file a Master Development Plan or an EDU Plan, prepared by an engineer, that shows specific EDU capacity allocations within the Tract and shall ensure that the Master Development Plan or EDU Plan is attached to this Agreement and properly recorded. SAWS will recognize the capacity allocations within the Master Development Plan or EDU Plan so long as those allocations are within the parameters of this Agreement. For properties that have areas of unplanned use, the demand will be calculated at four (4) EDUs per acre unless the engineering report specifies otherwise or there is not enough EDU capacity remaining for the Tract to allocate four (4) EDUs per acre.

In no event will the System be responsible to 3rd parties for providing water supply or wastewater discharge capacity beyond the total EDU capacity identified in this Agreement for the Tract. Developer expressly disclaims, releases and holds harmless SAWS from any liability, damages, costs or fees, and agrees to indemnify SAWS for any liability, including, costs and attorney's fees, associated with any dispute related to the transfer of all or a portion of EDU capacity approved for the Tract in this Utility Services Agreement.

G.C.21.00 Camp Bullis Awareness Zone.

In the event that the Tract is located within, or partially within, the Camp Bullis Awareness

Zone, the Developer acknowledges that certain lighting regulations may apply within at least a 3-mile radius of Camp Bullis, commonly referred to as down-lighting or dark sky lighting, and Developer will comply with those regulations. Developer agrees to comply with any local, state or federal law, rule or regulation related to the protection of the environment or endangered species, including but not limited to, any site assessments or surveys and notice to the United States Fish & Wildlife when required by law, rule or regulation. Developer acknowledges that any required assessment, survey or notice shall be current or updated as may be required by law, rule or regulation.

ATTACHMENT II

SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

WATER SERVICE

S.C.1.00 Tract Location and Ultimate Demand.

The Tract is a 2,523.47 acre tract inside the City limits, located south of Loop 410, west of Pleasanton Road, as shown in Attachment III (the "Tract"). The Tract is not located over the Edwards Aquifer Recharge Zone and is not located within the 5-mile Awareness Zone of Camp Bullis.

The Tract is located within the jurisdiction of two different water purveyors. The North Tract (being the Main Campus and Verano North Tract) is in the CCN for the Bexar Metropolitan Water District ("BexarMet"). All water utilities located in the North Tract shall be designed and constructed in accordance to the BexarMet's requirements and the Developer agrees to secure appropriate utility service commitments from BexarMet.

The South Tract (being the ITC Tract and the Verano South Tract) is located in SAWS CCN for water service. The ultimate demand on the SAWS' facilities for the South Tract (being the ITC Tract and the Verano South Tract) shall not exceed 342 equivalent dwelling units (EDUs) of water supply for the proposed development. Of this amount, 242 EDUs are allocated to and reserved for the Verano South Tract and 100 EDUs are allocated to and reserved for the ITC Tract. Capacity and services for the ITC Tract are personal to and for the exclusive benefit of TAMUS and are not assignable or transferable.

S.C.2.00 Infrastructure Requirements.

Water Supply to the South Tract will be from Pressure Zone 2. To supply water to the 150-acre South Tract, consistent with the Board's USR, the flow capacity of a 12-inch main is required. There is an existing 12-inch main along Mauermann Road. The Developer will be required to construct a series of 8-inch mains and 12-inch mains looping through the Tract and connect to the existing 12-inch located along Mauermann Road at two connections.

S.C. 3.00 SAWS Master Plan and Oversizing Requirements.

Not applicable without the prior written approval of the Director in its sole discretion.

S.C.4.00 Eligibility for Impact Fee Credits.

Not applicable without the prior written approval of the Director in its sole discretion.

S.C.5.00 Engineering Study Report and/or Pro-Rata Fee Eligibility.

The engineering study report “Verano, Utility Service Agreement Engineering Report”, by Pate Engineers, Inc. dated November 14, 2007 is included as Attachment VI.

S.C.6.00 Developer and TAMUS On-Site Requirements.

The Developer shall acquire any right-of-way or easements and dedicate the same to SAWS at no cost for the South Tract; Developer shall install all On-Site utility infrastructure required to serve the Verano South Tract in accordance with SAWS’ USR, solely at the Developer’s cost; and TAMUS shall install all On-Site utility infrastructure required to serve the ITC Tract in accordance with SAWS’ USR, solely at TAMUS’s cost. Other On-Site requirements within the South Tract will be determined at such time as the engineer submits an overall Utility Master Plan, and any subsequent revisions, for the South Tract.

S.C.7.00 Requirement to Install Approved Pressure Regulators and/or Booster Pumps.

A portion of the South Tract is below ground elevation of 565 feet where the static pressure will normally exceed 80 psi. At all such locations, the Developer, for the Verano South Tract, or TAMUS for the ITC Tract, shall install at each lot, on the customer’s side of the meter an approved type pressure regulator in conformance with the Plumbing Code of the City of San Antonio.

S.C.8.00 Time for Water Impact Fee Assessment and Payment.

Water Impact Fees for the Verano South Tract will be assessed at the rates in effect at the time of plat recordation or the latest date allowed by law. Impact fees for the Verano South Tract will be collected at either the time of plat recordation or connection to the SAWS’ water system, as determined by SAWS.

Subject to the terms and provisions of Wastewater Special Conditions Section 2.02.D, water Impact Fees for the ITC Tract will be assessed and collected at the rates in effect at the time of connection.

S.C.9.00 Water Impact Fee Estimates Based Upon Current Charges.

Following is an estimate of impact fees for the provision of Services contemplated under the Agreement, which are based on current impact fee rates. This estimate shall not constitute an assessment of impact fees and impact fee rates are subject to change by the San Antonio City Council. The Developer is required to pay impact fees at the rate in effect at time of plat recordation or connection to the system.

Type of Impact Fee	EDUs	\$/EDUs	Current Total
Flow Development	342	\$1,098.00	\$375,516.00
System Development (Low)	342	\$668.00	\$228,456.00
Water Supply	342	\$1,242.00	\$424,764.00
Total			\$1,028,736.00

S.C.10.00 Pro-Rata Charge Requirement.

Developer shall be required to pay a Pro-Rata Charge pursuant to the USR, as amended, prior to connection to the SAWS water system if Developer is tying into a main that is subject to a pro-rata refund.

S.C.11.00 Controlling Provisions.

To the extent of any irreconcilable conflict between the Agreement, the Attachments, and/or the General Conditions and the Special Conditions, the provisions of the Special Conditions shall apply.

S.C.12.0 Term of Agreement

Recognizing that completion of the development on the Verano Tract and the construction of the TAMU-SA campus and ITC Center may exceed fifteen (15) years, and pursuant to Section 5.10 of the USR and subject to completion of the items required under G.C. 19.00, SAWS agrees to extend the term of this Agreement to a period of thirty (30) years.

ATTACHMENT II CONTINUED

SPECIAL CONDITIONS OF THE UTILITY SERVICE AGREEMENT

WASTEWATER SERVICE

S.C.1.00 Tract Location and Ultimate Demand.

The Tract is a 2,523.47 acre tract inside the City limits located south of Loop 410, west of Pleasanton Road, as shown in Attachment III (the "Tract"). The Tract lies within SAWS' Lower Service Area (LSA) and is in SAWS Lower Leon Creek Watershed. The Tract is not located over the Edwards Aquifer Recharge Zone and is not located within the 5-mile Awareness Zone of Camp Bullis.

The ultimate demand on the SAWS' facilities shall not exceed 12,483 equivalent dwelling units (EDUs) of wastewater discharge, for the proposed development. Of this amount, 9,700 EDUs are allocated and reserved for the Verano Tract and 2,783 EDUs are allocated and reserved for the TAMU-SA Tract. Capacity and services for the TAMU-SA Tract are personal to and for the exclusive benefit of TAMUS and are not assignable or transferable.

S.C.2.00 Conditions Precedent.

The Developer agrees to assign to SAWS (a) up to \$2.7 million of the amount that it is due to receive as reimbursement for wastewater improvements, (b) any impact fees for the TAMU-SA Tract pursuant to S.C. 2.02.D below, and (c) any costs pursuant to S.C.2.02.B.3 below, from the Tax Increment Financing (the "TIF") Fund established for the Tax Increment Reinvestment Zone No. 28, City of San Antonio, Texas (the "Verano TIRZ") and such amounts shall be paid to SAWS. The Developer further agrees that these reimbursements shall be made directly from the City of San Antonio (the "City") to SAWS and shall take precedence over any other reimbursement that the Developer is entitled to under the Development Agreement, the TIF Fund and/or Verano TIRZ. The Developer shall designate SAWS as the direct payee on all invoices for work completed on SAWS Phase 1 and SAWS Phase 2 and Phase 2A that are submitted to the Verano TIRZ Board of Directors (the "TIRZ Board") for reimbursement. This Agreement and SAWS obligations to provide the Services are contingent upon (i) the Developer providing to SAWS, in a form reasonably acceptable to SAWS, an assignment with warranty of the Developer's rights to the TIF Funds as set forth in this Agreement; (ii) City Council of the City having taken action to approve this Agreement or any other agreement among the SAWS, the Developer, the TIRZ Board and the City of San Antonio to reflect the payment to the City and/or SAWS as set forth herein, (iii) and the City Council of the City and/or the TIRZ Board, as necessary, having taken action to include the reimbursement to SAWS, but only from tax increment in the TIF Fund that has been contributed by or for the City, for invoices on SAWS Phase 1 and SAWS Phase 2 and 2A above and prior to the reimbursement to the Developer in the priority of payments from the TIF Fund; (iv) notification to the other taxing entities contributing to the TIF Fund that none of their tax increment will be used to reimburse SAWS; (v) any such other documents as may be reasonably necessary to carry out the intent and purposes of this Agreement; and (vi) the City, the Developer and the TIRZ Board providing written evidence to

SAWS that they will not terminate the Verano TIRZ or the TIF Fund until SAWS is reimbursed the full amount of all reimbursements to which it may be entitled under this Agreement and TAMU has constructed its first facility on the TAMU-SA campus. The form of any document or agreement modifications to the Verano TIRZ must include the appropriate approvals by the Developer, the City, the TIRZ Board or other agencies as necessary to ensure SAWS' right to reimbursements from the TIF Fund is valid and enforceable.

SAWS participation in funding is contingent upon the TAMU-SA Campus being established and developed within the TAMU-SA Tract. If TAMU-SA is not developed on the TAMU-SA Tract, SAWS' requirements and participation are null and void.

S.C.2.01 Infrastructure Requirements.

The Tract is situated within SAWS' Lower Service Area (LSA) and lies within the Lower Leon Creek Watershed. Wastewater service to the Tract requires the capacity of a 30-inch gravity main at .08 percent minimum slope or equivalent. There is an existing 72-inch gravity sewer main south of the Tract that flows into the Leon Creek Wastewater Treatment Plant and an existing 8-inch gravity sewer main along part of the eastern boundary of the Tract.

The Developer will construct a series of gravity sewer mains through the Verano Tract to serve the proposed development. Line segments and mains that are referred to in this section are shown on Attachment V to this Agreement. When any road is being designed and constructed at the same time as the sewer infrastructure, the Developer will be required, at its sole expense, to level property to proper grade prior to the sewer infrastructure construction.

Notwithstanding anything in this Agreement to the contrary, (i) nothing herein shall constitute an approval for a Lift Station, which shall be approved only in accordance with the SAWS Utility Service Regulations and compliance with the terms thereof, and (ii) Developer shall be solely responsible for any relocation or adjustment of utilities required as a result of the change of grade of any land.

To serve the Tract, the Developer will be required to construct the following infrastructure:

A. To serve the northern portion of the Verano North Tract and Main Campus (north of the East-West Arterial Road):

1. The Developer will be required to construct an 18-inch gravity sewer main at 0.14 minimum slope along the East West Arterial Road to accept flows from the northern portion of the Tract. The Developer will design, construct and fund the wastewater infrastructure along the East-West Arterial Road to include segments S-4A, S-5A, S-6 and S-7.
2. The Developer will be required to construct a series of 8-inch gravity sewer mains at 0.40 minimum slope and 10-inch gravity sewer mains at 0.30 minimum slope and connect to the proposed 18-inch main along the East-West Arterial Road.

3. The Developer will be required to construct Segments S-2 and S-3 and a series of 8-inch and 10-inch gravity sewer mains at minimum slopes to transfer generated wastewater flows in the northern portion of the North Tracts to Lift Station #1.
4. The Developer will be required to construct Lift Station #1 and Force Main System Segment 4BFM and S5B to deliver flows from this portion of the Tract to the proposed Segment S-6, an 18-inch gravity sewer main along the East – West Arterial Road mentioned above.

B. To serve the central portion of the Verano North Tract and Main Campus:

1. The Developer will be required to construct a 12-inch gravity sewer main at 0.24 minimum slope through the western most portion of the Tract south of the East West Arterial. This main will deliver flows from the western portion of the Verano North Tract to proposed Segment S-9, a 21-inch gravity wastewater main at minimum slope.
2. The Developer will be required to construct Segments S-8, S-9, S-10, S-11, S-12 and S-19, a series of 18-inch to 30 inch gravity sewer mains at minimum slopes through the southwestern portion of the Verano North Tract from the proposed Segment S-7 (18-inch gravity sewer main located along part of the East West Arterial). These segments will deliver flows to the proposed Lift Station #5.

C. To serve the central portion of the North Tract:

1. The Developer will be required to construct S-15, a 10-inch gravity sewer main at 0.30 minimum slope to handle flows from the central portion of the Tract to connect to Segment S-18A.
2. The Developer will be required to construct a Segment S-18A, an 18-inch gravity sewer main at minimum slope along part of Mauermann Road to handle flows from the central and eastern portions of the Tract.
3. Flows from the proposed Segment S-15 and S-24 then flow into the proposed Segment S-18A, a 30-inch gravity sewer main running through the southwestern portion of the Tract into Lift Station #5.

D. To serve the southeastern portion of the North Tract:

1. The Developer will be required to construct a series of 8-inch gravity sewer main at 0.40 minimum slope to serve the southeastern portion of the Tract.
2. The Developer will be required to connect the proposed 8-inch mains to a series of proposed lift stations/force main systems (L.S. #2 and L.S. #3).
3. L.S. # 2 will divert flows from the proposed 8-inch mains and discharge into L.S. #3.
4. L.S. #3 will discharge into a proposed 12-inch along Mauermann Road, which ultimately connects to the proposed Segment S-24, a 12-inch main.

E. To serve the Verano South Tract and the ITC Tract:

1. The Developer will be required to construct a series of 8-inch gravity sewer mains at 0.40 minimum slope through the tract and connect to a proposed L.S. #6.
2. The Developer will be required to construct a Lift Station (L.S. #6) and Force main Segment S-23FM to deliver flows from the proposed 8-inch gravity sewer mains to the proposed Segment S-24, a 12-inch gravity sewer main along Mauermann Road.
3. The Developer will be required to construct Segment S-19, a 24-inch gravity sewer main along part of Mauermann Road that will accept flows from the proposed Segment S-12, a 24-inch gravity main and proposed Segment 18A, a 15-inch gravity sewer main along Mauermann Road.
4. The Developer will be required to construct a Lift Station (L.S. #5) and Force Main Segment S-20FM to deliver flows from the Tract to the existing 72-inch gravity sewer main that flows to the Leon Creek Wastewater Treatment Plant.

Sewer infrastructure will be generally constructed in the following phases:



S.C.2.02 Infrastructure Funding

This Section 2.02 specifically supersedes Article 14 of the Utility Service Regulations

A. In consideration of Developer's obligations herein, and subject to the Conditions Precedent in section 2.00 above, SAWS shall:

1. fund the design and construction, up to a maximum amount of \$5.0 million, for segments S-2, S-3, S-4BFM, S-5B, Lift Station #1, S-8, S-9, S-10, S-11, S-12, S-15, S-18A, S-19, S-20FM and Lift Station #5, and be reimbursed as follows:
 - fund a maximum amount of \$1.3 million to serve the TAMU-SA Campus, which is included in the \$5 million total above but not reimbursable to City/SAWS; provided, however, that the portion of the funding for the design/engineering services shall not exceed 10% of the bid price;
 - fund a maximum amount of \$3.7 million to serve the Verano Tract, which is also included in the \$5 million maximum, but is reimbursable to City/SAWS as provided

below; provided, however, that the portion of the funding for the design/engineering services shall not exceed 10% of the bid price;

- recover up to \$2.7 million from the TIF Fund first available to Developer from the TIRZ or from the Development Agreement; and
 - recover a maximum of \$1 million from Developer through the collection of a Local Benefit Impact Fee of \$125 per EDU from the Verano Tract;
2. recover from the TIF Fund first available to Developer from the TIRZ or from the Development Agreement (i) any impact fees for the TAMU-SA Tract pursuant to S.C. 2.02.D below, and (ii) any costs pursuant to S.C.2.02.B.3 below;
 3. If required by TAMUS, fund the design and construction of Phase III, or some other sewer infrastructure that SAWS determines is necessary, sized solely for the future needs of the TAMU-SA Irrigation and Technology Center, but SAWS will not fund the design or construction of the sewer infrastructure capacity for any adjoining property, including the Verano Tract.
- B. Developer agrees, and will ensure any of its successors in interests or assigns agree (developers, builders or otherwise), to the following:
1. construct the East West Road, including sewer infrastructure (to include segments S-5A, S-4A, S-6 and S-7) estimated to cost \$800,000;
 2. allow SAWS the right to recover up to \$2.7 million from the TIF Fund first available to Developer from the TIRZ or from the Development Agreement or any other appropriate document or agreement;
 3. allow City/SAWS the right to recover from the TIF Fund first available to Developer from the TIRZ (in the same manner and in addition to the \$2.7 million) for (i) costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any infrastructure designed and constructed by Developer within two (2) years from the date of completion of said infrastructure, and (ii) any impact fees for the TAMU-SA Tract pursuant to S.C. 2.02.D below;
 4. pay SAWS an additional local benefit impact fee of \$125 per EDU for the Verano Tract, up to a maximum of \$1 million; the local benefit impact fee of \$125 per EDU is an impact fee by agreement and Developer expressly agrees to pay this additive impact fee for this area and fully understands and agrees that SAWS is exempted from the procedural and substantive steps required to impose an impact fee under Chapter 395 of Texas Local Government Code;
 5. to pay all other current waste water impact fees already imposed by the City of San Antonio and SAWS, and as may be amended from time to time;
 6. commit that no future waivers of impact fees will be sought by Developer or their agents, employees, successors or assigns for the Verano Tract, which obligation shall run with the land;
 7. identify reasonable triggers for the engineering and construction of the identified sewer infrastructure for Phases 1, 2, 2A and 3. The trigger for engineering of the Phase 1 and Phase 2 segments shall be the execution of this Agreement at which time the Developer is authorized to engage the engineer that designed the wastewater system as selected by the Request for Proposal for University Way (the main North/South Road). The trigger for

construction of the Phase 1 segments shall be the approval of the Phase 1 construction plans. The trigger for the construction of the Phase 2 segments shall be completion of the Phase I segments. The trigger for design and construction of Phase 2A shall be fifteen (15) months prior to the need for service. If SAWS is to undertake Phase 3, the trigger for the engineering and construction for the Phase 3 segments and facilities shall be fifteen (15) months prior to the need for service to the TAMUS ITC facility.

8. complete all design and construction in accordance with the oversizing requirements set out in the 4th and 5th sentences of G.C. 10.
- C. It is the understanding of SAWS and Developer that the City of San Antonio will:
1. modify and approve any relevant and necessary TIRZ/TIF documents or agreements to ensure that the first \$2.7 million in reimbursements and any additional repair and reconstruction reimbursements otherwise available to Developer for the construction of this infrastructure and is payable to SAWS; and
 2. ensure that the \$2.7 million in reimbursements described above plus (i) costs incurred by SAWS if and to the extent it is necessary for SAWS to repair or reconstruct any infrastructure designed and constructed by Verano within two (2) years from the date of completion of said infrastructure, and (ii) impact fees pursuant to S.C. 2.02.D below, shall not be subject to any termination of the TIRZ/TIF documents or agreements.
 3. provide to the SAWS CFO or a person of his selection periodic financial reports that would include at a minimum an accounting of all TIF revenue collection and disbursements.
 4. ensure that the SAWS CFO or a person of his selection access to the TIF revenue and disbursement tracking system, which includes the "COSA CIMS Portal".

D. Commencing on the date of this Agreement and continuing until the earlier of (i) twenty five (25) years following the date of this Agreement, or (ii) commitment or utilization of the EDUs reserved and allocated to TAMUS in this Agreement (100 EDUs for water and 2,783 EDUs for wastewater), all impact fees attributable solely to the TAMU-SA Tract shall be recovered by SAWS from the TIF Fund first available to Developer from the TIRZ or the Development Agreement. Thereafter, payment of impact fees shall be a condition of Service for the TAMU-SA Tract.

E. SAWS and Developer acknowledge and agree that the funding obligations of SAWS may arise at any time during the Term of the Agreement, and that the sources of funds from which SAWS may receive reimbursement pursuant to this Agreement (the TIF Fund and the Local Benefit Impact Fees) may have different balances from time-to-time during the term of this Agreement. Notwithstanding anything in this Agreement to the contrary, the SAWS and Developer agree that if the actual cost of the work that SAWS is funding is less than \$5 million, then all sources of funding or reimbursement for said initial construction costs will be decreased on a pro-rata basis, but SAWS may recover the actual costs for said initial construction from the TIF Fund (not to exceed \$2.7 Million, subject to increase as provided herein) and/or the Local Benefit Impact Fees (not to exceed \$1 million). SAWS shall be eligible to receive reimbursement from either the TIF Fund or the Local Benefit Impact Fees, as SAWS determines in its sole discretion; provided, however, that SAWS shall not be entitled to reimbursement for more than its actual expenditures for the work. In addition, SAWS and Developer agree to

complete a reconciliation of expenditures and reimbursements from each of the sources of funds on at least an annual basis, and shall jointly report and monitor the expenditures and reimbursements provided for in this Agreement during the Term of this Agreement.

S.C.3.00 San Antonio Water System Master Plan and Oversizing Requirements.

Not Applicable.

S.C.4.00 Impact Fee Credit Eligibility.

Not Applicable.

S.C.5.00 Engineering Study Report and/or Pro-Rata Refund Eligibility.

The engineering study report "Verano, Utility Service Agreement Engineering Report", by Pate Engineers, Inc., dated November 14, 2007 is included as Attachment VI.

S.C.6.00 Developer On-Site and/or Off-Site Requirements.

The Developer will also be required to acquire any right-of-way and/or easements and dedicate the same to SAWS at no cost to SAWS, install all On-Site (Verano Tract) and Off-Site utility infrastructure, and upgrade existing lift stations necessary to serve the Tract in accordance with SAWS' USR, solely at the Developer's cost. Other On-Site utility infrastructure requirements within the Tract will be determined at such time as the engineer submits an overall Utility Master Plan, and any subsequent revisions, for the Tract. TAMUS will be required to provide all On-Site infrastructure for the TAMU-SA Tract. SAWS shall have no responsibility for construction of On-Site infrastructure for any Tract.

S.C.7.00 Lift Stations and Force Mains.

Lift stations and force mains are only allowed by prior written supplemental agreement with SAWS. Applicable fees for every lift station, as set out in the supplemental agreement, must be paid in full prior to service connection at the rates in effect at the time of connection.

S.C.8.00 Time for Wastewater Impact Fee Assessment and Payment.

Wastewater Impact Fees for the Verano Tract will be assessed at the rates in effect at the time of plat recordation or the latest date allowed by law. Wastewater Impact Fees for the Verano Tract will be collected at the time of plat recordation.

Subject to the terms and provisions of Wastewater Special Conditions Section 2.02.D, Wastewater Impact Fees for the TAMU-SA Tract will be assessed and collected at the rates in effect at the time of connection.

S.C.9.00 Wastewater Impact Fee Estimates Based Upon Current Charges.

Following is an estimate of impact fees for the provision of Services contemplated under the Agreement, which are based on impact fee rates in effect as of the Effective Date of the Agreement. This estimate shall not constitute an assessment of impact fees and impact fee rates are subject to change by action of the San Antonio City Council as permitted by law. The Developer is required to pay impact fees at the rate in effect at time of plat recordation or connection to the system.

Type of Impact Fee	EDUs	\$/EDUs	Current Total
Wastewater Collection (LSA)	12,483	\$413.00	\$5,155,479.00
Wastewater Treatment (LSA)	12,483	\$453.00	\$5,654,799.00
Total			\$10,810,278.00

Developer shall be required to pay SAWS a local benefit impact fee pursuant to the USR and as amended prior connection to the wastewater system, if Developer is tapping into a main that is a local benefit main. The Developer is required to pay a local benefit impact fee for capacity in the mains for the Verano Tract. The local benefit impact fee is \$125 per EDU, not to exceed \$1,000,000. The Developer is required to pay the local benefit impact fee of \$125 per EDU for up to 9,700 EDUs to reimburse SAWS for the oversize portion of the offsite TAMUS infrastructure at time of plat recordation.

S.C.10.00 Pro-Rata Payment Fee Requirement.

Developer shall be required to pay a pro-rata fee pursuant to the USR, as amended, prior to connection to the wastewater system, if Developer is tapping into a main that is subject to a pro-rata refund.

S.C.11.0 Term of Agreement

Recognizing that completion of the development on the Verano Tract and the construction of the TAMU-SA campus and ITC Center may exceed fifteen (15) years, and pursuant to Section 5.10 of the USR and subject to completion of the items required under G.C. 19.00, SAWS agrees to extend the term of this Agreement to a period of thirty (30) years.

S.C.12.00 Construction Obligations and Service Requirements.

Nothing in this Agreement shall create an obligation of the Owner or TAMUS to construct any infrastructure; provided, however the Parties acknowledge and agree that in addition to the other conditions for Service in this Agreement, SAWS has no obligation to provide the Services for the Tract unless the Developer performs all of its obligations and constructs the On-Site and Off-Site infrastructure as set forth in this Agreement and TAMUS constructs all of its On-Site Infrastructure. SAWS has no obligation to fund or construct any On-Site or Off-Site infrastructure beyond that identified in this Agreement.

S.C.13.00 Proximity to Treatment Plant.

The Parties acknowledge and agree that the Tract is in close proximity to a wastewater treatment plant operated by SAWS that emits odors and creates other conditions that may be considered a nuisance or noxious. The Parties agree that they have taken and accepted ownership of their respective Tracts and planned their development with full knowledge of the existing conditions and activities that are incidental to the operation of a wastewater treatment plant.

S.C.14.00 Controlling Provisions.

To the extent of any irreconcilable conflict between the Agreement, the Attachments, and/or the General Conditions and the Special Conditions, the provisions of the Special Conditions shall apply.

ATTACHMENT III

Map to be Provided

ATTACHMENT III

DESCRIPTION OF TRACT

Verano Tract

Parcel 1

All of the real property conveyed by GV Zarzamora Road, LLC, SA Land Partners, LLC, SA 1650, LLC, and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162086 in Book 12988, Page 651 of the Deed Records of Bexar County, Texas, consisting of the following tracts of land:

Tract I: 423.65 acres

Tract II: 184.75 acres

Tract III: 147.70 acres (First Parcel)

Tract III: 409.13 acres (Second Parcel)

Tract III: 481.62 (Third Parcel)

Tract IV: 4.00 acres

Tract V: 60' wide Perpetual Utility, Right-of-way, Access, Ingress and Egress Easement

Parcel 2

All of the real property conveyed by GV-Zarzamora Road, LLC, San Antonio III, LLC, San Antonio 200, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162093 in Book 12988, Page 693 of the Deed Records of Bexar County, Texas, consisting of 25.47 acres of land.

Parcel 3

All of the real property conveyed by San Antonio 411, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162145 in Book 12988, Page 1103 of the Deed Records of Bexar County, Texas, consisting of 416.5 acres of land.

Parcel 4

All of the real property conveyed by San Antonio 411, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain Deed Without Warranty dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162146 in Book 12988, Page 1117 of the Deed Records of Bexar County, Texas, consisting of 0.2055 acres of land.

Parcel 5

All of the real property conveyed by SA Land Partners IV, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162221 in Book 12988, Page 1711 of the Deed Records of Bexar County, Texas, consisting of 270.68 acres of land.

Parcel 6

All of the real property conveyed by Southern Coast Fund, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162179 in Book 12988, Page 1366 of the Deed Records of Bexar County, Texas, consisting of 53.581 acres of land.

Parcel 7

All of the real property conveyed by Southern Coast Fund, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162178 in Book 12988, Page 1356 of the Deed Records of Bexar County, Texas, consisting of 8.033 acres of land.

Parcel 8

All of the real property conveyed by Southern Coast Fund, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162188 in Book 12988, Page 1439 of the Deed Records of Bexar County, Texas, consisting of the following tracts of land:

- Tract 1: 4.612 acres
- Tract 2: 0.004 acres

Parcel 9

All of the real property conveyed by Southern Coast Fund, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162196 in Book 12988, Page 1481 of the Deed Records of Bexar County, Texas, consisting of the following tracts of land:

- Tract 1: 3.964 acres
- Tract 2: 0.011 acres

Parcel 10

All of the real property conveyed by Southern Coast Fund, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162186 in Book 12988, Page 1427 of the Deed Records of Bexar County, Texas, consisting of 2.008 acres of land.

Parcel 11

All of the real property conveyed by San Antonio 200, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162101 in Book 12988, Page 770 of the Deed Records of Bexar County, Texas, consisting of 15.21 acres of land.

Parcel 12

All of the real property conveyed by San Antonio 200, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162153 in Book 12988, Page 1193 of the Deed Records of Bexar County, Texas, consisting of 9.782 acres of land.

Parcel 13

All of the real property conveyed by San Antonio 200, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain Deed Without Warranty dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162102 in Book 12988, Page 781 of the Deed Records of Bexar County, Texas, consisting of the following tracts of land:

Tract 1: 0.011 acres

Tract 2: 0.004 acres

Parcel 14

All of the real property conveyed by SA Land Partners III, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162218 in Book 12988, Page 1689 of the Deed Records of Bexar County, Texas, consisting of 17.186 acres of land.

Parcel 15

All of the real property conveyed by SA Land Partners V, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162236 in Book 12988, Page 1816 of the Deed Records of Bexar County, Texas, consisting of 9.409 acres of land.

Parcel 16

All of the real property conveyed by SA Land Partners V, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162222 in Book 12988, Page 1721 of the Deed Records of Bexar County, Texas, consisting of 4.003 acres of land.

Parcel 17

All of the real property conveyed by SA Land Partners II, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162198 in Book 12988, Page 1501 of the Deed Records of Bexar County, Texas, consisting of 4.678 acres of land.

Parcel 18

All of the real property conveyed by SA Land Partners II, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162197 in Book 12988, Page 1492 of the Deed Records of Bexar County, Texas, consisting of 4.544 acres of land.

Parcel 19

All of the real property conveyed by SA Land Partners II, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162199 in Book 12988, Page 1511 of the Deed Records of Bexar County, Texas, consisting of 2.132 acres of land.

Parcel 20

All of the real property conveyed by SA Land Partners II, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162214 in Book 12988, Page 1654 of the Deed Records of Bexar County, Texas, consisting of 1.948 acres of land.

Parcel 21

All of the real property conveyed by TX 1650, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162157 in Book 12988, Page 1216 of the Deed Records of Bexar County, Texas, consisting of 10.00 acres of land.

Parcel 22

All of the real property conveyed by Gulf Coast Fund, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162177 in Book 12988, Page 1346 of the Deed Records of Bexar County, Texas, consisting of 4.539 acres of land.

Parcel 23

All of the real property conveyed by Gulf Coast Fund, LLC and Triple L Management, LLC to Verano Land Group, LP in that certain General Warranty Deed dated July 9, 2007 and recorded on July 12, 2007 as Document No. 20070162158 in Book 12988, Page 1225 of the Deed Records of Bexar County, Texas, consisting of 4.099 acres of land.

SAVE AND EXCEPT the real property conveyed to the The Texas A&M University System which comprise the TAMU-SA Tract as described below.

TAMU-SA Tract

All of the real property conveyed by Verano Land Group, LP to The Texas A&M University System in that certain Donation Deed dated September 26, 2007 and recorded on September 28, 2007 as Document No. 2007023308 in Book 13142, Page 2383 of the Deed Records of Bexar County, Texas, consisting of 50.00 acres of land;

And all of the real property conveyed by Verano Land Group, LP to The Texas A&M University System in that certain Donation Deed dated August 1, 2008 and recorded on August 5, 2008 as Document No. 20080169450 in Book 13624, Page 512 of the Deed Records of Bexar County, Texas, consisting of the following tracts of land:

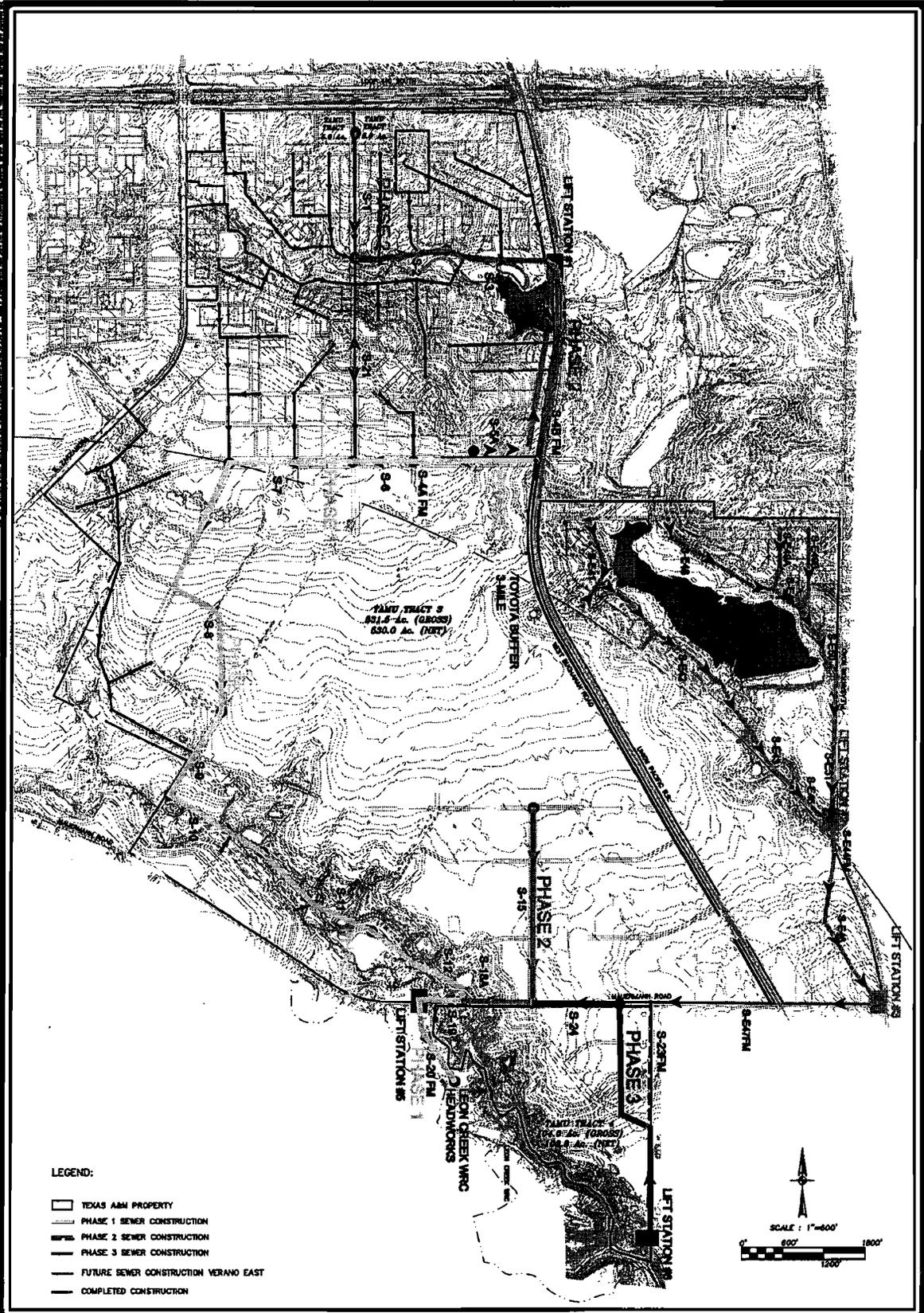
- Tract 1: 5.000 acres
- Tract 2: 5.000 acres
- Tract 3: 530.0 acres
- Tract 4: 104.5 acres

ATTACHMENT IV

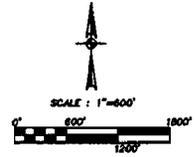
BOARD SUMMARY & RECOMMENDATION AND RESOLUTION

ATTACHMENT V

DEVELOPER WATER AND/OR WASTEWATER MASTER PLAN



- LEGEND:
- TEXAS A&M PROPERTY
 - PHASE 1 SEWER CONSTRUCTION
 - PHASE 2 SEWER CONSTRUCTION
 - PHASE 3 SEWER CONSTRUCTION
 - FUTURE SEWER CONSTRUCTION VERANO EAST
 - COMPLETED CONSTRUCTION



NO.	DATE	BY	CHKD.
1	07-17-09	R. LITTLE	
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**VERANO SOUTH - TEXAS A&M UNIVERSITY
 SAN ANTONIO
 MASTER SEWER PHASING PLAN
 JULY 17, 2009**

**PAPE-DAWSON
ENGINEERS**

AN EAST GROUP | SAN ANTONIO, TEXAS 78204 | PHONE: 214.222.2222
 FAX: 214.222.2222

SHOWN ACCESS POINTS
 INDICATED BY A AND B-AS
 TO PHASE 1

SHOWN ACCESS POINTS
 INDICATED BY A AND B-AS
 TO PHASE 2

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 TO PHASE 5

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 TO PHASE 6

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 INDICATED BY A AND B-AS
 TO PHASE 7

SHOWN ACCESS POINTS
 INDICATED BY A AND B-AS
 TO PHASE 8

SHOWN ACCESS POINTS
 INDICATED BY A AND B-AS
 TO PHASE 9

SHOWN ACCESS POINTS
 INDICATED BY A AND B-AS
 TO PHASE 10

ATTACHMENT VI
ENGINEERING STUDY

TO BE PROVIDED

ATTACHMENT VII

**LIFT STATION AND FORCE MAIN SUPPLEMENTAL AGREEMENT
Verano Development**

It is expressly recognized that the tract may be situated in more than one drainage subbasin and that the Developer may seek approval to install on-site and/or off-site force main and lift station systems to serve the tract subject to prior approval by the Director of Infrastructure Development. Should Developer so elect and the Director of Infrastructure Development so concur, all systems shall be designed and constructed at Developer's total expense and at no cost to the System. The Developer may have the option of constructing gravity off-site lines so as to develop preferred gravity flows and eliminate the necessity for the force mains and lift stations, subject to prior approval by the System of all design, plans and construction of such systems. The Developer must prepare a present value analysis of the cost of constructing gravity mains compared to the cost of the lift station/force main system. The analysis must demonstrate that the lift station installation cost plus 30 years of operational and maintenance expenses would be less than the cost of the gravity main.

In the event that prerequisite approvals to install on-site and/or off-site force main and lift station systems are secured by Developer, the Developer shall establish a fund to cover the annual maintenance fees for a 10 year period, as approved by the System's Legal Department and the Vice President of Finance for each force main and lift station system constructed to serve any property within this tract. The creation and approval of said fund shall be a condition precedent for approval and release for recordation by the System of the plat of the properties for which the force main and lift station system shall be constructed to serve. This fund shall guarantee the entire payment of the current fees and \$11,447 per year to the System for each force main and lift station system constructed to serve property within said tract for a period of ten (10) years following the postconstruction acceptance date of each force main and lift station system. The Developer is required to pay \$87,410.00 per lift station, which is the present value for 10 years at \$11,447 per year. *This minimum annual fee may be adjusted in the event that the System formally adopts a new force main and lift station system operation and maintenance fee schedule.*

ACCEPTED AND AGREED TO IN ALL THINGS:

San Antonio Water System

Developer

By: Kelley S. Neumann, P.E.

By: _____

Title: Senior Vice-President,
Strategic Resources

Title: _____

Date: _____

Date: _____

ATTACHMENT VIII

NOT APPLICABLE

ATTACHMENT IX

FAIR NOTICE DECLARATION

Any rights that the Developer claims arise under Chapter 245, Texas Local Government Code that are related to this Agreement are dependent upon the provision of all information required by this Fair Notice Declaration. Developer must also complete and submit a Fair Notice Form to the City of San Antonio Development Service Department. In the absence of any of the information required in this Declaration or the Fair Notice Form, fair notice of a project is not given.

1. A legal description of the Tract must be attached to the Agreement as Attachment IX (A).
2. A detailed plan must be attached to the Agreement as Attachment IX (B) that provides the following information:
 - a. lot configuration, size, and location for each lot within the Tract
 - b. a specific description of the proposed land use for each lot
 - c. street layout
 - d. easement locations
 - e. total number of EDU's by land use (single-family, multi-family, school, hotel, office, restaurant, or other specific description)
3. A narrative description of the sequence and timetable for the build-out of the proposed development must be attached to the Agreement as Attachment IX (C).

ATTACHMENT X
DEVELOPMENT MASTER PLAN

TO BE PROVIDED

ATTACHMENT XI

NOT APPLICABLE

EXHIBIT B

Assignment of Right to Receive Reimbursements

ASSIGNMENT OF RIGHT TO RECEIVE REIMBURSEMENTS

This ASSIGNMENT OF RIGHT TO RECEIVE REIMBURSEMENTS (this "Assignment") is made and entered into this ___th day of September, 2009 by Verano Land Group, LP, a Texas limited partnership and VTLM Texas, LP, a Texas limited partnership (either individually or collectively, the "Assignor") and the San Antonio Water System Board of Trustees, acting by and through its President/Chief Executive Officer ("Assignee").

WHEREAS, Assignor and Assignee entered into that certain Utility Service Agreement at Exhibit A attached hereto (the "USA") whereby Assignee agreed to reserve and allocate certain water and wastewater capacity for Assignor and The Texas A&M University System ("TAMUS") on certain property owned by Assignor and TAMUS and subject to certain conditions, all as described in the USA; and

WHEREAS, in partial reimbursement for certain expenditures by Assignee for the design and construction of wastewater infrastructure to support TAMUS (the "Improvements"), Assignor agreed in the USA to allow Assignee the right to recover the following reimbursement amounts to which Assignor is entitled (collectively, the "Reimbursements") under the Development Agreement for Tax Increment Reinvestment Zone No. 28, City of San Antonio, Texas (the "Zone"):

1. up to \$2.7 million for the design and construction of wastewater improvements, subject to proration based on the actual expenditures of Assignee;
2. actual costs incurred by Assignee if and to the extent it is necessary for Assignee to repair or reconstruct any wastewater infrastructure designed and constructed by Assignor within two (2) years from the date of completion of such infrastructure; and/or
3. the actual amount of water and wastewater impact fees attributable to TAMUS from the effective date of the USA until the earlier of August 2034 or such time as the EDUs reserved and allocated to TAMUS under the USA are committed or utilized; and

provided that all such Reimbursements (i) are subject to the terms and conditions set forth in the USA and (ii) shall take precedence over other reimbursements due to Assignor under the Zone; and

WHEREAS, by Resolution of the Board of Directors for the Zone (the "Board") dated August 13, 2009 and Ordinance No. 2009-08-20-_____ of the City Council of the City of San Antonio, Texas (the "City Council") dated August 20, 2009, the Board and the City Council approved of the assignment of the Reimbursements from Assignor to Assignee as stated above; and

WHEREAS, in consideration of the funding of a portion of the Improvements and other covenants made by Assignee in the USA, Assignor desires to assign its interest in the Reimbursements to Assignee, and Assignee desires to accept the assignment thereof.

ACCORDINGLY, the parties hereto agree as follows:

1. The foregoing recitals are incorporated into this Assignment for all purposes.
2. Assignor represents and warrants to Assignee that (a) Assignor is entitled to receive reimbursement from the tax increment fund established for the Zone in an amount in excess of the Reimbursements pursuant to the Development Agreement for the Zone; (b) as of the date of this Assignment, Assignor has not assigned or encumbered the Reimbursements; (c) Assignor will not assign or encumber the Reimbursements so long as SAWS has the right to receive the Reimbursements under this Assignment and the USA; and (d) upon approval of the resolution of the Board and the Ordinance of City Council as recited above, no further consents or approvals are required by any other taxing entities, under the Development Agreement for Tax Increment Reinvestment Zone No. 28, City of San Antonio, Texas or under any other agreement, to effectuate the assignment of the Reimbursements set out herein.
3. Assignor does hereby assign, transfer, set over and convey unto Assignee the right of Assignor to the Reimbursements defined above under the Zone subject to the conditions stated in the USA and Assignee hereby accepts such assignment.
4. Assignor hereby agrees to indemnify, defend and hold harmless Assignee from and against any and all claims, losses, costs and expenses of any type or nature, including, without limitation, reasonable attorneys' fees and costs of dispute resolution, arising from, attributable to or in any way related to a breach of the representations or warranties herein or Assignee's right to receive the Reimbursements herein, which obligation shall survive the expiration of the term of this Assignment, and shall be binding upon the successors and assigns of Assignor.

Effective as of the date set forth above.

[Signatures of Assignor and Assignee on following pages.]

ASSIGNOR:

VERANO LAND GROUP, LP
a Texas limited partnership

By: San Antonio Management, LLC,
a Nevada limited liability company,
its General Partner

By: Triple L Management, LLC,
a Nevada limited liability company,
its Manager

By: The Fidelity Trust, dated 6/26/1992,
its Manager

By: _____
Ralph Lampman
Trustee

VTLM TEXAS, LP
a Texas limited partnership

By: Texas Manager, LLC,
a Nevada limited liability company,
its General Partner

By: Triple L Management, LLC,
a Nevada limited liability company,
its Manager

By: The Fidelity Trust, dated 6/26/1992,
its Manager

By: _____
Ralph Lampman
Trustee

ASSIGNEE

SAN ANTONIO WATER SYSTEM

By: _____
Robert R. Puente
President and Chief Executive Officer

Exhibit A

Utility Service Agreement

[To Be Attached]