

FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This First Amendment to Development Agreement (the "Amendment") is entered into between the **VILLAGE OF BEE CAVE, TEXAS**, a general law municipality located in Travis County, Texas (the "Village") and **KENNETH C. MARGOLIS, TRUSTEE** ("Margolis") and ("Owner") **SPILLMAN DEVELOPMENT GROUP, LTD.** ("Spillman") (collectively "Owners").

RECITALS

A. Margolis and the Village executed a Development Agreement effective as of July 25, 2000 ("Morningside Agreement"), governing the development of approximately 36 acres of land located within the extraterritorial jurisdiction of the Village, locally known as Morningside PUD and more fully described in the Morningside Agreement ("Morningside Tract"); and

B. Spillman and the Village executed a Development Agreement effective as of August 22, 2000 ("Spillman Agreement") governing the development of approximately 492.314 acres of land located within the extraterritorial jurisdiction of the Village more fully described in the Spillman Agreement ("Spillman Tract").

C. Owner and the Village desire to amend certain provisions of the Morningside and Spillman Agreements (collectively "Agreements") in order to allow the development of a retail project generally in accordance with the conceptual development plan attached as Exhibit A ("Shops at Falconhead Retail Plan" or "Retail Plan").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and the Village hereby agree as follows:

1. Defined Terms. All terms delineated with initial capital letters in this Amendment that are defined in the Agreements have the same meanings in this Amendment as in the Agreements. Other terms have the meanings commonly ascribed to them.

2. Notwithstanding anything in the Agreements to the contrary, the Agreements shall be amended as follows in the event the Retail Plan is developed:

A. Impervious Cover.

(1) 40,510.8 square feet of impervious cover from the development of Phase One, Section 6 of Spillman Ranch may be utilized in conjunction with the development of the Retail Plan. The allowable impervious cover for Phase One, Section 6 of the Spillman Ranch development is hereby reduced by 40,510.8 square feet.

(2) Impervious cover may be averaged, as if both the Morningside Tract and the Spillman Tract are one unified development project as long as the total actual impervious cover does not exceed the combined allowable impervious cover of 950,814 square feet of both tracts including the transfer of 40,510.8 square feet of impervious cover from the development of Phase I, Section 6. Attached as Exhibit "B" is a calculation of the allowable impervious cover.

(3) Provided however, that impervious cover associated with Phase 1 of the Retail Plan shall not exceed approximately 882,961 square feet. Impervious cover associated with Phase 2 shall not exceed approximately 67,853 square feet. To the extent less than 882,961 square feet of impervious cover is used in conjunction with Phase I of the Retail Plan, such impervious cover may be used in conjunction with Phase 2.

B. Non-Point Source Pollution Controls ("NPS"). The NPS requirements shall be averaged across both the Morningside and Spillman Tracts as if they are one unified development project. Pollution removal efficiency shall average at least 80%.

C. Land Use. Phase 1. All neighborhood services and general retail uses as designated in Exhibit "D" shall be permitted uses. Phase 2. Uses shall consist of office and/or residential uses and will be approved upon subsequent site plan and zoning approval.

D. Building Size. No retail store shall exceed 45,000 square feet of leaseable area, and a combination of retail stores shall not exceed a building footprint of 120,000 square feet.

E. Building Height. Buildings shall be limited to a maximum height of 35 feet, measured in accordance with standard Village height requirements. Parapets and screening for roof equipment are not included in the height calculation of 35'.

F. Maximum Buffer/Drainage Easement. The actual buffer/drainage easement shall be determined in accordance with applicable ordinances of the Village and established at the time of site plan approval.

G. Hike & Bike Trail. Owners shall construct and dedicate to the Village a hike and bike trail, which will tie in to the Village of Bee Cave hike and bike trail on the Home Depot development and the Spillman Ranch hike and bike trail.

H. Road. The project shall include a through road with a minimum pavement width of thirty (30) feet or greater, if greater is required by the Traffic Impact Analysis, for the purpose of carrying traffic from Home Depot to Falconhead Blvd. and shall be dedicated to the public if requested by the Village.

I. Trees. The developer shall use reasonable efforts to preserve and protect specimen trees (hardwoods) having a diameter of 12" or greater and to replace such trees on an equivalent total caliper basis.

J. Additional terms and conditions. Owner agrees to terms and conditions described in Exhibit "C" which are incorporated herein by reference for all purposes.

3. In the event that construction on the Retail Plan is not commenced within forty-eight (48) months from the date of this Amendment, this Amendment shall terminate and be of no further force or effect. Upon termination of this Amendment, all original terms, conditions and requirements of the Morningside and Spillman Agreements shall govern the rights and obligations of the parties as if this Amendment had not occurred.

4. Effect of Amendment. Except as specifically provided in this Amendment, the terms of the Morningside and Spillman Agreements continue to govern the rights and obligations of the parties, and all terms of the Agreements, except as amended by this Amendment, remain in full force and effect. If there is any conflict or inconsistency between this Amendment and the Agreements, this Amendment will control and modify the Agreements. Any projects other than the Retail Plan constructed on either the Morningside or Spillman Tracts shall be governed by the provisions of the Spillman and Morningside Agreements, respectively, without this Amendment.

EXECUTED on the date or dates set forth below, to be effective on the date the last party signs.

VILLAGE:

VILLAGE OF BEE CAVE, TEXAS,
a general law municipality

By: Caroline Murphy
Printed Name: Caroline Murphy
Title: Mayor
Date: 5-13-03

ATTEST
Sherry Mashburn
Printed Name: Sherry Mashburn
Title: Village Secretary

OWNERS:

By: *Benny M. Lewis* *Atty-in-Fact for*
Kenneth C. Margolis, Trustee

Date: *May 9, 2003*

SPILLMAN DEVELOPMENT GROUP, LTD., a
Texas limited partnership

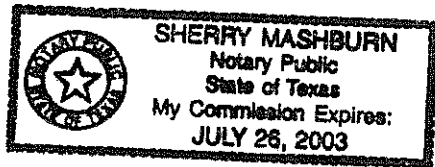
By: SDG MANAGEMENT, INC., a Texas
corporation, its General Partner

By: *Stephen W. Gurasich*
Stephen W. Gurasich, Jr., President
Date: *5/9/03*

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me *Sherry Mashburn* (name), a Notary Public on this day personally appeared *Caroline Murphy*, *Mayor* of the Village of Bee Cave, Texas, a general law municipality, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

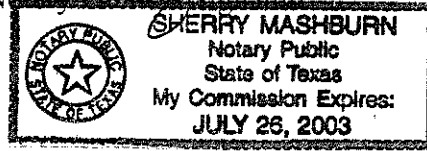
Given under my hand and seal of office this *13th* day of *May*, A.D., 2003.



Sherry Mashburn

[Seal]

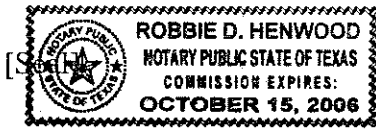
Sherry Mashburn
Notary Public's Signature



THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me Robbie D. Henwood (name), a Notary Public on this day personally appeared Kenneth C. Margolis, Trustee, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 9th day of May, A.D., 2003.



Robbie D. Henwood
Notary Public's Signature

Barry M. Lewis, Attorney-in-Fact For

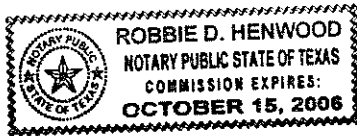
STATE OF TEXAS

COUNTY OF TRAVIS

Before me, Robbie D. Henwood (name), a Notary Public on this day personally appeared Stephen W. Gurasich, Jr., President of SDG Management, Inc., a Texas corporation, general partner of Spillman Development Group, Ltd., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 9th day of May, A.D., 2003.

[Seal]



Robbie D. Henwood
Notary Public's Signature

Conceptual Plan



F.M. 620

PHASE I

PHASE II
OFFICE/RESIDENTIAL

EXIST HOME DEPOT

FALCONHEAD BLVD

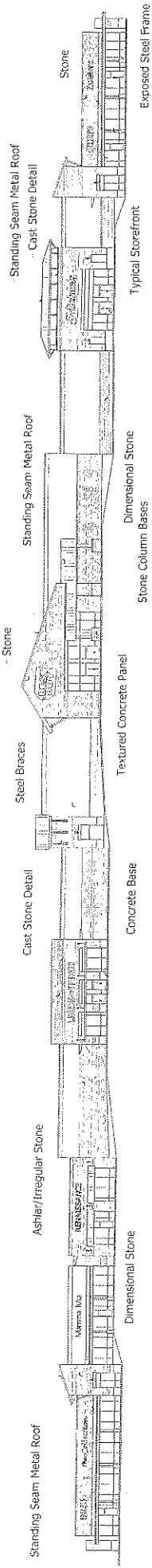
NOTE:
NO LOTS OF SMALL MULTIPLE PARKING ISLANDS.
DEVELOPER TO CONSTRUCT FEWER BUT LARGER
ISLANDS FOLLLOWING THE SAME OVERALL ISLAND
SPACING / SERVICE RESPONSIBILITY.

Barrett Engineering Company	
THE SHOPS AT FALCONHEAD	
EXHIBIT 'A'	
APRIL 22, 2003	
DATE: 04/22/03	SCALE: 1" = 100'
PROJECT: THE SHOPS AT FALCONHEAD	SHEET: 1 OF 1
OWNER: BARRETT ENGINEERING COMPANY, INC.	DATE: 04/22/03

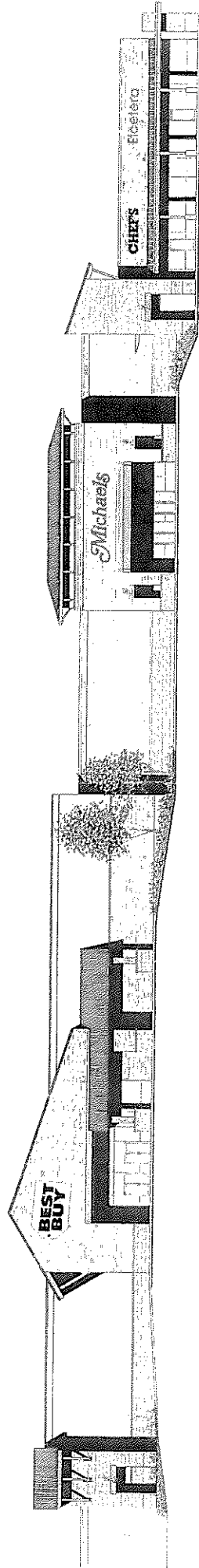
EXHIBIT "C"

1. Owners agree to commence annexation of the land covered by the Retail Plan into the Village prior to the commencement of development or approval of preliminary plats, whichever occurs first.
2. Owners agree to comply with the Village Non-Point Source Ordinance as it existed on June 13, 2000.
3. Owners agree to comply with the current Village of Bee Cave Code of Ordinances as follows:
 - a. Chapter 10, Section 10.100: Sign Regulations
 - b. Chapter 14, Section 14.132: Landscaping Requirements
 - c. Chapter 14, Section 14.131: Off-street Parking & Loading Requirements
 - d. Chapter 14, Section 14.137: Lighting and Glare Standards
 - e. Chapter 10, Section 10.200: Subdivision Regulations
 - f. Chapter 14, Section 14.134: Architectural Standards. In particular, Owners agree to construction of the facade of all buildings as follows:

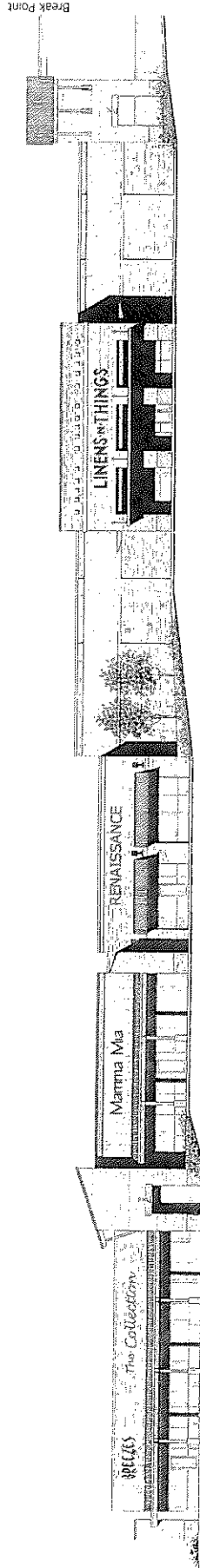
Vertical and horizontal articulation shall be constructed in accordance with the current Village ordinances for architectural standards. Exhibit "E" is an illustration of the minimum standards.
 - g. Current Village dam safety requirements for dams located on ponds in excess of six feet.
4. Owners agree to conduct a Traffic Impact Analysis and to mitigate adverse traffic impacts.
5. Owners shall use good faith efforts to study the feasibility of using a rain water collection system and will employ such system to the extent Owners determine that it is practical and economical.
6. The wet ponds shall be sized and built in Phase I for the ultimate proposed development condition for all impervious cover for all phases.



EXTERIOR ELEVATION - OVERALL



EXTERIOR ELEVATION - NORTHERN PORTION



EXTERIOR ELEVATION - SOUTHERN PORTION

The Shops at Falcon Head

Conceptual Design for Mixed Use Development

EXHIBIT 4

SPILLMAN RANCH

EXHIBIT D

RETAIL USE CHART

ZONING USE	ALLOWABLE	NOT ALLOWED	ZONING USE	ALLOWABLE	NOT ALLOWED
Administrative and Business Offices	X		Indoor Sports and Recreation	X	
Agricultural Sales and Services		X	Kennels		X
Art and Craft Studio (limited)	X		Laundry Services	X	
Art and Craft Studio (general)	X		Liquor Sales	X	
Art and Craft Studio (industrial)		X	Marina		X
Automotive Rentals		X	Medical Offices	X	
Automotive Repair Services		X	Monument Retail Sales		X
Automotive Sales		X	Offsite Accessory Parking	X	
Automotive Washing (of any type)		X	Outdoor Entertainment		X
Building Maintenance Services		X	Outdoor Sports and Recreation		X
Business or Trade School		X	Pawn Shop Services		X
Business Support Services	X		Personal Improvement Services	X	
Campground	X		Personal Services	X	
Cocktail Lounge		X	Pet Services	X	
Commercial Off-Street Parking		X	Professional Office	X	
Communications Services	X		Recreational Equipment Maintenance and Storage		X
Construction Sales and Services	X		Recreational Equipment Sales		X
Consumer Convenience Services	X		Research Assembly Services	X	
Consumer Repair Services	X		Research Services		X
Convenience Storage		X	Research Testing Services	X	
Equipment Repair Services		X	Research Warehousing Services		X
Equipment Sales		X	Restaurant (drive-in, fast food)		X
Exterminating Services	X		Restaurant (limited)	X	
Financial Services	X		Restaurant (general)	X	
Food Sales	X		Scrap and Salvage		X
Funeral Services		X	Service Station		X
General Retail Sales (convenience)	X		Stables		X
General Retail Sales (convenience with gas sales)		X	Stables		X
General Retail Sales (convenience with gas sales)	X		Theater	X	
General Retail Sales (general)	X		Vehicle Storage		X
Hotel - Motel	X		Veterinary Services (with indoor kennels only)	X	
Indoor Entertainment	X				