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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	
	§	
WHITESTONE HOUSTON	§	CASE NO: 11-42400
LAND, LTD.,	§	
	§	
DEBTOR.	§	CHAPTER 11

**DEBTOR’S MOTION TO ASSIGN CERTAIN PERMITS TO THE
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS MOTION WITHIN TWENTY-FOUR (24) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS PLEADING SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SET A HEARING. IF YOU FAIL TO APPEAR AT THE HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

TO THE HONORABLE JUDGE OF THE UNITED STATES BANKRUPTCY COURT:

COMES NOW, Whitestone Houston Land, Ltd., (“Debtor”), Debtor in the above-styled and numbered case, and files this its *Motion to Assign Certain Permits to the East Montgomery*

County Improvement District (the “Motion”) and in support of same would respectfully show the Court as follows:

1. The Debtor filed its voluntary petition under Chapter 11, title 11, of the United States Bankruptcy Code on August 1, 2011, in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division.

2. The Debtor is the owner of an approximate 1,600 acre tract of land in Montgomery County, Texas and has certain permits from the Texas Commission on Environmental Quality (“TCEQ”) in connection with its planned development of the property. These permits expire at midnight on June 1, 2012 if not renewed.

3. The Debtor and the East Montgomery County Improvement District (“District”) have reached an agreement regarding the assignment and renewal of the permits. A true and correct copy of this agreement is attached hereto as Exhibit “A.”

4. The key provisions of the agreement are as follows:

- a. Whitestone will take all actions necessary and appropriate to institute and file with the TCEQ the application for renewal of the Permit along with all supporting documentation that may be required in connection with such application, and will diligently prosecute such application through issuance of the renewal Permit. Such actions shall include taking any and all actions as may be required to obtain any necessary approvals for filing such renewal action, including but not limited to any required approvals of the bankruptcy court.
- b. Whitestone will take all actions necessary and appropriate to authorize it to transfer and assign the Permit to the District as permittee, including obtaining all necessary approvals for such transfer from the bankruptcy court.
- c. The District will oversee the permit renewal process, and will pay all costs associated with the filing and issuance of the renewal Permit and the assignment of the Permit to the District, including all engineering, legal and publication expenses it may incur in connection therewith.
- d. In the event the bankruptcy court does not authorize the filing of the Permit renewal (if Debtor determines that such authorization is required), or if the

bankruptcy court denies the Debtor's request for approval of the transfer of the Permit to the District, the District shall be entitled to immediately cease all efforts to obtain the renewal of the Permit and/or the transfer of the Permit to the District, and pay only such costs as have been incurred through the date of termination of its Permit actions.

- e. Whitestone agrees that it will take whatever actions are reasonable and appropriate to secure reimbursement for the District for the amounts expended in connection with the Permit renewal and assignment from funds that may become available to pay Whitestone's operation and administration costs and/or from any municipal utility district that is a subsequent assignee of the Permit.

WHEREFORE, PREMISES CONSIDERED, Debtor respectfully requests that this Court enter an order authorizing the Debtor to assign the Permit described in the attached agreement to the East Montgomery County Improvement District, and for such other and further relief, at law or in equity, to which the Debtor may show itself justly entitled.

Dated: December 29, 2011

Respectfully Submitted,

/s/ Joyce W. Lindauer
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on December 29, 2011 a true and correct copy of the foregoing document was forwarded via the Court's electronic filing system to those parties receiving electronic notice in this case and/or via United States first class mail, postage prepaid, to the parties listed below and on the attached service list.

Ferdinand P. Cribbs
Wilson, Cribbs & Goren, P.C.
2500 Fannin
Houston, TX 77002

/s/ Joyce W. Lindauer
Joyce W. Lindauer

EXHIBIT “A”

AGREEMENT

This Agreement ("Agreement") is made and entered into this ___ day of December, 2011, by and between the East Montgomery County Improvement District, a political subdivision of the State of Texas (the "District") and Whitestone Houston Land, Ltd., a Texas limited partnership ("Whitestone").

WHEREAS, Whitestone is the owner of that certain approximately 1,600 acre tract of land in Montgomery County, Texas, more particularly described on Exhibit A attached hereto and made a part hereof (the "Property"); and

WHEREAS, as owner of the Property, Whitestone applied to the Texas Commission on Environmental Quality ("TCEQ") and received certain permits in connection with its planned development of the Property including, but not limited to, that certain TPDES Permit No. WQ00145590001, authorizing the treatment and discharge of wastes from the Whitestone Caney Creek Wastewater Treatment Facility, SIC Code 6552, directly to Caney Creek in Segment No. 1010 of the San Jacinto River Basin (the "Permit"); and

WHEREAS, the Permit is scheduled to expire at midnight on June 1, 2012 if it is not renewed prior to such expiration date; and

WHEREAS, Whitestone has filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq. (the "Code"), on August 1, 2011 in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division, and is operating as a Debtor-in-Possession pursuant to Sections 1107 and 1108 of the Code; and

WHEREAS, Whitestone does not have the financial resources to hire the necessary consultants to prepare and file the application for renewal of the Permit or to pay for the necessary notices and publications associated with the renewal of the permit, and consequently has requested that the District pay on its behalf, all costs associated with the renewal of the Permit; and

WHEREAS, the District has been created, established, organized and exists for the purpose of, among other things, promoting the health, safety, and welfare of its residents, employers, employees and consumers in the District and of the general public and to promote, develop, encourage and maintain employment, commerce, economic development and the public welfare in the eastern area of Montgomery County; and

WHEREAS, the District has been specifically granted the power to contract with any individual or entity to accomplish the District's purposes including, but not limited to, entering into a contract for the payment, repayment or reimbursement of all or part of the costs of an improvement project that confers a special benefit on all or part of the District; and

WHEREAS, in consideration of the District paying the costs associated with renewal of the Permit, Whitestone has offered to take all necessary actions to transfer the Permit to the District and/or cause the renewal Permit to be issued in the name of the District as permittee; and

WHEREAS, the District has determined that it is in the long term best interest of the District and will further the economic development of the area for the District to take the necessary actions to avoid expiration of the Permit and to hold the renewal Permit in the name of the District to ensure its availability for use in connection with the development of the Property.

NOW, THEREFORE, Whitestone and the District, for the mutual covenants and agreements set forth herein, agree as follows:

1. Whitestone will take all actions necessary and appropriate to institute and file with the TCEQ the application for renewal of the Permit along with all supporting documentation that may be required in connection with such application, and will diligently prosecute such application through issuance of the renewal Permit. Such actions shall include taking any and all actions as may be required to obtain any necessary approvals for filing such renewal action, including but not limited to any required approvals of the bankruptcy court.
2. Whitestone will take all actions necessary and appropriate to authorize it to transfer and assign the Permit to the District as permittee, including obtaining all necessary approvals for such transfer from the bankruptcy court.
3. The District will oversee the permit renewal process, and will pay all costs associated with the filing and issuance of the renewal Permit and the assignment of the Permit to the District, including all engineering, legal and publication expenses it may incur in connection therewith.
4. In the event the bankruptcy court does not authorize the filing of the Permit renewal (if Whitestone determines that such authorization is required), or if the bankruptcy court denies the Whitestone request for approval of the transfer of the Permit to the District, the District shall be entitled to immediately cease all efforts to obtain the renewal of the Permit and/or the transfer of the Permit to the District, and pay only such costs as have been incurred through the date of termination of its Permit actions.
5. Whitestone agrees that it will take whatever actions are reasonable and appropriate to secure reimbursement for the District for the amounts expended in connection with the Permit renewal and assignment from funds that may become available to pay Whitestone's operation and administration costs and/or from any municipal utility district that is a subsequent assignee of the Permit.
6. This Agreement contains the entire agreement between the parties pertaining to the subject matter in it and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all parties.
7. This Agreement may be executed in any number of counterparts and by way of facsimile transmission. Each executed counterpart shall be deemed to be an original. All executed counterparts taken together will constitute one agreement

8. Each signatory to this Agreement warrants that the signatory has the power and legal authority to bind its respective party to enter into and perform this Agreement, that the execution by such signatory has been duly authorized by all necessary corporate action, and that this Agreement constitutes a valid, binding obligation of the party, enforceable in accordance with this Agreement.
9. Each party hereto and the successors or assigns of the parties hereto shall perform any further acts and execute and deliver any documents or procure any court orders which may reasonably be necessary to carry out the provisions of this Agreement.
10. If any one or more of the provisions (or any part thereof) of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions (or any part thereof) shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have executed this Option Agreement on the date set forth beside the signature of each.

Date: December __, 2011

WHITESTONE HOUSTON LAND, LTD.

By: Whitestone Land Holdings, LLC,
its general partner

By: _____
Name: _____
Title: _____

Date: December __, 2011

EAST MONTGOMERY COMMUNITY
IMPROVEMENT DISTRICT

By: _____
Name: _____
Title: _____

Label Matrix for local noticing
Case 11-42400

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