



July 13, 2007

The J.H. Berra companies recently reached a settlement agreement in the form of a Consent Decree with the Environmental Protection Agency, the Missouri Department of Natural Resources and the City of Wildwood for siltation, erosion and storm water permitting issues that arose at a small number of projects that we developed either on our own or as a partner in joint ventures. This Consent Decree is a culmination of negotiations with EPA, Mo. DNR and the City of Wildwood over the past year. After careful consideration, J.H. Berra Company made a business decision that resolution of these issues through a negotiated Consent Decree was in the best interests of our companies and our customers.

The Consent Decree imposes fines for past storm water related issues and sets specific requirements for future J.H. Berra developments, including extensive storm water compliance training programs for all the J.H. Berra employees.

Additionally, the Consent Decree contains specific mitigation requirements for two developments in which J.H. Berra was a partner. The Enclaves at Cherry Hills in the City of Wildwood will have a mitigation plan prepared and implemented to resolve issues involving the Caulks Creek watershed. The Consent Decree also resolves any alleged violations of the City of Wildwood ordinances and includes a monetary settlement with the homeowners association of the Harbors at Lake Chesterfield for any siltation, erosion and turbidity issues that may have occurred during the development of The Enclaves at Cherry Hills. In addition, the Consent Decree also provides for a plan and payment to mitigate any impact the Countryshire development in the City of O'Fallon may have had on the existing lake in the downstream Foxwood Estates subdivision.

J.H. Berra's goal now is to continue to grow our business and be a leader in our field. We are confident that the experience of negotiating the Consent Decree will in fact help us to be more conscious of all aspects of permitting and implementation of storm water controls so that we will provide a better product to our customers.

Sincerely,

John H. Berra, Jr.