

**AGREEMENT CONCERNING CREATION AND OPERATION OF
REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT
OF HAYS COUNTY**

This Agreement Concerning Creation and Operation of the Reunion Ranch Water Control and Improvement District of Hays County (this "Agreement") is entered into by the City of Dripping Springs, Texas, a Type A general law municipal corporation situated in Hays County, Texas, (the "City"); Hays Reunion Ranch, L.P. ("Owner"); and Reunion Ranch Water Control and Improvement District of Hays County (the "District"), a water control and improvement district created pursuant to Article XVI, Section 59, of the Texas Constitution, and Chapters 49 and 51 of the Texas Water Code.

ARTICLE I - RECITALS

A. Owner represents that it is the owner of approximately 490.92 acres in Hays County, Texas, as shown on Exhibit A and described on Exhibit B attached to this Agreement (the "Land"). The Land lies entirely within the City's extraterritorial jurisdiction ("ETJ").

B. On August 15, 2005, the Texas Commission on Environmental Quality ("TCEQ") created the District by an Order Granting the Petition for Creation of Reunion Ranch Water Control and Improvement District of Hays County attached to this Agreement as Exhibit C ("Order").

C. At the time of the creation of the District, Owner and TCEQ were unaware that the Land lies within the City's ETJ, and therefore were unaware that Section 42.042 of the Texas Local Government Code requires the City's consent to the District's creation.

D. On April 3, 1986, the City of Austin adopted Ordinance 860403-D releasing the Land from its statutory ETJ, and on August 5, 1986, the City adopted Ordinance No. 35 extending its ETJ to include the Land upon petition of the landowner. Inadvertently, the ordinances were not recorded and, through an oversight, the land was not included on the City's maps of its ETJ. Thus, at the time of the creation of the District, the relevant ETJ maps did not show the Land within the ETJ of any municipality.

E. Except for obtaining the City's consent, the Parties agree that all steps necessary to create the District, including the confirmation election, were completed by on or before November 7, 2006.

F. Upon discovering that the Land was in the City's ETJ on the date of the Order, Owner requested that the City consent to the creation of the District as created by ordering paragraphs 1 through 9 of the Order.

G. The purposes of this Agreement are to set out mutually agreeable terms and conditions relating to the creation and operation of the District, which include the provisions under which the City has adopted its resolution consenting to the creation of the District consistent with Section 42.042 of the Texas Local Government Code.

H. On February 7, 2012, the City Council of the City adopted Resolution No. 2012-4 consenting to the creation of the District (the "Consent Resolution"), which Consent Resolution approved, and is subject to, the terms and conditions of this Agreement.

I. The Parties intend that the Land also will be subject to the Development Agreement between Owner and City when that Development Agreement is finally approved and executed.

NOW THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions set forth in this Agreement, the Parties contract and agree as follows:

ARTICLE II - DEFINITIONS

"Agreement" means this Agreement Concerning Creation and Operation of Reunion Ranch Water Control and Improvement District of Hays County.

"Assignee" means a successor to Owner as defined in Section 11.10(b) of this Agreement.

"Attorney General" means the Attorney General of the State of Texas.

"Board" means the Board of Directors of the District.

"Bond" means (a) any instrument, including a bond, note, certificate of participation, or other instrument evidencing a proportionate interest in payments, due to be paid by the District, or (b) any other type of obligation that (1) is issued or incurred by the District under the District's borrowing power, without regard to whether it is subject to annual appropriation, and (2) is represented by an instrument issued in bearer or registered form or is not represented by an instrument but the transfer of which is registered on books maintained for that purpose by or on behalf of the District. The term shall include obligations issued to refund outstanding Bonds, but shall not include reimbursement agreements entered into between the District and a developer of the Land, any other contracts entered into by the District not within the items listed in (a) or (b) above, or bond anticipation notes.

"CCN" means a certificate of convenience and necessity or similar permit issued by the TCEQ authorizing a specified entity to be the retail water or sewer service provider in a specified area.

“City” means the City of Dripping Springs, Texas, a type A General Law municipality located in Hays County, Texas.

“City Council” means the City Council of the City.

“City Administrator” means the City Administrator of the City.

“City Engineer” means one or more engineers hired or engaged to work for the City.

“City Objection” means an objection by the City to a Bond issue as defined in **Section 5.04** of this Agreement.

“City Review Fees” means: (a) the fees and charges applicable to the City’s preliminary and final plat review and approval process according to the fee schedule adopted by the City Council and in effect on the date of submittal of each plat application; and (b) fees and charges applicable to the review of plans relating to construction of Infrastructure according to the fee schedule adopted by the City Council and in effect on the date of submittal of such plans.

“Consent Resolution” means the Resolution No. 3 adopted February 7, 2012 by the City Council that approves this Agreement and that contains the City’s consent to the creation of the District.

“Contractor” means a person or entity that constructs, alters or repairs Infrastructure required to serve the Land.

“Development Agreement” means the Development Agreement between Owner and the City regarding the Land that the Parties intend to enter into, and that will be attached to this Agreement as **Exhibit D** when it is finally approved and executed.

“District” means the Reunion Ranch Water Control and Improvement District of Hays County, as it was created by TCEQ on August 15, 2005.

“Effective Date” means the effective date of this Agreement and is August 15, 2005, as provided in **Section 3.01**.

“ETJ” means the extraterritorial jurisdiction of a city as defined by the Texas Local Government Code.

“Execution Date” means the date that this Agreement is signed by the City.

“Governing Regulations” means the all of the following, as amended from time to time:

- (i) All City manuals, standards, ordinances and regulations for design, location, construction, operation and maintenance of water and wastewater infrastructure, including the TCSS Manual.

- (ii) Utility location standards.
- (iii) Hays County regulations and rules applicable to subdivisions within the County.
- (iv) All rules and regulations of those other governmental entities with state and local jurisdiction, including but not limited to those promulgated by the District, the TCEQ (including TCEQ permits issued for facilities or service to the District), the LCRA, the Texas Department of Transportation and the Hays-Trinity Groundwater Conservation District.
- (v) Concerning fire protection, water distribution design will incorporate provisions for line sizing sufficient to maintain adequate fire flow for all residences in the subdivision and to comply with all applicable rules and regulations of the Hays County Emergency Services District No. 6.

“Infrastructure” means all water, wastewater, drainage, roadway and other infrastructure improvements installed or constructed to serve the Land, whether located within or outside the Land, with the exception of the LCRA Facilities.

“Land” means that certain 490.92 acre tract located in Hays County, Texas as shown on Exhibit A and described on Exhibit B.

“LCRA” means the Lower Colorado River Authority, or the successor entity that provides wholesale water service to the Land.

“LCRA Facilities” means the water lines and other facilities that are used to provide wholesale water service to the Land and that are owned by LCRA or any LCRA successor entity other than the District that provides wholesale water service to the Land.

“Notice” means notice as defined in **Section 11.01** of this Agreement.

“Owner” means Hays Reunion Ranch, L.P., its successors and Assignees as permitted by this Agreement.

“Order” means the Order Granting Petition for Creation of Reunion Ranch Water Control and Improvement District of Hays County dated August 15, 2005, attached to this Agreement as Exhibit C.

“Party” means, individually, the City, Owner, or the District, their successors and their Assignees as permitted by this Agreement, collectively “Parties.”

“Permits A & B.” Permit A means TCEQ Permit to Discharge Wastes No. WQ0014480001 (a renewed permit issued on June 3, 2010). “Permit B” means TCEQ Permit to Discharge Wastes No. WQ0014480002 (a renewed permit issued on June 8,

2010). "Permits" means, collectively, Permits A and B.

"TCEQ" means the Texas Commission on Environmental Quality or its successor state agency.

"TCSS Manual" means City's Technical Construction Standards and Specifications Manual, as it may be amended from time to time.

"Water Code" means the Texas Water Code, as amended from time to time.

ARTICLE III - CONSENT TO CREATION AND ROAD POWERS

3.01 Consent to Creation. In accordance with the terms of this Agreement, the City consents to the creation of the District over the Land as created by ordering paragraphs 1 through 9 of the Order and approved by voters in a confirmation election held on November 7, 2006. This consent is deemed to be effective as of August 15, 2005. The City agrees that it will not contest: (a) the validity of the creation of the District; (b) the results of any District election held after the date of the Order and before the Execution Date; or (c) the assignment of the Water Service Agreement Between Lower Colorado River Authority and Hays Reunion Ranch, L.P. to the District by that Assignment and Acceptance dated August 28, 2006.

3.02 Road Powers. The City shall not object to legislation that the Owner or District seeks to have introduced or adopted by the Texas Legislature as a local bill to grant road powers to the District, so long as:

- (a) the bill provides that any road project undertaken by the District must meet all applicable construction standards, zoning and subdivision requirements, and regulations of each municipality in whose corporate limits or extraterritorial jurisdiction the road project is located; and
- (b) the legislation does not conflict with the terms of this Agreement or the Development Agreement.

ARTICLE IV - CONSTRUCTION, OPERATION, MAINTENANCE AND INSPECTION OF DISTRICT FACILITIES

4.01 Infrastructure Standards. The Owner and the District shall, at no cost to the City, construct Infrastructure in accordance with plans and specifications that have been approved by the City. The City agrees to review all plans and specifications provided by the Owner or the District in a timely manner and pursuant to the procedures set forth in City ordinances and guidelines; not to unreasonably withhold its approval of such plans and specifications; and to conduct its inspections of ongoing construction in a manner that minimizes interference with such construction. All Infrastructure shall be designed and constructed in compliance with the Governing Regulations.

4.02 Additional Standards for Water and Wastewater Utility Infrastructure and Operations. The wastewater systems constructed to serve the District shall meet all requirements of the Permits (including Permits amended as authorized by this Agreement) issued for those systems. The District shall operate the wastewater systems in compliance with their respective Permits at all times, and shall continue to perform, for the life of the irrigation systems, all monitoring required by Special Provisions 18, 20 & 21 of Permit A, and by Special Provisions 24, 26 and 32-36 of Permit B, as such requirements are in effect on the Execution Date, and also shall not seek to have such monitoring requirements removed from the Permits in future renewals or amendments.

4.03 Plan Review; Payment of Fees; and Pre-Construction Conference. Construction of Infrastructure shall not commence until the plans and specifications have been reviewed and accepted by the City for compliance with the **Section 4.01** Infrastructure Standards; a pre-construction conference has been held with the Contractor, the District's engineer and the City's Engineer; and the applicable City Review Fees have been paid. At such pre-construction conference, the City will designate both the City's project manager and the City's inspector for purposes of this Agreement.

4.04 Inspection by City. The City has the right, but not the obligation, to inspect and test the Infrastructure at any time, including inspection of facilities being constructed by the Owner or the District. Further, the City has the right to participate in a final inspection of all Infrastructure. The Owner or its Contractor shall notify the City's inspector when Infrastructure is ready for final inspection, and shall schedule final inspection by the City at a mutually agreed time. Thereafter, any duly authorized employee of the City bearing proper credentials and identification shall be granted access to any property of the District within the Land as the City may determine necessary for the purpose of inspection and testing of Infrastructure from time to time.

4.05 Contracts with Contractors. If a Contractor is not an Owner, then the Owner shall incorporate the requirements of this **Article IV** into a written construction contract with the Contractor. All contracts with such non-Owner Contractors shall provide that the City is a third-party beneficiary of, and may enforce the contracts against, the Contractor.

4.06 Operation and Maintenance of Infrastructure. The District shall cause all Infrastructure to be operated and maintained in accordance with the Governing Regulations.

4.07 As-Built Drawings. The District shall deliver mylar or digital as-built drawings for all Infrastructure to the City Administrator within 30 days after final inspection.

4.08 CCNs. The Owner or the District may file an application with TCEQ to obtain a CCN to provide retail water and/or sewer services throughout the boundaries of the District. The City agrees not to contest such an application.

4.09 Service Outside the District. The District shall not sell or deliver services to areas outside the District without prior City Council approval.

ARTICLE V - ISSUANCE OF BONDS

5.01 Bond Issuance and Approvals. The District shall seek TCEQ approval of all Bonds issued by the District; provided, however, that the District is not required to seek TCEQ approval of refunding Bonds unless that approval is required by applicable law. A copy of each bond application shall be provided to the City within five (5) days after filing of the application with TCEQ. Within 30 days after receiving the application, the City shall either consent to the issuance of each series of Bonds provided that the District is in compliance with this Agreement and the Bonds conform with the requirements of this Agreement, or (ii) assert any City Objection as provided in § 5.04 below. The City's consent shall not be unreasonably withheld, conditioned, delayed or denied, and shall be deemed given if the City does not consent to, or object to, issuance of the bonds within the 30-day period.

5.02 Purposes. The purposes for which the District may issue Bonds shall be restricted to the following:

- (a) Purchase, construction, acquisition, repair, extension and improvement of land, easements, works, improvements, facilities, plants, equipment, and appliances necessary to:
 - (i) Provide a water supply for the District for municipal, domestic, and commercial uses;
 - (ii) Collect, transport, process, dispose of, and control all domestic, commercial, industrial, or communal wastes from the District, whether in fluid, solid, or composite state;
 - (iii) Gather, conduct, divert, and control local storm water or other local harmful excesses of water in the District; and
 - (iv) Perform authorized road powers granted to the District by the legislature, as provided in this Agreement; and
- (b) Payment of organization expenses, initial operation expenses, cost of issuance, interest during construction and capitalized interest; and

- (d) Refunding of any outstanding Bonds of the District for a debt service savings; provided, however, that any such refunding Bonds otherwise satisfy the requirements of this Agreement.

5.03 Compliance with Agreements. At the time that the District submits a bond application to the City pursuant to Section 5.01, the District shall certify in writing to the City Administrator that the District is not in breach of any material provision of the Consent Resolution or this Agreement. Material provisions include, but are not limited to the provisions of **Article IV** of this Agreement.

5.04 Bond Objections. The only basis for an objection by the City to a proposed Bond issue shall be that the District is in default of a material provision of the Consent Resolution or this Agreement. If the City objects to a proposed Bond issue (a "City Objection"), such objection (a) shall be in writing, (b) shall be given to the District; (c) shall be signed by the Mayor or the City Administrator, and (d) shall specifically identify the material provision(s) of the Consent Resolution or this Agreement for which the District is in default. It shall not be a basis for a City Objection that the City disagrees with the District's financial advisor as to the financial feasibility of the Bonds so long as the proposed Bonds are approved by the TCEQ and Attorney General. In the event a City Objection is timely given to the District (as required by this section) with respect to a specific Bond application, the City and the District will use good faith efforts to resolve the City Objection within 60 days, during which time the District will not proceed with the sale of the Bonds to which the City objection applies.

5.05 Maximum Bond Issuance. The District has determined and hereby agrees that it shall not issue a total of more than \$30,000,000 (thirty million dollars) in Bonds payable from the levy and collection of ad valorem taxes on property within the District without the City's consent. This limitation on the amount of Bonds that may be issued by the District does not apply to refunding Bonds of the District so long as (i) the refunding achieves a minimum of three percent (3%) present value savings and (ii) the latest maturity of the refunding Bonds does not extend beyond the latest maturity of the refunded Bonds. The District may not issue any refunding Bonds that do not meet these requirements without the City's consent, which will not be unreasonably withheld, conditioned, delayed, or denied.

5.06 Official Statements. Within thirty (30) days after the District closes the sale of each series of Bonds, the District shall deliver to the City Administrator a copy of the final official statement for such series of Bonds. If the City requests additional information regarding such issuance of the Bonds, the District shall promptly provide such information at no cost to the City.

5.07 Certifications. With respect to any matter required by this **Article V** to be certified in writing, this Agreement also requires, and the District hereby warrants, that every statement in any certification shall be true and correct in all material respects and that the person signing the certification has been given the requisite authority to do so on behalf of the District.

ARTICLE VI - EXECUTION OF AGREEMENTS

6.01 Documents To Be Executed. Owner and District covenant and agree to execute and deliver the Development Agreement to the City no later than thirty (30) days after the District signs this Agreement; failure to do so shall constitute a material breach of this Agreement by Owner and:

- (a) shall entitle the City to prevent the issuance of Bonds until the failure has been cured; and
- (b) Owner shall not, from and after the date of such failure, enter into any agreements with the District or seek reimbursement from the District for any expenses incurred in connection with the District or development of the Land until the failure has been cured.

ARTICLE VII - REPORTING REQUIREMENTS

The District shall: (a) send a copy of each order or other action setting an ad valorem tax rate to the City Administrator within thirty (30) days after the District adopts the rate; (b) send a copy of each annual audit to the City Administrator within thirty (30) days after approval by the Board; and (c) provide copies of any material event notices filed under applicable federal securities laws or regulations to the City Administrator within thirty (30) days after filing such notices with the applicable federal agency.

ARTICLE VIII - CONVERSION, ANNEXATION OR DISANNEXATION BY DISTRICT

The City hereby consents to the District's annexation of the 33.05-acre tract described in the attached Exhibit E. Unless the City Council has given its prior written consent, the District shall not: (a) annex any additional lands to the District; (b) convert into another type of district; (c) consolidate with another district; (d) divide into two or more new districts; or (e) seek additional governmental powers beyond those authorized by this Agreement.

ARTICLE IX - ANNEXATION OF DISTRICT BY CITY

9.01 General Terms. The Parties acknowledge and agree that the Land lies wholly within the City's ETJ and is not bordered by another city, town, or village. The Parties further acknowledge that the creation of the District, and the City's consent thereto, are for purposes that include promoting the orderly development and extension of City services to the Land upon annexation

9.02 Incorporation. In furtherance of the purposes of this Agreement, the District and Owner, on behalf of themselves and their respective successors and

Assignees, covenant and agree to the extent allowed by law that, except upon written consent of the City Council, neither the District nor Owner will: (a) seek or support any effort to incorporate the Land or any part thereof; or (b) sign, join in, associate with, or direct to be signed any petition seeking to incorporate any of the Land or seeking to include any of the Land within the boundaries of any other incorporated entity.

9.03 Annexation. Upon the completion of the Infrastructure and the sale of all Bonds to be issued by the District, the City may, at the City Council's discretion, initiate annexation proceedings for the Land and conclude the proceedings in accordance with State law. If the City annexes the entire area in the District, then the City will succeed to all the powers, duties, assets and obligations of the District, including but not limited to any rights and obligations under valid and duly-authorized contracts entered into by the District prior to the first notice of annexation (e.g., developer reimbursement agreement) and any bond obligations. The District will not enter into any developer reimbursement agreements or agreements for new projects or extraordinary expenses, except as necessary for continued operation and maintenance of existing District facilities, after publication of the first notice of proposed annexation. The District further agrees that any agreements with the District in violation of this requirement shall be void. As an alternative to the foregoing, and in the City's sole discretion, the City may exercise any options available under Chapter 43 of the Texas Local Government Code, or similar annexation laws of the State of Texas, that are in effect with regard to the provision of water and/or sewer service to areas within Water Control and Improvement Districts that are annexed by cities.

9.04 The Owners and the District agree not to contest the City's annexation of the Land pursuant to the terms of this Agreement.

9.05 Utility Rates after Annexation. After annexation, the City may set rates for water and/or sewer services for property that was within the District at the time of annexation which may include a surcharge in addition to the rates charged to other ratepayers of the City for the purpose of wholly or partially compensating the City for the assumption of the District's obligations; provided that the City does not annex the area within the District until at least 90% of the Project facilities have been installed for which District bonds are authorized pursuant to this Agreement. Such additional surcharges shall be calculated to recover those District debts and other obligations assumed by the City upon annexation. The surcharge may continue for thirty (30) years after the initial District debt is issued or until the bonded indebtedness of the District has been retired, whichever occurs last, but in no case for a longer period of time than is necessary to wholly compensate the City for its assumption of the obligations of the District. The District shall comply with all of the requirements of the Water Code, or such similar laws as may be in effect, regarding filing with the county clerk a duly affirmed and acknowledged statement which includes certain notice information to purchasers of property regarding the City's right to collect this surcharge.

9.06 Deed Record Notice. Within thirty (30) days after the Effective Date, the District shall file in the real property records of Hays County: (a) a notice in the form

required by Section 49.452 of the Water Code stating that the City has the authority to annex the District subject to the limitations set forth in **Section 9.03**.

ARTICLE X - TERM OF AGREEMENT

This Agreement shall be effective from the Effective Date and shall continue in effect until the District is annexed for full purposes and dissolved by the City; or until terminated in writing by mutual agreement of the City and the District.

ARTICLE XI - ADDITIONAL PROVISIONS

11.01 Notice. Any notices, certifications, approvals, or other communications (a "Notice") required to be given by one Party to another under this Agreement shall be given in writing addressed to the Party to be notified at the address set forth below and shall be deemed given: (a) when the Notice is delivered in person to the person to whose attention the Notice is addressed; (b) when received if the Notice is deposited in the United States Mail, certified or registered mail, return receipt requested, postage prepaid; (c) when the Notice is delivered by Federal Express, UPS, or another nationally recognized courier service with evidence of delivery signed by any person at the delivery address; or (d) five business days after the Notice is sent by FAX (with electronic confirmation by the sending FAX machine) with a confirming copy sent by United States mail within 48 hours after the FAX is sent. If any date or period provided in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable period for calculating the Notice shall be extended to the first business day following the Saturday, Sunday, or legal holiday. For the purpose of giving any Notice, the addresses of the Parties are set forth below. The Parties may change the information set forth below by sending Notice of such changes to the other Party as provided in this **Section 11.01**.

To the City:

City of Dripping Springs, Texas
P.O. Box 384
Dripping Springs, TX 78620
Attn: City Administrator
FAX: 512-858-5646

To the District:

Reunion Ranch Water Control and Improvement District of Hays County
c/o: Mike Willatt
Willatt & Flickinger
2001 North Lamar Blvd.
Austin, Texas 78704
FAX: 512-469-9148

To Owner:

Hays Reunion Ranch, L.P.
c/o Norwood Investments
Attn: Frank Krasovec
98 San Jacinto Blvd., Suite 2020
Austin, Texas 78701
Facsimile: (512) 476-4024
e-mail: frank@norwoodinvestments.com

With copy to:

William C. Bryant
DuBois, Bryant & Campbell, LLP
700 Lavaca, Suite 1300
Austin, Texas 78701
Facsimile: (512) 457-8008
e-mail: bbryant@dbcllp.com

11.02 No Waiver. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party hereto of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

11.03 City Consent and Approval. In any provision of this Agreement that provides for the consent or approval of the City staff or City Council, such consent or approval is not effective unless provided in writing, and may be withheld or conditioned by the staff or City Council at its sole discretion, except as provided in **Section 4.01 and Article V**.

11.04 Governing Law and Venue. **THIS AGREEMENT MUST BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AS THEY APPLY TO CONTRACTS PERFORMED WITHIN THE STATE OF TEXAS AND WITHOUT REGARD TO ANY CHOICE OF LAW RULES OR PRINCIPLES TO THE CONTRARY. THE PARTIES ACKNOWLEDGE THAT THIS AGREEMENT IS PERFORMABLE IN HAYS COUNTY, TEXAS AND HEREBY SUBMIT TO THE JURISDICTION OF THE COURTS OF HAYS COUNTY, TEXAS, AND HEREBY AGREE THAT ANY SUCH COURTS SHALL BE A PROPER FORUM FOR THE DETERMINATION OF ANY DISPUTE ARISING HEREUNDER.**

11.05 Authority to Execute. Owner warrants that the execution of this Agreement is duly authorized in conformity with the articles of incorporation, bylaws, partnership agreement, or other applicable organizational documents of the Owner and that the individual executing this Agreement on behalf of the Owner has been authorized to do so. The District warrants that this Agreement has been approved by the Board in accordance with all applicable public meeting and public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Agreement on behalf of the Board has been authorized to do so.

11.06 Severability. The provisions of this Agreement are severable and, in the event any word, phrase, clause, sentence, paragraph, section, or other provision of this Agreement, or the application thereof to any person or circumstance, shall ever be held or determined to be invalid, illegal, or unenforceable for any reason, and the extent of such invalidity or unenforceability does not cause substantial deviation from the underlying intent of the parties as expressed in this Agreement, then such provision shall be deemed severed from this Agreement with respect to such person, entity or circumstance, without invalidating the remainder of this Agreement or the application of such provision to other persons, entities or circumstances, and a new provision shall be deemed substituted in lieu of the provision so severed which new provision shall, to the extent possible, accomplish the intent of the Parties as evidenced by the provision so severed.

11.07 Changes in State or Federal Laws. If any state or federal law changes so as to make it impossible for the City or the District to perform its obligations under this Agreement, the Parties will cooperate to amend the Agreement in such a manner that is most consistent with the original intent of the Agreement as legally possible.

11.08 Additional Documents and Acts. Owner and District agree that at any time after execution of this Agreement, they will, upon the request of the City, execute and/or exchange any other documents necessary to effectuate the terms of this Agreement and perform any further acts or things as the City may reasonably request to effectuate the terms of this Agreement.

11.09 Captions. Captions and headings used in this Agreement are for reference purposes only and shall not be deemed a part of the Agreement.

11.10 Assignment.

(a) Neither the District nor the Owner, except in compliance with **Section 11.10(b)** below, may assign this Agreement without the written consent of the City.

(b) Owner has the right, from time to time, to assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of Owner under this Agreement, to the District and to any person or entity (an "Assignee") without the consent of the City, provided that the following conditions are satisfied: (1) if not the District, Assignee is a successor owner of all or any part of the Land or is a lender to a

successor owner of all or any part of the Land; (2) if not the District, Assignee has a contractual right to be reimbursed for water, sewer, or drainage improvements from District Bonds (or has a lien or other security interest in such reimbursements); (3) the assignment is in writing executed by Owner and Assignee in the form of assignment attached as **Exhibit E**; (4) Assignee expressly assumes in the assignment any assigned obligations and expressly agrees in the assignment to observe, perform, and be bound by this Agreement to the extent this Agreement relates to the obligations, rights, titles, or interests assigned; and (5) a copy of the executed assignment is provided to all Parties within 15 days after execution. Provided the foregoing conditions are satisfied, from and after the date the assignment is executed by Owner and Assignee, the City agrees to look solely to Assignee for the performance of all obligations assigned to Assignee and agrees that Owner shall be released from performing the assigned obligations and from any liability that results from the Assignee's failure to perform the assigned obligations. No assignment by Owner shall release Owner from any liability that resulted from an act or omission by Owner that occurred prior to the effective date of the assignment. Owner shall maintain written records of all assignments made by Owner (including, for each Assignee, the Notice information required by this Agreement, and including a copy of each executed assignment) and, upon written request from any Party or Assignee, shall provide a copy of such records to the requesting person or entity. It is specifically intended that this Agreement, and all terms, conditions and covenants herein, shall survive a transfer, conveyance, or assignment occasioned by the exercise of foreclosure of lien rights by a creditor or a Party, whether judicial or non-judicial. This Agreement shall be binding upon and insure to the benefit of the Parties and their respective successors and Assignees.

11.11 Amendment. This Agreement may be amended only with the written consent of all Parties and with approval of the governing bodies of the City and the District.

11.12 Interpretation. The Parties acknowledge that each Party and, if it so chooses, its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto. As used in this Agreement, the term "including" means "including, without limitation," and the term "days" means calendar days, not business days. Wherever required by the context, the singular shall include the plural, and the plural shall include the singular. Each defined term herein may be used in its singular or plural form whether or not so defined.

11.13 No Third Party Beneficiary. This Agreement is solely for the benefit of the Parties, and neither the City, the District nor Owner intends by any provision of this Agreement to create any rights in any third-party beneficiaries or to confer any benefit upon or enforceable rights under this Agreement or otherwise upon anyone other than the City, the District and Owner.

11.14 Reimbursement for City's Professional Fees. Owner will reimburse the City for reasonable attorneys fees incurred by the City in connection with negotiation and preparation of this Agreement, the Development Agreement, and any other documents executed by Owner, the District, and the City in connection with the Land. Owner's obligation is limited to the actual, out-of-pocket costs and expenses paid to or owed to third-parties for services rendered prior to execution of this Agreement by all parties. Owner shall reimburse the City for such fees within thirty (30) days after this Agreement and the Development Agreement have been executed by all parties and the City has delivered to Owner an invoice for such fees.

11.15 Incorporation of Exhibits by Reference. All exhibits attached to this Agreement are incorporated into this Agreement by reference for the purposes set forth herein, as follows:

Exhibit A	Map of the Land
Exhibit B	Legal description of the Land
Exhibit C	Order
Exhibit D	Development Agreement
Exhibit E	Legal description of 33.05-acre tract of land to be annexed
Exhibit F	Assignment and Assumption Agreement

11.16 Conspicuous Provisions. The City, the District, and Owner acknowledge that the provisions of this Agreement set out in **bold, CAPITALS** (or any combination thereof) satisfy the requirements for the express negligence rule and/or are conspicuous.

11.17 Counterpart Originals. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original.

THIS SPACE INTENTIONALLY BLANK

ATTEST:

JoAnn Touchstone
JoAnn Touchstone, City Secretary

CITY OF DRIPPING SPRINGS

By: Todd Purcell
Mayor Todd Purcell

Date: 2-13-12

APPROVED AS TO FORM AND
LEGALITY:

City Attorney

HAYS REUNION RANCH, L.P., A TEXAS
LIMITED PARTNERSHIP

By: Frank P. Krasovec
Its General Partner

By: FRANK P. KRASOVEC
(print name: FRANK P. KRASOVEC)
Title: MANAGING PARTNER

Date: 2-24, 2012

REUNION RANCH WATER CONTROL AND
IMPROVEMENT DISTRICT OF HAYS
COUNTY

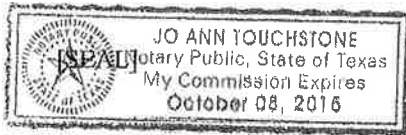
By: Vince Terracina
(print name) Vince Terracina

President, Board of Directors

Date: 2-27-12

STATE OF TEXAS §
§
COUNTY OF HAYS §

This instrument was acknowledged before me, on the 21st day of November, 2012 by Todd Purcell, Mayor of the City of Dripping Springs, Texas on behalf of said city.



Jo Ann Touchstone
Notary Public, State of Texas
Printed Name: Jo Ann Touchstone
My Commission Expires: 10/08/2016

STATE OF TEXAS §
§
COUNTY OF HAYS §

This instrument was executed by Frank P. Krasovec as the duly authorized GENERAL PARTNER of HAYS REUNION RANCH, the General Partner of Hays Reunion Ranch, L.P. before me on this, the 24th day of FEB, 2012.



Rebeca Rubio
Notary Public, State of Texas
Printed Name: Rebeca Rubio
My Commission Expires: Aug 31, 2014

STATE OF TEXAS §
§
COUNTY OF HAYS §

This instrument was acknowledged before me, on the 21st day of February, 2012 by Vince Terracina, President, Board of Directors of Reunion Ranch Water Control and Improvement District of Hays County, on behalf of said district.



Jo Ann Touchstone
Notary Public, State of Texas
Printed Name: Jo Ann Touchstone
My Commission Expires: 10/08/2015

Exhibit A
Map of Land

Exhibit B
[Property Description]

FIELD NOTE 642
UDG NO. 00-147

490.92 ACRES
MUD
REUNION RANCH
PAGE 1 OF 4

DESCRIBING 490.92 ACRES OF LAND SITUATED IN THE WILLIAM CARLTON SURVEY, ABSTRACT NO. 124, S. J. WHATLEY SURVEY NO. 22, ABSTRACT NO. 18, AND THE RICHARD HAILEY SURVEY, ABSTRACT NO. 124, HAYS COUNTY, TEXAS, BEING ALL OF 192.712 ACRES OF LAND AS DESCRIBED AS TRACT II IN A DEED TO KRASOVEC-REUNION HAYS COUNTY JOINT VENTURE, VOLUME 871, PAGE 445 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS, 189.0 ACRES, 97.34 ACRES, 2.66 ACRES AND 11.0 ACRES OF LAND AS DESCRIBED IN A DEED TO KRASOVEC-REUNION HAYS COUNTY JOINT VENTURE, VOLUME 871, PAGE 411 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS, SAVE AND EXCEPT 0.95 ACRES OF LAND AS DESCRIBED IN A DEED TO SAM E. COBB AND WIFE, DANAL COBB, VOLUME 1678, PAGE 130 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS; SAID 490.92 ACRES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at an iron rod found at the northwest corner of said 97.34 acres, same being the southwest corner of a 25.27 acre tract as described in a deed to Thomas R. Campbell and wife, Julie W. Campbell recorded in Volume 335, Page 272 of the Deed Records of Hays County, Texas;

THENCE, N88°08'04"E along the common line of said 97.34 acre tract and said 25.27 acre tract, a distance of 960.78 feet to an iron rod found, same being the southwest corner of a 33.085 acre tract as described in a deed to Krasovec - Reunion Hays County Joint Venture recorded in Vol. 871, Page 445 of Hays County, Texas;

THENCE, N88°13'10"E, along the common line of said 97.34 acre tract and 33.085 acre tract, a distance of 535.69 feet to an iron rod found;

THENCE, S07°45'04"B along the common line of said 97.34 acre tract and the 97.9 acre tract, a distance of 2231.10 feet to an iron rod found continuing for a total distance of 2609.01 feet to an iron rod found in concrete at a fence corner;

THENCE, N87°48'44"E along the common line of said 2.66 acre and the 97.9 acre tract, a distance of 186.68 feet to an iron rod set;

THENCE, S89°27'16"E, a distance of 147.72 feet to an iron rod set;

THENCE, N87°50'44"E, a distance of 180.60 feet to a point being the southwest corner of a 52.95 acre tract described in a deed to J. David Trotter and wife, Marcia B. Trotter, Volume 1093, Page 462 of the Deed Records of Hays County, Texas, continuing a total distance of 214.62 feet to an iron rod set, same being the northeast corner of said 2.66 acre tract;

Exhibit. "B"

THENCE, along the common line of said 52.95 acre tract and 192.712 acre tract, the following six (6) courses;

- 1) N87°16'07"E, a distance of 98.69 feet to an iron rod set;
- 2) N87°34'46"E, a distance of 16.03 feet to an iron rod set;
- 3) N87°56'12"E, a distance of 208.06 feet to an iron rod found;
- 4) S89°43'05"E, a distance of 40.20 feet to an iron rod found;
- 5) N87°14'57"E, a distance of 100.58 feet to an iron rod found;
- 6) N87°52'40"E, a distance of 1351.68 feet to an iron rod found, same being an interior corner of a 161.055 acre tract as described in a deed to Lex Calhoun, Volume 857, Page 571 of the Deed Records of Hays County, Texas;

THENCE, S01°29'33"E along the common line of said 192.712 acre tract and said 161.055 acre tract, a distance of 764.90 feet to an iron rod found at a fence post, same being the northwest corner of the 1325.0 acre tract as described in a tract to the City of Austin, Volume 1473, Page 961 of the Deed Records of Hays County, Texas;

THENCE, along the common line of said 1325.0 acre tract and 192.712 acre tract the following eleven (11) courses:

- 1) S01°28'09"E, a distance of 290.83 feet to an iron rod found;
- 2) S01°17'38"E, a distance of 588.05 feet to an iron rod found;
- 3) S01°13'54"E, a distance of 301.11 feet to an iron rod found;
- 4) S29°48'40"E, a distance of 35.31 feet to an iron rod found;
- 5) S03°48'50"E, a distance of 91.51 feet to an iron rod found;
- 6) S03°25'57"E, a distance of 332.55 feet to an iron rod found;
- 7) S03°13'21"E, a distance of 774.45 feet to an iron rod found;
- 8) S03°01'54"E, a distance of 184.05 feet to an iron rod found;
- 9) S04°28'26"E, a distance of 65.66 feet to an iron rod found;
- 10) S03°06'17"E, a distance of 3.14 feet to an iron rod found;
- 11) S24°25'28"W, a distance of 32.08 feet to an iron rod found;
- 12) S01°54'31"E, a distance of 598.78 feet to an iron rod found at a fence post, same being the northeast corner of a tract of land described in a deed to Michael Giles Rutherford, Volume 197, Page 45 of the Deed Records of Hays County, Texas;

THENCE, along the north line of said Rutherford tract and the south line of said 192.712 acre tract, the following two (2) courses:

- 1) S87°15'55"W, a distance of 1441.74 feet to an iron rod found;
- 2) S87°00'02"W, a distance of 398.40 feet to an iron rod found, same being the southwest

FIELD NOTE 642
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490.92 ACRES
MUD
REUNION RANCH
PAGE 3 OF 4

corner of said 189.0 acre tract;

THENCE, S87°14'50"W, a distance of 2814.94 feet to a cotton spindle found at the southwest corner of said 189.0 acre tract, same being an interior corner of said Rutherford tract;

THENCE, N02°11'42"W along the common line of said Rutherford tract and the 289.0 acre tract, a distance of 1601.84 feet to an iron rod found at a fence corner, same being the corner of Lot 36 and Lot 37, of Bear Creek Estates, Section 2, a subdivision recorded in Book 2, Page 199-200 of the Plat Records of Hays County, Texas;

THENCE, N89°16'57"E along the south line of Lot 37 and Lot 38 of said Bear Creek Estates Section 2, a distance of 410.00 feet to an iron rod set, same being an interior corner of Lot 38;

THENCE, N01°57'28"W along the west line of said 189.0 acre tract and the east line of said Bear Creek Estates, Section 2, a distance of 1224.05 feet to an iron rod set on the east line of Lot 16 of Bear Creek Estates, a subdivision recorded in Book 2, Page 98 of the Plat Records of Hays County, Texas;

THENCE, N01°54'48"E, a distance of 310.75 feet to an iron rod found at a fence corner, same being the southwest corner of an 18.40 acre tract as described in a deed to Sam E. Cobb and wife, Dana L. Cobb, Volume 1678, Page 135 of the Deed Records of Travis County;

THENCE, N78°25'06"E along the common line of the said 18.40 acre tract and said 189.0 acre tract, a distance of 157.41 feet to a 60d nail found, about ±4 feet above ground, in a 30" sycamore tree;

THENCE, N72°25'22"E along said 189.0 acre tract and 18.40 acre tract, a distance of 512.25 feet to an iron rod found;

THENCE, N13°25'38"E, a distance of 33.23 feet to an iron rod set in a wire fence line, same being an interior corner of 18.4 acre tract and the southwest corner of said 0.95 acre tract;

THENCE, through the interior of said 189.0 acre tract and 11.0 acre tract the following three (3) courses:

- 1) N80°52'57"E, a distance of 140.78 feet to an iron rod set at a fence corner;
- 2) N00°51'32"E along a wire fence, a distance of 596.56 feet to an iron rod set in a fence line;
- 3) N13°26'41"E leaving existing wire fence, same being the common line of said 18.4 acre tract and 11.0 acre tract, a distance of 174.26 feet to an iron rod found in a fence line, same being the northwest corner of said 11 acre tract and the south line of said 97.34 acre tract;

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490.92 ACRES
MUD
REUNION RANCH
PAGE 4 OF 4

THENCE, S87°42'10"W along the south line of said 97.34 acre tract, a distance of 279.41 feet to an iron rod found;

THENCE, S88°25'35"W, a distance of 97.91 feet to an iron rod found at a fence corner, same being the southeast corner of a 2.66 acre tract as described in Volume 871, Page 411 of the Deed Records of Hays County, Texas;

THENCE, N42°40'21"W along a wire fence line, a distance of 631.16 feet to an iron rod found at a fence corner;

THENCE, S88°46'53"W, a distance of 34.11 feet to an iron rod found;

THENCE, N00°53'49"W, a distance of 2136.42 feet to an iron rod found at a fence corner, same being the southwest corner of said 25.27 acre tract to the POINT OF BEGINNING and containing 490.92 acres of land.

Surveyed by
URBAN DESIGN GROUP
3660 Stoneridge Road, # E101
Austin, Texas 78746
(512) 347-0040



John Noel
John Noel, R.P.L.S. #2433

Date:

May 11, 2004

Sketch or map attached.

Exhibit C
August 15, 2005 TCEQ Order

Agreement Concerning Creation and Operation
of Reunion Ranch WCID of Hays County

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY TEXAS



COUNTY OF TRAVIS

I hereby certify that this is a true and correct copy of a Texas Commission on Environmental Quality document, which is filed in the permanent records of the Commission. Given under my hand and the seal of office on

LaDonna Castaneda OCT 03 2005

LaDonna Castaneda, Chief Clerk
Texas Commission on Environmental Quality

AN ORDER GRANTING THE PETITION FOR CREATION OF
REUNION RANCH WATER CONTROL AND IMPROVEMENT DISTRICT
OF HAYS COUNTY
AND APPOINTING TEMPORARY DIRECTORS

A petition by Hays Reunion Ranch, LP (hereafter "Petitioner") was presented to the Executive Director of the Texas Commission on Environmental Quality (hereafter "Commission") for approval of the creation of Reunion Ranch Water Control and Improvement District of Hays County (hereafter "District") pursuant to Article XVI, Section 59 of the TEXAS CONSTITUTION and TEX. WATER CODE ANN., Chapter 51.

The Commission has jurisdiction to consider this matter, and the following Findings of Fact and Conclusions of Law are appropriate after examining the application and supporting documentation:

FINDINGS OF FACT

1. On February 25, 2005, a petition for the creation of Reunion Ranch Water Control and Improvement District of Hays County was filed with the Commission pursuant to TEX. WATER CODE ANN., Chapter 51.
 - a. The petition for creation of the proposed District was signed by a duly authorized officer of the Applicant, which represents it holds a majority in value of title to the land to be included within the proposed District's boundaries in accordance with TEX. WATER CODE ANN. § 51.013 (Vernon Supp. 2002).
 - b. The application contains the matters required by TEX. WATER CODE ANN. § 51.014 (Vernon 2002) and Title 30 TAC § 293.11.
 - c. The Petitioner represents that there are two lien holders on the land in the proposed District. Affidavits from the lien holders consenting to the creation have been received and are on file.
2. Proper notice of this application was given pursuant to TEX. WATER CODE ANN. § 49.011 (Vernon 2000) and Title 30 TAC § 293.12.
 - a. Proper notice of the application was published on April 10 and April 17, 2005 in the San Marcos Daily Record, a newspaper regularly published and generally circulated in Hays County, Texas, which is the county in which the proposed District is to be located.

- b. On March 30, 2005, proper notice of the application was posted on the bulletin board used for posting legal notices in Hays County, Texas, which is the county in which the proposed District is to be located.
3. The appropriate and necessary deposits and fees associated with the filing of the application for creation of the proposed District have been paid to the Commission.
4. The affidavits of proposed temporary directors of the proposed District have been received. The proposed temporary directors are:

William G. Peckman	Jim Boles	Edward R. Rathgeber, Jr.
Daniel W. Krause	David Baggett	
5. Each of the persons named in Findings of Fact No. 4 is qualified to serve as a temporary director of the proposed District as each: (1) is at least 18 years old; (2) is a resident of the State of Texas; (3) either owns land subject to taxation within the proposed District, or is a qualified voter within the District; and (4) has completed and filed with the Commission an application for consideration of appointment as temporary director in the form and substance required by the Rules of the Commission.
6. The proposed District will not be located within the corporate limits or extraterritorial jurisdiction of any city, town or village of the State of Texas.
7. The metes and bounds description of the proposed District has been checked by the Commission's staff and was found to form an acceptable closure.
8. The proposed project as set out in the application is feasible and practicable.
 - a. There is an ample supply of water available, and the terrain of the area to be included in the proposed District is such that waterworks, wastewater, and drainage and storm sewer systems can be constructed or acquired at reasonable cost.
 - b. Projected construction cost for the project is reasonable at approximately \$15,900,000.
 - c. The proposed District's combined projected tax rate of \$0.90 per \$100 assessed valuation is reasonable and comparable to tax rates in the surrounding area.
 - d. Projected water and wastewater rates are reasonable.
 - e. A market study was provided which indicates that there is growth potential to support the proposed District.
9. The creation of the proposed District as set out in the application is necessary and would be a benefit to the land to be included in the proposed District.

10. The proposed District and its system and subsequent development within the proposed District will not have an unreasonable effect on land elevation, subsidence, groundwater level within the region, recharge capability of a groundwater source, natural run-off rates and drainage, water quality, and total tax assessments on all land located within the proposed District.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction to consider this application and is authorized to make and enter its Findings of Fact, Conclusions of Law, and Orders with respect to the creation of the proposed District.
2. All of the land and property proposed may properly be included within the proposed District.
3. All statutory and regulatory requirements for creation of Reunion Ranch Water Control and Improvement District of Hays County have been fulfilled in accordance with TEX. WATER CODE ANN. § 51.021 (Vernon 2002) and Title 30 TAC §§ 293.11-293.13.

NOW THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY THAT:

1. The petition for the creation of Reunion Ranch Water Control and Improvement District of Hays County is hereby granted.
2. The District is created under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and TEX. WATER CODE ANN., Chapter 51.
3. The District shall have all of the rights, powers, privileges, authority, and functions conferred and shall be subject to all duties imposed by the Texas Commission on Environmental Quality and the general laws of the State of Texas relating to water control and improvement districts.
4. The District shall be composed of the area situated wholly within Hays County, Texas, described by metes and bounds in Exhibit "A", attached hereto and incorporated herein for all purposes.
5. The following persons are hereby named and appointed as temporary directors of the District, to serve until their successors are elected or have been appointed in accordance with applicable law:

William G. Peckman
Daniel W. Krause

Jim Boles
David Baggett

Edward R. Rathgeber, Jr.

6. The foregoing temporary directors shall, as soon as practicable after the date of entry of this Order, execute their official bonds and take their official oaths of office. All such bonds shall be approved by the Board of Directors of the District and each bond and oath shall be filed with the District and retained in its records.

7. This Order shall in no event be construed as an approval of any proposed agreement or of any particular item in any document provided in support of the petition for creation, nor as a commitment or requirement of the Commission in the future to approve or disapprove any particular item or agreement in future applications submitted by the District for Commission consideration.
8. The Chief Clerk of the Commission shall forward a copy of this Order to all affected persons.
9. If any provision, sentence, clause or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: **AUG 15 2005**

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY



For the Commission

FIELD NOTE 642
UDG NO. 00-147

490.92 ACRES
MUD
REUNION RANCH
PAGE 1 OF 4

DESCRIBING 490.92 ACRES OF LAND SITUATED IN THE WILLIAM CARLTON SURVEY, ABSTRACT NO. 124, S. J. WHATLEY SURVEY NO. 22, ABSTRACT NO. 18, AND THE RICHARD HAILEY SURVEY, ABSTRACT NO. 124, HAYS COUNTY, TEXAS, BEING ALL OF 192.712 ACRES OF LAND AS DESCRIBED AS TRACT II IN A DEED TO KRASOVEC-REUNION HAYS COUNTY JOINT VENTURE, VOLUME 871, PAGE 445 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS, 189.0 ACRES, 97.34 ACRES, 2.66 ACRES AND 11.0 ACRES OF LAND AS DESCRIBED IN A DEED TO KRASOVEC-REUNION HAYS COUNTY JOINT VENTURE, VOLUME 871, PAGE 411 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS, SAVE AND EXCEPT 0.95 ACRES OF LAND AS DESCRIBED IN A DEED TO SAM E. COBB AND WIFE, DANA L. COBB, VOLUME 1678, PAGE 130 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS; SAID 490.92 ACRES BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at an iron rod found at the northwest corner of said 97.34 acres, same being the southwest corner of a 25.27 acre tract as described in a deed to Thomas R. Campbell and wife, Julie W. Campbell recorded in Volume 335, Page 272 of the Deed Records of Hays County, Texas;

THENCE, N88°08'04"E along the common line of said 97.34 acre tract and said 25.27 acre tract, a distance of 960.78 feet to an iron rod found, same being the southwest corner of a 33.085 acre tract as described in a deed to Krasovec - Reunion Hays County Joint Venture recorded in Vol. 871, Page 445 of Hays County, Texas;

THENCE, N88°13'10"E, along the common line of said 97.34 acre tract and 33.085 acre tract, a distance of 535.69 feet to an iron rod found;

THENCE, S07°45'04"E along the common line of said 97.34 acre tract and the 97.9 acre tract, a distance of 2231.10 feet to an iron rod found continuing for a total distance of 2609.01 feet to an iron rod found in concrete at a fence corner;

THENCE, N87°48'44"E along the common line of said 2.66 acre and the 97.9 acre tract, a distance of 186.68 feet to an iron rod set;

THENCE, S89°27'16"E, a distance of 147.72 feet to an iron rod set;

THENCE, N87°50'44"E, a distance of 180.60 feet to a point being the southwest corner of a 52.95 acre tract described in a deed to J. David Trotter and wife, Marcia B. Trotter, Volume 1093, Page 462 of the Deed Records of Hays County, Texas, continuing a total distance of 214.62 feet to an iron rod set, same being the northeast corner of said 2.66 acre tract;

Exhibit "A"

THENCE, along the common line of said 52.95 acre tract and 192.712 acre tract, the following six (6) courses;

- 1) N87°16'07"E, a distance of 98.69 feet to an iron rod set;
- 2) N87°34'46"E, a distance of 16.03 feet to an iron rod set;
- 3) N87°56'12"E, a distance of 208.06 feet to an iron rod found;
- 4) S89°43'05"E, a distance of 40.20 feet to an iron rod found;
- 5) N87°14'57"E, a distance of 100.58 feet to an iron rod found;
- 6) N87°52'40"E, a distance of 1351.68 feet to an iron rod found, same being an interior corner of a 161.055 acre tract as described in a deed to Lex Calhoun, Volume 857, Page 571 of the Deed Records of Hays County, Texas;

THENCE, S01°29'33"E along the common line of said 192.712 acre tract and said 161.055 acre tract, a distance of 764.90 feet to an iron rod found at a fence post, same being the northwest corner of the 1325.0 acre tract as described in a tract to the City of Austin, Volume 1473, Page 961 of the Deed Records of Hays County, Texas;

THENCE, along the common line of said 1325.0 acre tract and 192.712 acre tract the following eleven (11) courses:

- 1) S01°28'09"E, a distance of 290.83 feet to an iron rod found;
- 2) S01°17'38"E, a distance of 588.05 feet to an iron rod found;
- 3) S01°13'54"E, a distance of 301.11 feet to an iron rod found;
- 4) S29°48'40"E, a distance of 35.31 feet to an iron rod found;
- 5) S03°48'50"E, a distance of 91.51 feet to an iron rod found;
- 6) S03°25'57"E, a distance of 332.55 feet to an iron rod found;
- 7) S03°13'21"E, a distance of 774.45 feet to an iron rod found;
- 8) S03°01'54"E, a distance of 184.05 feet to an iron rod found;
- 9) S04°28'26"E, a distance of 65.66 feet to an iron rod found;
- 10) S03°06'17"E, a distance of 3.14 feet to an iron rod found;
- 11) S24°25'28"W, a distance of 32.08 feet to an iron rod found;
- 12) S01°54'31"E, a distance of 598.78 feet to an iron rod found at a fence post, same being the northeast corner of a tract of land described in a deed to Michael Giles Rutherford, Volume 197, Page 45 of the Deed Records of Hays County, Texas;

THENCE, along the north line of said Rutherford tract and the south line of said 192.712 acre tract, the following two (2) courses:

- 1) S87°15'55"W, a distance of 1441.74 feet to an iron rod found;
- 2) S87°00'02"W, a distance of 398.40 feet to an iron rod found, same being the southwest

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490.92 ACRES
MUD
REUNION RANCH
PAGE 3 OF 4

corner of said 189.0 acre tract;

THENCE, S87°14'50"W, a distance of 2814.94 feet to a cotton spindle found at the southwest corner of said 189.0 acre tract, same being an interior corner of said Rutherford tract;

THENCE, N02°11'42"W along the common line of said Rutherford tract and the 289.0 acre tract, a distance of 1601.84 feet to an iron rod found at a fence corner, same being the corner of Lot 36 and Lot 37, of Bear Creek Estates, Section 2, a subdivision recorded in Book 2, Page 199-200 of the Plat Records of Hays County, Texas;

THENCE, N89°16'57"E along the south line of Lot 37 and Lot 38 of said Bear Creek Estates Section 2, a distance of 410.00 feet to an iron rod set, same being an interior corner of Lot 38;

THENCE, N01°57'28"W along the west line of said 189.0 acre tract and the east line of said Bear Creek Estates, Section 2, a distance of 1224.05 feet to an iron rod set on the east line of Lot 16 of Bear Creek Estates, a subdivision recorded in Book 2, Page 98 of the Plat Records of Hays County, Texas;

THENCE, N01°54'48"E, a distance of 310.75 feet to an iron rod found at a fence corner, same being the southwest corner of an 18.40 acre tract as described in a deed to Sam E. Cobb and wife, Dana L. Cobb, Volume 1678, Page 135 of the Deed Records of Travis County;

THENCE, N78°25'06"E along the common line of the said 18.40 acre tract and said 189.0 acre tract, a distance of 157.41 feet to a 60d nail found, about ±4 feet above ground, in a 30" sycamore tree;

THENCE, N72°25'22"E along said 189.0 acre tract and 18.40 acre tract, a distance of 512.25 feet to an iron rod found;

THENCE, N13°25'38"E, a distance of 33.23 feet to an iron rod set in a wire fence line, same being an interior corner of 18.4 acre tract and the southwest corner of said 0.95 acre tract;

THENCE, through the interior of said 189.0 acre tract and 11.0 acre tract the following three (3) courses:

- 1) N80°52'57"E, a distance of 140.78 feet to an iron rod set at a fence corner;
- 2) N00°51'32"E along a wire fence, a distance of 596.56 feet to an iron rod set in a fence line;
- 3) N13°26'41"E leaving existing wire fence, same being the common line of said 18.4 acre tract and 11.0 acre tract, a distance of 174.26 feet to an iron rod found in a fence line, same being the northwest corner of said 11 acre tract and the south line of said 97.34 acre tract;

FIELD NOTE 642
UDG NO. 00-147

490.92 ACRES
MUD
REUNION RANCH
PAGE 4 OF 4

THENCE, S87°42'10"W along the south line of said 97.34 acre tract, a distance of 279.41 feet to an iron rod found;

THENCE, S88°25'35"W, a distance of 97.91 feet to an iron rod found at a fence corner, same being the southeast corner of a 2.66 acre tract as described in Volume 871, Page 411 of the Deed Records of Hays County, Texas;

THENCE, N42°40'21"W along a wire fence line, a distance of 631.16 feet to an iron rod found at a fence corner;

THENCE, S88°46'53"W, a distance of 34.11 feet to an iron rod found;

THENCE, N00°53'49"W, a distance of 2136.42 feet to an iron rod found at a fence corner, same being the southwest corner of said 25.27 acre tract to the POINT OF BEGINNING and containing 490.92-acres of land.

Surveyed by
URBAN DESIGN GROUP
3660 Stoneridge Road, # E101
Austin, Texas 78746
(512) 347-0040



John Noell
John Noell, R.P.L.S. #2433

Date: *May 11, 2004*

Sketch or map attached.

**Exhibit D
Development Agreement**

[To be attached when finally approved and executed]

Exhibit E

Legal Description of 33.05-Acre Tract of Land to Be Annexed

UDG #00-147
FN #1122
PAGE 1 OF 1

REUNION RANCH SECTION ONE
WILLIAM CARLTON SURVEY A-124
HAYS COUNTY, TEXAS

DESCRIPTION

DESCRIBING A 33.05 ACRE TRACT OF LAND LOCATED IN
THE WILLIAM CARLTON SURVEY, A-124, HAYS COUNTY,
TEXAS, BEING ALL OF REUNION RANCH SECTION ONE, A
SUBDIVISION RECORDED IN BOOK 12 PAGE 357 AND 358
OF THE PLAT RECORDS OF HAYS COUNTY, TEXAS.

Exhibit F

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is made and entered into as of the ____ day of _____, _____, between _____, a _____ ("Assignor"), and _____, a _____ ("Assignee") (Assignor and Assignee are hereinafter sometimes collectively referred to as the "Parties" and singularly as a "Party").

RECITALS:

A. Assignor is the owner of the rights of the Owner under that certain "Agreement Concerning Creation and Operation of City of Reunion Ranch Water Control and Improvement District of Hays County (the "Agreement") effective as of _____, among _____, collectively and individually as Owner, the City of Dripping Springs, Texas, as the City, and the Reunion Ranch Water Control and Improvement District of Hays County, as the District, relating to the creation and operation of the District, to the extent that the Agreement covers, affects, and relates to the lands described on Exhibit A attached to and made a part hereof of this Assignment for all purposes (the "Transferred Premises").

B. Assignor desires to assign certain of its rights under the Agreement as it relates to the Transferred Premises to Assignee, and Assignee desires to acquire such rights, on and subject to the terms and conditions of this Assignment.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and obligations set forth herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties hereby agree and act as follows:

1. **Certain Defined Terms.** Unless indicated otherwise herein, capitalized terms in this Assignment shall have the same respective meanings as are ascribed to them in the Agreement.

2. **Assignment.** Subject to all of the terms and conditions of this Assignment, Assignor hereby assigns all [**or describe specifically assigned rights if partial**] of its rights under the Agreement, insofar as the Agreement covers, affects, and relates to the Transferred Premises.

3. **Assumption.** Assignee hereby assumes all obligations of Assignor and any liability that may result from acts or omissions by Assignee under the Agreement as it relates to the Transferred Premises that may arise or accrue from and after the effective date of this Assignment. This Assignment does not release Assignor from any liability

that resulted from an act or omission by Assignor that occurred prior to the effective date of this Assignment unless the City approves the release in writing.

4. **Governing Law and Venue.** THIS ASSIGNMENT MUST BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AS THEY APPLY TO CONTRACTS PERFORMED WITHIN THE STATE OF TEXAS AND WITHOUT REGARD TO ANY CHOICE OF LAW RULES OR PRINCIPLES TO THE CONTRARY. THE PARTIES ACKNOWLEDGE THAT THIS AGREEMENT IS PERFORMABLE IN HAYS COUNTY, TEXAS AND HEREBY SUBMIT TO THE JURISDICTION OF THE COURTS OF HAYS COUNTY, TEXAS, AND HEREBY AGREE THAT ANY SUCH COURTS SHALL BE A PROPER FORUM FOR THE DETERMINATION OF ANY DISPUTE ARISING HEREUNDER.

5. **Counterpart/Facsimile Execution.** This Assignment has been prepared in multiple counterparts, each of which shall constitute an original hereof, and the execution of any one of such counterparts by any signatory shall have the same force and effect and shall be binding upon such signatory to the same extent as if the same counterpart were executed by all of the signatories. Facsimile copies of signatures may be appended hereto with the same force and effect as legally delivered original signatures.

6. **Notice to City.** A copy of this Assignment shall be provided to the City within fifteen (15) days after execution.

7. **Binding Effect.** This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignees and their respective heirs, personal representatives, successors, and assigns.

EXECUTED as of the day and year first above written.

ASSIGNOR:

By: _____

Printed

Name: _____

Title: _____

ASSIGNEE:

By: _____

Printed

Name: _____

Title: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

SWORN TO AND SUBSCRIBED before me on the _____ day of _____, 20____, by _____.

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF _____ §

SWORN TO AND SUBSCRIBED before me on the _____ day of _____, 20____, by _____.

Notary Public, State of Texas

[Add Acknowledgments as necessary]

EXHIBIT "A"

The Transferred Premises