

# **Reunion Ranch**

## **Development Agreement**

*between*

**City of Dripping Springs**

*&*

**Hays Reunion Ranch, L.P.**

February 7, 2012

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**WHEREAS,** this Agreement grants the City the public benefits related to conservation (i.e., “cluster”) developments and the voluntary future annexation of the Property and acceptance of certain municipal regulations in the ETJ, including building codes, lighting, and landscaping regulations; and

**WHEREAS,** Owners and the City wish to enter into this Agreement to provide an alternative to the City’s typical regulatory process for development; encourage innovative and comprehensive master-planning of the Property; provide a level of certainty of regulatory requirements throughout the term of this Agreement; and provide assurances of a high-quality development that will benefit the present and future residents of the City, the City’s ETJ and the County; and

**WHEREAS,** this Agreement *runs with the land*, and thus shall be notarized, then filed in and among the land records of Hays County, and is binding upon subsequent purchasers of the Property, or any portions thereof; and

**WHEREAS,** the City is statutorily authorized to enter into such agreements with owners of property located in the City’s ETJ pursuant to Texas Local Government Code Section 212.172; and

**WHEREAS,** owners and the City have conducted public hearings, posted sufficient public notice, and received broad public input regarding the proposal contained within this Agreement.

**NOW THEREFORE, FOR GOOD & VALUABLE CONSIDERATION,** the receipt and sufficiency of which are hereby acknowledged, including the above recitals and the agreements set forth below, the City and Owners agree as follows:

## 1. DEFINITIONS

**1.1 General:** Words and phrases used in this Agreement shall have the meanings set forth in this section. Terms that are not defined below, but are defined in the City’s Code of Ordinances, shall be given the meanings set forth in the Code. Words and phrases not defined in the Code of Ordinances shall be given their common, ordinary meaning unless the context clearly requires otherwise. When not inconsistent with the context, words used in the present tense shall include the future tense; words in the plural number shall include the singular number (and *vice versa*); and words in the masculine gender shall include the feminine gender (and *vice versa*). The word “shall” is always mandatory, while the word “may” is merely directory. Headings and captions are for reference purposes only.

## 1.2 Specific:

**Agreement:** This contract between the City of Dripping Springs, Texas and Owners, including all Exhibits, which are incorporated herein for all intents and purposes.

**Applicable Rules:** The City's ordinances, regulations and policies that are in effect on the day the City receives a completed application for a permit. The Applicable Rules shall be as modified by the Project Approvals, this Agreement and variances granted concurrent with this Agreement, on the Effective Date of this Agreement.

**Association:** A community group that is organized with respect to the Property in which individual owners of lots share common interests and responsibilities for costs and upkeep of common space or facilities. The group may take the form of a Property Owners Association or Home Owners Association. The Project may allow for more than one Association.

**Building Code:** The most recent versions of the International Building Code, Residential Building Code, Commercial Building Code, National Electrical Code, International Plumbing Code, International Mechanical Code, International Energy Conservation Code, and the International Fire Code. [Collectively, the most recent versions of the City's Building Code.]

**City:** The City of Dripping Springs, an incorporated Type A, general-law municipality located in Hays County, Texas.

**City Administrator:** The chief administrative officer of the City of Dripping Springs, Texas. The term also includes the Deputy City Administrator and any designees of the City Administrator.

**City Council:** The governing body (also known as the Board of Alderman) of the City of Dripping Springs, Texas.

**City Engineer:** The person or firm designated by the City Council as the engineer for the City of Dripping Springs, Texas.

**COE:** U.S. Army Corps of Engineers, an agency of the United States, or its successor agency.

**Common Area:** Areas within the Project designated on the Preliminary Plan or in a recorded declaration of covenants, conditions and restrictions for the Project for use as parkland, playgrounds, open space, greenbelts, trails, entry and landscaping amenities, irrigation areas, mitigation areas, conservation easements, water quality and stormwater detention facilities, re-irrigation areas, utility infrastructure, and similar uses which at the Owners' discretion may be dedicated and/or conveyed to a District or the HOA for operation and maintenance as common area.

**County:** Hays County, Texas.

**District(s):** The Reunion Ranch Water Control Improvement District; any conservation and reclamation districts authorized pursuant to Texas Constitution Article III, Section 52, or Article XVI, Section 59, by way of example, Municipal Utility Districts or Water Control and Improvement Districts, etc., that may in the future be created and cover the Property or portions thereof, and any subsequent district that may be created by division of such district or districts; and other districts authorized and created in accordance with State law covering the Property, including but not limited to, Public Improvement Districts under Chapter 372 of the Texas Local Government Code.

**Effective Date:** The date upon which this Agreement is executed by all Parties.

**HOA:** The non-profit corporation formed by Developer to be the association for the Owners and future homeowners within the Project.

**Impervious Cover:** Buildings, parking areas, paved roads, and other impermeable man-made improvements covering the natural land surface that prevents infiltration. For further clarification on what is considered impervious cover, refer to the Low Impact Development Plan approved for the Project, a copy of which is included herewith as Exhibit "D".

**Impervious Cover Percentage:** The percentage calculated by dividing the total acres of impervious cover on the Property by the total number of acres included in the Property. Whether or not outdoor decks are included in the calculation of impervious cover shall be determined by the City Engineer based on the deck design and materials. Except as otherwise provided herein, in the calculation of impervious cover, the items considered impervious cover shall be determined by the Code of Ordinances, Section 22.05.016 (c) and (d).

**LCRA:** the Lower Colorado River Authority, a quasi-governmental entity created and operating under the laws of the State of Texas, its successor agency, or assigns providing service to the Property.

**Energy Conservation Program:** One or more energy conservation programs implemented in the Project, including for example, The Leadership in Energy and Environmental Design (LEED) program and the ENERGY STAR program.

**Low Impact Development Plan:** The Low Impact Development Plan approved by the U.S. Fish and Wildlife Service for the Project, for the Vistas at Tustin Ranch (now known as Reunion Ranch), as approved on July 22, 2002.

**Mitigation Land:** A tract of real property designated by Owners to alleviate or lessen any adverse impacts of the Project. Mitigation land shall be preserved in perpetuity through conservation easements and/or deed restrictions.



**Owners:** Hays Reunion Ranch, L.P., its successors and assigns; and any subsequent owner(s) of the Property which is specifically assigned, and assumes, rights and obligations under this Agreement in writing. The conveyance of a lot or portion of the Property by deed to future homeowners in the Project shall not be considered an assignment of Owner's rights and obligations under this Agreement.

**P&Z:** The Planning and Zoning Commission, a volunteer citizen advisory board of the City of Dripping Springs that has been granted specific land use and development regulatory authority pursuant to City ordinances and state statutes.

**Permit:** A license, certificate, approval, registration, consent, permit, contract or other form of authorization required by law, rule, regulation, order or ordinance that a person must obtain to perform an action or initiate, continue, or complete a project for which the permit is sought.

**Preliminary Plan:** The Preliminary Plan of Reunion Ranch, attached as *Exhibit B*, as it may be amended from time to time in accordance with this Agreement.

**Project:** The Property, as it will be developed under this Agreement consistent with the Preliminary Plan, attached as *Exhibit B*. The City may consider and approve modified Preliminary Plans requested for Owners to obtain governmental permits, licenses and other approvals. The Project may include multiple phases for platting purposes.

**Project Approvals:** The approvals, variances, waivers and exceptions to the Applicable Rules approved by the City with respect to the development of the Property, as set forth on the attached *Exhibit C* or otherwise in this Agreement.

**Property:** Approximately 523.96 acres of land, in Hays County, Texas, more fully described on the attached *Exhibit A*.

**Recreation:** Leisure time activities. Active Recreation involves active or energetic activities that are often performed with others, involves the use of equipment, and takes place at prescribed places, sites or fields (e.g., playground activities, swimming, tennis, and track). Passive Recreation involves activities that are relatively inactive or less energetic (e.g., board games, picnicking, and walking).

**TCEQ:** Texas Commission on Environmental Quality, or its successor agencies.

**TxDOT:** Texas Department of Transportation, or its successor agencies.

## 2. PUBLIC BENEFITS & INFRASTRUCTURE

- 2.1 Orderly Growth:** The City desires that development within its ETJ occur in an orderly manner in order to protect the health, safety and welfare of the City's present and future citizens; preserve the environment; enhance property values; and provide for expansion of the City's tax base. This Agreement will benefit the City by facilitating the development of a master-planned community within an appropriate area of the City's ETJ, which will allow for thoughtful and high-quality planning, the development of necessary roadways and utility facilities, the provision of required fire protection services by the appropriate County fire protection organization and the development of a balanced community that includes residential, civic and recreational uses. Through this Agreement, the City is furthering its land planning objectives by imposing in the ETJ components of the City's rules for lighting, building, and landscaping.
- 2.2 Provision of Housing:** The development of the Property under this Agreement is intended to allow the development of housing that will minimize negative environmental impacts and promote the aesthetic enhancement of the City and its ETJ. Further, the development of housing in accordance with this Agreement will promote safe and attractive housing conditions and a self-sustaining community.
- 2.3 Water & Wastewater Infrastructure:**
- 2.3.1 Water:** Potable water service will be provided by LCRA (wholesale) and the Reunion Ranch WCID or another authorized District (retail), subject to the City's consent to such service.
- 2.3.2 Wastewater:** Wastewater service will be provided by the Reunion Ranch WCID or another authorized District), subject to the City's consent to such service.
- 2.3.3 Utilities Agreements:** Water and wastewater utilities agreements establishing specifications for water and wastewater service for the Project, which have been provided to the City.
- 2.4 Common Area:** The Project will include approximately 301 acres of Common Area for use as parkland, playgrounds, open space, greenbelts, trails, entry and landscaping amenities, irrigation areas, mitigation areas, conservation easements, water quality and stormwater detention facilities, re-irrigation areas, utility infrastructure, and similar uses which at the Owners' discretion may be dedicated and/or conveyed to a District or the HOA for operation and maintenance as Common Area. The Preliminary Plan attached as *Exhibit B* illustrates portions of the Common Area.
- 2.4.1 Operation & Maintenance:** The operation and maintenance of the dedicated Common Area shall be the responsibility of the HOA, the Reunion Ranch WCID, or such other District covering the Project as may be created with the consent of the City until such time as the City may annex the Property and assume operation and maintenance responsibilities in the future.

#### **2.4.2 Parkland Dedication:**

- (a) Owners shall comply with the City's Parkland Dedication Ordinance through any one or more of the following mechanisms:
- (1) dedication of land onsite;
  - (2) dedication of private recreational facilities for use by residents of the Project;
  - (3) dedication of parkland to the HOA for use by residents of the Project and one or more non-profit associations of persons who are not residents of the Project pursuant to approved recreational facility use and management contracts; or
  - (4) payment of fees in lieu of onsite dedication of land.
- (b) Owners may dedicate up to seventy-five percent (75%) of the total acres required to be dedicated as parkland as private parkways consisting of greenways, drainage easements, conservation easements, and other unique natural features that are usable (as determined by the City engineer) and contiguous and form links and/or a network of greenbelts and trails and are accessible to users of the parkland. Owners' satisfaction of the Parkland Dedication requirements will be contingent on the City's approval of a Master Parks & Recreation Plan following review and comment by the City's Parks & Recreation Commission, and Planning & Zoning Commission. Owners must submit the Master Parks & Recreation Plan to the City at the time of submission to the City of the proposed Final Plat Phase 3.
- (c) At least one park shall be provided for the portion of the Property north of Bear Creek (proposed Sections One and Two, Reunion Ranch Subdivision) and at least one park shall be provided for the portion of the Property south of Bear Creek. At the option of the Owner, the parks may be restricted for the use of the residents of the Project and their invitees. The location of the parks shall be shown on the Master Parks and Recreation Plan. The construction of the parks shall begin within one year after acceptance of the subdivision streets for the portion of the Property within which the park is located or at such later time as may be approved in the Master Parks and Recreation Plan.

**2.5 Fees:** In consideration of the City's covenants and concessions contained within this Agreement, and in order to assure that the City does not incur uncompensated expenses in connection with this Agreement and the development of the Property under this Agreement, Owners agree to pay to City certain development fees (as herein defined) as follows:

**2.5.1 Administrative and Professional Fees:** Owners have established an initial deposit of the Administrative & Professional Fee of Seventeen Thousand dollars (\$17,000.00) with the City, which is intended to cover all actual City costs

comprised of legal, architectural, land planning and engineering fees, and related administrative expenses, directly associated with the evaluation, negotiation and drafting of this Agreement and the City's consent to the creation of the District within the City's extraterritorial jurisdiction. If the initial deposit proves to be insufficient, Owner shall remit additional funds as directed by the City to a maximum amount not to exceed Thirty Thousand dollars (\$30,000.00). Excess funds in escrow will be credited toward other fees owed by Owners to City (if any). Any final balance remaining in escrow shall be refunded to the Owner upon completion of the Project.

**2.5.2 Initial Development Agreement, Preliminary Plat and Final Plat:**

- (a) **Development Agreement Fee:** Owner will pay balance (i.e., remaining 50%) of the Development Agreement Fee upon approval of the Agreement by the City Council and prior to execution of the Agreement by the City.
- (b) **Certain Plat Fees:** In recognition of the unique circumstances attendant to the City's review of the Project and in recognition of the fact that the City will be reviewing certain applications simultaneously rather than piecemeal as is typical, the review fees Owner will pay the review fees for the following permits (i.e., applications) in three installments:
  - (1) Preliminary Plat;
  - (2) Final Plat for Reunion Ranch, Section One; and
  - (3) Final Plat for Reunion Ranch, Section Two.
- (c) Owner will make the first installment payment in the amount of fifty-percent (50%) to the City prior to consideration by the Planning & Zoning Commission. Owner will make the second installment payment in the amount of twenty-five percent (25%) prior to the City's execution of the Construction Plans for Reunion Ranch, Phase 1, and the third (i.e., final) installment payment in the amount of twenty-five percent (25%) prior to the City signing and filing the final plats for Section One and Section Two.

**2.5.3 Subsequent Development Fees:** Fees for all other applications or portions of applications not covered by Section 2.5.2 for the Project shall be subject to the then applicable City fee schedules and charges.

**2.6 Environmental Protection:** Owners will implement compliance with the following natural resource laws and regulations, to the extent applicable:

**2.6.1 Aquifer Protection:** The Project lies within the contributing and recharge zones of the Barton Springs Segment of the Edwards Aquifer. The Project will comply with the water quality measures designed to assure protection of that segment of the Edwards Aquifer consistent with the provisions of the Low Impact Development Plan. Moreover, Owners will comply with all applicable TCEQ

regulations, including but not limited to Edwards Aquifer Rules, 30 T.A.C. 213, to the extent applicable to the Property.

#### **2.6.2 Land Application Restrictions:**

- (a) If treated sewage effluent is disposed of through irrigation of appropriate open areas within the Project, Owners will comply with the required effluent treatment requirements and limitations in the TCEQ permits issued for the Project, copies of which have been provided to the City. In the event a centralized wastewater collection and treatment system is constructed, Owners agree that any TCEQ permit will be based on irrigation of the effluent and will not propose a discharge of effluent to waters of the state. Irrigation may be above ground, subsurface, or a combination of the two, as allowed by TCEQ.
- (b) The City reserves the right to comment on any subsequent permit application submitted by the Owners.

**2.6.3 Stormwater Controls:** Owners will prepare and implement a stormwater pollution prevention plan in compliance with the TCEQ's Texas Pollution Discharge Elimination System stormwater general permit for construction related stormwater discharges prior to any construction activity.

#### **2.6.4 Water Quality Protection Ordinance:**

- (a) In lieu of the City's Water Quality Protection Ordinance, Owners shall implement and comply with the Low Impact Development Plan approved by the USFWS. The Low Impact Development Plan was prepared in response to the USFWS's Report entitled "Recommendations for Protection of Water Quality of the Edwards Aquifer", dated September 1, 2000, the objective of which is to protect water quality for Federally listed endangered or threatened species, specifically the Barton Springs Salamander, which lives in Barton Springs, approximately 12 miles north of the Project. The objective of the Low Impact Development Plan approved for the Project is to maintain current water quality, avoiding degradation of runoff quality such that the quality of groundwater emerging at Barton Springs would not be adversely impacted. Soils, topography, vegetation and other constraints have been carefully considered to yield the best combination of sustainable methods for mitigating the impacts of the proposed development.
- (b) Among other controls, the Low Impact Development Plan provides for and permits:
  - (1) a maximum impervious cover limit of the sum of 15% of the recharge zone and 20% of the contributing zone, calculated using the upland zone area of the site (Sec. 3 A of the Low Impact Development Plan); and
  - (2) buffer zones along waterways, including a 300 ft wide buffer zone along either side of the centerline of Bear Creek and a 100 ft wide buffer zone

along either side of the centerline of the waterway near the Project's entrance (Sec. 2 of the Low Impact Development Plan).

**2.6.5 Endangered Species:** Owners will seek to ensure that the Project will not adversely affect listed endangered species or their critical habitat in accordance with the federal Endangered Species Act; provided, however, that Owners may participate in an approved mitigation program. Owners must provide City with current letters regarding the Project's compliance with the USFWS and LCRA Memorandum of Understanding (MOU), as it exists on the Effective Date of this Agreement, or subsequent agreements that supersede the MOU.

**2.6.6 Voluntary Measures:** Owners will implement numerous voluntary environmental protection measures for the benefit of the Project, including:

- (a) Owner Education:** Owners will implement an education program to further the protection of the environmental resources in the Project. The program shall include, but shall not be limited to, the dissemination of pamphlets and newsletters to educate residents and property owners within the Project about the natural resources of the area and methods of environmental resource protection. Specifically, the educational program will address watershed protection; water conservation; native landscaping; species preservation; rain water harvesting; the dangers of using pesticides, fertilizers, and herbicides in the Barton Creek watershed; the promotion of organic fertilizers and herbicides; and the proper disposal of wastes.
- (b) Public Education:** Owners agree to collaborate with the City, the Hays Trinity Groundwater Conservation District, the LCRA, USFWS and local school districts to explore the opportunities for public education regarding preservation of the environment using the Project as an example.
- (c) Buffering:** In order to protect water quality, Owners will provide buffering of sensitive drainage areas within the Project. All required buffer zones (including but not limited to those mandated by the Low Impact Development Plan) are on the Preliminary Plan (*Exhibit B*). Buffer zones shall be left undisturbed along tributaries, except for necessary utility, water quality and drainage, roadway, trail encroachments, and other Common Area uses.
- (d) Landscaping:** Owners agree that the use of native species of plant materials will be encouraged throughout the Project. Turf grasses on any lot within the Project shall be limited to Zoysia, Buffalo, Bermuda or other native or drought resistant grasses. St. Augustine grass is prohibited. Additionally, as per the Low Impact Development Plan, an Integrated Pest Management Plan with a fertilizer component shall be recorded as a restrictive covenant applicable to the entire Property (Sec. 3 C. of Low Impact Development Plan). All landscaping for non-residential lots shall comply with the City's Landscaping Ordinance.

- 2.6.7 Wells:** Owner agrees that no new water wells will be drilled, or used to provide potable water to the Project. Owner may continue to use the existing wells for current farming and ranching purposes. Owner agrees to cap and close each existing well on the Property as part of the site development of the section of the Project in which a well is located. Owner agrees to impose a recorded restrictive covenant for the Project to reinforce this prohibition.
- 2.6.8 Water Conservation Plan:** Owners shall comply with the water conservation requirements of the LCRA Water Service Contract for the Property, a copy of which is included herein as *Exhibit "D"*.
- 2.7 Deed Restrictions:** Owners agree that all restrictive covenants for the Project shall reinforce the provisions of section 2.6, and its subsections, and be applied to all builders and subsequent buyers.

### 3. PROPERTY DEVELOPMENT

**3.1 Governing Regulations:** For purposes of any grandfathering analysis, the Parties agree that the relevant date is November 8, 2011, for purposes of compliance with and rights under Chapter 245 of the Texas Local Government Code, as may be amended. The Applicable Rules shall govern the Project, unless otherwise expressly provided in this Agreement.

#### **3.2 Project Approvals & Entitlements:**

**3.2.1 Project Approvals & Variances:** The Project Approvals set forth in *Exhibit C* (the "Project Approvals"), alternative standards, and the variances in *Exhibits C* and otherwise in this Agreement have been approved by all required City boards and commissions and the City Council and are granted by the City with respect to the development of the Property. This Agreement and the Applicable Rules shall serve as guidance for the review and approval of any additional waivers, variances, exceptions or other municipal authorizations not specifically included in this Agreement.

**3.2.2 Preliminary Plan:** The City confirms that the Preliminary Plan attached as *Exhibit B* complies with the City's Comprehensive Plan, and that the Preliminary Plan, and all land uses and densities, have been approved by all requisite City departments, boards and commissions and by the City Council. The City approves the land uses, densities, exceptions, utility and roadway alignments and sizing and other matters shown on the Preliminary Plan. The City's execution of this Agreement shall be deemed to be the approval of the Preliminary Plan.

**3.2.3 Density of Development:** Owners will have the right to develop the Property at a density not to exceed 476 single family residential lots consistent with the Preliminary Plan attached as *Exhibit B*. In accordance with Section 3.6.2 below, and subject to availability of utility service, Owner may request administrative approval of a minor revision to the Preliminary Plan to increase the permitted density to a maximum of 524 residential lots.

#### **3.2.4 Impervious Cover:**

(a) Owners agree to limit the impervious cover to the maximum Impervious Cover levels specified in the Low Impact Development Plan for the Project. Owners shall have the right to apportion impervious cover limits on a lot by lot basis so long as the overall impervious cover limitation is not exceeded. Owners may count in density and impervious cover calculations land designated as common area, greenbelt, open space, agricultural uses, floodplains, mitigation land or similar areas.

(b) Impervious Cover Assumptions For Residential Lots Within Project



- (1) This section applies to impervious cover calculations for single-family residential lots.
- (2) Except as provided in Subsection (3):
  - (a) for each lot greater than three acres in size, 10,000 square feet of impervious cover is assumed;
  - (b) for each lot greater than one acre and not more than three acres in size, 7,000 square feet of impervious cover is assumed;
  - (c) for each lot greater than 15,000 square feet and not more than one acre in size, 5,000 square feet of impervious cover is assumed;
  - (d) for each lot greater than 10,000 square feet and not more than 15,000 square feet in size, 3,500 square feet of impervious cover is assumed; and
  - (e) for each lot not more than 10,000 square feet in size, 2,500 square feet of impervious cover is assumed.
- (3) For a lot that is restricted to a lesser amount of impervious cover than prescribed by this section, the lesser amount of impervious cover is assumed. The manner in which the lot is restricted is subject to the approval of the City Administrator.
- (4) Except as provided in Subsection (3), this section does not restrict impervious cover on an individual lot.

**3.2.5 Slopes:** To the maximum extent practicable, non residential construction shall be limited to those areas with pre-development natural grades of less than twenty-five percent (25%).

**3.2.6 Side Lot Line Option:** Owner hereby reserves the option of providing alternative side yard setbacks for a portion of the lots within the Project, as follows: in lieu of providing equal side yard setbacks along each side of a lot (i.e., 5 feet on each side of a lot, Owner may instead elect to provide 0 foot setbacks on one side of a lot and 10' on the other side). No windows are permitted on the zero lot line side of any structures built on such lots.

**3.3 Further Approvals:** Upon the Effective Date of this Agreement, Owners may develop the Property consistent with the Project Approvals, Applicable Rules, and this Agreement. Any future approvals granted in writing by the City for such development, as well as any written amendments to the Project Approvals, will become a part of the Project Approvals.

**3.4 Standard for Review:** The City's review and approval of any submissions by Owners will not be unreasonably withheld or delayed. The City will review any plans, plat or other filing by Owners in accordance with the Applicable Rules, state law, Project Approvals, and this Agreement. If any submittal is not approved, the City will provide

written comments to Owners specifying in detail all of the changes that will be required for the approval of the submittal.

**3.5 Approvals & Appeals:** The City acknowledges that timely City reviews are necessary for the effective implementation of Owners' development program. Therefore, the City agrees that it will comply with all statutory and internal City time frames for development reviews. The City further agrees that if, at any time, Owners believe that an impasse has been reached with the City staff on any development issue affecting the Project or if Owners wish to appeal any decision of the City staff regarding the Project; then Owners may immediately appeal in writing to the City Council requesting a resolution of the impasse at the next scheduled City Council meeting, subject to compliance with all timetables required by the open meeting laws. Appeals and approvals of variances may be approved by an affirmative vote of a majority of the members of the City Council.

**3.6 Preliminary Plan Amendments:**

**3.6.1** Due to the fact that the Project comprises a significant land area and its development will occur in phases over a number of years, modifications to the Preliminary Plan may become necessary due to changes in market conditions or other factors.

**3.6.2** In order to provide flexibility with respect to certain details of the development of the Project, Owners may seek changes: (a) in the location and/or configuration of the lots shown on the Preliminary Plan, including changes within the proposed residential, parkland, mitigation or common areas shown on the Preliminary Plan; and (b) changes in the number of lots so long as the total number of residential lots does not exceed 524. Changes in the location, configuration or number of lots shall be deemed minor and will only require an administrative amendment to the Preliminary Plan so long as the Impervious Cover requirements herein are met, the total number of residential lots does not exceed 524 and the changes do not adversely affect the environment, or public health and safety. The determination of whether any other proposed changes are major or minor is at the sole discretion of the City Administrator.

**3.6.3** The City Administrator shall be responsible for consideration and approval of administrative amendments to the Preliminary Plan. The City Administrator may defer approval of any changes not deemed minor under Section 3.6.2 to the City Council at the City Administrator's discretion. City Council review must be preceded by consideration and a recommendation from the Planning & Zoning Commission. Minor variations of a final plat from the Preliminary Plan that are approved by the City Administrator that do not increase the overall allowed density of development of the Property or increase the overall Impervious Cover limit and which otherwise comply with the Applicable Rules, and this Agreement will not require an amendment to the Preliminary Plan.

**3.7 Term of Approvals:** The Preliminary Plan, the Project Approvals, and any final plat approved pursuant to this Agreement will be effective for the term of this Agreement unless otherwise agreed by the Parties.

**3.8 Extension of Permits & Approvals:** Any permit or approval under this Agreement or granted by the City pursuant to, or in accordance with, this Agreement shall be extended for any period during which performance by any Owner is prevented or delayed by action of a court or administrative agency, or an Owner is delayed due to failure to receive a governmental permit despite demonstrable diligent efforts to obtain said permit. In no instance shall any permits or approvals be extended beyond the duration of this Agreement.

**3.9 Initial Brush Removal:**

**3.9.1** Owners may mechanically remove brush without material soil surface disruption prior to receiving approval of plats in order to determine the location of roads, lots, utilities and drainage areas with regard to preservation of environmental features. Owners agree to utilize rubber-tired equipment for brush removal. Prior to plat approval, Owners may remove cedar trees, but may not remove any hardwood tree with a trunk having a diameter greater than four (4) inches measured four (4) feet above the base (ground elevation) of the tree, nor materially alter the existing drainage patterns prior to receiving City approval for Construction Plans. Owners shall endeavor that as much area as possible is left undisturbed for as long as reasonably possible.

**3.9.2** The use of track vehicles is acceptable provided that a preconstruction conference is held on-site with the Owner (or Owner's representative as Developer), contractor, and City Administrator (or the Administrator's designee). During the conference the Owner will provide the City with the following information:

(a) the area to be cleared;

(b) a rough tree survey of the trees to be removed (meaning that with absolute due diligence they have attempted to determine that the trees to be removed are either trees to be saved per the Development Agreement, or are otherwise diseased, or trees that are okay to remove);

(c) the area to be cleared having been marked on a survey with all Water Quality Buffer Zones (WQBZ) and other environmental features marked out for being avoided; and

(d) an erosion control plan must be submitted showing what will be in place to manage stormwater runoff, to include silt fencing, rock berms, etc.

**3.9.3** Work within a water quality buffer zone must be limited to rubber-tired vehicles or hand-clearing only taking care to stay out of the stream itself. A written plan for work to be done within such a buffer zone must be submitted to and approved by City staff prior to any work, describing: (a) work methods,

(b) proposed equipment, (c) scope of work, and (d) restoration plans for once work is done.

- 3.10 Building Code:** Owners agree that all habitable buildings shall be constructed in accordance with all building or construction codes that have been adopted by the City. Fees for all building permits or building inspections by the City or the City's designee under this section shall be paid by builders. Building permit and building inspection fees are not included among the fees specifically listed in this Agreement. Owners shall encourage all homebuilders for the Project to incorporate the then-current features of an Energy Conservation Program for residential construction, and comply with erosion control requirements for individual home construction sites per the TCSS, Section 10.13.1.
- 3.11 Fiscal Security for Improvements:** Owners shall be required to provide fiscal security, as required by the Code of Ordinances, prior to recording any final plat provided that the Owners agree to construct improvements in a manner approved by the City Engineer. The City Engineer may require the Owners to post a bond at the time of final plat approval to assure that improvements are constructed as proposed if the City Engineer determines that there is some question regarding construction of the improvements (e.g., public transportation, drainage, wastewater, water, water quality, recreation and E&S facilities).
- 3.12 Highway Access:** The roadway cuts shown on *Exhibit B* are approved by the City as of the Effective Date. Owner and City agree that traffic safety is crucial. All roadway and driveway cuts onto FM 1826 not shown on *Exhibit B* shall be subject to the approval of the City. Owner has shared schematic plans for the potential construction of acceleration and deceleration lanes and traffic control devices for the Project entry on FM 1826 with TxDOT, Owner agrees to construct and fund acceleration lanes, deceleration lanes, and traffic control devices if required and approved by TxDOT.
- 3.13 Option for Private Gated Section(s):** The Owner and the City hereby agree that the Owner may elect to develop one or more sections of the Project as private, gated sections, under the following conditions:
- 3.13.1.** The City or County shall not be responsible for the ownership or maintenance of private streets within such sections; and
  - 3.13.2.** Streets within such sections shall be owned and maintained by the HOA, a District, or such other entity as chosen by the Owners; and
  - 3.13.3.** The providers of fire, law enforcement and emergency medical services for the Project must approve the street standards and private gates to be utilized for such streets prior to construction; and
  - 3.13.4.** The design and operation of private, gated sections shall comply with all applicable requirements of the Dripping Springs Independent School District or such Independent School District with jurisdiction over the Property.

- 3.14 Connectivity:** Owner shall reserve right-of-way easements for projected future egress and ingress to the Project as indicated on the Preliminary Plan, *Exhibit B*. This Agreement shall not be construed to create any obligation for the Owners to fund pavement of this projection.
- 3.15 Deed Restrictions:** Owners agree that all restrictive covenants for the Project shall reinforce the provisions of this section and applied to all builders and subsequent buyers, and shall be appropriately drafted and filed to effectuate this intent and Agreement. The Owners cannot file proposed restrictive covenants until the Owners have received written acknowledgment from the City that the form and content of the covenants conform to this Agreement.

#### 4. ADDITIONAL MATTERS

- 4.1. Lighting:** Except as provided herein, Owners agree to comply with the City's Lighting Ordinance in effect as of the Effective Date. Notwithstanding the above, Owner shall be permitted to install exterior illumination directed from the ground to the entry signage and architectural features at the Project's main entrance on FM 1826 and neighborhood signage at the entrance to each discreet neighborhood, subdivision or section of lots within the Project. Ground lighting shall be otherwise consistent with the requirements of the City's Lighting and Sign Ordinances.
- 4.2. Signage:** Owner agrees to comply with the City's Sign Ordinance in effect as of the Effective Date, except as follows:
- 4.2.1. Subdivision Identification Sign:** Notwithstanding anything to the contrary in the City's Sign Ordinance, Owner may incorporate one subdivision identification sign feature into the subdivision entry monumentation and architectural features at the Project's main entrance on FM 1826 (the "Entry Features"). The area of the signage incorporated into the Entry Features may not exceed thirty-two (32) square feet, measured as the rectangular area including the signage lettering but excluding the other area of the hardscape Entry Features. The Entry Features shall not exceed eighteen feet (18') in height. The subdivision identification sign cannot be more than six feet (6') measured at the average grade of the road.
- 4.2.2. Neighborhood Signs and Monuments:** Owner may construct a subdivision monument sign (in accordance with the size limitations of Section 26.06.064 of the Sign Ordinance) at the entrance to each discreet neighborhood, subdivision, or section of lots within the Project.
- 4.2.3. Master Signage Plan:** Subsequent to the Effective Date of this Agreement, Owner agrees to submit a Master Signage Plan to the City for the Project. The Master Signage Plan and future amendments thereto may be approved administratively in the discretion of the City Administrator, to the extent they comply with the Sign Ordinance.
- 4.2.4. Future Variances to Sign Ordinance:** Future variances to the City's Sign Ordinance required for the Project or alternative signage standards for the Project are subject to City approval in accordance with the City's Sign Ordinance.
- 4.3. Fire Protection:**
- (a) Fire protection will be provided by the appropriate County fire protection organization and this Project will comply with the applicable fire protection standards as mandated by the said organization, until such time as the Project is annexed into the City.

(b) All buildings in the Project must have physical address clearly posted in accordance with the following specifications.

- (1) Approved numerals of a minimum 6 inch height and of a color contrasting with the background designating the address shall be placed on all new and existing buildings or structures in a position as to be plainly visible and legible from the street or road fronting the property and from all rear alleyways / access.
- (2) Where buildings do not immediately front a street, approved 6 inch height building numerals or addresses and 3 inch height suite / apartment numerals of a color contrasting with the background of the building shall be placed on all new and existing buildings or structures. Numerals or addresses shall be posted on a minimum 20 inch by 30 inch background on border.
- (3) Address numbers shall be Arabic numerals or alphabet letters. The minimum stroke width shall be 0.5 inches.
- (4) Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure.

#### **4.4 Annexation:**

**4.4.1. Timing for Annexation.** The City and Owner hereby approves this Agreement as a valid and legally sufficient request to extend the city limits (i.e., incorporated municipal boundary) of the City to cover the Property, and no additional petitions or requests from the Owner are necessary. Upon the completion of the streets, utilities and other Common Areas of the Project as shown on the Preliminary Plat and the sale of all bonds to be issued by the Reunion Ranch WCID or any other District within which the Property is located, the City may, at the City Council's discretion, initiate annexation proceedings for the Property and conclude the proceedings in accordance with State law.

**4.4.2. Land Uses.** Contemporaneously with the annexation of land located within the project, the City will initiate the zoning process for the Property.

## 5. AUTHORITY

### 5.1 Term:

**5.1.1. Term.** The term of this Agreement will commence on the Effective Date and continue for such time period as specified herein ("Initial Term"), unless sooner terminated under this Agreement. If less than seventy five percent (75%) of the total lots within the Project have been developed at the end of ten (10) years, the Initial Term of this Agreement shall be fifteen (15) years. Otherwise, the Initial Term of this Agreement shall be ten (10) years. The parties may mutually agree to renew or extend this Agreement for successive periods not to exceed five (5) years each. The total duration of this Agreement and any successive renewals shall not exceed 45 years.

**5.1.2. Expiration.** After the expiration of the term of this Agreement plus any and all renewals or extensions as provided for in Paragraph 5.1.1 above, the term of this Agreement shall have no further force and effect, except that termination will not affect any right or obligation arising from Project Approvals previously granted.

**5.1.3. Termination or Amendment.** This Agreement may be terminated or amended as to all of the Property at any time by mutual written consent of the City and Owners or may be terminated or amended only as to a portion of the Property by the mutual written consent of the City and the Owners of only the portion of the Property affected by the amendment or termination.

**5.2 Authority:** This Agreement is entered under the statutory authority of Section 212.172 of the Texas Local Government Code. The Parties intend that this Agreement guarantee the continuation of the extraterritorial status of portions of the Property as provided in this Agreement; authorize certain land uses and development on the Property; provide for the uniform review and approval of plats and development plans for the Property; provide exceptions to certain ordinances; and provide other terms and consideration, including the continuation of land uses and zoning upon annexation of any portion of the Property to the City.

**5.3 Equivalent Substitute Obligation:** If either Party is unable to meet an obligation under this Agreement due to a court order invalidating all or a portion of this Agreement, preemptive state or federal law, an imminent and *bona fide* threat to public safety that prevents performance or requires different performance, subsequent conditions that would legally excuse performance under this Agreement, or, the Parties agree to cooperate to revise this Agreement to provide for an equivalent substitute right or obligation as similar in terms to the illegal, invalid, or unenforceable provision as is possible and is legal, valid and enforceable, or other additional or modified rights or obligations that will most nearly preserve each Party's overall contractual benefit under this Agreement.

**5.4 Cooperation:** The City and Owners each agree to cooperate with further documents or instruments as may be necessary to evidence their agreements hereunder.



**5.5 Litigation:** In the event of any third (3<sup>rd</sup>) party lawsuit or other claim relating to the validity of this Agreement or any actions taken by the Parties hereunder, Owners and the City agree to cooperate in the defense of such suit or claim, and to use their respective best efforts to resolve the suit or claim without diminution of their respective rights and obligations under this Agreement. The Owners agree to *defend and indemnify* the City for any litigation expenses, including court costs and attorneys fees, related to defense of this Agreement. Owners and the City agree that in the event of any such suit, Owners have a justiciable interest in the suit sufficient to support the filing of a Petition in Intervention. City agrees that in the event of any third party lawsuit or other claim relating to the validity of this Agreement, the City will not object to, nor move to strike, a Petition in Intervention filed by Owners. The City's participation in the defense of such a lawsuit is *expressly conditioned* on budgetary appropriations for such action by the City Council. The filing of any third-party lawsuit relating to this Agreement or the development of the Project will not delay, stop or otherwise affect the development of the Project or the City's processing or issuance of any approvals for the Project, unless otherwise required by a court of competent jurisdiction.

## 6. GENERAL PROVISIONS

### 6.1 Assignment & Binding Effect:

6.1.1 This Agreement, and the rights and obligations of Owners hereunder, may be assigned by Owners to a subsequent purchaser of all or a portion of the Property within the Project provided that the assignee assumes all of the obligations hereunder. Any assignment must be in writing, specifically describe the Property in question, specifically reference this Agreement, set forth the assigned rights and obligations, and be executed by the assignor and proposed assignee. A copy of the assignment document must be delivered to the City and recorded in the real property records as may be required by applicable law. Upon any such assignment, the assignor will be released of any further obligations under this Agreement as to the Property sold and obligations assigned.

6.1.2 If Owners assign its rights and obligations hereunder as to a portion of the Project, then the rights and obligations of any assignee and Owners will be non-severable, and Owners will be liable for the nonperformance of the assignee and vice-versa. In the case of nonperformance by one developer, the City may pursue all remedies against that nonperforming developer, even if such remedies will impede development activities of any performing developer as a result of that nonperformance.

6.1.3 The provisions of this Agreement will be binding upon, and inure to the benefit of the Parties, and their respective successors and assigns. This Agreement will not, however, be binding upon, or create any encumbrance to title as to, any ultimate consumer who purchases a fully developed and improved lot within the Project.

6.1.4 Owners agree that all restrictive covenants for the Project shall reinforce this Agreement. Owners further agree to memorialize the terms of this Agreement through inclusion in the plat notes. The Agreement *shall be recorded* in the *Hays County* land records to place subsequent purchasers on notice.

6.2 **Severability:** If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the Parties that the remainder of this Agreement not be affected, and, in lieu of each illegal, invalid, or unenforceable provision, that a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid or enforceable provision as is possible.

6.3 **Governing Law, Jurisdiction & Venue:** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, as it applies 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 that County, and hereby agree that any such Court shall be a proper forum for the determination of any dispute arising hereunder.

- 6.4 No Third Party Beneficiary:** This Agreement is not intended, nor will it be construed, to create any third-party beneficiary rights in any person or entity who is not a Party, unless expressly otherwise provided.
- 6.5 Default:** If either Party defaults in its obligations under this Agreement, the other Party must, prior to exercising a remedy available to that Party due to the default, give written notice to the defaulting Party, specifying the nature of the alleged default and the manner in which it can be satisfactorily cured, and extend to the defaulting Party at least thirty (30) days from receipt of the notice to cure the default. If the nature of the default is such that it cannot reasonably be cured within the thirty (30) day period, the commencement of the cure within the thirty (30) day period and the diligent prosecution of the cure to completion will be deemed a cure within the cure period. The City may issue Stop Work Orders for violations arising under this Agreement or the regulations applied herein. The Parties may mutually agree in writing to extend the above referenced deadlines.
- 6.6 Remedies for Default:** If either Party defaults under this Agreement and fails to cure the default within the applicable cure period, the non-defaulting Party will have all rights and remedies available under this Agreement or applicable law, including the right to institute legal action to cure any default, to enjoin any threatened or attempted violation of this Agreement or to enforce the defaulting Party's obligations under this Agreement by specific performance or writ of mandamus, or to terminate this Agreement. In the event of a default by the City, Owners will be entitled to seek a writ of mandamus, in addition to seeking any other available remedies. All remedies available to a Party will be cumulative and the pursuit of one remedy will not constitute an election of remedies or a waiver of the right to pursue any other available remedy.
- 6.7 Reservation of Rights:** To the extent not inconsistent with this Agreement, each Party reserves all rights, privileges, and immunities under applicable laws.
- 6.8 Attorneys Fees:** The prevailing Party in any dispute under this Agreement will be entitled to recover from the non-prevailing Party its reasonable attorney's fees, expenses and court costs in connection with any original action, any appeals, and any post-judgment proceedings to collect or enforce a judgment. The Parties agree that "prevailing Party" means the Party who successfully prosecutes the action or successfully defends against it, prevailing on the main issue, even though not necessarily receiving an award of damages or other form of recovery.
- 6.9 Waiver:** Any failure by a Party to insist upon strict performance by the other Party of any provision of this Agreement will not, regardless of the length of time during which that failure continues, be deemed a waiver of that Party's right insist upon strict compliance with all terms of this Agreement. In order to be effective as to a Party, any waiver of default under this Agreement must be in writing, and a written waiver will only be effective as to the specific default and as to the specific period of time set forth in the written waiver. A written waiver will not constitute a waiver of any subsequent default, or of the right to require performance of the same or any other provision of this Agreement in the future.

- 6.10 Entire Agreement:** With the exception of the Agreement Concerning Creation and Operation of the Reunion Ranch Water Control & Improvement District, this Agreement contains the entire agreement of the Parties, and there are no other agreements or promises, oral or written, between the Parties regarding the subject matter of this Agreement. This Agreement may be amended only by written agreement signed by the Parties. An amendment to this Agreement may only be approved by an affirmative vote of at least three of the five (3 of 5) members of the City Council.
- 6.11 Exhibits, Headings, Construction & Counterparts:** All exhibits attached to this Agreement are incorporated into and made a part of this Agreement for all purposes. The paragraph headings contained in this Agreement are for convenience only and do not enlarge or limit the scope or meaning of the paragraphs. Wherever appropriate, words of the masculine gender may include the feminine or neuter, and the singular may include the plural, and *vice-versa*. Each of the Parties has been actively and equally involved in the negotiation of this Agreement. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting Party will not be employed in interpreting this Agreement or its exhibits. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument. This Agreement will become effective only when one or more counterparts, individually or taken together, bear the signatures of all of the Parties.
- 6.12 Time:** Time is of the essence of this Agreement. In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday or legal holiday.
- 6.13 Authority for Execution:** The City certifies, represents, and warrants that the execution of this Agreement has been duly authorized and that this Agreement has been approved in conformity with City ordinances and other applicable legal requirements. Owners certify, represent, and warrant that the execution of this Agreement is duly authorized in conformity with their authority.
- 6.14 Property Rights:** Owners expressly and unconditionally waive and release the City from any obligation to perform a takings impact assessment under the Texas Private Real Property Rights Act, Texas Government Code Chapter 2007, as it may apply to this Agreement, the Property, and the Project.
- 6.15 Notices:** Any notices or approvals under this Agreement must be in writing may be sent by hand delivery, facsimile (with confirmation of delivery) or certified mail, return receipt requested, to the Parties at the following addresses or as such addresses may be changed from time to time by written notice to the other Parties:

**CITY:**

*Original:* City Administrator  
City of Dripping Springs  
P. O. Box 384  
Dripping Springs, Texas 78620  
Fax: (512) 858-5646

*Copy to:* Bojorquez Law Firm, LLP  
Attention: Alan J. Bojorquez  
12325 Hymeadow Dr., Ste. 2-100  
Austin, Texas 78750  
Fax: (512) 250-0749

**OWNERS:**

*Original:* Hays Reunion Ranch, LP  
c/o Mr. Frank Krasovec  
98 San Jacinto Blvd., Suite 2020  
Austin, Texas 78701  
Fax: (512) 476-4024

*Copy to:* Dubois, Bryant & Campbell, LLP  
c/o Mr. William C. Bryant  
700 Lavaca, Ste. 1300  
Austin, Texas 78701  
Fax: (512) 457-8008

Either City or Owners may change its mailing address at any time by giving written notice of such change to the other in the manner provided herein at least ten days prior to the date such change is effected. All notices under this Agreement will be deemed given on the earlier of the date personal delivery is effected or on the delivery date or attempted delivery date shown on the return receipt or facsimile confirmation.

## 7. EXHIBITS

**Exhibits:** The following exhibits are attached to this Agreement, and made a part hereof for all purposes.

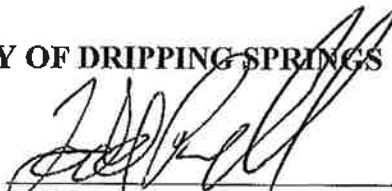
- Exhibit A - Metes and Bounds Description of the Property
- Exhibit B - Preliminary Plan of Reunion Ranch
- Exhibit C - List of Variances and Alternative Standards
- Exhibit D - LCRA Water Service Agreement

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the dates indicated below, to be effective on the date the last party signs.

CITY:

CITY OF DRIPPING SPRINGS

By:

  
Todd Purcell, Mayor


Date: 2.27.12

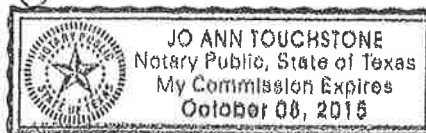
STATE OF TEXAS

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§

COUNTY OF HAYS

This instrument was acknowledged before me on this, the 27<sup>th</sup> day of February 2012, by **Todd Purcell**, as Mayor of the City of Dripping Springs, on behalf of said city.

  
Notary Public, State of Texas



**OWNERS**

**HAYS REUNION RANCH, L.P.**, a Texas limited partnership

By: Hays Reunion Ranch GP, LLC, a Texas limited liability company, its General Partner

By:   
Frank P. Krasovec, as Manager

Date: 2-24-12

STATE OF TEXAS

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§  
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COUNTY OF Hays

This instrument was acknowledged before me on this, the 24<sup>th</sup> day of FEB, 2012, by **Frank P. Krasovec**, as Manager of Hays Reunion Ranch GP, LLC, a Texas limited liability company, as General Partner of Hays Reunion Ranch, L.P., a Texas limited partnership, on behalf of said limited liability company and said limited partnership.




  
Notary Public, State of Texas



Exhibit A

Metes and Bounds Description of the Property

FIELD NOTE 642  
UDG NO. 00-147

490.92 ACRES  
MUD  
REUNION RANCH  
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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 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 Krasovek - 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  
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REUNION RANCH  
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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  
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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;

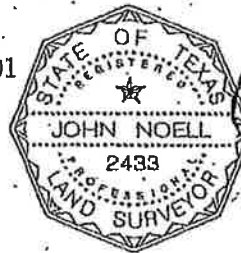
THENCE, S88°25'35"W, a distance of 97.91 feet to an iron rod found at a fence corner, same being the southeast corner of a 2.66 acre tract as described in Volume 871, Page 411 of the Deed Records of Hays County, Texas;

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 B**

**Preliminary Plan of Reunion Ranch**



## Exhibit C

### List of Variances and Alternative Standards



**EXHIBIT C – LIST OF VARIANCES & ALTERNATIVE STANDARDS (1-31-12)**

Ordinance Section	Description	Current Ordinance Requirement	Requested Variance	Proposed Plan
<i>Subdivision Ordinance</i>				
28.02 (Exhibit A) 4.9.1(d)	Tree survey	8" or greater within 20' of street & utility ROW	Aerial photos may be used in lieu of tree survey	Use aerial photo
28.02 (Exhibit A) 11.22	Max Cul-de-sac Street Length	2,000 ft	2,400 ft	2,353 ft
28.02 (Exhibit A) 14.6	Minimum Lot Sizes in ETJ (Public Water Supply) Recharge Zone & Contributing Zone	1.5 acre (Recharge Zone) 0.75 acre (Contrib. Zone)	0.24 acre	0.24 acre min Lot density: 1.1 acre/lot (gross area) 0.98 acre/lot (excluding ROW)
28.02 (Exhibit A) 15.1, 15.2 & 20.1.3(g)	Sidewalks	Required both sides of curbed streets (not using open ditches)	Trail system (at a minimum trails along Reunion Blvd)	Trail system plan provided
28.02 (Exhibit A) 16.1	Minimum Building Setback Lines	Side building lines shall be 5'	Minimum 5' side building line on each side of lot line or 0' on one side of lot line with 10' on other side.	5' each side (with option to go to 0'/10')
28.02 (Exhibit A) 20.1.3(e)	Streetslights	Required	Not Required	Not proposed
<i>Water Quality Protection Ordinance</i>				
22.05.016(a)(1) 22.05.016(a)(2)	Impervious Cover Limits in Edwards Aquifer Recharge and Contributing Zones)	10% (Recharge Zone) 35% (Contributing Zone)	Per USFW Low Impact Development Plan approved for Project: Sum of 15% of Recharge Zone and 20% of Contributing Zone, calculated using the upland zone area	78.52ac allowed  (98.60ac would be allowed under Water Quality Protection Ordinance)
22.05.017	Water Quality Buffer Zones	Defined	Per "Conservation Easements" shown on USFW Low Impact Development Plan approved for Project	Shown as "Conservation Easements" and Common Area
22.05.023	Water Quality Structural Controls	Structural controls requires	Controls per USFW Low Impact Development Plan approved for Project	Multiple BMPs & Open Space
<i>Sign Ordinance</i>				
26.06.001(a)	Direct lighting of signs prohibited	Prohibited	Entrance and neighborhood signage may be lit with ground lights directed at the signs.	Must comply with Lighting Ordinance
26.06.064(a)	One monument sign permitted at each entrance to a neighborhood or residential subdivision.	One	One monument sign at main subdivision entrance and additional monument signs at each discrete	

			<b>neighborhood or section of lots.</b>	
26.06.064(b) and (c)	Maximum area and height of a sign	Area: 32 square feet Height: 6 feet	If a sign is set into a hardscape feature, the hardscape feature will not be considered part of the sign.	<i>Sign cannot exceed 6' in height measured from finished grade of adjacent roadway.</i>

Exhibit D

LCRA Water Service Agreement

## ASSIGNMENT

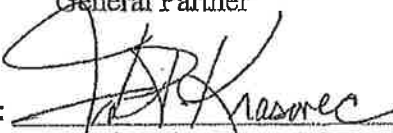
Hays Reunion Ranch, L.P., Texas limited partnership ("Assignor"), for good and valuable consideration, receipt of which is hereby acknowledged, by means of this instrument grants and conveys to Reunion Ranch Water Control and Improvement District ("Assignee") all right, title and interest now owned by Assignor in that certain Water Services Agreement between Lower Colorado River Authority and Assignor, with effective date March 31, 2003, a copy of which is attached hereto.

This Assignment, and all of its terms and conditions, are binding on Assignor and its successors and assigns, and on Assignee and its successors and assigns.

SIGNED this 28<sup>th</sup> day of August, 2006.

HAYS REUNION RANCH, L.P.

By: Hays Reunion Ranch GP, LLC,  
General Partner


By:   
Frank P. Krasovec, Manager

## ACCEPTANCE


Reunion Ranch Water Control and Improvement District ("Assignee") in consideration of the interests assigned to it in the above assignment, accepts all of the right, title and interest in the rights and obligations of Hays Reunion Ranch, L.P. pursuant to the above-described contract. Assignee agrees to assume and perform all of the duties of Hays Reunion Ranch, L.P. pursuant to that contract. Assignee further agrees to indemnify and hold harmless Hays Reunion Ranch, L.P. for any liability for performance or nonperformance of the duties and obligations assumed by it hereby.

SIGNED this 28<sup>th</sup> day of August, 2006.

REUNION RANCH WATER CONTROL AND  
IMPROVEMENT DISTRICT

By:   
Vince Ferracina, President

ATTEST:

By:   
George Sykes, Secretary

[SEAL]

WATER SERVICES AGREEMENT  
BETWEEN  
LOWER COLORADO RIVER AUTHORITY AND  
HAYS REUNION RANCH, L.P.

THIS WATER SERVICES AGREEMENT (this "Agreement") is made and entered into by and between LOWER COLORADO RIVER AUTHORITY, a conservation and reclamation district and a political subdivision of the State of Texas ("LCRA") and Hays Reunion Ranch, L.P., a Texas limited partnership ("Landowner").

RECITALS

1. LCRA owns and operates a regional water supply system consisting of a raw water intake and pumping system, a raw water transmission main, the Uplands water treatment plant, treated water storage facilities and treated water transmission and distribution facilities which have been designed to serve the needs of its customers in northern Hays County (collectively, the "LCRA System").
2. Landowner and LCRA have also entered, or intend to enter, into a raw water contract (the "Raw Water Contract") pursuant to which LCRA will make available raw water to Landowner for treatment by LCRA and subsequent delivery to meet the needs of Landowner.
3. Landowner and LCRA now desire to enter into this Agreement pursuant to which LCRA will agree to provide certain water services to Landowner from the LCRA System.
4. Landowner intends to construct and operate a water distribution system (the "Retail System"), and Landowner desires to obtain a supply of treated water to provide service to the Retail Service Area as defined below ("Water Services") from LCRA.
5. Landowner has identified the area described and/or depicted in Exhibit A as the area in which Landowner, or its assigns, will initially make arrangements to provide retail service with the water received pursuant to this Agreement (the "Retail Service Area"). Prior to the sale of water to any retail customers in the Retail Service Area, Landowner intends to assign this Agreement in whole or part to one or more municipal utility districts, water control improvement districts or other legally qualified, retail service providers.
6. Landowner shall be responsible for the payment of all costs for construction of improvements to the Retail System (collectively, the "Improvements") required to receive the water delivered by LCRA to Landowner under this Agreement and to supply potable water service to the customers within the Retail Service Area.

7. Subject to compliance with the provisions of this Agreement by all parties, and to the extent indicated, LCRA's System will be capable of providing Water Services to Landowner, and LCRA agrees to expand and improve the LCRA System in order to continue to provide adequate Water Services to Landowner under this Agreement and to the other customers of the LCRA System under other agreements, with all costs of the LCRA System (the "Costs of the System") to be recovered through the rates and charges of LCRA to the customers of the LCRA System.
8. LCRA and Landowner now wish to execute this Agreement to evidence henceforth the agreements of LCRA to provide Water Services to Landowner under the conditions described in this Agreement.

### AGREEMENTS

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, LCRA and Landowner agree as follows:

### ARTICLE I DEFINITIONS

Section 1.01 Definitions of Terms. As used in this Agreement, except as otherwise provided, the following terms have the meanings ascribed in this section.

"Agreement" means this agreement.

"Contract Year" means the period beginning on April 1 of a year, following the effective date of this Agreement, and ending on March 31 of the subsequent year.

"Connection Fee" means the charge described in Section 4.01.a. of this Agreement.

"Costs of the System" means all of LCRA's reasonable and necessary costs of acquiring, constructing, developing, permitting, implementing, expanding, improving, enlarging, bettering, extending, replacing, repairing, maintaining and operating the LCRA System, including, without limiting the generality of the foregoing, the costs of reasonable water losses within the LCRA System as well as the costs of property, interests in property, capitalized interest, land, easements and rights-of-way, damages to land and property, leases, facilities, equipment, machinery, pumps, pipes, tanks, valves, fittings, mechanical devices, office equipment, assets, contract rights, wages and salaries, employee benefits, chemicals, stores, material, supplies, power, supervision, engineering, testing, auditing, franchises, charges, assessments, claims, insurance, engineering, financing, consultants, administrative expenses, auditing expenses, legal expenses and other similar or dissimilar expenses and costs required for the LCRA System. The Costs of the System shall include reasonable amounts for an operation and maintenance reserve fund, debt service reserve fund, required coverage of debt service, working capital and appropriate general and administrative costs. Because LCRA is providing wholesale Water Services to Landowner and retail potable water service to other customers from the System, the term "Costs of the

System" shall not include any costs properly attributed to provision of retail potable water service by LCRA from the LCRA System, such as costs of retail distribution lines, retail meters and taps, individual retail customer service lines, retail billing costs or any other similar costs that properly and reasonably are allocable to the retail distribution of water.

"Delivery Point(s)" means the point(s) at which LCRA is obligated to deliver treated water to Landowner under this Agreement.

"District" means any existing or future municipal utility water control and improvement or other special district within all or any part of the Retail Service Area. Landowner may create one or more Districts.

"Emergency" means a sudden unexpected happening; an unforeseen occurrence or condition; exigency; pressing necessity; or a relatively permanent condition or insufficiency of service or of facilities resulting from causes outside of the reasonable control of LCRA. The term includes Force Majeure and acts of third parties which cause the LCRA System to be unable to provide the Water Services agreed to be provided herein.

"Force Majeure" means acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of any governmental entity other than LCRA or any civil or military authority, acts, orders or delays thereof of any regulatory authorities with jurisdiction over the parties, insurrections, riots, acts of terrorism, epidemics, landslides, lightning, earthquakes, fires, hurricanes, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, or any other conditions which are not within the control of a party.

"Improvements" means the installation of the tap and meter at the Delivery Point, any valves, pressure reducing devices, distribution and service lines, all as described in Exhibit B or as otherwise designed by Landowner to serve the Retail Service Area and required to serve the Retail Service Area, but does not include any facilities on LCRA's side of the Delivery Point.

"LCRA" means Lower Colorado River Authority.

"LCRA Service Area" means the Bee Cave District and the Dripping Springs District of the LCRA's West Travis County Regional System, as depicted in Exhibit C hereto, together with such other service areas contiguous thereto as may be added by LCRA in the future.

"LCRA System" means the facilities owned and operated by LCRA as described in Recital No. 1 above together with all extensions, expansions, improvements, enlargements, betterments and replacements to provide water or Water Services to LCRA's customers in the LCRA Service Area. The LCRA System does not include any facilities on Landowner's side of the Delivery Point(s).

"LUE" means an amount of Water Services sufficient for one living unit equivalent as defined from time to time in LCRA's tariff applicable to LCRA's retail service customers.



"MOU" means the Memorandum of Understanding between the U.S. Department of the Interior Fish and Wildlife Service and the Lower Colorado River Authority for the Purpose of Providing Surface Water for Residents in Western Travis and Northern Hays Counties, dated May 24, 2000, as now or hereafter amended; provided, however any future amendments shall not affect the obligations of the parties under this Agreement for service within the Retail Service Area unless said amendments are previously approved by Landowner.

"Meter(s)" means the meter(s) that shall be installed by Landowner at the point(s) at which the LCRA System connects to the Retail System.

"Monthly Charge" means the charge described in Section 4.01.b. of this Agreement.

"Plan" means the LCRA Utilities Water Conservation and Drought Contingency Plan as adopted in August 2000 and as hereafter amended.

"Raw Water Contract" means the raw water contract between Landowner and Lower Colorado River Authority. In the event Landowner and LCRA have not executed the Raw Water Contract at the time this Agreement is executed, the parties agree to use good faith efforts to execute the Raw Water Contract within thirty (30) days of the effective date of this Agreement.

"Reservation Fee" means a fee of One Hundred and Sixty Dollars (\$160.00) per Reserved LUE. The Reservation Fee relates to the reservation for Landowner of a portion of the limited capacity in the LCRA's System capable of serving northern Hays County. Landowner acknowledges and agrees that this Reservation Fee is separate and apart from, and in addition to, any reservation fees that may be due under Landowner's Raw Water Contract.

"Reservation Period" means a period of time beginning at the effective date of this Agreement, being March 31, 2003 and ending at 12:01 a.m. on April 1, 2013.

"Reserved LUEs" means the number of 480 LUEs; provided, however, that said number shall be reduced from time to time as provided herein.

"Retail Service Area" means the area described on Exhibit A. Landowner may amend the Retail Service Area from time to time, subject to the provisions of this Agreement, by providing written notice to LCRA.

"Retail System" means Landowner's water distribution and delivery system in the Retail Service Area, including those facilities on Landowner's side of the Delivery Point(s). The Retail System does not include any facilities on LCRA's side of the Delivery Point.

"Volume Rate" means the charge described in Section 4.01.c. of this Agreement.

"Water Services" means the diversion of raw water from Lake Austin; the transmission of the raw water to a place or places of treatment; the treatment of the water into potable form; and the transmission of the potable water to Landowner at the Delivery Point(s).

Section 1.02 Captions. The captions appearing at the first of each numbered section or paragraph in this Agreement are inserted and included solely for convenience and shall never be considered or given any effect in construing this Agreement.

Section 1.03 Water Services. LCRA agrees to provide Water Services to Landowner under this Agreement all as hereafter specified. LCRA shall provide Water Services, and Landowner, or its assigns, shall provide retail service based on the Water Services, in a manner that complies with the MOU.

## ARTICLE II METERING; ESTIMATING WATER DELIVERIES

Section 2.01 Water Meter(s). Landowner shall install a Meter(s) at or near the Delivery Point(s) of the LCRA System with the Retail Service Area. Design, location and installation of the Meter(s) is subject to prior review and approval by LCRA, which approval shall not be unreasonably withheld or delayed. After completion of installation of the Meter(s); Landowner shall dedicate and convey the Meter(s) (together with associated easements, rights-of-way, permits, licenses or appurtenances) to LCRA free and clear of any liens, claims and encumbrances and execute an appropriate document in form and substance reasonably acceptable to LCRA evidencing the dedication and conveyance. Thereafter, the Meter(s) shall be part of the LCRA System and it shall be LCRA's responsibility to repair, maintain and replace the meter. The transfer of ownership shall be accomplished in a manner that allows a District to repay or reimburse Landowner.

### Section 2.02 Meter Accuracy; Calibration.

- a. The Meter(s) may be calibrated at any reasonable time by either party to this Agreement, provided that the party making the calibration shall notify the other party at least two (2) weeks in advance and allow the other party to witness the calibration. Further, the Meter(s) shall be tested for accuracy by, and at the expense of, LCRA, at least once each calendar year, at intervals of approximately twelve (12) months, and a report of such test shall be furnished to Landowner. In the event any question arises at any time as to the accuracy of the Meter(s), then the Meter(s) shall be tested promptly upon demand of Landowner by LCRA. The expense of such test shall be borne by Landowner if the Meter is found to be within American Water Works Association (AWWA) standards of accuracy for the type and size of meter and by LCRA if the tested meter is found to not be within American Water Works Association (AWWA) standards for the type and size of meter.
- b. If, as a result of any test, the Meter(s) are found to be registering inaccurately (in excess of American Water Works Association (AWWA) standards for the type and size of meter), the readings of the Meter(s) shall be corrected at the rate of their inaccuracy for any period which is definitely known or agreed upon and LCRA shall pay for the testing or, if no such period is known or agreed upon, the shorter of:

- (1) a period extending back either sixty (60) days from the date of demand for the test or, if no demand for the test was made, sixty (60) days from the date of the test; or
- (2) a period extending back one half of the time elapsed since the last previous test;

and the records of the readings, and all payments which have been made on the basis of such readings, shall be adjusted accordingly.

### ARTICLE III CONDITIONS REGARDING PROVISION OF WATER SERVICES

#### Section 3.01. Diversion of Water.

- a. LCRA agrees to provide Water Services to Landowner for raw water which Landowner will purchase pursuant to the Raw Water Contract. Initially, the Raw Water Contract shall provide for the reservation and/or purchase of two hundred forty (240) acre-feet per year by Landowner. It shall be Landowner's sole responsibility to secure amendments, if any, to the Raw Water Contract as necessary from time to time in order for the Landowner to purchase additional raw water that may be required for full development of the Retail Service Area. Landowner agrees to use water made available under the Raw Water Contract, and any amendments; and provided through the Water Services provided pursuant to this Agreement in order to serve the Retail Service Area up to the number of Reserved LUEs prior to using potable water from any other source. Beginning 90 days following substantial completion of the Improvements, if the water provided pursuant to this Agreement and the Raw Water Contract, and any amendments thereto, are sufficient to meet Landowner's water needs within the Retail Service Area for the number of Reserved LUEs, Landowner agrees not to use potable water from any other source except to the extent that such use is needed for additional LUEs in excess of the Reserved LUEs.
- b. ~~Landowner is solely responsible for securing, maintaining and increasing its right to divert and use water under the Raw Water Contract and for complying with all the terms and conditions of the Raw Water Contract. Landowner shall make all payments directly to LCRA. It is specifically agreed however, that LCRA shall divert, treat and transport the water to Landowner in accordance with the terms and conditions of this Agreement.~~
- c. LCRA shall never be liable for any payment on behalf of Landowner under the Raw Water Contract, but all such obligations shall remain exclusively those of Landowner unless assigned by Landowner pursuant to the provisions of this Agreement. Landowner understands and agrees that LCRA, by entering into this Agreement with Landowner, does not confer upon Landowner, and Landowner, as a result of this Agreement, shall never have or claim, any interest in raw water owned or controlled by LCRA except to the extent of Landowner's rights under its Raw Water Contract. In no event will LCRA be obligated pursuant to this Agreement to divert on Landowner's behalf or supply to Landowner (1) any water in excess of the specific amount stated in, or in violation of any of the provisions of, the Raw Water Contract, or (2) any water LCRA is entitled to otherwise divert or use.

- d. This Agreement in no way modifies or amends the Raw Water Contract, nor the obligations and rights contained therein.

Section 3.02 Title to and Responsibility for Water: Delivery Point(s).

- a. Title to the water diverted, treated and transported to Landowner by LCRA under this Agreement shall remain with Landowner at all times, even when that water is commingled with water belonging to other customers of the LCRA System, but Landowner shall have no right of control or dominion over its water until it reaches the Delivery Point(s).
- b. Water delivered by LCRA shall be delivered at the Delivery Point(s) and at no other points. Landowner shall be solely responsible for conveying its water from these Delivery Point(s) to Landowner's intended place of use. At its cost and expense, Landowner may change the Delivery Point from time to time upon written notice to LCRA.

Section 3.03 Quantity and Pressure.

- a. Subject to the limitations set forth, upon completion of construction of the Improvements in a manner approved in advance by LCRA, which approval shall not unreasonably be withheld, conditioned or delayed, LCRA agrees to divert, transport and treat for Landowner all water needed and requested by Landowner for the Retail Service Area, up to, but not in excess of (i) a peak daily flow rate of 553,000 gallons per day (or up to 480 LUEs) within the Retail Service Area, or (ii) such lesser amount as LCRA may be able to supply in the event of an Emergency. LCRA shall make the water available at the Delivery Point(s) at a minimum pressure of thirty-five (35) psi under non-Emergency operating conditions. The initial Delivery Point(s) is shown on Exhibit A. The parties may agree to additional Delivery Points in the future.
- b. LCRA reserves the right to require Landowner, at its expense, to install flow restriction devices, at such locations as LCRA may hereafter specify, in order to restrict the flow of water to Landowner to the levels agreed to herein. If the demands of Landowner for Water Services ever exceed the amount LCRA is able to supply, then Landowner shall notify LCRA of such shortage and the amount of water needed by Landowner. Landowner, at its option, may acquire water from other sources during the period of the shortage, consistent with the default provisions of this Agreement if LCRA is unable to meet its water needs for the Retail Service Area as set forth in Section 3.03 above in a timely manner, provided that Landowner has adopted and is enforcing the conservation plan and drought contingency plan provided in Section 6.01.
- c. Landowner shall have the right to purchase additional Water Services from LCRA from the LCRA System on the same terms and conditions, as any other similarly situated customer of LCRA to the extent that LCRA has Water Services available.

- d. Where Landowner has the obligation to provide all water storage and pressurization necessary to provide water service within the Retail Service Area, Landowner must maintain water storage facilities with backflow preventer or an air gap between LCRA's System and the Retail System, subject to review and approval by LCRA of the plans and specifications for and construction of same. LCRA shall not unreasonably withhold, condition or delay any such approval.
- e. Landowner acknowledges that the provision of Water Services is subject to the availability of raw water from Lake Austin and the capability of LCRA's System to divert, treat and transport such water to the Delivery Points, provided, however, LCRA shall use due diligence and reasonable efforts to ensure that the LCRA System is capable of carrying out the obligations under this Agreement. Furthermore, Landowner acknowledges that the Water Services provided under this Agreement are subject to the LCRA Utilities Water Conservation and Drought Contingency Plan ("Plan") and the quantity of water delivered may be curtailed pursuant to the Plan, as provided in Section 6.01 of this Agreement.

Section 3.04 Quality of Water Delivery to District. The water delivered by LCRA at the Delivery Point(s) shall be potable water of a quality conforming to the requirements of any applicable federal or state laws, rules, regulations or orders including requirements of the Texas Commission on Environmental Quality ("TCEQ"), or its successors, for human consumption and other domestic use. Each party agrees to provide to the other party, in a timely manner, any information or data regarding this Agreement or the quality of treated water provided through this Agreement as required for reporting to state and federal regulatory agencies.

Section 3.05 Maintenance and Operation: Future Construction. LCRA shall be responsible for operating, maintaining, repairing, replacing, extending, improving and enlarging the LCRA System and shall promptly repair any leaks or breaks in LCRA's System, including the master meter. Landowner shall be responsible for operating, maintaining, repairing, replacing, extending, improving and enlarging the Retail System, including the Improvements, in good working condition and shall promptly repair any leaks or breaks in the Retail System.

Section 3.06 Rights and Responsibilities in Event of Leaks or Breaks.

- a. Landowner shall be responsible for paying for all water delivered to it under this Agreement at the Delivery Point(s) regardless of the fact that such water passed through the Delivery Point(s) as a result of leaks or breaks in the Retail System. In the event a leak, break, rupture or other defect occurs within the Retail System that could either endanger or contaminate the LCRA System or prejudice LCRA's ability to provide water service to its other customers, LCRA, after providing reasonable notice to Landowner and opportunity for consultation, shall have the right to take reasonably appropriate action to protect the public health or welfare of the LCRA System or the water systems of LCRA's customers including, without limitation, the right to restrict, valve off or discontinue service to Landowner until such leak, break, rupture or other defect has been repaired.



- b. Landowner further understands that LCRA delivers water at other points to other customers and has rights under its contracts with those customers which are similar to its rights under Section 3.06.a. of this Agreement. Nothing in this Agreement shall be construed as impairing any of LCRA's rights under its contracts with those other customers. LCRA may exercise any of said rights, including those rights similar to its rights under Section 3.06.a. of this Agreement, and in such event, Landowner shall have the same obligations to LCRA as Landowner would have had had LCRA exercised its rights under Section 3.06.a. of this Agreement.

Section 3.07. MOU Compliance Matters. Landowner recognizes that LCRA is required and committed to extending potable water service to the Retail Service Area and other areas served by the LCRA System in a manner consistent with the MOU. LCRA has agreed to extend water service to Landowner for the Retail Service Area in a manner consistent with the MOU by virtue of the site specific approval obtained from the United States Fish and Wildlife Service ("FWS") and memorialized in the letter attached as Exhibit D as may be amended from time to time ("FWS Letter"). Landowner agrees that its retail service from the Water Services to "New Development" (as defined in the MOU) will only be provided where (a) the development complies with any final water quality protection measures that result from the FWS's review of LCRA's environmental study, or (b) the FWS determines in writing that the water quality protection measures provided for the development are consistent with the requirements of the Endangered Species Act, or (c) the development complies with a regional plan that FWS determines in writing to be consistent with the requirements of the Endangered Species Act. LCRA acknowledges that the FWS Letter satisfies the requirements of the MOU for the Retail Service Area and the number of Reserved LUEs. Landowner, with the consent of FWS, reserves the right to amend the FWS Letter, provided, however, that any such amendment shall not affect the number of Reserved LUEs under this Agreement absent amendment of this Agreement approved by the LCRA Board of Directors. LCRA covenants and agrees that any future amendment of the MOU that would adversely affect Landowner's rights under this Agreement, including but not limited to impervious cover restrictions, land use or water quality restrictions, will not apply to Landowner's rights under this Agreement without Landowner's prior written consent. Further, Landowner agrees that as a condition to providing water service, LCRA will require that Landowner provide for its Retail Service Area an engineer's certification, in the form attached as Exhibit E, that the final plats for the Retail Service Area contain enforceable restrictions against altering physical elements of any applicable water quality measures or alternatives, such as buffer zones and impervious cover, as were approved by USFWS as set forth in the FWS Letter. Landowner further recognizes and agrees that LCRA will require that Landowner also provide an engineer's certification, in a form substantially similar to Exhibit F, after completion of construction of the subdivision to ensure that construction of the subdivision has been in accordance with the plat restrictions. In addition, Landowner agrees to require landowners in Retail Service Area which receive water service from Landowner to adopt deed restrictions for land owned by them in Retail Service Areas which require use of the water conservation measures in Exhibit G, or similar measures reasonably approved by LCRA. In order that LCRA may monitor Landowner's and the landowners' compliance with the FWS Letter, Landowner agrees to require such landowners to provide LCRA with copies of all final plats and applicable restrictive covenants, and any amendments to the plats or deed restrictions, on land in the Retail Service Area as approved by or filed with appropriate governmental authorities.

**ARTICLE IV**  
**CHARGES, BILLING AND FINANCIAL MATTERS**

Section 4.01 Connection Fee: Rates.

- a. After completion of construction of the Improvements, Landowner shall be obligated to pay LCRA a connection fee (the "Connection Fee"), of four thousand five hundred dollars (\$4,500) per LUE, for each new retail customer that connects in the Retail Service Area and receives water provided under this Agreement. The Connection Fee for each new retail water connection shall be due and payable to LCRA within forty-five (45) days after the end of the calendar month in which Landowner connects a new retail water connection to the Retail System. Landowner shall remit with its payment a list of the new customer(s); service address(es); meter size(s); and, number of equivalent LUE(s) for which payment of a Connection Fee is being made by Landowner. The Connection Fee has been designed primarily to fund or recover all or a part of the Costs of the LCRA System for capital improvements or facility expansions intended to serve "new development" (as that term is defined in the Texas Impact Fee Law, Chapter 395 of the Texas Local Government Code) in the LCRA Service Area and upon payment, Landowner will have a reservation of capacity for the number of LUEs for which a Connection Fee or Reservation Fee has been paid. The Connection Fee will be reasonable and just as required by law.
- b. Landowner also shall pay LCRA a monthly charge (the Monthly Charge") for each month after the earlier of (i) completion of construction of the Improvements or (ii) eighteen months after execution of this Agreement, regardless of whether or how much Water Services are provided by LCRA during that month. The Monthly Charge shall initially be two thousand nine hundred dollars (\$2,900.00) per month. The Monthly Charge shall be designed primarily to recover Landowner's allocable share of the capital related Costs of the System not recovered in the Connection Fee. The Monthly Charge shall be just and reasonable as required by law. ~~Currently the Monthly Charge is~~ designed based on the demand placed, or expected to be placed, on the LCRA System by Landowner under this Agreement; and the Monthly Charge for other customers under similar agreements is similarly designed at this time. The parties to this Agreement agree that so long as LCRA designs the Monthly Charge on that basis, if Landowner's demand is reduced by reason of actual experience, reduction of Reserved LUEs, or amendment to this Agreement that Landowner's Monthly Charge will be reduced appropriately in relation to other's Monthly Charges under similar agreements, all other things being equal.
- c. Landowner also shall pay LCRA a volumetric rate (the "Volume Rate") for diversion, transportation, treatment and delivery of the actual amount of water delivered to Landowner as measured at through the Delivery Point(s), including all water used or lost due to leakage or for any other reason within the Retail Service Area. The Volume Rate is presently one and sixty hundredths dollars (\$1.60) per one thousand (1,000) gallons. The Volume Rate shall be designed primarily to recover the operation and maintenance related Costs of the System, together with any other Costs of the System not recovered

through the Connection Fee or the Monthly Charge. The Volume Rate does not include, however, any charges for raw water due in accordance with the Raw Water Contract, and Landowner shall remain liable therefor. The Volume Rate will be just and reasonable as required by law.

d. At any time while this Agreement is in effect, LCRA, subject to applicable law, may modify the Connection Fee, the Monthly Charge and the Volume Rate as appropriate to recover the Costs of the LCRA System in a just, reasonable and nondiscriminatory manner from Landowner and the other customers of the LCRA System.

e. LCRA hereby reserves for Landowner capacity in the LCRA System for 480 LUEs ("Reserved LUEs") for the Reservation Period. At the end of the Reservation Period, any Reserved LUEs for which Landowner has not paid a Connection Fee will be released unless, and to the extent, Landowner pays to LCRA a Connection Fee for such LUEs within thirty days after the end of the Reservation Period.

Landowner further agrees during the Reservation Period to pay an amount equal to the product of multiplying the Reservation Fee times the Reserved LUEs for Landowner in any given year (which shall be the original number of Reserved LUEs minus the total number of LUEs for which a Connection Fee has been paid or which have been released pursuant to the next paragraph). The Reservation Fees shall be due not later than April 1, 2003, and shall continue to be due by each April 1 annually thereafter until the end of the Reservation Period.

Landowner, at any time during the Reservation Period, and upon first giving LCRA one hundred eighty (180) days prior written notice, may reduce the number of Reserved LUEs for which Landowner thereafter has to pay Reservation Fees. Any such Reserved LUEs so released shall reduce LCRA's service capacity reservation to Landowner accordingly.

f. ~~During the Reservation Period, LCRA will pay to Landowner from any lawfully available funds an amount equal to the product of multiplying the amount of the Connection Fee per LUE times the number of retail connections purchased from LCRA within the Retail Service Area during the Contract Year up to the total amount of Reservation Fees paid by Landowner to LCRA for the same Contract Year. During the Reservation Period, Connection Fees shall not be paid in advance of the time a retail customer for the LUE connection signs a retail service agreement for a retail meter to the Retail System.~~

g. Notwithstanding the limitation in subsection (f) above, in recognition of the unlikelihood of Landowner being able to purchase many LUEs during either of the first two Contract Years due to development start-up requirements (e.g., planning and design, permitting and platting, etc.), the Parties agree that for Connection Fees during the period between March 31, 2003 and March 31, 2005, inclusive, LCRA shall pay to Landowner from any lawfully available funds an amount equal to the lesser of (i) the amount of Reservation Fees paid between the Effective Date of this Agreement and the Contract Year ending March 31, 2005, and (ii) the amount generated by multiplying the amount of the Connection Fee per LUE by the number of LUEs purchased between the Effective Date



of this Agreement and the Contract Year ending March 31, 2005. Pursuant to this subsection (b), the Parties agree that on April 20, 2004, LCRA shall make a payment based upon the number of LUEs purchased through March 31, 2004. To the extent that the amount of the payment is less than the total amount of the Reservation Fees paid for the first year pursuant to subsection (c) above, the remaining amount of Reservation Fees shall be carried forward into the second Contract Year for purposes of calculating the payment, if any, to be made by LCRA to Landowner on April 20, 2005, based upon the number of LUEs purchased between April 1, 2004 and March 31, 2005. The Parties acknowledge that this provision was negotiated for the purposes of allowing the Landowner the potential to recover the maximum amount of its Reservation Fees paid during the first two Contract Years as contemplated by this subsection.

- h. Except as expressly provided herein in subsection (g) above, LCRA shall have no obligation to make payment to Landowner for a Contract Year based upon the payment of Connection Fees in a different Contract Year.
- i. The payments by LCRA contemplated by subsections 4.01(f)-(g), shall be payable on April 20<sup>th</sup> of the Contract Year immediately following the Contract Year in which the Connection Fees were paid, except for the payment payable pursuant to Subsection (g) above, which is based upon the payment of Connection Fees during the first two Contract Years.

Section 4.02 Billing and Payment. LCRA shall bill Landowner one time each month for the amount owed for the Monthly Charge and the Volume Rate. The Volume Rate shall be multiplied by the actual amount of water delivered by LCRA to Landowner for the previous billing cycle determined by the readings by LCRA at the Meter(s). Each bill submitted to Landowner shall be paid to LCRA by check or bank-wire on or before thirty (30) days from the date of the invoice. Payments shall be mailed to the address indicated on the invoice, or can be hand-delivered to LCRA's headquarters in Austin, Travis County, Texas, upon prior arrangement. If payments will be made by bank-wire, Landowner shall verify wiring instructions with LCRA's Finance Department. Payment must be received at LCRA's headquarters or bank by the due date in order not to be considered past due or late. In the event Landowner fails to make payment of a bill within said thirty (30) day period, Landowner shall pay a one-time late payment charge of five percent (5%) of the unpaid balance of the invoice. In addition, Landowner shall pay interest on the unpaid balance at a rate equal to twelve percent (12%) per annum. If the bill has not been paid by the due date, Landowner further agrees to pay all costs of collection and reasonable attorney's fees, regardless of whether suit is filed, incurred by LCRA.

Section 4.03 LCRA System to be Self-Sufficient. The LCRA System shall be comprised of the facilities described in Recital No. 1 hereof, together with such improvements, extensions, enlargements, betterments, additions, improvements and replacements thereto as are considered reasonable and necessary to provide water to the LCRA Service Area and Water Services to Landowner. The parties agree that the Costs of the LCRA System shall be borne by all of the customers of the LCRA System, including Landowner, in a fair and equitable manner and so that the LCRA System is self-sufficient. Without limiting the foregoing, the parties further agree that LCRA is authorized to issue such indebtedness as it may deem appropriate to pay for any Costs

of the LCRA System or, in lieu of issuing indebtedness, to provide for the borrowing of internal LCRA funds from LCRA resources other than the LCRA System and, in such events, the Costs of the LCRA System borne by the customers, including Landowner, shall include debt service, paying agent/registrars fees and reasonable coverage on any indebtedness issued by LCRA or the recovery (amortized over a reasonable period) of any internal LCRA funds utilized together with reasonable interest and coverage thereon to be established in accordance with LCRA policy as now or hereafter implemented.

**ARTICLE V**  
**OTHER COMMITMENTS AND FUTURE SERVICE AREA**

**Section 5.01 Rates and Charges.**

- a. Landowner shall be solely responsible for implementing water or other rates, charges and fees, and for billing and collecting same from customers of the Retail System in accordance with applicable law. Failure to collect from its customers will not affect Landowner's obligation to make all payments due to LCRA.
- b. The parties agree and Landowner represents and covenants that all moneys required to be paid by Landowner under this Agreement shall constitute an operating expense of Landowner's waterworks system authorized by the Constitution and laws of the State of Texas, including Chapters 49, 51 and 54, Texas Water Code, as amended, and the act creating Landowner.
- c. Landowner covenants and agrees to compute, ascertain, fix, levy and collect such rates and charges for the facilities and services provided by the Retail System that will be adequate to permit Landowner to make prompt and complete payments under this Agreement.

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~~**Section 5.02 Governmental Approvals.**~~ Landowner represents that it has acquired or will acquire all necessary governmental approvals required to provide potable water to customers in Landowner's current Service Area, including compliance with the MOU and any approvals from the U.S. Fish and Wildlife Service as required for service to "new development," as that term is defined in the MOU. LCRA acknowledges that the FWS Letter, as may be amended from time to time, satisfies Landowner's compliance with the MOU. LCRA shall not seek a certificate of convenience and necessity or any other approvals to provide retail water service within the Retail Service Area without Landowner's written consent.

**Section 5.03 Contract Tax Election.** The parties acknowledge that, as of the effective date of this Agreement, no election has been held within any District to approve this Agreement and to authorize the levy of a tax to pay the amounts owed by the District under this Agreement, after assumption of this Agreement by a District. Landowner agrees to use reasonable efforts to have any District hold such election at the earliest legally permissible time and in connection therewith submit, pursuant to Section 49.108, Texas Water Code, a proposition to approve this Agreement and authorize the levy and collection of a tax sufficient in amount and pledged to make the payments due to the LCRA under this Agreement. If approved by the voters, the District shall be

authorized and obligated to compute, ascertain, levy and collect a tax sufficient in amount, when combined with any lawfully available revenues from the Retail System, to pay the Connection Fees, Monthly Charges and Volume Rate and any other amounts due under this Agreement or the Landowner's Raw Water Contract in a timely and complete manner. Provided, however, the District need not levy such a tax unless the revenues from the Retail System are not sufficient to pay the obligations to LCRA under this Agreement and the Landowner's Raw Water Contract.

Section 5.04 Consequences of Failure to Assign Agreement to District or Unsuccessful Contract Tax Election. In the event either (i) this Agreement is not assigned to the District within two years from the effective date of this Agreement or (ii) the District is unable to have a successful election to approve this Agreement and the tax within two years from the effective date of this Agreement, then LCRA may increase the Monthly Charge or the Volume Rate for Water Services under this Agreement as may be reasonably necessary, if such facts result in LCRA's inability to issue tax-exempt debt for the Costs of the System for the part of the LCRA System providing Water Services to Landowner.

Section 5.05 Easements. LCRA shall cooperate with Landowner in Landowner's efforts to acquire any necessary easements provided, however, LCRA shall not be required to spend money or initiate eminent domain. LCRA shall use reasonable efforts to request that Hays County allow Landowner to utilize LCRA's agreement with Hays County to place utility facilities in County right of way.

#### ARTICLE VI

#### EMERGENCY OR SHORTAGE OF WATER SERVICE CAPABILITY; TERM; DEFAULT; REMEDIES

Section 6.01 Curtailment of Service. Notwithstanding any other provision herein to the contrary, it is specifically understood and agreed between the parties that the obligation of LCRA to provide Water Services to Landowner during the term of this Agreement is neither superior nor inferior to the obligation of LCRA to provide similarly situated customers with water or Water Services within LCRA's Service Area and to its other presently committed customers or any future customers of the LCRA System. Pursuant to such understanding, the parties hereby agree that if during the term of this Agreement LCRA is unable to reasonably provide water or Water Services to the LCRA Service Area or its existing committed customers because of an Emergency or shortage of water supply, production, treatment, storage or transportation capability in the LCRA System, or if LCRA needs to cause temporary repairs to be made to the LCRA System to repair, replace or improve the level of Water Service to its customers, then LCRA shall have the right, after reasonable notice to Landowner and opportunity for consultation, to curtail or limit service to Landowner and all other customers of LCRA on a reasonable, non-discriminatory basis so that all similarly situated customers are treated equally, fairly and uniformly. LCRA shall use its diligent efforts to ensure a continuous and adequate Water Services. Landowner further agrees, in times of such Emergency or shortage or the need for repair, replacement or improvement of the LCRA System, to take appropriate action to curtail or limit all usage in the Retail Service Area so that all users of the water in both entities' service areas will be equally and uniformly restricted and protected. Any such measures taken by Landowner will be at least as stringent as those adopted by LCRA for the LCRA's Service Area

and any such measures adopted within the Retail Service Area will be no more stringent than those adopted in other parts of the LCRA Service Area. The parties agree that domestic uses of water shall have priority in times of Emergency or shortage over uses of water for construction or commercial uses and that construction or commercial uses shall have priority over irrigation uses from the LCRA System. Further, both parties agree that use of water for irrigation of lawns shall have the lowest priority in times of Emergency or shortage. If it is ever determined by any governmental or regulatory authority that provision of Water Services by LCRA under this Agreement or curtailment or limitation of water or Water Services by LCRA to any of its customers is in violation of applicable law, regulation or order, then LCRA, after reasonable notice to Landowner and opportunity for consultation, may take such action as will best effectuate this Agreement and comply with applicable law. Landowner, by signing below, certifies that it has adopted or will adopt a water conservation plan and a drought contingency plan in compliance with TCBQ rules, 30 TAC chapter 288, and that the provisions of its drought contingency plan shall be as stringent, or more stringent, than the provisions of the LCRA's Plan for LCRA's System.

Section 6.02 Plumbing Regulations. To the extent LCRA and Landowner have the authority, both covenant and agree to adopt and enforce adequate plumbing regulations with provisions for the proper enforcement thereof, to ensure that neither cross-connection or other undesirable plumbing practices are permitted, including an agreement with each of their respective water customers that allows the retail provider to said customer to inspect individual water facilities prior to providing service to ensure that no substandard materials are used and to prevent cross-connection and other undesirable plumbing practices.

Section 6.03 Default.

- a. In the event Landowner shall default in the payment of any amounts due LCRA under this Agreement, or in the performance of any material obligation to be performed by Landowner under this Agreement, then LCRA shall give Landowner thirty (30) days written notice of such default and the opportunity to cure same, shall have the right to temporarily limit Water Services to Landowner under this Agreement, pending cure of such default by Landowner. In the event such default remains uncured for a period of an additional (i) thirty (30) days in the event of a monetary default or (ii) one hundred eighty (180) days and Landowner has failed to initiate and diligently pursue curative action, in the event of a non-monetary default unless such default cannot be reasonably cured within one hundred eight (180) days, then LCRA shall have the right to permanently restrict service to Landowner under this Agreement or to require Landowner to stop making new retail connections to the Retail System upon giving Landowner written notice of its intent to do so. Other sections of this Agreement notwithstanding, LCRA's sole remedy for Landowner's failure to comply with the FWS Letter shall be to terminate water service to the areas which are not in compliance.



- b. In the event LCRA shall default in the performance of any material obligation to be performed by LCRA under this Agreement, then Landowner, after having given LCRA thirty (30) days written notice of such default and the opportunity to cure same, shall have the right to pursue any remedy available at law or in equity, pending cure of such default by LCRA. In the event such default remains uncured for a period of (i) sixty (60) days in the event of a default which causes the LCRA to be unable to provide service to new retail connections to the Retail System or (ii) one hundred eighty (180) days in the event of any other type of material default, then Landowner shall have the right to notify LCRA that Landowner intends to take a more limited amount of Water Services from LCRA (which shall be at least the amount LCRA is then able to provide to Landowner) and Landowner may then obtain other water or Water Services from another provider or may take appropriate action to supply itself with additional water or Water Services upon giving LCRA written notice of its intent to do so.

Section 6.04 Additional Remedies Upon Default. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies existing at law or in equity may be availed of by any party and shall be cumulative of the remedies provided. Recognizing however, that LCRA's undertaking to provide and maintain the services of the LCRA System is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, LCRA agrees, in the event of any default on its part, that Landowner shall have available to it the equitable remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination of this Agreement) which may also be available. Recognizing that failure in the performance of Landowner's obligations, could not be adequately compensated in money damages alone, Landowner agrees in the event of any default on its part that LCRA shall have available to it the equitable remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination of this Agreement) which may also be available to LCRA including, without limitation, the right of LCRA to obtain a writ of mandamus or an injunction against a District to which the Agreement has been assigned (i) requiring the Board of Directors of District to levy and collect rates and charges sufficient to pay the amounts owed to LCRA by the District under this Agreement and (ii) enjoining the District from making additional retail water connections as specified in Section 6.03.a.

Section 6.05 Appeals. Nothing in this Agreement is intended to limit or prevent any right of appeal for the benefit of Landowner as it relates to rate making, the establishment of fees and charges or any other related legal or administrative proceeding.

Section 6.06. Legal Defense. In the event a third party challenges this Agreement or any portion, both parties agree, at their cost, to use diligent efforts to cooperate to defend this Agreement including but not limited to the employment of outside legal counsel the payment of all costs associated with such defense.

ARTICLE VII  
MISCELLANEOUS PROVISIONS

Section 7.01 Contracts. LCRA shall have the right to enter into other water supply or Water Services contracts so long as LCRA's performance of its obligations under such contracts does not prevent LCRA from being able to perform its obligations hereunder. This section shall not be construed as limiting LCRA's rights to temporarily curtail service in times of shortage or Emergency as otherwise provided. Landowner agrees that it will not, without the written consent of LCRA, provide or sell water to any entity, private or public, except retail customers of Landowner within the Retail Service Area.

Section 7.02 Records. LCRA and Landowner each agree to preserve, for a period of at least two years from their respective origins, all books, records, test data, charts and other records pertaining to this Agreement. LCRA and Landowner shall each, respectively, have the right at all reasonable business hours to inspect such records to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to any provisions of this Agreement.

Section 7.03 State Approval. Each party represents and warrants that the plans and specifications for their respective systems have been or will be approved by the Texas Commission on Environmental Quality or its successors.

Section 7.04 Force Majeure. If any party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this Agreement other than an obligation to pay or provide money, then such obligations of that party to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. Such cause, as far as possible, shall be remedied with all reasonable diligence. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of either party hereto, and that the above requirements that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing party or parties when such settlement is unfavorable to it in the judgment of either party hereto.

Section 7.05 Severability. The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application thereof to any person or circumstance shall ever be held by any agency or court of competent jurisdiction to be unenforceable, invalid or unlawful for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby; provided, however, in such event the parties mutually covenant and agree to attempt to implement the unenforceable, invalid or unlawful provision in a manner which is enforceable, valid or lawful.

Section 7.06 No Oral Agreements; Modification. There are no oral agreements between the parties hereto with respect to the subject matter hereof. This Agreement shall be subject to change or modification only with the mutual written consent of LCRA and Landowner.

Section 7.07 Addresses and Notices. Unless otherwise notified in writing by the other, the addresses of LCRA and Landowner are and shall remain as follows:

LCRA:

Lower Colorado River Authority  
Attn: Executive Manager, Water & Wastewater Utility Services  
3700 Lake Austin Boulevard  
Austin, Texas 78703

Landowner:

Hays Remion Ranch, LP  
Attn: William C. Bryant  
700 Lavaca Suite 900  
Austin, Texas 78701  
Fax: 457-8008

Section 7.08 Assignability. This Agreement shall be assignable by LCRA to any operating affiliate of LCRA without the necessity of obtaining the consent of Landowner if written notice is provided to Landowner and the assignee agrees in writing to be liable for all obligations of LCRA and is capable of carrying out LCRA's obligation under this Agreement in all respects. Landowner is specifically authorized to assign this Agreement in whole or in part to (i) one or more Districts, (ii) controlled affiliates of Landowner or (iii) any successors to Landowner who are future owners of the land in Landowner's Service Area, if written notice is provided to LCRA and the assignee agrees in writing to be liable for all obligations of Landowner which are assigned. Landowner also may assign this Agreement to a District whose boundaries include the Retail Service Area as well as the retail service areas provided in those wholesale water services agreements between LCRA and Cypress-Flays, L.P., LSM Ranch, Ltd., and SGL Investments, Ltd., which agreements were all effective March 31, 2003. Upon an assignment, Landowner shall be released from any further obligations under this Agreement. Landowner shall use good faith efforts to create one or more Districts and upon creation to assign this Agreement to the District(s) at which time Landowner shall be released from its obligations under this Agreement. Except as otherwise provided, this Agreement may not be assigned by either party to any other entity without the express written consent of either party, which consent shall not be unreasonably withheld or delayed.

Section 7.09 Good Faith. Each party agrees that, notwithstanding any provision herein to the contrary, neither party will unreasonably withhold or unduly delay any consent, approval, decision, determination or other action which is required or permitted under the terms of this Agreement, it being agreed and understood that each party shall act in good faith and shall at all times deal fairly with the other party.

Section 7.10 Counterparts. This Agreement may be executed in as many counterparts as may be convenient or required. All counterparts shall collectively constitute a single instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart.

Section 7.11 Governing Law. The terms and provisions hereof shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America from time to time in effect. Travis County, Texas shall be a proper place of venue for suit hereon, and the Parties hereby agree that any and all legal proceedings in respect of this Agreement shall be brought in District Courts of Travis County, Texas, or the United States District Court for the Western District of Texas, Austin Division.

Section 7.12 Authority of Parties Executing Agreement. By their execution, each of the undersigned parties represents and warrants to the parties to this document that he or she has the authority to execute the document in the capacity shown on this document.

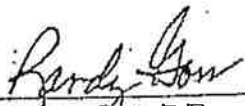
Section 7.13 Term. Unless sooner terminated using the provisions of this Agreement, the term of this Agreement is forty (40) years from the effective date set forth below. Either party shall have the right to terminate this Agreement in the event a line serving the Retail Service Area from the Delivery Point a) has not commenced construction on or before the first anniversary of this Agreement or b) is not completed and operational on or before the second anniversary of this Agreement. In addition, the Landowner shall have the right to terminate this Agreement, in whole or in part (by reducing the number of Reserved LUEs and /or eliminating any portion of the Retail Service Area), at anytime, following one hundred eighty (180) days written notice to LCRA. Any areas released from this Agreement are not subject to the Agreement thereafter, unless added back in accordance with the provisions of this Agreement. In the event of a partial termination, the parties shall execute an appropriate amendment to this Agreement evidencing the partial termination. After the expiration of the term, the parties shall cooperate in good faith to consider renewing this Agreement.

Section 7.14 Certain Amendments. LCRA agrees that in the event one or more of the wholesale water services agreements with Cypress-Hays, L.P., LSM Ranch, Ltd. and/or SGL Investments, Ltd. (or any of their successors in interest or subsequent owners of their respective retail service areas) are amended in any respect, Landowner may elect to have a similar amendment made as to this Agreement, provided that: i) Landowner is in compliance with all other terms of this Agreement, including section 3.07, at the time of the election; and, ii) said amendment corresponds appropriately to the number of Reserved LUEs under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple copies, each of which shall be deemed to be an original and of equal force and effective as of the 31<sup>st</sup> day of March, 2003, subject to confirmation by the LCRA Board of Directors no later than April 30, 2003.

LOWER COLORADO RIVER AUTHORITY

BY:

  
\_\_\_\_\_  
Randy J. Goss, P.E.  
Executive Manager  
Water & Wastewater Utility Services

7-1-03





HAYS REUNION RANCH, L.P.

By: Hays Reunion Ranch GP, LLC, General Partner


By:   
Frank P. Krasovec, Manager

EXHIBIT A  
RETAIL SERVICE AREA

TRACT ONE

FIELD NOTES TO 33.085 ACRES OF LAND OUT OF THE WILLIAM CARLTON LAHOR, ABST. 1124, HAYS COUNTY, TEXAS, A PART OF THAT CERTAIN 59.11 ACRE TRACT CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOLUME 166, PAGE 816 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS:

BEGINNING at an iron stake found in the South R.O.W. line of F.M. Highway #1826 and the East line of the William Carlton Labor Abst. #1124, being the Northeast corner of that certain 59.11 acre tract conveyed to Clara Calhoun by deed recorded in Volume 166, Page 433 of the Deed records of Hays County, Texas and the Northwest corner of that certain 431.86 acre tract conveyed to Greg Gannaway by deed recorded in Volume 305, Page 297 of the Deed Records of Hays County, Texas, for the Northeast corner of the tract herein described;

THENCE with a fence along the East line of the said Calhoun 59.11 acre tract and the West line of the said Gannaway tract, S 0 deg. 21'E. 2141.40 ft. to an iron stake found at the Southeast corner of the said Carlton Labor, being also the Southeast corner of the said Calhoun 59.11 acres, for the Southeast corner of this tract;

THENCE with a fence along the South line of the said 59.11 acre tract and a boundary line of the said Gannaway tract, N 89 deg. 59'W. at 258.96 ft. pass a corner of the said Gannaway tract and the Northeast corner of that certain 100 acre tract conveyed to Clara Calhoun by deed recorded in Volume 305, Page 816 of the Deed Records of Hays County, Texas, continuing on same course along the South line of the said 59.11 acres and the North line of the said Calhoun 100 acres, a total distance of 795.64 ft. to an iron stake set for the Southwest corner of this tract and being the Southeast corner of a 25.27 acre tract;

THENCE with the East line of the said 25.27 acre tract, N 0 deg. 30'W. 1471.43 ft. to an iron stake set in the South R.O.W. line of the said highway and the North line of the said Calhoun 59.11 acres, for the Northwest corner of this tract;

THENCE with the South line of the said highway and the North line of the said Calhoun 59.11 acre tract, N 49 deg. 54'E. 1039.54 ft. to the place of beginning, containing 33.085 acres of land.

## TRACT TWO

ALL OF THAT CERTAIN PARCEL OR TRACT OF LAND, OUT OF THE S. J. WHITLEY LEAGUE NO. 22 IN HAYS COUNTY, TEXAS, BEING ALL OF THAT CERTAIN 133.98 ACRE TRACT OF LAND AS CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOLUME 117, PAGE 66 OF THE HAYS COUNTY DEED RECORDS, AND BEING A PORTION OF THAT CERTAIN 300 ACRE TRACT OF LAND AS CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOLUME 92, PAGE 243 OF THE HAYS COUNTY DEED RECORDS, SAID TRACT OF LAND AS SURVEYED BY RALPH HARRIS SURVEYOR INC., BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2 inch rebar set at the base of a corner fence post occupying the northeast corner of the above described Calhoun 133.98 acre tract of land, said point being in the south line of that certain tract of land as conveyed to L. L. McCandless et. al., by deeds recorded in Volume 245, Page 168 and Volume 245, Page 369 of the Hays County Deed Records, for the northeast corner and PLACE OF BEGINNING hereof, from which point an iron pipe found at the base of a corner fence post occupying the southeast corner of said McCandless tract of land bears S 88° 15' 45" E for a distance of 229.36 feet, and from which point of beginning a 16 inch live oak tree marked X bears N 05° 30' W for a distance of 49.6 feet, and from which point of beginning a 20 inch live oak tree bears S 19° 27' W for a distance of 32.1 feet

THENCE, with the east line of said Calhoun 133.98 acre tract of land, as shown and used upon the ground, the following bearings:

S 02° 11' 11" W for a distance of 764.96 feet to an iron pin found at a corner fence post occupying the southwest corner of that certain 176 acre tract of land as conveyed to Clara Calhoun by deed recorded in Volume 120, Page 116 of the Hays County Deed Records, said point also occupying the northwest corner of that certain 936 acre tract of land described in a deed to B.R. Spillar by deed recorded in Volume 138, Page 300 of the Hays County Deed Records

S 02° 12' 35" N for a distance of 290.73 feet to an iron pin found

S 02° 24' 55" W for a distance of 889.36 feet to an iron pin found

S 26° 15' 38" E for a distance of 35.26 feet to an iron pin found

S 00° 05' 50" E for a distance of 91.50 feet to an iron pin found

S 00° 13' 52" W for a distance of 132.59 feet to an iron pin found

S 00° 27' 22" W for a distance of 774.64 feet to an iron pin found at the base of a corner fence post

S 00° 14' 32" W for a distance of 248.73 feet to a 1/2 inch rebar set for an angle point hereof, from which point a 60 D nail found at an angle point in said fence bears S 00° 14' 22" W for a distance of 3.18 feet

THENCE, N 08° 11' 28" W for a distance of 34.58 feet to a 1/2 inch rebar set for an angle point hereof

THENCE, S 0° 43' W for a distance of 630.79 feet to a 1/2 inch rebar set at the southeast corner of the above described Calhoun 133.98 acre

EXHIBIT A

TRACT TWO CONTINUED

671 449

tract of land, for the southeast corner hereof, said point being in the north line of that certain tract of land as conveyed to Michael Rutherford by deed recorded in Volume 197, Page 45 of the Hays County Deed Records, from which point an iron pin found at the northeast corner of a deer proof fence bears E 89° 03' 34" E for a distance of 20.00 feet.

THENCE, N 89° 03' 34" W for a distance of 1422.04 feet to a 1/2 inch rebar set at the base of the south face of an old cedar fence post for an angle point hereof, from which point a 20 inch live oak tree marked X bears N 82° 34' W for a distance of 30.1 feet and from which point a 30 inch live oak tree bears N 03° 44' E for a distance of 128.4 feet

THENCE, N 89° 21' 49" W for a distance of 396.43 feet to an iron pin found for the southwest corner hereof, from which point another iron pin found bears N 89° 21' 49" W for a distance of 1.39 feet

THENCE, N 05° 51' 50" W for a distance of 3690.05 feet to a 1/2 inch rebar set at the most southerly corner of that certain 2.66 acre tract of land as conveyed to Robert Clement, for the most westerly northwest corner hereof, from which point an iron pin found bears E 84° 08' 10" W for a distance of 0.61 feet

THENCE, with the southeast line of said Clement 2.66 acre tract of land, N 51° 25' 23" E for a distance of 645.98 feet to an iron pin found at the most easterly corner of said 2.66 acre tract of land, in the south line of the above described McCandless tract of land, for the most northerly northwest corner hereof

THENCE, with the south line of said McCandless tract of land, as found fenced and used upon the ground the following 6 calls:

E 89° 02' 24" E for a distance of 98.47 feet to a 1/2 inch rebar set

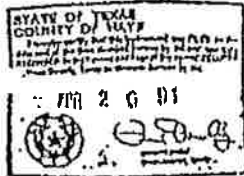
E 88° 43' 35" E for a distance of 16.03 feet to a 1/2 inch rebar set

E 88° 32' 20" E for a distance of 203.03 feet to an iron pin found

E 85° 53' 58" E for a distance of 40.73 feet to a 1/2 inch rebar set, from which point a live oak tree marked X bears E 61° 03' E for a distance of 12.5 feet, and another live oak tree bears E 85° 44' E for a distance of 17.9 feet

E 83° 07' 28" E for a distance of 100.62 feet to an iron pin found

E 83° 28' 30" E for a distance of 1351.65 feet to the PLACE OF BEGINNING and containing 192.712 acres of land, more or less.



FILED  
HAYS COUNTY, TEXAS  
APR 26 PM 2 50  
COUNTY CLERK

EXHIBIT A

FIELD NOTES TO 189.00 ACRES OF LAND OUT OF THE S. J. WHATLEY LGE. NO. 22 IN HAYS COUNTY, TEXAS, A PART OF THAT CERTAIN (300 ACRE) TRACT CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOL. 92, PAGE 241 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS.

BEGINNING AT AN IRON STAKE SET FOR THE MOST NORTHERLY NORTHWEST CORNER OF THE TRACT HEREIN DESCRIBED, FROM WHICH AN IRON STAKE SET IN THE NORTH LINE OF THE S. J. WHATLEY LGE. NO. 22 AT THE SOUTHWEST CORNER OF THAT CERTAIN 100 ACRE TRACT CONVEYED TO CLARA CALHOUN BY DEED RECORDED IN VOL. 305, PAGE 816 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS, BEARS AS FOLLOWS: N 17 DEG. 07' E 473.35 FT., N 88 DEG. 43' W. 279.33 FT., N 88 DEG. 04' W. 550.0 FT.

THENCE S 89 DEG. 29' E. 1151.11 FT. TO AN IRON STAKE SET IN BEAR CREEK, FOR THE NORTHEAST CORNER OF THIS TRACT, FROM WHICH AN IRON STAKE AT FENCE CORNER POST AT THE SOUTHWEST CORNER OF THE SAID CALHOUN 100 ACRE TRACT IN THE NORTH LINE OF THE SAID WHATLEY LGE., BEING ALSO THE OCCUPIED NORTH LINE OF THE SAID CALHOUN (300 ACRE) TRACT BEARS N 5 DEG. 47' W. 450.0 FT.;

THENCE S 5 DEG. 47' E. 3570.2 FT. TO AN IRON STAKE SET IN FENCE ON THE OCCUPIED SOUTH LINE OF THE SAID CALHOUN (300 ACRE) TRACT, AND THE NORTH LINE OF THE RUTHERFORD RANCH, FOR THE SOUTHEAST CORNER OF THIS TRACT;

THENCE WITH THE FENCE ALONG THE OCCUPIED SOUTH LINE OF THE SAID CALHOUN (300 ACRE) TRACT AND THE NORTH LINE OF THE SAID RUTHERFORD RANCH, N 89 DEG. 03' W. 2815.0 FT. TO AN IRON STAKE AT THE FENCE CORNER POST AT THE SOUTHWEST CORNER OF THE SAID CALHOUN TRACT AND A CORNER OF THE SAID RUTHERFORD RANCH, FOR THE SOUTHWEST-CORNER OF THIS TRACT;

THENCE WITH THE FENCE ALONG THE OCCUPIED WEST LINE OF THE SAID CALHOUN TRACT AND A BOUNDARY OF THE SAID RUTHERFORD RANCH, N 1 DEG. 30' E. 1601.9 FT. TO AN IRON STAKE AT FENCE CORNER POST AT A CORNER OF THE SAID CALHOUN TRACT AND A CORNER OF THE SAID RUTHERFORD RANCH, ALSO THE SOUTH LINE OF THAT CERTAIN TRACT CONVEYED TO DAVID HIMMELBLAU, FOR A CORNER OF THIS TRACT;

THENCE WITH THE FENCE ALONG THE SOUTH LINE OF THE SAID HIMMELBLAU TRACT AND THE NORTH LINE OF THE SAID CALHOUN TRACT, S 87 DEG. 10' E. 410.21 FT. TO AN IRON STAKE AT THE FENCE CORNER POST AT THE SOUTHWEST CORNER OF THE SAID HIMMELBLAU TRACT AND A CORNER OF THE SAID CALHOUN TRACT, FOR A CORNER OF THIS TRACT;

THENCE WITH THE FENCE ALONG THE WEST LINE OF THE SAID CALHOUN TRACT AND THE EAST LINE OF THE SAID HIMMELBLAU TRACT, WITH THE COURSES AND DISTANCES AS FOLLOWS: N 1 DEG. 45' E. 1224.05 FT., N 6 DEG. 00' E. 313.16 FT. TO AN IRON ROD FOUND AT FENCE CORNER POST AT AN ANGLE POINT IN THE WEST LINE OF THE SAID CALHOUN TRACT, FOR A CORNER OF THIS TRACT ON THE WEST SIDE OF BEAR CREEK NEAR THE HIGH BANK OF SAME;

THENCE CROSSING BEAR CREEK, WITH THE COURSES AND DISTANCES AS FOLLOWS: N 82 DEG. 05' E 157.46 FT., N 76 DEG. 07' E. 512.2 FT. TO AN IRON STAKE SET ON SOUTH SIDE OF FIELD FENCE, FOR AN INNER CORNER OF THIS TRACT;

THENCE N 17 DEG. 07' E. 371.25 FT. TO THE PLACE OF BEGINNING, CONTAINING 189 ACRES OF LAND,

EXHIBIT "A"

1971 10 2



100 ACRES of land out of the Richard Halley League Survey in Hays County, Texas, and  
being a part of that certain 1,087.67 acre tract conveyed to L. L. McCandless, et al.,  
by deeds recorded in Volume 245, pages 168-177 and Volume 245, pages 369-374 of the Deed  
Records of Hays County, Texas, and being more particularly described by metes and bounds  
as follows:

**BEGINNING**, for reference, at an iron pipe set at a fence corner post at the northeast  
corner of the E. J. Whalley Survey and the southeast corner of the Richard Halley League  
Survey in the west 1/4 of the N. T. Key Survey No. 13, also being the southeast corner  
of that certain 1087.67 acre tract conveyed to L. L. McCandless, et al. by deeds recorded  
in Volume 245, pages 168-177 and Volume 245, pages 369-374 of the Deed Records of Hays  
County, Texas, said point being a corner of the Clara Calhoun Ranch, for the southeast  
corner of the tract herein described;

**THENCE**, with the fence along the south line of the said McCandless, et al. 1087.67 acre  
tract with the courses and distances as follows:

- 1) N. 88°25' W. 779.53 feet;
- 2) N. 88°29' W. 251.72 feet;
- 3) N. 88°33' W. 258.79 feet;
- 4) N. 88°25' W. 304.65 feet;
- 5) N. 88°03' W. 130.46 feet;
- 6) N. 88°37' W. 334.09 feet;
- 7) N. 88°26' W. 214.62 feet;
- 8) N. 88°44' W. 147.72 feet; and
- 9) N. 88°28' W. 186.68 feet to a corner fence post for the southeast corner and  
**POINT OF BEGINNING** of this survey;

**THENCE**, with a fence, the following courses:

- 1) E. 52°43' N. 5.37 feet;
- 2) N. 89°06' W. 481.14 feet;
- 3) N. 88°43' W. 770.50 feet; and
- 4) N. 88°04' W. 550.0 feet to an iron stake at a fence corner post in the east  
side of a private road at the southwest corner of the said McCandless 1087.67 acre tract  
and a corner of the said Calhoun Ranch, for the southwest corner of this tract;

**THENCE**, with the fence along the west line of the said McCandless tract and the east  
line of a portion of the said Calhoun tract, N. 7°01' E. 2513.68 feet to an iron stake  
at a fence corner post at a corner of the said McCandless and Calhoun tracts, for a  
corner of this tract;

**THENCE**, with the fence along the boundary line between the said McCandless and Calhoun  
tracts, E. 88°10' E. 1521.38 feet to an iron stake set;

**THENCE**, E. 4°01' E. 2609.62 feet to the **POINT OF BEGINNING**;

**LESS AND EXCEPT**, a tract of 2.66 acres of land at the southwest corner of said 100 acre  
tract, and more particularly described by metes and bounds as follows:

**BEGINNING** at an iron pin set at the southwest corner of the above described 100 acre  
tract for the southwest corner of the above described 100 acre tract for the southwest  
corner and **PLACE OF BEGINNING** hereof;

**THENCE**, N. 02°27' E. for a distance of 478.94 feet to an iron pin set for the Northwest  
corner hereof;

**THENCE**, E. 87°42' E. for a distance of 33.93 feet to an iron pin set at an angle point  
in a fence for the Northeast corner hereof;

**THENCE**, with said fence, E. 39°01' E. for a distance of 671.45 feet to an iron pin set  
at a point of fence intersection with the south line of the above described 100 acre  
tract, for the Southeast corner hereof;

**THENCE**, with the South line of the above described 100 acre tract, as found fenced and  
used upon the ground, N. 87°57' W. for a distance of 150.69 feet to an iron pin set for  
an angle point hereof;

**THENCE**, continuing with said fence, N. 88°24' W. for a distance of 178.51 feet to an  
iron pin set at a corner fence post for an angle point hereof;

**THENCE**, N. 88°07' W. for a distance of 97.40 feet to the **PLACE OF BEGINNING** and con-  
taining 2.66 acres of land, more or less.

A TRACT of 2.66 acres of land out of the S. J. Whalley League No. 22, Hays County, Texas, and being a portion of that certain 300 acre tract of land as conveyed to Clara Gilman by deed recorded in Volume 92, page 241 of the Deed Records of Hays County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING at a concrete monument set at the Northeast corner of an 11 acre tract of land described by deed recorded in Volume 342, page 154 of the Deed Records of Hays County, Texas, for the Northwest corner hereof;

THENCE, with the North line of the above described 300 acre tract of land the following

- E. 89°28' E. for a distance of 186.85 feet to an iron pin set;
- E. 85°44' E. for a distance of 147.72 feet to an iron pin set;
- E. 48°26' E. for a distance of 214.62 feet to an iron pin set for the Northeast corner hereof;

THENCE S. 52°27' W. for a distance of 644.40 feet to an iron pin set for the most southerly corner hereof;

THENCE, with the East line of the above described 11 acre tract of land, N. 05°48' N. passing an iron pin found at 32.09 feet, for a total distance of 476.56 feet to the PLACE OF BEGINNING and containing 2.66 acres of land, more or less.



TRACT SIX & SEVEN

671 417

11.0 acres of land out of the S.J. Whitley Lgc. 122 in Hays County, Texas, a part of that certain 300 acre tract conveyed to Clara Calhoun by deed recorded in Volume 92, page 241 of the Deed Records of Hays County, Texas;

BEGINNING at an iron stake set in fence on the occupied North line of the S.J. Whitley Lgc. 122 and the South line of the Richard Bailey Lgc. being the North line of that certain 300 acre tract conveyed to Clara Calhoun by deed recorded in Volume 92, page 241 of the Deed Records of Hays County, Texas, for the North corner of the tract herein described, said point being in the South line of that certain 100 acre tract conveyed to Clara Calhoun by deed recorded in Volume 305, page 816 of the Deed Records of Hays County, Texas, from which the Southwest corner of the said Calhoun 100 acre tract bears as follows: N 88 deg. 43' N. 279.33 ft., N 88 deg. 04' N 530.0 ft.;

THENCE with the fence along the South line of the said Calhoun 100 acre tract and the North line of the said 300 acres, with the courses and distance as follows: S 88 deg. 43' E. 481.17 ft., S 89 deg. 06' E. 481.14 ft. to an iron stake set at fence corner post at an angle point in the South line of the said Calhoun 100 acre tract, for an angle point in this tract;

THENCE with the fence along the South line of the said Calhoun 100 acre tract and the occupied North line of the said 300 acres, N 52 deg. 43' E. 537 ft. to an iron stake set at fence corner post at the Southeast corner of the said 100 acre tract, for the Northeast corner of this tract;

THENCE S 5 deg. 47' E. crossing Bear Creek twice, a distance of 450.0 ft. to an iron stake set in Bear Creek, for the Southeast corner of this tract;

THENCE N 89 deg. 28' N. 136.11 ft. to an iron stake set for the Southwest corner of this tract;

THENCE N 17 deg. 07' E. 433.35 ft. to the place of beginning, containing 11.0 acres of land;

TOGETHER WITH a 50 ft. access road easement, being a part of that certain 59 acre tract conveyed to Clara Calhoun by deed recorded in Volume 166, page 433 of the Hays County Deed Records, a part of the said 100 acre tract herein referred to and a part of the said Calhoun 300 acre tract; the said 50 ft. easement, more particularly described by metes and bounds as follows:

BEGINNING at an iron stake set at the Northwest corner of the herein described 11.0 acre tract in the North line of the said Calhoun 300 acre tract and the South line of the said 100 acres, for the most Southerly Northeast corner of the tract herein described;

THENCE with the West line of the said 11.0 acre tract, S 17 deg. 07' N. 31.97 ft. to an iron stake set for the Southeast corner of this tract;

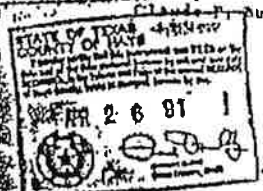
THENCE N 88 deg. 43' W. 263.15 ft. and N 88 deg. 04' N. 578.0 ft. to an iron stake set for the Southwest corner of this tract;

THENCE along the West side of an existing lane, N 2 deg. 04' E. 3536.0 ft. to an iron stake at fence corner post in the South R.O.W. line of FM Highway 1826, for the Northwest corner of this tract;

THENCE with the South R.O.W. line of the said Highway, N 74 deg. 20' E. 51.74 ft. to an iron stake set for the most Northerly Northeast corner of this tract;

THENCE S 7 deg. 04' W. at 857.0 ft. cross the South line of the said 59 acres and the North line of the said Calhoun 100 acre tract, continuing on same course a total distance of 3501.54 ft. to an iron stake set in fence on the South line of the said 100 acre tract and the North line of the said 300 acres, for the inner or "L" corner of this tract;

THENCE with the fence between the said Calhoun 100 acres and the said 300 acre tract, with the courses and distance as follows: S 88 deg. 04' E. 528.0 ft., S 88 deg. 43' E. 279.33 ft. to the place of beginning. Surveyed August, 1979, by Claude P. Smith, Jr.



1:0 PM '81  
10:4 54 4

**EXHIBIT B  
IMPROVEMENTS**



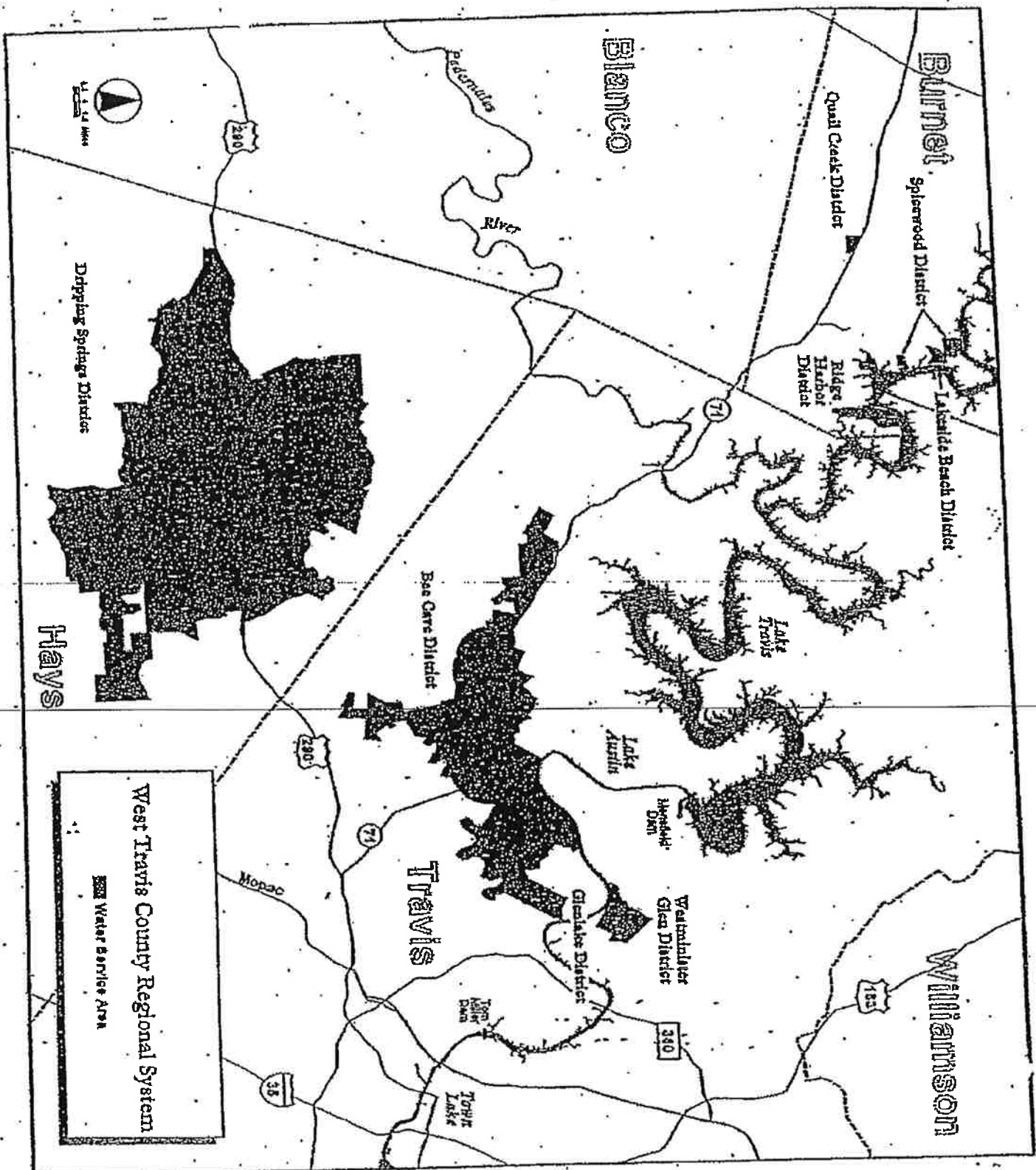
FOR PLANNING  
PURPOSES ONLY

<b>MEC</b>		
Murtree Engineering Company		
<b>EXHIBIT B</b>		
<b>NUTTY BROWN</b>		
<b>WATERLINE SERVICE AREA</b>		
<b>&amp; DELIVERY POINT</b>		
1191 South Capital of Texas Highway, Building B, Suite 118, Jordan, Texas 77748 (512) 337-4201		
JOB NO. 01017.10	SCALE: 1" = 400'	SHEET: 1 OF 1
DESIGNED BY: GM		
DRAWN BY: JWC		
FILE: \\dwp\nutty-brown\usage-exhibi-Kres-b		DATE: 6/93





**EXHIBIT C  
LCRA SERVICE AREA**



West Travis County Regional System  
 Water Service Area

**EXHIBIT D**  
**U.S. FISH AND WILDLIFE SERVICE LETTER**

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Water Services Agreement – Hays Reunion Ranch, L.P.



# United States Department of the Interior

## FISH AND WILDLIFE SERVICE

10711 Burnier Road, Suite 200  
Austin, Texas 78758  
(512) 496-0057

July 22, 2002

Mr. David B. Armbrust  
Armbrust Brown & Davis, L.L.P.  
100 Congress, Suite 1300  
Austin, Texas 78701

*Krasovec*

2-454-02-529

Dear Mr. Armbrust:

Thank you for your, May 20, 2002, submission and subsequent clarifications (June 7, 2002, and July 16, 2002) outlining development parameters for the *Arctonotus* *pusillus* proposed development project. We discussed this project with you and reviewed the development plans through an informal consultation process on the Environmental Protection Agency's stormwater Construction General Permit. This was voluntarily initiated by your client, Krasovec-Rennison JV, and we appreciate your efforts to protect water quality at Barton Springs.

Based on the information provided, we believe that development of the proposed project is not likely to adversely affect the Barton Springs salamander. Your proposed project includes the type of water quality protections the Service believes will protect the Barton Springs salamander, and each aspect appears to address water quality protection in a site specific manner. We are satisfied with the level of commitment you have shown throughout this process and appreciate your patience as we explored the site specific alternatives for water quality treatment.

During the site review, your consultants identified golden-cheeked warbler habitat and potentially suitable black-capped vireo habitat. A formal consultation process with the Corps of Engineers, including an incidental take statement, will need to be completed before construction commences on this site. This process has already been initiated and should be completed during the fall of 2002.

The purpose of this letter is to clarify that the water quality plan is adequate for protection of the Barton Springs salamander. Your May 20, 2002, submission and subsequent clarifications (June 7, 2002, and July 16, 2002) are a commitment for Krasovec-Rennison JV to implement the project as described. Any changes to the project proposal, which could have an adverse impact on water quality, would require reinitiation of consultation to assure compliance with the Endangered Species Act.



7/23/02  
07-23-02

TUE 10:49 FAX  
10:39am From: Arnhardt & Brown L.L.P.

512 495 2380

T-151 P.003/005 F-540

We appreciate the opportunity to work with you and your willingness to promote sound water quality management. Thank you for working with us early in the development of your project. If you have any further questions please contact Matthew Lechner, 490-0057, extension 234.

Sincerely,



William M. Seawell  
Acting Field Supervisor

cc: Jack Ferguson, RPA  
Joe Beal, LCRA

**EXHIBIT E**  
**ENGINEER'S CERTIFICATION**

---

Water Services Agreement - Hays Reunion Ranch, L.P.

## ENGINEER'S CERTIFICATION

The undersigned person, a professional engineer registered with the State of Texas, hereby certifies to the following:

1. I am personally familiar with the following subdivision (the "Subdivision"):  
Vistas at Tustin Ranch
2. I am personally familiar with the development criteria for the Subdivision (the "Development Criteria") that was submitted to the United States Fish and Wildlife Service ("FWS"), based on which Development Criteria the FWS issued a determination that the Subdivision was not likely to adversely affect the Barton Springs salamander. This determination based on the Development Criteria was issued in a FWS letter dated July 22, 2002 (the "Letter Determination").
3. Final plats, deed restrictions and/or restrictive covenants for the Subdivision ("Plats and Restrictions") have been filed in the public record. The Plats and Restrictions are filed in:

---

Copies of the Plats and Restrictions also have been provided to the LCRA.

4. It is my opinion, as a professional engineer, that the Plats and Restrictions for the Subdivision conform to, and incorporate the water quality protection features included in, the Development Criteria upon which FWS issued its Letter Determination.

---

Signature

---

Printed Name

---

Date

---

Texas Registration Number

(Seal)

**EXHIBIT F  
ENGINEER'S CONCURRENCE LETTER**

ENGINEER'S CONCURRENCE LETTER  
FOR FINAL INSPECTION

Date: \_\_\_\_\_, 200\_\_  
Project Name: Vistas at Tustin Ranch  
Address: \_\_\_\_\_, Austin, Texas 787\_\_  
Site Plan Number: \_\_\_\_\_  
Building Permit Number: \_\_\_\_\_

To Whom It May Concern:

On this day \_\_\_\_\_, I the undersigned professional engineer made a final visual inspection of the above referenced project. I am personally familiar with the development criteria for the Subdivision (the "Development Criteria") that was submitted to the United States Fish and Wildlife Service ("FWS"), based on which Development Criteria the FWS issued a determination that the Subdivision was not likely to adversely affect the Barton Springs salamander.

This determination based on the Development Criteria was issued in a FWS letter dated July 22, 2002 (the "FWS Letter"), a copy of which is attached hereto. I also have visited the site during construction and observed that the improvements were constructed in a manner substantially consistent with the approved plat, the plans and specifications approved by LCRA, and incorporated the water quality protection features included in the Development Criteria upon which United States Fish and Wildlife Service issued its FWS Letter dated July 22, 2002, with insignificant deviation.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Texas Registration Number

(Seal)

**EXHIBIT G**  
**WATER CONSERVATION MEASURES**