

TO: Bill Foulds, Jr., Mayor and City Council
FROM: Laura Mueller, Deputy City Attorney
RE: Second Amendment to Agreement Concerning Creation
and Operation of Dripping Springs MUD
DATE: July 1, 2026 – For July 7, 2026 Council Meeting

A Partnership of
Professional Entities

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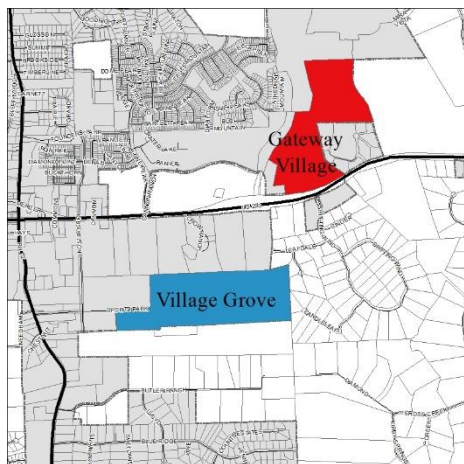
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MEMORANDUM

I. Executive Summary

This amendment would finalize adding Gateway Village (North DSP) to DS MUD 1 which already includes Village Grove. The City already agreed to the annexation of the property into the MUD, this amendment just finalizes it. This amendment was delayed in order for the utility entitlements to be finalized.

II. Background



Village Grove is South of Hwy 290 adjacent to Sports and Recreation Park. Gateway Village is North of 290 in the former Cannon Tract. South of Wild Ridge and East of other Cannon developments. Both Projects are residential in nature.

DS MUD 1 – 2021
Village Grove PDD – 2022
DS MUD 1 First Amendment – 2023
(increased bonding authority)
Gateway Village PDD – 2023

III. Summary

The document is a proposed Second Amendment to the Agreement Concerning Creation and Operation of Dripping Springs Municipal Utility District No. 1. This Agreement is between the City and DSP, LLC (Village Grove), North DSP, LLC (Gateway Village), and Dripping Springs Municipal Utility District No. 1.

The amendment memorializes the annexation of a portion of the Cannon Tract—also referred to as Gateway Village—into the boundaries of the MUD. This annexed area consists of part of the Cannon Tract excluding the approximately 7.30-acre commercial area. The amendment adds the MUD Annexation Tract to the real property covered by the existing Consent

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Agreement and confirms that North DSP, LLC joins the Consent Agreement as an “Owner” and “Developer” for that tract.

The amendment also clarifies that the MUD Annexation Tract will be developed in accordance with previously approved Gateway Village Project, including the City annexation ordinance, PDD ordinance, water and wastewater service agreements, offsite road agreement, and East Interceptor Agreement. If any conflict exists between those entitlements and this Consent Agreement, the Gateway Village Project Entitlements will control.

The City confirms that certain MUD annexation requirements in the Retail Wastewater Contract have been satisfied or waived. The delay in the approval of this amendment is due to wanting to finalize these utility entitlements. The amendment further acknowledges that the annexation allows the District to finance water, wastewater, drainage, road, and related capacity improvements serving the MUD Annexation Tract. North DSP is expected to finance, construct, and dedicate certain public facilities to the City on behalf of the District, subject to applicable reimbursement rights from the District.

Except as modified by this amendment, the existing Consent Agreement remains in full force and effect. The amendment also includes standard counterpart and electronic signature provisions.

IV. RECOMMENDATION

Staff recommends approval of this amendment as a continuation of the approvals already done by the City Council as it relates to this project.