

FIRST AMENDMENT
TO
SECOND AMENDED WASTEWATER SERVICE AND IMPACT FEE AGREEMENT

This First Amendment to the Second Amended Wastewater Service and Impact Fee Agreement (“First Amendment”) is entered into by and between the City of Dripping Springs, Texas (the “City”) a Type A General Law City located in Hays County, Texas, and Development Solutions CARTER, LLC (“Owner”). The City and the Owner are referred to herein jointly as “Parties”.

RECITALS:

- A. The Parties, together with Hays County Development District No. 1, entered into a Second Amended Wastewater Service and Impact Fee Agreement (“Wastewater Agreement”) with an effective date of April 13, 2014.
- B. The Wastewater Agreement contemplated that the Property referred to as the Carter Ranch would receive wastewater service through what the Wastewater Agreement refers to as the Discharge Permit or TLAP Amendment 2. The Discharge Permit and TLAP Amendment 2 have been the subject of lengthy protests and appeals that have resulted in delays not contemplated by the Parties when the Wastewater Agreement was executed.
- C. The Parties desire to retain all the rights and obligations under the Wastewater Agreement and also address the delays caused by protests of the Discharge Permit and TLAP Amendment by providing an interim path forward until the City is able to build facilities under the Discharge Permit or the TLAP Amendment 2.
- D. The purpose of this First Amendment is to allow a path forward for assuring wastewater service at Carter Ranch for vertical construction at Carter Ranch when the City constructs facilities under the Discharge Permit or the City obtains issuance and constructs facilities under TLAP Amendment 2.

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, including the agreements set forth below, the City and Owner agree as follows:

- 1. This First Amendment does not amend, change or affect any right or obligation under the Wastewater Agreement, except Section 2.4, which is amended to read as follows (strike-out deleted from the Wastewater Agreement): 2.4. Use of Reclaimed Water Upon Issuance of New Application. After approval by TCEQ of the New Permit Application specified in paragraph 2.3 above and upon construction of the facilities for either the New Permit specified in paragraph 2.3 above, subject to TCEQ approval, the District or Owner will be entitled to reclaim the District’s Reserved Share as follows: (a) the City will be responsible for the costs and work product required to obtain authorization from TCEQ for use of the reclaimed water; and (b) The District shall receive the reclaimed water without any additional charges. ~~for a period of seven (7) years after issuance of the Chapter 210~~

~~authorization issued by TCEQ related to the discharge permit and the completion of construction of the facilities for the discharge permit and after operation of the System has commenced, and District agrees that during the time that the Chapter 210 beneficial reuse water is provided without charge, District will take and use as much beneficial reuse water as the City desires that District take and use (but not to exceed an amount that will provide a reasonable margin of safety to ensure compliance with any applicable laws, rules, or statutes). With respect to the charges set forth in item (b) of the preceding sentence, (i) after seven years, for any water that is beneficially used on parks or areas open to the public (which includes every citizen of the City of Dripping Springs), the District shall receive such water without any charges for as long as such water is beneficially used on parks or areas open to the public; and (ii) after seven years, for any water that is not beneficially used on parks or areas open to the public is beneficially used on parks or areas open to the public (which includes every citizen of the City of Dripping Springs), the District shall pay the City a fair market price for the reclaimed water that would be comparable to the market price for a similar quantity and quality of water.~~

2. Upon execution of this First Amendment, the City will issue a mass-grading permit (as authorized by the attached letter), schedule a pre-construction meeting (by June 26, 2024) for the mass-grading activities, and allow the excavation and grading activities that are authorized by the mass-grading permit.
3. Owner agrees that Owner will design and build facilities (fields and storage) on Carter Ranch that will allow the beneficial reuse (under Chapter 210 of the TCEQ Rules) for 50,000 gpd (“Beneficial Reuse Facilities”). These Beneficial Reuse Facilities will be available for use by the City, at no cost to Hays County Development District No. 1 (HCDD-1) or any HCDD-1 residents. Effluent generated from Carter Ranch (based on a 30-day average) will have first priority in reuse at these Beneficial Reuse Facilities.
4. Prior to installation of utilities, Owner will revise the construction plans that have been submitted to the City to include the Beneficial Reuse Facilities.
5. This Agreement shall be construed by applying Texas law and venue shall be in Hays County.
6. This Agreement may be executed electronically and in counterparts.

Effective as of June 18, 2024.

[signatures on following pages]

CITY OF DRIPPING SPRINGS, TEXAS

Attest:

City Secretary

By: _____

Bill Foulds, Mayor

STATE OF TEXAS

COUNTY OF _____

This instrument was executed by Bill Foulds before me on _____, 2024.

Notary Public, State of Texas

DEVELOPER

DEVELOPMENT SOLUTIONS CARTER, LLC

By:
Title:

STATE OF TEXAS
COUNTY OF _____

This instrument was executed by _____, in the capacity set forth above, and before me on this the ____ day of _____, 2024.

Notary Public, State of Texas