

Michael A. Schroeder
Schroeder Company
110 San Antonio St. #3111
Austin, Texas 78701

July 26, 2018

Mr. Burt Lumbreras
City Manager
The City of San Marcos
630 East Hopkins
San Marcos, Texas 78666

Re: Waterstone predevelopment activity

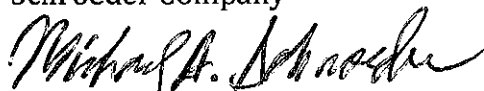
Mr. Lumbreras,

I am writing to update you on the status of Waterstone. Our continued vision for the project is to develop a nationally ranked, master planned community differentiated by an extensive network of trails, parks, and lakes while respecting our limited resources and environment. In our unique design, materials excavated, sorted and washed, will be repurposed and used in construction. This predevelopment activity will precede each phase of development. The process will be carried out onsite to mitigate environmental and societal impact by reducing the carbon footprint and traffic congestion, and boosting economic efficiency by avoiding the additional cost of trucking materials into our area. The process is transitional, mobile, and will terminate commensurate with later stages of development. The result will be beautiful amenity lakes that will also serve as detention facilities and a source of irrigation.

Washing and sorting extracted materials is currently permitted and regulated by TCEQ PBR 143 for our mobile unit. We have attached an image of the equipment along with the permits for your reference. As such, we are not planning to seek additional permits from the City of San Marcos, other than possible revisions to our Comprehensive Site Preparation Plan to accommodate the non-homogenous nature of our sand and gravel deposit.

We want to make clear our intentions, to respect the City of San Marcos in every way, while aiming to deliver an innovative community that we can all be proud of.

Respectfully,
Schroeder Company



Michael A. Schroeder
President & CEO