

**AMENDMENT NO. 2 TO THE
REGIONAL WASTEWATER SERVICES AND FACILITIES
COST SHARING AGREEMENT**

This Amendment No. 2 to the Regional Wastewater Services and Facilities Cost Sharing Agreement (" this Amendment") is effective as of _____, 2025 (" the Effective Date"), by and between the City of San Marcos, Texas, a home rule municipality (the " City"); Clint Jones, in his individual capacity as landowner of the Fleming Farms Tract (as hereinafter defined) (" Jones"); Rattler Ridge, LP, a Texas limited partnership Rattler"); JLBC 710 Investments, LLC, a Texas limited liability company (" JLBC"); Highlander SM Two, LLC, a Texas limited liability company (" Highlander"); BBI COTTONWOOD 2012 LP (" Cottonwood"); Qualico Developments (U.S.), INC. ("Mason"); Mulberry Meadows Development Company, LLC (" Mulberry"); and Guadalupe County Municipal Utility District No. 9. All of the foregoing are sometimes referred to collectively as the "Parties" and individually as a "Party".

WHEREAS, the Parties have previously executed the Regional Wastewater Services and Facilities Cost Sharing Agreement, effective May 14, 2024, and approved by Resolution 2024-78R on May 7, 2024 (the "Original Agreement"), as amended by Amendment No 1, executed April 3, 2025, and approved by Resolution 2025-56R on April 1, 2025 ("Amendment No. 1"), the Original Agreement with Amendment No. 1 is referred to herein as the "Cost Sharing Agreement"); and

WHEREAS, the Parties now wish to amend the Cost Sharing Agreement, to extend the City of San Marcos' deadline for providing services from March 1, 2026 to March 1, 2027; Now Therefore,

The Parties, in exchange for the mutual covenants and conditions contained herein, agree that the following sections of the Cost Sharing Agreement shall be modified to read as shown below:

II. WASTEWATER FACILITIES

1. Construction, Design, and Financing of the Wastewater Facilities. The City, at its cost and expense, shall permit, design, and construct the Facilities (excluding the Improvements) necessary to provide Wastewater Services to the Customers.

The City's obligation to make Wastewater Services available to the Customers within each Tract and District shall be in the amounts reflected in the Absorption Schedule attached hereto and such obligation is explicitly not conditioned upon the construction and completion of the Interim Plant, Main Lift Station or the Plant. The City is obligated to make Wastewater Services available to the Customers within each Tract and District in accordance with the Absorption Schedule, commencing on ~~March 1, 2026~~March 1, 2027 and continuing thereafter, increasing the number of LUEs of available Wastewater Services annually until the total number of LUEs allocated to each Tract and District, per the Absorption Schedule, are provided. Notwithstanding the foregoing, the City shall not be obligated to provide Wastewater Services to the Customers within each Tract or District until such time as such Developer or District has constructed the Improvements, in accordance with the Regulatory Requirements, necessary to connect such Tract or District to the then-existing Wastewater Collection System or the Main Lift Station in accordance with City Standards.

3. City's Main Lift Station or Collection Facility. The City shall construct the Main Lift Station or some other collection facility at the Plant Site on or before ~~March 1, 2026~~March 1, 2027, for the Developers and Districts to connect their respective Improvements to such facility.
7. Total Capacity Reserved. In exchange for the payment of LUE Fees and construction and conveyance of the Improvements, the City agrees to provide 6,248 LUEs of Wastewater Services to the Customers and allocate and reserve to the Tracts and the Districts a total of 6,248 LUEs of Wastewater treatment capacity in the Plant, as reflected in the Absorption Schedule, and the number of LUEs to each respective Tract and District reflected in the Absorption Schedule. The Parties agree that the Absorption Schedule, attached hereto as Exhibit D, represents each Tract's and/ or District's projected and maximum annual Wastewater Services requirements in LUEs, beginning no sooner than ~~March 1, 2026~~March 1, 2027. In exchange for the payment of LUE Fees, the City shall allocate and reserve the total annual amount of LUEs of Wastewater Services to the Customers within each Tract and District in accordance with the Absorption Schedule each year, regardless of the active or proposed connections that may exist on any Tract in any given calendar year.

VI. DEFAULT

1. City's Failure to Commence and Continue Provision of Wastewater Services. If the City fails to abide by the Absorption Schedule either through

(i) a failure to commence making the Wastewater Services available to the Tracts and the Districts, or any of them or portion of them as set forth in the Absorption Schedule, on ~~March 1, 2026~~March 1, 2027, or (ii) a failure to provide continuous Wastewater Services to the Tracts and the Districts, or any of them or portion of them, in accordance with the Absorption Schedule (whether under the City's existing permit, the amended Fleming Farms Discharge Permit, or the Discharge Permit), and fails to: (i) cure such default within sixty (60) days after receipt of written notice of default from the Developers, the City shall be in default. If such a default occurs and the City has not obtained the amended Fleming Farms Discharge Permit, the City shall promptly commence the process of (and diligently pursue to completion) reassigning the Fleming Farms Discharge Permit to Jones. In the event the Developers terminate this Agreement, in whole, under this Section 1, the City shall have no further obligation under this Agreement, except for (i) the City's obligation to continue to provide the Sedona South Initial Wastewater Services for which the LUEs have been paid for to the Customers in Sedona South, and (ii) the City's obligations set forth in Article VI, Section 7, and the Developers will not pursue any other additional recourse. In accordance with Article II, Section 3, the City shall timely construct the Main Lift Station; provided, however, if the City has met that obligation, the City shall not be obligated to provide Wastewater Services to a Developer's Tract or District until such time as such Developer or District has constructed the Improvements, in accordance with the Regulatory Requirements, necessary to connect such Developer's Tract or District to the City's system or the Main Lift Station in accordance with City Standards.

Those sections of the Cost Sharing Agreement not modified herein shall remain in force as originally stated.

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the dates indicated below to be effective as of the Effective Date.

[COUNTERPART SIGNATURE PAGES FOLLOW]

COUNTERPART SIGNATURE PAGE TO
AMENDMENT NO. 2 TO REGIONAL WASTEWATER SERVICES AND FACILITIES
AGREEMENT

THE CITY:

THE CITY OF SAN MARCOS, TEXAS,
a Texas home rule municipality

By: _____

Stephanie Reyes, City Manager

Date: _____, 2025

ATTEST:

By: _____

Elizabeth Trevino,

City Clerk

Date: _____, 2025

COUNTERPART SIGNATURE PAGE TO
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JONES:

CLINT JONES

Date: _____, 2025

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RATTLER:

RATTLER RIDGE, LP,
a Texas limited partnership

By: _____

Its general partner

By: _____
Clint Jones, _____

Date: _____, 2025

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JLBC:

JLBC 710 INVESTMENTS, LLC,
a Texas limited liability company

By: _____

John S. Lloyd, Manager

Date: _____, 2025

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HIGHLANDER:

HIGHLANDER SM TWO, LLC,
a Texas limited liability company

By: _____

John Maberry, Manager

Date: _____, 2025

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COTTONWOOD:

Name: _____

Title: _____

Date: _____, 2025

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MASON:

Name: _____

Title: _____

Date: _____, 2025

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MULBERRY:

Name: _____

Title: _____

Date: _____, 2025

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GUADALUPE COUNTY MUNICIPAL
UTILITY DISTRICT NO. 9

Name: _____

Title: _____

ATTEST:

Name: _____

Title: _____

Date: _____, 2025