REGIONAL

WASTEWATER SERVICES AND FACILITIES

COST SHARING AGREEMENT

This **REGIONAL WASTEWATER SERVICES AND FACILITIES COST SHARING AGREEMENT** (this "Agreement") is effective as of _____, 2024 (the "Effective Date"), by and among 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"); and Highlander SM Two, LLC, a Texas limited liability company ("Highlander").

Following confirmation of the creation of Guadalupe County Municipal Utility District No. 9 (as hereinafter defined), Sedona South Municipal Utility District (as hereinafter defined), and Hays-Guadalupe County Municipal Utility District No. 1 (as hereinafter defined) by the voters within each of the respective Districts, each District will join in and agree to be bound by certain provisions of this Agreement by executing a joinder to this Agreement in substantially the same form as set forth on Exhibit A attached hereto.

Jones, Rattler, JLBC, and Highlander are referred to individually by name or as the "Developer" or collectively as the "Developers."

Guadalupe County Municipal Utility District No. 9, Sedona South Municipal Utility District, and Hays-Guadalupe County Municipal Utility District No. 1 are referred to individually by name or as a "District" or "Districts."

The Developers, the City, and the Districts are referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the Parties desire to enter into this Agreement to provide for regionalization of Wastewater Services (as hereinafter defined), including the construction of a regional Wastewater Treatment Plant (as hereinafter defined), which, upon completion, is intended to serve Customers (as hereinafter defined) within the

Tracts (as hereinafter defined) and the Districts as generally shown in Exhibit B, and additional lands within or outside the City's existing service area; and,

WHEREAS, the City is willing to be the coordinating entity to provide Wastewater Services by owning, operating, and maintaining the Wastewater Collection System (as hereinafter defined) and the Wastewater Treatment Plant, together with whatever additional facilities may be reasonably necessary to serve Customers within the Districts and the Tracts; and,

WHEREAS, the Developers and the City have agreed to share in the costs of construction of the Facilities (as hereinafter defined), which includes the Wastewater Collection System, the Wastewater Treatment Plant, and any other necessary facilities, and which cost-sharing the Developers may fund on behalf of the Districts; and,

WHEREAS, the Parties desire to set forth their respective obligations to share in the costs of the Main Lift Station, the Wastewater Treatment Plant, and any other necessary Facilities (excluding the Improvements, as hereinafter defined); to set forth the City's obligations for financing, permitting, and constructing the Wastewater Treatment Plant; to provide for the terms of the City's provision of interim and permanent Wastewater Services to Customers within the Tracts and the Districts; to set forth the Developers' obligations for conveying certain property and easements, making payments to the City, permitting, designing, and constructing the Improvements, and amending and assigning certain TPDES Discharge Permits; to set forth the self-help remedies if the City elects not to permit, design, or construct the Main Lift Station, the Wastewater Treatment Plant, and any other necessary Facilities (excluding the Improvements, as hereinafter defined) to provide permanent Wastewater Services in a timely fashion; and to set forth the remedies if one or more of the Parties defaults.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, obligations, and benefits in this Agreement, including the above recitals, the Parties agree as follows:

I. DEFINITIONS

1. "Agreement" shall mean this Agreement, including any amendments hereto, between the Parties.

2. "Absorption Schedule" shall mean the LUEs reserved for and allocated to each Tract and District on an annual basis, which is attached hereto as Exhibit D.

3. "Bonds" shall mean any or all bonds, notes, certificates of obligation, or other obligations issued by the District or District(s) to finance the Facilities, or any portions thereof.

4. "CCN" shall mean Certificate of Convenience and Necessity, granted by the Public Utility Commission of Texas, which grants CCN holders the exclusive right to provide retail sewer utility service to a bounded certificated service area.

5. "City Standards" shall mean those design standards applicable to public wastewater facilities published and in effect as of the Effective Date, except as otherwise required by state or federal law or regulation, and as may be amended from time to time subject to the terms in this Section. Unless a change to the City Standards is required by state or federal law or regulation more frequently, the City Standards in effect on the Effective Date and on each fifth (5th) anniversary of the Effective Date hereafter shall control the design standards applicable to the Improvements. Upon each fifth (5th) anniversary of the Effective Date, the City shall notify the Developers and/or Districts of any changes in the City Standards applicable to the Improvements prior to the fifth (5th) anniversary and such amended standards shall take effect on the fifth (5th) anniversary date. In the event any change to the City Standards included in the notice from the City will increase the costs of the Improvements for the Developers and/or Districts in an amount exceeding 10% of the costs of the immediately prior effective City Standards, the Developers and/or Districts shall notify the City within thirty (30) days of their receipt of the notice from the City of any intent to challenge the application of the change to the Tracts on this basis that it is not reasonable, providing the City with written documentation demonstrating the cost differential and the basis for claiming the change is unreasonable. If the Developers and the City cannot agree on the reasonableness and justification for such change(s), the Parties shall attempt in good faith to reach a mutually agreeable resolution.

6. "Commission" or "TCEQ" means the Texas Commission on Environmental Quality or any successor agency with jurisdiction over the subject matter of this Agreement.

7. "Customers" shall mean the City's retail Wastewater Services customers located within the Tracts and the Districts.

8. "Discharge Permit" shall mean a final unappealable Texas Pollutant Discharge Elimination System Permit issued by the Commission to the City for the Plant, which shall initially be sufficient to treat up to 2.0 MGD of wastewater delivered from the Tracts and Districts.

9. "Facilities" shall mean collectively all facilities, including without limitation the Wastewater Collection System, the Interim Plant (if constructed by the City, at the City's sole election), the Plant, the Main Lift Station, the Improvements, and any components or parts thereof and other appurtenances constructed by the Developers, the Districts and/or the City, all of which shall be owned by the City and utilized for the provision of Wastewater Services to Customers pursuant to this Agreement and additional lands within or outside the City's existing service area.

10. "Fleming Easements" shall mean: (i) if necessary, a non-exclusive 20-foot-wide wastewater line easement to be granted by JLBC to the City of a form and content and in a location in, to, under, and across a portion of the Sedona South Tract reasonably acceptable to JLBC and consistent with JLBC's plan for development of the Sedona South Tract and within which portions of the Wastewater Collection System connecting the Fleming Farms Tract (as hereinafter defined) to the Main Lift Station may be located and (ii) if necessary, a 40-foot-wide temporary construction easement to be granted by JLBC to Jones of a form and content reasonably acceptable to JLBC and adjacent to and overlapping the easement described in item (i) above to facilitate Jones's construction and installation of the portions of the Wastewater Collection System described in item (i) above.

11. "Fleming Farms Tract" shall mean that certain approximately 65 acres of land owned by Jones in his individual capacity, shown more particularly on Exhibit B, attached hereto.

12. "Fleming Farms Discharge Permit" shall mean Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0015817001, the application for which was submitted by Regal, LLC and has been approved by the Commission. Any amendments to the Fleming Farms Discharge Permit as referenced in this Agreement include such minor or major amendments to plant location, sizing, discharge location, and volume of discharge capacity, as necessary, to enable the City to provide Wastewater Services to Customers temporarily to serve the Tracts and the Districts consistent with each Tract's and District's contemplated Wastewater Services requirements and the terms of this Agreement until the Plant is operational, or to allow the Developers and/or the Districts to use the Fleming Farms Discharge Permit in the event of a default as described in Article VI.

13. "Guadalupe County Municipal Utility District No. 9" or "GC MUD 9" shall mean a conservation and reclamation district and body politic and governmental agency of the State of Texas, and currently includes a portion of the Rattler Tract within its boundaries.

14. "Highlander Discharge Permit" shall mean Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0016163001.

15. "Hays-Guadalupe County Municipal Utility District No. 1" or "HGC MUD 1" shall mean a proposed conservation and reclamation district and body politic and governmental agency of the State of Texas that is anticipated to include the Highlander Tract within its boundaries.

16. "Highlander Easements" shall mean: (i) two (2) non-exclusive 20-foot-wide wastewater line/force main/lift-station easements to be granted by JLBC to the City, each of a form and content and in a location in, to, under, and across a portion of the Sedona South Tract reasonably acceptable to JLBC and consistent with JLBC's plan for development of the Sedona South Tract and within which portions of the Wastewater Collection System connecting the Highlander Tract to the Main Lift Station may be located; and (ii) two (2) 40-foot-wide temporary construction easements to be granted by JLBC to Highlander and/or HGC MUD 1, each of a form and content reasonably acceptable to JLBC and adjacent to and overlapping the easements described in item (i) above to facilitate Highlander's construction and installation of the portions of the Wastewater Collection System described in item (i) above.

17. "Highlander Tract" shall mean that certain approximately 327 acres of land owned by Scott Mann, Loretta Mann, and Raquel Werner and in which Highlander holds an equitable interest pursuant to a written purchase agreement as of the Effective Date, shown more particularly on Exhibit B, attached hereto.

18. "Interim Plant" shall mean the temporary wastewater treatment plant constructed by the City and located on the Plant Site for the City to provide Wastewater Services to Customers temporarily until the Plant is constructed and operational.

19. "Improvements" shall mean the Internal Improvements (as hereinafter defined) and Offsite Improvements (as hereinafter defined).

20. "LUE" shall mean a living unit equivalent, which is an estimation of the typical wastewater flow produced by a single-family residence in a typical subdivision, being 200 gallons per day.

21. "LUE Fee" shall mean: (i) the $8,300 per LUE that Jones, Rattler and Highlander agree to pay, or cause to be paid, to the City in accordance with the Payment Schedule (as hereinafter defined); and (ii) the $7,550 per LUE that JLBC agrees to pay, or cause to be paid, to the City in accordance with the Payment Schedule. The LUE Fees shall be the only fees required by the City to be paid for a unit to be

connected to the Facilities, except for new account charges or deposits that are standard for retail Wastewater utility service customers of the City.

22. "MGD" shall mean 1,000,000 gallons per day average daily flow.

23. "Main Lift Station" shall mean the wastewater collection facility or lift station on the Plant Site identified on Exhibit C, attached hereto, capable of receiving all Wastewater generated by and received from the Customers in accordance with the Absorption Schedule, in addition to any other City connections from areas outside of the Tracts and the Districts.

24. "Payment Schedule" shall mean the payment schedule, attached hereto as Exhibit E, which provides the annual amounts of LUE Fees the Developers shall pay to the City, which payments may be made on behalf of the Districts, and upon the payment of which the City shall reserve and allocate corresponding capacity within the Facilities to serve the Customers within each Developer's respective Tract.

25. "Proportionate Share" shall mean each Developer's share, calculated as a fractional share based on the Developer's anticipated reserved and allocated number of LUEs shown on the Absorption Schedule, divided by the total number of LUEs reserved and allocated to all of the Tracts and Districts in the Absorption Schedule, and shown below:

$$\frac{\text{Tract LUEs}}{\text{Total LUEs}} = \text{Proportionate Share}$$

26. "Rattler Discharge Permit" shall mean Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0016049001, the application for which was submitted by Rattler Ridge, LLC and is still pending issuance by the Commission.

27. "Rattler Easements" shall mean: (i) if necessary, a non-exclusive 20-foot-wide wastewater line easement(s) to be granted by JLBC and Jones to the City of a form and content and in a location in, to, under, and across a portion of the Sedona South Tract and a portion of the Fleming Farms Tract reasonably acceptable to JLBC and Jones and consistent with JLBC's and Jones' respective plans for development of the Sedona South Tract and the Fleming Tract and within which portions of the Wastewater Collection System connecting the Rattler Tract to the Main Lift Station may be located and (ii) if necessary, a 40-foot-wide temporary construction easement(s) to be granted by JLBC and Jones to Rattler, and/or GC MUD 9 of a form and content reasonably acceptable to JLBC and Jones and adjacent to and overlapping the easement described in item (i) above to facilitate

Rattler's and/or GC MUD 9's construction and installation of the portions of the Wastewater Collection System described in item (i) above.

28. "Rattler Tract" shall mean that certain approximately 425 acres of land owned by Rattler, shown more particularly on Exhibit B, attached hereto.

29. "Regulatory Requirements" shall mean the requirements and provisions of any state or federal law, and any permits, rules, orders, or regulations issued or adopted from time to time by any regulatory authority, state, federal or other, having jurisdiction over the Tracts and the Districts and the provision of Wastewater Services to the Customers.

30. "Right of Entry Agreement" shall mean an agreement to be entered into by and between JLBC and the City that shall be entered into within thirty (30) days of the Effective Date for the purpose of allowing the City temporary non-exclusive access across the Sedona South Tract to the Plant Site at a location(s) to be mutually determined by JLBC and the City until (i) a permanent public right-of-way exists that permits the City access to the Plant Site and (ii) a public road has been constructed within such right-of-way, as well as temporary non-exclusive access to the Plant Site until either the "Temporary Plant Site Easement" (as defined herein) is granted or the Plant Site is conveyed to the City.

31. "Sedona South Municipal Utility District" or "Sedona South MUD" shall mean, whether one or two, at JLBC's sole election, proposed conservation and reclamation district(s) and body politic(s) and governmental agency(ies) of the State of Texas that is (are) anticipated to include the Sedona South Tract (or a portion thereof) within its (their) boundaries.

32. "Sedona South Tract" shall mean that certain approximately 645 acres of land owned by JLBC, shown more particularly on Exhibit B, attached hereto.

33. "Tract" or "Tracts" means singularly and collectively the Fleming Farms Tract, the Highlander Tract, the Rattler Tract and the Sedona South Tract, which land will be benefitted by the Facilities, as more particularly shown on Exhibit B, attached hereto.

34. "Wastewater" or "wastewater" shall mean liquid and water-carried sanitary sewage discharged from commercial or residential buildings connected to the Wastewater Collection System and all other sources while in the Wastewater Collection System, commonly known as inflow and infiltration.

35. "Wastewater Collection System" shall mean the Wastewater collection system owned or to be constructed or acquired by the City, including the Improvements

and any sanitary sewers (excluding privately-owned wastewater laterals), manholes, intercepting sewers, lift stations, pumping works and all other plants, works and equipment for the collection and transmission of Wastewater from the Customers, in addition to any other City connections from areas outside of the Tracts and the Districts, to the City's interim and permanent treatment facilities, which may include the Wastewater Treatment Plant, together with all extensions thereof and additions thereto.

36. "Wastewater Services" shall mean Wastewater collection, transmission, treatment, disposal and related services provided in compliance with all Regulatory Requirements utilizing the Facilities.

37. "Wastewater Treatment Plant" or "Plant" shall mean all or any component of the permanent treatment system(s) or facilities located on the Plant Site, whether or not physically interconnected, which are constructed or acquired or provided by the City for treatment and disposing of Wastewater collected from the Tracts and the Districts, and any real estate and any Discharge Permit rights acquired in connection with such treatment system or facilities; together with any such expansions, modifications, or regulatory upgrades as may be required in the future or as may be necessary to comply with any Regulatory Requirements; all or any part of any permanent treatment systems whether on the Plant Site or physically connected from which Wastewater treatment services are or will be furnished or made available to the Tracts and the Districts or physically connected from which Wastewater treatment services are or may be furnished to areas outside the Tracts and the Districts including appurtenances or facilities used in connection therewith, such as biological treatment and filter basins, effluent structures, reuse systems, temporary wastewater treatment facilities (not otherwise referenced herein), electrical and administrative building(s), blower building(s), alum feed building(s), lift stations (not otherwise referenced herein), clarifiers, splitter boxes, pump stations, solids handling stations, roads or access facilities on the Plant Site, all as more particularly shown on Exhibit C attached hereto and any other Plant Site improvements required to meet Regulatory Requirements.

38. "Wastewater Treatment Plant Site" or "Plant Site" shall mean the 24.4 acres, more or less, located on the Sedona South Tract, as more particularly shown on Exhibit C attached hereto.

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 September 1, 2025 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.

2. City's Discharge Permit. The City shall file applications with the Commission for (i) the Discharge Permit within one (1) year and (ii) the Fleming Farms Discharge Permit amendment within six (6) months of the Effective Date and shall use all reasonable efforts to obtain the Discharge Permit and the amended Fleming Farms Discharge Permit within six (6) years of the Effective Date. The City shall bear all costs and expenses arising under this Section. The Parties agree not to protest, cause any protests, or otherwise act or cause any actions that may be construed to prevent, frustrate, delay, or obstruct the City's pursuit of the Discharge Permit or the amendment to the Fleming Farms Discharge Permit.

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 September 1, 2025, for the Developers and Districts to connect their respective Improvements to such facility.

4. Developer or District Improvements.

    a. Each Developer or District will be responsible, at its sole cost and expense, for permitting, designing, and constructing all portions of the Wastewater Collection System located within the respective Developer's Tract or the respective District ("Internal Improvements") in accordance with the City Standards. Further, each Developer or District will be responsible, at its sole cost and expense, but subject to any cost-sharing by and among any of the Developers or the Districts, for the permitting, designing, and constructing all portions of the Wastewater Collection System that are not located within the respective Developer's Tract or respective District or the Plant Site to connect the Developer's Tract or the District to the Main Lift

Station, except as otherwise provided in Section 5 below ("Offsite Improvements"). The final locations of the Offsite Improvements shall be determined by the Developers, except for those portions of the Facilities to be located within the Plant Site which shall be determined by the City. Each Developer is responsible for the acquisition of all necessary offsite easements to connect that Developer's Tract or District to the Main Lift Station. Provided, however, in the event a Developer demonstrates that it has been unable to acquire a necessary easement(s) after making reasonable offers, the City agrees to use its eminent domain powers to condemn and acquire the offsite easement(s) to allow for the Offsite Improvements to be installed. Each Developer shall reimburse the City for all related costs pertaining to acquiring such offsite easements necessary to serve such Developer's Tract. The Improvements shall be designed to the City Standards. The City will be provided access and may inspect the Improvements during construction to determine whether such Improvements meet the City Standards, in the City's sole discretion. Once the Improvements are completed, inspected, and determined to meet the City Standards, the Developers or Districts shall convey the Improvements to the City and the City shall accept the Improvements for ownership, maintenance, and operation in accordance with Regulatory Requirements.

b. The Developers and Districts shall design and construct the Improvements necessary to connect to the then-existing Wastewater Collection System or the Main Lift Station in accordance with Regulatory Requirements and the City Standards. The City shall have no obligation to provide Wastewater Services to the Customers within 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 to the City's system or the Main Lift Station in accordance with City Standards. If during its review of each Developer's plans for its Improvements the City determines that the Improvements to be constructed by such Developer should be oversized to accommodate the City's future needs to provide Wastewater Services to other customers within or outside the City's existing service area, the City, at its own cost and expense, shall pay the Developer or District such additional costs and expenses associated with oversizing such Improvements prior to such Developer's, or District's, commencement of construction of such Improvements.

5. City Review of Plans. Upon making a complete initial or updated submittal, the City's comments to Subdivision Construction Plans/Public Improvement Construction Plans ("PICPs") will be issued within thirty (30) business days. If the City fails to provide comments to such PICPs within said thirty (30) business days, such PICPs shall be deemed approved. If the Tract is located outside the City

limits and ETJ, no additional permits beyond PICPs and any permits/inspections necessary for residential or commercial wastewater service connections shall be required.

6. Initial Wastewater Services to Sedona South. The City acknowledges and agrees that, as of the Effective Date, it has unreserved capacity for 750 LUEs in the City's existing Wastewater Collection System, including the City's existing wastewater treatment plant. As of the Effective Date, the City hereby allocates and reserves for the Customers within the Sedona South Tract and Sedona South MUD a total of 750 LUEs of Wastewater Services in the City's existing Wastewater Collection System or such other Wastewater treatment facilities as the City may elect, reflected as the initial 750 LUEs of Wastewater Services available to the Sedona South Tract in the Absorption Schedule attached hereto as Exhibit D (the "Sedona Initial Wastewater Services Commitment"). Such 750 LUEs shall remain allocated and reserved so long as the City has not terminated this Agreement as to JLBC for an uncured Major Default in accordance with Article VI. In exchange for JLBC's payment of the initial 750 LUE Fees for the Sedona South Tract in accordance with the Payment Schedule attached hereto as Exhibit E, the City agrees to make available Wastewater Services to the Customers within the Sedona South Tract (the "Sedona Initial Wastewater Services") as the LUE Fees are paid. The Sedona Initial Wastewater Services shall be the first Wastewater Services paid for and used for the Sedona South Customers. Notwithstanding any contrary provision of this Agreement, the Sedona Initial Wastewater Services Commitment shall survive any termination of this Agreement, in whole or in part, by any Party—other than the City's termination of this Agreement as to JLBC for an uncured Major Default in accordance with Article VI— until such time as JLBC is obligated to pay all of the initial 750 LUE Fees for the Sedona South Tract pursuant to the Payment Schedule. Furthermore, even if there is a termination of this Agreement, in whole or in part, by any Party, so long as the City has not terminated this Agreement as to JLBC for an uncured Major Default in accordance with Article IV, JLBC shall be provided the opportunity and the time allotted under the Payment Schedule within which to timely pay the LUE Fees for those 750 LUEs; and, upon payment of the applicable LUE Fees for the Sedona Initial Wastewater Services, JLBC shall have until the first business day in February 2033 to utilize those LUEs that have been acquired, and the City shall provide the Sedona Initial Wastewater Services at the Out-of-City Rates (defined below). The connection point to which JLBC will install the Improvements necessary to receive the Sedona Initial Wastewater Services is generally shown on Exhibit H, attached hereto.

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 September 1, 2025. 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.

8. City Wastewater Services Commitment. The City's obligation to provide, annually in accordance with the Absorption Schedule, the Customers within each Tract and District with continuous and adequate Wastewater Services is expressly not conditioned upon the completion of the Plant; the City is obligated to provide such Customers with continuous and adequate Wastewater Services in accordance with the annual allocations set forth in the Absorption Schedule through any alternative methods sufficient to provide the Wastewater Services at the same level as if the Plant had been constructed, completed, and placed in service, and such obligation shall only be limited by Article VI, Section 4.

9. Additional LUEs. Once the Plant is completed and operational, the Developers or the Districts may request the City to reserve and allocate additional LUEs of Wastewater Services to the Customers within such Tracts or Districts above and beyond the 6,248 LUEs required to be provided under the Absorption Schedule. The City may, at its sole discretion, provide or decline to provide the additional capacity to the requesting Developers or the Districts. The fee(s) for the additional capacity requested for a Tract or District will be the City's existing impact fee being assessed to other customers at the time of the request.

10. Out of City Wastewater Utilities. Out of City Wastewater Utility rates shall be applicable to the Districts and Tracts, as set forth in Article VII, Section 3, and will apply to any additional LUEs provided by the City. All Customers will be bound by applicable City ordinances, resolutions, and regulations governing rules and regulations for Wastewater Services, including construction standards, connections and disconnections, deposits and billing, and rates for Wastewater Services and related matters. Other than applicable City ordinances, resolutions, and regulations governing rules and regulations for Wastewater Services, there shall not be any other City ordinances, resolutions or regulations pertaining to the Tracts or Districts that are located outside the City's limits and ETJ. Furthermore, for the Developer(s) or District(s) that opt out of the City's ETJ, the City shall not pass or enforce an ordinance, resolution, or regulation that requires such Developer(s) or District (s) to consent to, or apply for, annexation into the City's

limits or ETJ as a condition to receive Wastewater Services for its respective Tract(s).

III. PAYMENT

1. LUE Fees. The LUE Fees shall be paid to the City annually in two equal installments in accordance with the Payment Schedule attached hereto as Exhibit E. One-half of the annual LUE Fees is due on the first business day in February and the other one-half of the annual LUE Fees is due on the first business day in August in each calendar year ("Payment Dates"). Certain of the annual installments of LUE Fee payments commence on February 3, 2025.

2. District Payment. The Developers, on behalf of the Districts, will pay the LUE Fees to the City in accordance with the Payment Schedule unless the District makes the payment to the City. A District payment to the City of a designated Tract's LUE Fees in accordance with the Payment Schedule shall be considered a payment by that Tract's Developer for the purposes of this Agreement. If any Developer fails to pay its LUE Fees by one of the Payment Dates, such failure shall constitute a default under this Agreement and the default provisions and remedies set forth in Article VI, Section 5 shall apply.

IV. EASEMENTS AND CONVEYANCE OF PLANT SITE

1. Right of Entry Agreement. Within thirty (30) days of the Effective Date, JLBC and the City shall enter into a Right of Entry Agreement for the purpose of allowing the City temporary non-exclusive access across the Sedona South Tract to the Plant Site at a location(s) to be mutually determined by JLBC and the City, and such access to continue until (i) a permanent public right-of-way exists that permits the City access to the Plant Site and (ii) a public road has been constructed within such right-of-way. The City shall pay nothing for this Right of Entry Agreement.

2. Temporary Plant Site Easement. Within the same Right of Entry Agreement referenced in Section 1, JLBC shall also provide temporary non-exclusive access to the City over the Plant Site while a survey (with associated metes and bounds description) of the Plant Site is obtained so that the City shall have rights to access the Plant Site to conduct surveys and obtain soil samples. The City shall procure and pay for the costs of the survey of the Plant Site; provided, however, that if the City fails to obtain and provide such survey to the other Parties within forty-five (45) days after the effective date of the Right of Entry Agreement, JLBC may, at its sole election and expense, obtain such survey. Once the survey of the Plant Site is obtained, JLBC shall grant the City a "Temporary Plant Site Easement" in a form and content reasonably acceptable to JLBC in, to, under and across the Plant Site

so that the City shall have rights to be on the Plant Site to conduct surveys and obtain soil samples until the Plant Site is conveyed to the City in fee simple in accordance with Article IV, Section 3 below. The City shall pay nothing for the aforementioned temporary right of entry or the Temporary Plant Site Easement.

3. Conveyance of Plant Site to City. Within ninety (90) days of the City obtaining a survey of the Plant Site, at its sole cost, and providing same to JLBC, JLBC shall grant and convey the Plant Site in fee simple to the City pursuant to one or more instruments containing a right of reversion exercisable by JLBC in the event the City is in Major Default (as herein defined) and fails to cure in accordance with Article VI of this Agreement. The instruments containing the right of reversion shall clearly reflect that the reversion is only triggered by a Major Default by the City under this Agreement and, prior to exercising its right of reversion in the event of a Major Default, JLBC agrees to provide the City with sixty (60) days prior written notice, during which period, if the City disputes a Major Default has occurred, the Parties shall negotiate in good faith a potential resolution of the disagreement regarding the occurrence of a Major Default. If the re-conveyance of the Plant Site conflicts with Article VI, Sections 1 - 4 in that the Plant Site should be re-conveyed to the District's Designee as opposed to JLBC, that Section shall control. Jones, Rattler, Highlander, and JLBC shall be responsible for their respective Proportionate Share for 20% of the Plant Site, valued at $2,500,000. Within thirty (30) days of the City obtaining the Discharge Permit, Jones, Rattler, and Highlander shall pay JLBC their Proportionate Share of such Plant Site land costs in the amounts set forth in Exhibit F. Following the conveyance of the Plant Site, the City may annex the Plant Site any time, provided, however, the City agrees to de-annex the Plant Site within thirty (30) days of request by JLBC if the City is in Major Default under this Agreement.

4. Fleming Easements and Rattler Easements. Within thirty (30) days of a request by Jones and/or Rattler, JLBC agrees to grant the Fleming Easements and Rattler Easements. Jones and Rattler shall pay nothing for the Fleming Easements and Rattler Easements, but shall bear their respective costs of surveys of the Fleming Easements and Rattler Easements, which shall be provided to JLBC for review and approval, which shall not be unreasonably withheld or delayed.

5. Highlander Easements. Within thirty (30) days of a request by Highlander, JLBC agrees to grant the Highlander Easements. Highlander shall pay nothing for the Highlander Easements, but shall bear the cost of a survey(s) of the Highlander Easements, which shall be provided to JLBC for review and approval, which shall not be unreasonably withheld or delayed.

6. Public Utility Easements. Each Developer and/or District shall dedicate, by plat or by separate instrument, all necessary easements for the operation and maintenance of the Improvements to the City.

V. INTERIM WASTEWATER SERVICE

1. Temporary WWTP & Fleming Farms Discharge Permit.

(a) Within thirty (30) days of the Effective Date, the City and Jones (acting for Regal, LLC) shall commence using all due diligence to pursue completion of the following tasks in the following order with respect to the Fleming Farms Discharge Permit. The City and Jones acknowledge that the timing of the (i) dismissal of the appeal, (ii) procuring a survey for the Fleming Farms Plant Easement (herein defined), and (iii) causing the Commission to approve the assignment of the Fleming Farms Discharge Permit to the City will be partially dependent on the actions of third-parties and agree not to hold each other in default so long as both the City and Jones are working diligently to accomplish these tasks.

(i) The City shall dismiss with prejudice, its protests, hearing requests, or appeals with the Commission, the State Office of Administrative Hearings ("SOAH"), or the Travis County District Courts concerning the Fleming Farms Discharge Permit;

(ii) Jones shall grant a temporary easement to the City on the Fleming Farms Tract in the location where the wastewater plant was planned to be constructed (the "Fleming Farms Plant Easement") for the purposes of the City to pursue amendment(s) to the Fleming Farms Discharge Permit, such Fleming Farms Plant Easement to expire on its own terms at the earlier of (a) a City Major Default under this Agreement, or (b) the City being issued the amendment to the Fleming Farms Discharge Permit; and,

(iii) Jones shall cause Regal, LLC to assign to the City the Fleming Farms Discharge Permit and to provide whatever documentation is required by the Commission to effectuate such assignment.

(b) The City agrees that the Fleming Farms Discharge Permit shall be amended, as set forth herein, and assumes the obligation at its sole cost to pursue the approval of such amendment until the earlier of (i) the Commission issues the amended Fleming Farms Discharge Permit or (ii) a Major Default by the City under this Agreement. Following approval of the amended Fleming Farms Discharge Permit, the City agrees to use the amended Fleming Farms Discharge Permit to provide Wastewater Services to the Customers until the

Discharge Permit is obtained and the Plant is constructed and in operation, in accordance with this Agreement. Once the City obtains the Discharge Permit, constructs the Plant, and places the Plant in operation, the City will ensure the Fleming Farms Discharge Permit, and all rights pertaining thereto, is terminated with the Commission.

(c) The Parties further agree not to protest, cause any protests, or otherwise act or cause any actions that may be construed to prevent, frustrate, delay, or obstruct, the City's pursuit of an amendment to the Fleming Farms Discharge Permit to increase the wastewater treatment capacity under the Fleming Farms Discharge Permit to 0.82 MGD and changing the permitted discharge location to the anticipated Plant Site discharge point.

2. Highlander Discharge Permit and Rattler Discharge Permit.

(a) Highlander Discharge Permit. Highlander shall retain the Highlander Discharge Permit until the permanent Plant is constructed and operational and providing continuous and adequate Wastewater Services to the Customers within the Highlander Tract and Hays-Guadalupe County Municipal Utility District No. 1. Highlander, however, agrees not to use the Highlander Discharge Permit unless (i) there is a Major Default (as herein defined) by the City and the City fails to cure in accordance with Article VI of this Agreement, or (ii) JLBC defaults in its obligation to Highlander to grant an easement or convey the Plant Site as set forth in Article VI, Section 6, and Highlander has sought specific performance thereunder without success. Within thirty (30) days of the completion of construction of the permanent Plant and commencement of operation, Highlander agrees to submit necessary documentation to the TCEQ to terminate the Highlander Discharge Permit. In the event Sedona does not provide the necessary easement agreement required herein within six months of the signing of this Agreement, Highlander shall have the right, in its sole discretion, to terminate its participation in this Agreement. Upon such termination, Highlander shall have no further obligations or liability under this Agreement or to any of the other parties of this Agreement. In the event Highlander elects to terminate this Agreement, (i) such termination shall not affect the rights, duties, or obligations of the remaining parties under the Agreement and the Agreement shall remain in full force and effect as to all other parties of the Agreement, (ii) all references, or provisions of the Agreement, pertaining to Highlander or Hays Guadalupe County Municipal Utility District No. 1 shall be deemed deleted from the Agreement, without the need for further amendment or consent from the remaining parties, and (iii) any provision of the Agreement purporting to survive termination of the Agreement shall not apply to Highlander or Hays Guadalupe County Municipal Utility District No. 1.

(b) Rattler Discharge Permit. Promptly following the Effective Date of this Agreement, Rattler and the City will jointly request the State Office of Administrative Hearings ("SOAH") to abate the current proceedings involving the Rattler Discharge Permit indefinitely until the amended Fleming Farms Discharge Permit is issued. If SOAH refuses to grant an indefinite abatement, the Parties will request in the alternative a twelve (12) month abatement. If SOAH grants either abatement and the amended Fleming Farms Discharge Permit is issued during such abatement, the City and Rattler will jointly request the dismissal of the SOAH case and Rattler will withdraw its permit application for the Rattler Discharge Permit with the Commission. If the amended Fleming Farms Discharge Permit is not obtained within the abatement period, the Parties will seek another abatement and will continue to do so until the amended Fleming Farms Discharge Permit is issued.

If SOAH refuses to grant any abatement, the Parties agree that the City will withdraw its protest of the Rattler Discharge Permit application so that the SOAH case can be dismissed and the Rattler Discharge Permit may be issued, in exchange for Rattler agreeing to in writing to withhold any use of the Rattler Discharge Permit until the earlier of (i) a Major Default by the City under the Agreement, or (ii) the issuance of the amended Fleming Farms Discharge Permit. Upon the issuance of the amended Fleming Farms Discharge Permit, Rattler will file the appropriate documents with the Commission to have the Rattler Discharge Permit terminated.

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 September 1, 2025, 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.

2. City's Failure to Obtain Discharge Permit. If the City obtains the amended Fleming Farms Discharge Permit, but fails to obtain the Discharge Permit in accordance with this Agreement, the City shall continue to provide Wastewater Services to the Customers until the earlier to occur of (i) the date that is three (3) years after the date on which the City is obligated to obtain the Discharge Permit hereunder, or (ii) the date on which a new treatment plant is constructed and operational on the Plant Site. During the aforementioned period in which the City will continue to provide Wastewater Services to the Customers, the City agrees (i) to be a co-applicant on an application to the Commission with a District designated by the Developers under a separate agreement (the "District Designee") to further amend the amended Fleming Farms Discharge Permit to increase its overall capacity to a capacity sufficient to serve all of the Tracts and Districts in accordance with the Absorption Schedule and to execute such applications or other documents necessary to be a co-applicant within thirty (30) days of a written request by the District Designee; (ii) to cooperate with the District Designee in its filing of construction plans with the Commission for the new treatment plant to be built by the Developers or Districts on the Plant Site; and, (iii) if necessary, lease a portion of the Plant Site to the Developers or Districts on which they will construct the new treatment plant. The City shall not protest, cause any protests, or otherwise act or cause any actions that may be construed to prevent, frustrate, delay, or obstruct the District Designee's efforts to further amend the amended Fleming Farms Discharge Permit. After the new amendment to the amended Fleming Farms Discharge Permit is issued by the Commission, and within sixty (60) days of a written request from the District Designee, the City agrees to withdraw in writing as a co-permittee under the newly amended Fleming Farms Discharge Permit and to file such paperwork that is required with the Commission to withdraw as a co-permittee. Further, within sixty (60) days of a written request from the District Designee, the City agrees to convey the Plant Site to the District Designee. In such event, the District Designee agrees to use or cause the use of wastewater treatment capacity approved under the newly amended Fleming Farms Discharge Permit to provide wholesale wastewater treatment service to the Tracts and Districts pursuant to the terms of the separate agreement(s) among the

Developers and/or the Districts that shall fairly allocate the wastewater capacity under the newly amended Fleming Farms Discharge Permit to each Tract and District in accordance with the Absorption Schedule and the costs associated with the provision of such wholesale wastewater treatment in accordance with their respective Proportionate Share. Once the new plant is operational, the City agrees to convey all Facilities then-owned by the City as part of the Wastewater Collection System to each of the respective Districts within thirty (30) days after receipt of written notice from the Developers or the Districts, at no additional cost to the Developers and/or Districts

3. City's Failure to Construct the Plant. If the City obtains the Discharge Permit, but fails to commence construction of the Main Lift Station and Plant in accordance with this Agreement, the City agrees to assign the Discharge Permit to the District Designee for the District Designee to be the wholesale wastewater service provider to the Tracts' and the Districts in the total capacity for each such Tract and District provided in the Absorption Schedule. In such event, the District Designee agrees to use or cause the use of wastewater treatment capacity approved under the Discharge Permit to provide wholesale wastewater treatment service to the Tracts and the Districts pursuant to the terms of a separate agreement(s) among the Developers and/or the Districts. In the event of a City default under this Section, the City agrees to convey all Facilities constructed by the Developers and/or the Districts and/or the City to the respective Developers or Districts on or before the earlier of (i) the date on which the Developers or Districts have constructed a wastewater treatment plant on the Plant Site, or (ii) the third (3rd) anniversary of the City's failure to commence construction of the Main Lift Station and Plant. The City will use reasonable diligence to effect these conveyances within sixty (60) days after receipt of written notice from the Developers or the Districts, at no additional cost to the Developers and/or Districts.

4. Deadline for Permit and Construction Commencement. Notwithstanding any provision of this Agreement to the contrary (other than Article II, Section 6 and subject to the provisions providing for the City to take or execute corrective or curative measures in this Article VI, Sections 1, 2 and 3 above), if the City fails to obtain the Discharge Permit and commence construction of the Plant within six (6) years of the Effective Date, the City shall refund all LUE Fees paid by the Developers or the Districts, with the exception of, with respect to JLBC, any LUE Fees used to secure Sedona Initial Wastewater Services less any and all costs incurred by the City to provide Wastewater Services to Customers prior to the City's default, within sixty (60) calendar days after the sixth (6th) anniversary of this Agreement. Provided, however, in such event, the City shall continue to provide Wastewater Services to the Customers within each of the Districts and the Tracts, until such time one or more of the Developers and/or the Districts construct wastewater treatment plant(s) sufficient to permanently serve the Tracts'

and Districts' ultimate wastewater treatment capacity requirements set forth in the Absorption Schedule. During this time, the City may continue its normal billing processes and revenue collection from all Customers in Districts and Tracts receiving Wastewater Services by the City. In such an event, the Developers and/or the Districts agree to use reasonable diligence to construct a wastewater treatment plant(s) and, if such plant(s) is not constructed and operational within three (3) years of the date of the City's Major Default under this Section 4, due to no fault of, or interference or delay caused by, the City, the Developers and/or the Districts shall procure a licensed operator to operate whatever temporary plant the City has placed on the Plant Site and the City shall have no further obligation to provide Wastewater Services to the Customers under this Agreement, except for the City's obligations to the Sedona South Customers under Article II, Section 6.

5. Developer's Failure to Pay LUE Fees. If a Developer fails to pay its LUE Fees by the Payment Dates, and fails to cure such default within thirty (30) days after receipt of written notice of default from the City, the Developer shall be in default and the City's sole remedy for such default shall be to partially terminate this Agreement as to any remaining areas of such defaulting Developer's Tract or applicable District for which no LUE Fees have been paid. In the event of such a default by a Developer, the City will be released from its obligation to reserve Wastewater treatment capacity in the Plant and provide Wastewater Services to the Customers within that Developer's Tract and District beyond any such LUEs for which that Developer has previously paid LUE Fees and reserved for the benefit of the Developer's Tract and District. Notwithstanding the foregoing, a Developer's failure to pay its LUE Fees in accordance with the Payment Schedule shall not affect the City's obligations to reserve Wastewater treatment capacity in the Plant and provide Wastewater Services to Customers within any non-defaulting Developers' Tract and District. If a defaulting Developer subsequently requests to pay its outstanding LUE Fees plus reasonable interest, the City may, but shall not be obligated to, provide Wastewater Services to Customers within that Developer's Tract and District for the unpaid LUEs.

6. Developer's Failure to Provide Easements and Land Conveyances. If a Developer fails to provide an easement and/or a land conveyance as required in this Agreement and fails to cure such default within thirty (30) days after receipt of written notice of default from a non-defaulting Party, the Developer shall be in default and any of the non-defaulting Parties shall first seek to enforce specific performance against the defaulting Developer. If none of the non-defaulting Parties are able to secure specific performance against the defaulting Developer, then: (i) if such default only prevents the City from providing continuous and adequate Wastewater Services to Customers within the defaulting Developer's Tract and District in accordance with the terms of this Agreement, then the City

shall have the option to partially terminate this Agreement as to any remaining areas of such defaulting Developer's Tract and District to which the City is not then providing Wastewater Services and the City shall have no further obligations hereunder to the defaulting Developer's Tract and District, except as set forth herein; or (ii) if such default prevents the City from providing continuous and adequate Wastewater Services to Customers within any non-defaulting Developer's Tract and District in accordance with the terms of this Agreement, then the City and/or the non-defaulting Districts may pursue and acquire the easement and/or land conveyance at issue by eminent domain, the reasonable costs of which shall be funded by the non-defaulting Developers, and the City and such non-defaulting Developers shall have the right to recover from the defaulting Developer their actual damages resulting from the Developer's default hereunder.

7. "Major Defaults". Defaults by a Party under Sections 1-6 above shall constitute "Major Defaults" by such defaulting Party and shall afford the non-defaulting Party (ies) the applicable rights and remedies set forth above. In the event of a Major Default by the City, the Developers may, in addition to the other remedies set forth in Sections 1-4 for such default, terminate, or partially terminate, this Agreement and the Developers shall be refunded the LUE Fees for all LUEs paid for, for which Wastewater Services have not been provided, less any and all costs incurred by the City to provide Wastewater Services to the Customers within the applicable Tracts and the Districts prior to default. Moreover, if the City has a Major Default, it shall not in any way protest or challenge, or cause same to occur, the Developers using the Fleming Farms Discharge Permit, the amended Fleming Farms Discharge Permit, the Discharge Permit, the Highlander Discharge Permit, the Rattler Discharge Permit, or Sedona South's pursuit of its own discharge permit, as may be applicable, to construct wastewater treatment facilities, or other improvements necessary to provide wholesale wastewater treatment service to the Tracts and the Districts pursuant to the terms of a separate agreement(s) among the Developers and/or the Districts. Other defaults that are minor in nature are to be addressed as set forth in Section 8 below.

8. Other Defaults and Remedies. The terms of this Section 8 shall apply to any Party's failure to perform any obligation under this Agreement that is not expressly and specifically addressed above and for which a remedy is not otherwise specified in this Agreement.

    a. Notice of Default; Opportunity to Cure. If a Party defaults in the performance of any obligation under this Agreement, a non-defaulting Party may give written notice to the other Parties to this Agreement specifying the alleged event of default and extending to the defaulting Party thirty (30) days from the date of the notice in order to cure the default complained of or, if the curative action cannot reasonably be completed

within thirty (30) days, thirty (30) days to commence the curative action and a reasonable additional period to diligently pursue the curative action to completion.

b. Dispute Resolution**.** If any default is not cured within the curative period specified above, the Parties agree to use good faith, reasonable efforts to resolve any dispute among them by agreement, including engaging in mediation or other non-binding alternative dispute resolution methods, before initiating any lawsuit to enforce their respective rights under this Agreement. The Parties will share the costs of any mediation equally.

c. Other Legal or Equitable Remedies**.** If the Parties are unable to resolve their dispute through mediation, a non-defaulting Party shall have the right to enforce the terms and provisions of this Agreement by a suit seeking specific performance or any other legal or equitable relief to which the non-defaulting Party may be entitled. Any remedy or relief described in this Agreement shall be cumulative of, and in addition to, any other remedies and relief available to such Party.

d. Default Related to Regulatory Requirements. No Party shall be deemed to be in non-compliance with a Regulatory Requirement until the Party: (i) it has received written notice of non-compliance from either a Party or any federal, state or local agency or government; (ii) has failed to commence corrective measures within thirty (30) days of receipt of such notice from a Party or within the time frame specified in such notice from a federal, state or local agency or government; and (iii) fails to pursue completion of the corrective measures with commercially reasonable diligence.

e. Default Related to Temporary Interruptions in Service. For the avoidance of doubt, the City shall not be in default as to any obligation to provide continuous and adequate service to the Developers arising from any temporary interruptions in service: (i) due to repair, maintenance or replacement of Facilities or parts of Facilities; (ii) due to system failures that are caused by design or construction defects, age, unexpected damage to the Facilities, weather events or natural phenomena, provided the City promptly pursues remedial measures to fix such system failures; or (iii) necessary to come into compliance with a Regulatory Requirement.

VII. MISCELLANEOUS

1. Invalidity of LUE Fees. If the payment obligations for LUE Fees to be paid to the City pursuant to the Payment Schedule are determined to be void, illegal, or

unenforceable by final unappealable order or judgment by a court or tribunal of competent jurisdiction for any reason, then the City may terminate this Agreement and shall have no further obligations under this Agreement for provision of service to that portion of any Developer's Tract or District for which the LUE fees have not been paid, or for which the City is required to refund any portion of the fees paid. In such an event, the City shall not be considered at default; however, the Developers shall be entitled to the remedies under this Agreement that are available to the Developers in the event of a Major Default. Neither the Developers, jointly or singularly, or the Districts, jointly or singularly, may take any action to directly or indirectly challenge or seek to invalidate the LUE Fees in any court or tribunal of competent jurisdiction.

2. Annual Wastewater Projections. Unless the City says otherwise, each Developer shall provide the City with a projected Wastewater Services LUE demand for such Developer's Tract for such calendar year on or before each February 1st until the Wastewater Treatment Plant has been constructed and is operational.

3. City's CCN Application. The Developers agree not to protest, cause any protests, or otherwise act or cause any actions that may be construed to prevent, frustrate, delay, or obstruct the City's CCN expansion application to provide Wastewater Services to the Customers pursuant to this Agreement and additional lands to which the City elects to provide Wastewater Services. Notwithstanding the foregoing, in the event a Tract is included in the City's CCN and the City defaults as set forth in this Agreement, the applicable remedy for which is the termination or partial termination of this Agreement as to such Tract, or a portion thereof, the City will decertify such Tract, or applicable portion thereof, from its CCN to enable the Districts to provide Wastewater utility service to their respective Tracts. In such event, the City shall submit an application to the Public Utilities Commission ("PUC") for decertification no later than thirty (30) days following such default and diligently pursue approval thereof.

4. Retail Wastewater Rates. Because the Tracts and Districts are not within the City's corporate limits, the Developers and Districts agree to pay or cause to be paid to the City the wastewater rates paid by residents or businesses receiving City utilities in similarly situated out-of-city developments ("Out-of-City Rates"), which does not include any special Out-of-City Rates that are agreed to by the City for another development due to some special benefit given by that development to the City. Notwithstanding anything to the contrary, the Developers and Districts agree they will not protest the Out-of-City Rates if such rates do not exceed one-hundred and twenty-five (125%) percent of the City's in-city utility rates.

5. City Consent to Districts. If any Developer elects not to opt out of the City's ETJ and is required by State law to obtain the City's consent to create a municipal utility district ("MUD") within which such Developer's Tract is to be located, in whole or in part, or to annex adjacent property into an existing District (or in the case of Fleming to be annexed into any existing District that is not adjacent), and the Developer's petition for such consent submitted to the City meets the requirements of Section 54.016(a) of the Texas Water Code, the City agrees to provide such consent, by ordinance or resolution, and without conditions or contingencies, within sixty (60) days after receipt of such petition for such consent from the Developer. The City's consent ordinance or resolution furnished to a Developer under this Section 5 shall: (i) be duly approved by the City's City Council; (ii) meet all requirements of Section 54.016(a) of the Texas Water Code and Section 42.042 of the Local Government Code; and (iii) consent to the District's issuance of bonds for any and all purposes authorized by law, including water, sewer, drainage and road facilities and improvements.

6. Contractual Capacity Right. In accordance with Title 30, Section 293.44(b)(3) and (b)(7) of the Texas Administrative Code, (i) the Parties acknowledge and agree that the LUE Fees paid under the terms of this Agreement constitute payment for the proportionate share of the costs of developing a regional wastewater collection and treatment system to serve the Districts and the Tracts, and obtaining or reserving a contractual capacity right in the Facilities. The City agrees the payment of the LUE Fees entitles the Developers, on behalf of the Districts, to hold and maintain the contractual capacity rights in the Facilities to provide service to the Districts and the Tracts. As such, each of the Developers shall have the right to seek reimbursement from the respective Districts for the costs of all such contractual capacity right financed by Tracts or Districts consistent with the Absorption Schedule. It is specifically acknowledged and agreed that the foregoing contractual capacity right shall in no manner give the Developers or the Districts any right to own or operate the Facilities, or to impair or limit in any manner whatsoever the City's right to own and operate the Facilities in its sole and absolute discretion. The City does not object to the Developers seeking reimbursement from the Districts for any eligible costs incurred by the Developers under this Agreement, including, but not limited to, LUE Fees, costs associated with the design and construction of the Improvements, and all land and easement acquisition costs, including the Developers' Proportionate Share of the cost of the Plant Site, all as paid by Developers for and on behalf of the Districts pursuant to this Agreement. This Section 6 shall survive the termination of this Agreement; provided however, that this Section 6 shall terminate on the date the bonds issued by the Districts to pay for or finance the construction of the Facilities, LUE Fees, and other eligible costs, or to reimburse Developers for eligible costs, or both, are retired in full by the District.

7. Reservation. The City agrees to reserve for and allocate the number of LUEs of wastewater treatment capacity for each Tract and District in accordance with the Absorption Schedule until the later of (i) December 31, 2040, or (ii) the bonds issued by the Districts to pay for or finance the Facilities or LUE Fees are retired in full by the Districts. All unused LUEs (and corresponding wastewater treatment capacity) reverts back to the City after the later of (i) or (ii) above. Except as otherwise provided in this Agreement, the City's obligation to provide continuous and adequate Wastewater Services to Customers shall survive this Agreement.

8. Assignability. The Developers shall have the right to assign their respective rights and obligations under this Agreement, in whole or in part, to any third-party provided they give written notice to the City of such assignment.

9. Successors-In-Interest. This Agreement shall be binding upon and inure to the benefit of Developers' successors-in-interest to the Tracts. Each Developer and their successors-in-interests shall be obligated to provide actual, prior written notice of the Agreement, together with a true and complete copy of the Agreement, to their respective immediate successor-in-interest to the Tract, or any portion thereof, such that its successor-in-interest shall take title to the Tract, or portion thereof, subject to this Agreement and shall be bound by the terms of this Agreement.

10. Certain Developer Obligations Survive. The Developers' obligations to the other Developers or Districts referenced herein, including without limitation those referenced in Articles V and VI, shall survive the City's removal as a Party and shall remain binding on such Developer or Developers (or Districts).

11. Law and Venue. This Agreement shall be governed under the laws of the State of Texas and any legal challenge that is filed under this Agreement shall be filed in the courts of Guadalupe County, Texas.

12. Amendments. No amendment of this Agreement shall be valid unless executed by all Parties to this Agreement. This Agreement represents the entire agreement amongst all of the Parties pertaining to the City's provision of Wastewater Services to the Customers. If the City is removed as a Party because of a default or failure to perform, then this Agreement may be amended by the Developers without execution by the City. If a Developer defaults and the remaining Parties desire to amend this Agreement, the remaining non-defaulting Parties may execute any such amendment to be bound thereby. Notwithstanding the foregoing, any amendment by the remaining non-defaulting Parties shall not remove the rights held by the defaulting Developer for the LUEs the defaulting Developer has already acquired under this Agreement.

13. 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 court of competent jurisdiction to be invalid or unconstitutional 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 except as otherwise stated in this Agreement.

14. Developers'/Districts' Cooperation. The Developers and Districts agree to fully cooperate with each other and to grant all necessary easements to the other Developers/Districts (of a form and content reasonably acceptable to the grantor, Developer, or District and consistent with the Developer's plan for development of the applicable Tract), share proportionately in shared facilities and costs, and to collectively and jointly take whatever actions are necessary in order for each Developer's Tract or District to obtain the requisite Wastewater Services for the Customers within the respective Tracts and Districts.

15. Cooperation; Approvals. Each Party agrees to execute such further documents or instruments as may be necessary to evidence its agreements hereunder. In the event of any third-party lawsuit or other claim relating to the validity of this Agreement or any actions taken hereunder, the Parties 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 in their respective rights and obligations under this Agreement. Whenever the term "approve" or "approval" is used in this Agreement, the Party whose approval is required will not unreasonably withhold, deny, or delay it. Where approval is necessary, the Party seeking approval may request approval in writing. If the Party whose approval is requested fails to either approve the submittal or provide written comments specifically identifying the required changes within thirty (30) days, the submittal, as submitted by the requesting Party, will be deemed to have been approved by the Party whose approval is requested.

16. No Third-Party Beneficiaries. This Agreement shall be for the sole and exclusive benefit of the Parties signatory hereto and the Districts and does not confer any benefit to any third party. No third-party beneficiary shall have standing to sue to enforce this Agreement.

17. Non-Appropriation of Funds. Until bonds or certificates of obligation are issued for purposes of paying for any of City's obligations under this Agreement, any obligations of the City requiring the expenditure of funds beyond the fiscal year of the City in which this Agreement was entered shall be subject to the City's appropriation of lawfully available funds as part of its budget process during the fiscal year in which the financial obligation arises.

18. Waiver. Failure to enforce or the waiver of any provision of this Agreement or any breach or nonperformance by either Party shall not be deemed a waiver by the other Party of the right in the future to demand strict compliance and performance of any provision of this Agreement. No officer or agent of the City is authorized to waive or modify any provision of this Agreement. No modifications to or recession of this Agreement may be made except by a written document signed by the Parties' authorized representatives.

19. Exhibits, Headings, Construction, and Counterparts. All schedules and exhibits referred to in or attached to this Agreement are incorporated into and made a part of this Agreement for all purposes. The various article, section, and 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. As used in this Agreement, the term "including" means "including without limitation" and the term "days" means calendar days, not business days. The Parties acknowledge that each of them 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 any exhibits hereto. 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.

20. 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.

21. Authority for Execution. The City certifies, represents, and warrants that the execution of this Agreement has been duly authorized and adopted in conformity with applicable law and City ordinances. The Developers each hereby certify, represent, and warrant that the execution of this Agreement has been duly authorized and adopted in conformity with the constituent documents of each person or entity executing on its behalf.

22. Force Majeure. If, by reason of force majeure, any Party is rendered unable, in whole or in part, to carry out its obligations under this Agreement, the Party whose performance is so affected must give notice and the full particulars of such force majeure to the other Parties within a reasonable time after the occurrence of the event or cause relied upon, and the obligation of the Party giving such notice, will,

to the extent it is affected by such force majeure, be suspended during the continuance of the inability but for no longer period. The Party claiming force majeure must endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" means Acts of God, pandemics, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas, or of any court or agency of competent jurisdiction or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, vandalism, explosions, breakage or accidents to machinery, pipelines or canals, or inability on the part of a Party to perform due to any other causes not reasonably within the control of the Party claiming such inability.

23. Notice. Any notice required or permitted hereunder shall be in writing. All notices shall be deemed to be delivered (a) on the date received if delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent via a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) if deposited in the mail, whether actually received or not, on the third business day after having been deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the Parties, as appropriate, at the addresses shown hereinafter:

For the City:	Director of Utilities 630 E. Hopkins San Marcos, TX 78666 E-mail: waterwastewaterinfo@sanmarcostx.gov
For Jones:	Clint E. Jones Regal Land Development 6 Gruene Wald New Braunfels, TX 78130 E-mail: clint@regallanddevelopment.com
For Rattler:	Rattler Ridge, LP Attn: Clint E. Jones 6 Gruene Wald New Braunfels, TX 78130 E-mail: clint@regallanddevelopment.com
For JLBC:	JLBC 710 Investments, LLC Attn: John S. Lloyd & Bruce Cash 6504 W. Courtyard Drive Austin, TX 78730 E-mail: jslloyd@me.com and bruce.cash@cashconstruction.com
with copy to:	Armbrust & Brown, PLLC Attn: Kevin M. Flahive 100 Congress Avenue, Suite 1300 Austin, Texas 78701 E-mail: kflahive@abaustin.com
For Highlander:	Highlander Real Estate Partners, LLC Attn: John Maberry, Manager PO Box 470249 Fort Worth, TX 76147 Email: jmaberry@highlanderrep.com
For GC MUD 9:	Guadalupe County Municipal Utility District No. 9 c/o Allen Boone Humphries Robinson LLP Attn: D. Ryan Harper 919 Congress Avenue, Suite 1500 Austin, TX 78701 Email: rharper@abhr.com

For Sedona South MUD:

Sedona South Municipal Utility District
c/o Armbrust & Brown, PLLC
Attn: Kevin M. Flahive
100 Congress Avenue, Suite 1300
Austin, Texas 78701
E-mail: kflahive@abaustin.com

For HGC MUD 1:

Hays Guadalupe County Municipal Utility District No. 1
c/o Allen Boone Humphries Robinson LLP
Attn: D. Ryan Harper, Partner
919 Congress Avenue, Suite 1500
Austin, TX 78701
Email: rharper@abhr.com

24. Payments. All LUE Fee payments required by and made pursuant to this Agreement shall be sent to the below address, unless directed otherwise by the City's Finance Department:

Accounts Receivable
City of San Marcos, TX
630 E. Hopkins
San Marcos, TX 78666

25. Required Statutory Provisions Addendum. The Required Statutory Provisions Addendum attached as Exhibit "G" is hereby incorporated into this Agreement by reference.

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

Exhibit "A"	-	Form of District Joinder
Exhibit "B"	-	Developers' Tracts
Exhibit "C"	-	Plant Site and Access Road
Exhibit "D"	-	Absorption Schedule
Exhibit "E"	-	Payment Schedule
Exhibit "F"	-	Developer Proportional Sharing
Exhibit "G"	-	Required Statutory Provisions Addendum
Exhibit "H"	-	Cottonwood 4 Connection

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
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:_____, 2024

ATTEST:

By:_____
Elizabeth Trevino,
City Clerk

Date:_____, 2024

COUNTERPART SIGNATURE PAGE TO
REGIONAL WASTEWATER SERVICES AND FACILITIES AGREEMENT

JONES:

_____
CLINT JONES

Date:_____, 2024

COUNTERPART SIGNATURE PAGE TO
REGIONAL WASTEWATER SERVICES AND FACILITIES AGREEMENT

RATTLER:

RATTLER RIDGE, LP,
a Texas limited partnership

By: _____

_____
Its general partner

By:_____
Clint Jones, _____

Date:_____, 2024

COUNTERPART SIGNATURE PAGE TO
REGIONAL WASTEWATER SERVICES AND FACILITIES AGREEMENT

JLBC:

JLBC 710 INVESTMENTS, LLC,
a Texas limited liability company

By:_____
John S. Lloyd, Manager

Date:_____, 2024

COUNTERPART SIGNATURE PAGE TO
REGIONAL WASTEWATER SERVICES AND FACILITIES AGREEMENT

HIGHLANDER:

HIGHLANDER SM TWO, LLC,
a Texas limited liability company

By:_____
John Maberry, Manager

Date:_____, 2024

EXHIBIT "A"

FORM OF DISTRICT JOINDER

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (this "Joinder Agreement"), dated as of _____, 20__, is executed by _____, a conservation and reclamation district and body politic and governmental agency of the State of Texas (the "District"), in connection with that certain Regional Wastewater Services and Facilities Agreement (the "Agreement") entered into by and among the City of San Marcos, Texas, a home rule municipality; Clint Jones; Rattler Ridge, LP, a Texas limited partnership; JLBC 710 Investments, LLC, a Texas limited liability company; and Highlander SM Two, LLC, a Texas limited liability company; and _____ _____, dated effective _____, 2024. Capitalized terms used herein but not otherwise defined herein shall have the definitions provided in the Development Agreement.

In accordance with the introductory paragraphs of the Agreement, a copy of which is attached hereto as Exhibit "A" and incorporated herein for all purposes, the District executes this Joinder Agreement in order to become a Party to the Agreement. Accordingly, the District hereby agrees as follows with the other Parties to the Agreement:

1. The District acknowledges and confirms that it has received a copy of the Agreement and the schedules and exhibits thereto.

2. The District hereby acknowledges, agrees, and confirms that, by its execution of this Joinder Agreement, the District shall automatically be deemed to be a Party to the Agreement, and shall have all of the rights and obligations of _____ _____, specifically (excluding payment obligations set forth in the Agreement, which shall remain the obligation of _____), and of a District with regard to property within the District, generally, thereunder as if it had originally executed the Agreement. The District hereby ratifies, as of the date hereof, and agrees to be bound by all of the terms, provisions and conditions contained in the Agreement applicable to it to the same effect as if it were an original Party thereto.

3. This Joinder Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the District has caused this Joinder Agreement to be duly executed by its authorized officer as of the day and year first above written.

THE DISTRICT:

_____,
a conservation and reclamation district and body politic and governmental agency of the State of Texas

By:_____
_____, President
Board of Directors

Date:_____, 202__

ATTEST:

By:_____
_____, Secretary
Board of Directors

Date:_____, 202__

EXHIBIT "B"

DEVELOPERS' TRACTS

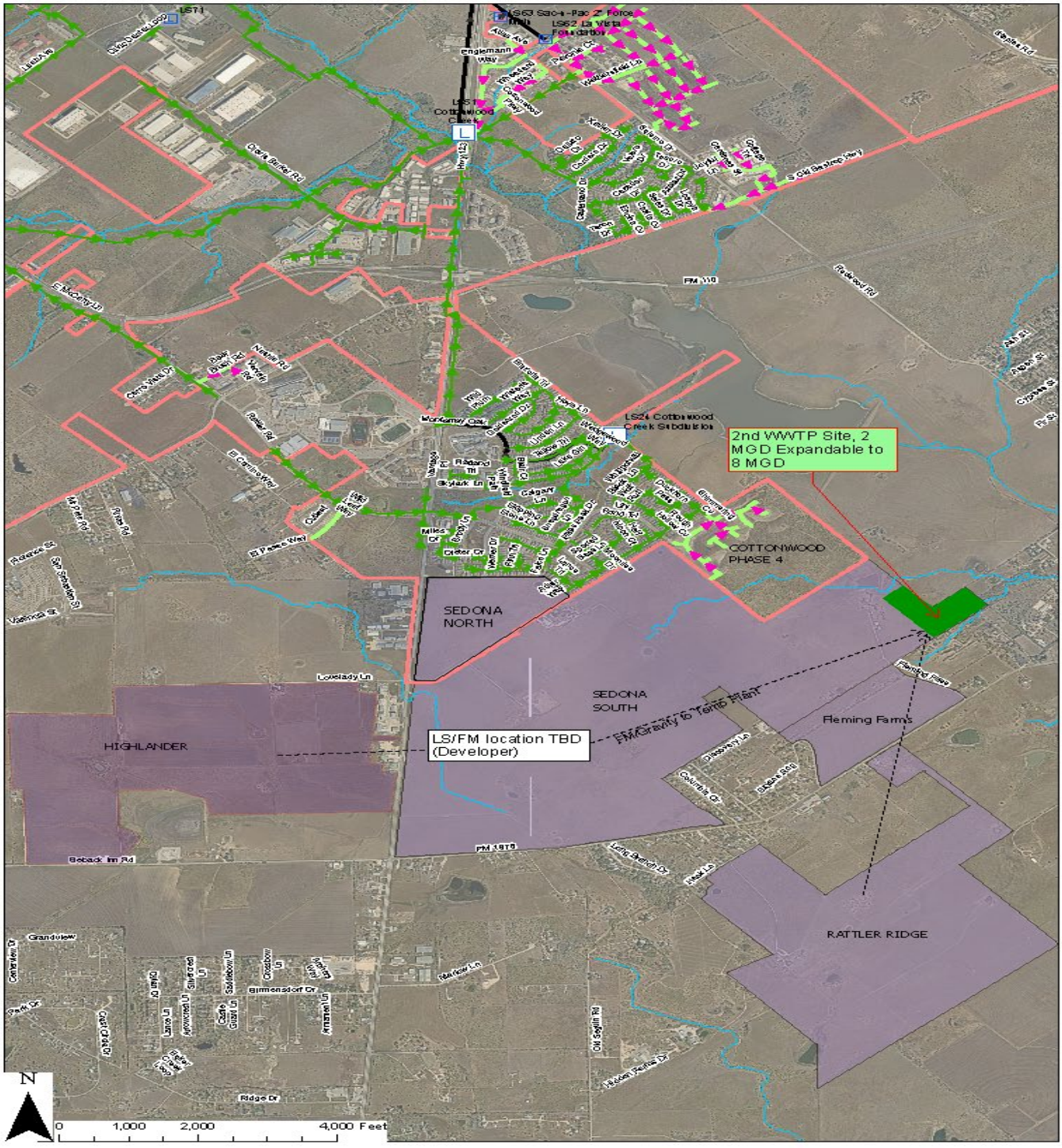

EXHIBIT "C"

PLANT SITE

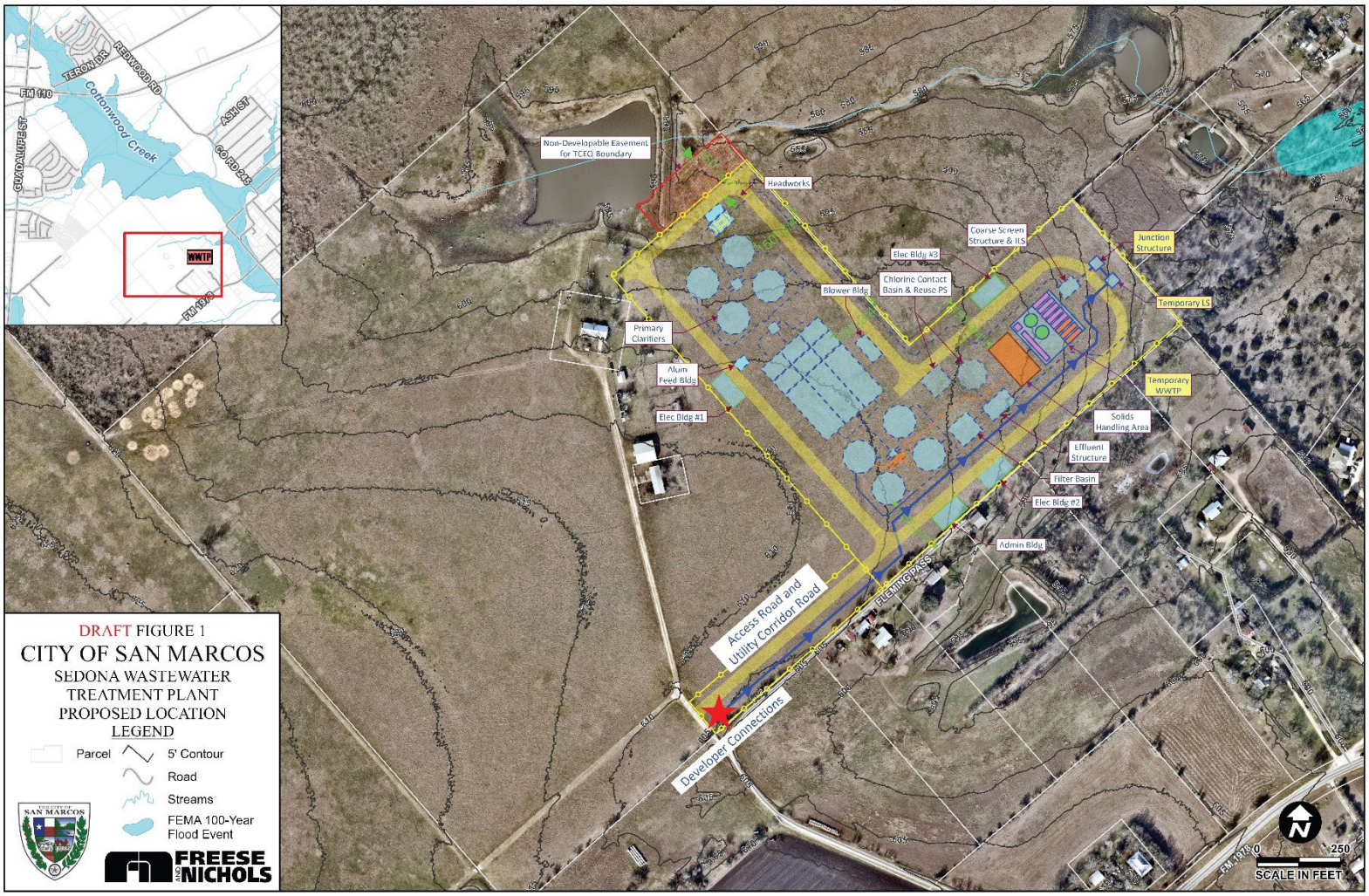

EXHIBIT "D"

ABSORPTION SCHEDULE

TOTAL NUMBER OF LUEs					
DEVELOPMENT / YEAR	Sedona South	Highlander	Fleming Farms	Rattler Ridge	TOTAL LUEs
2024	0	0	0	0	0
2025	200	0	160	120	480
2026	440	150	320	360	1270
2027	690	330	334	600	1954
2028	990	530	334	840	2694
2029	1340	755	334	1080	3509
2030	1690	980	334	1320	4324
2031	2040	1205	334	1560	5139
2032	2390	1400	334	1800	5924
2033	2645	1400	334	1869	6248
TOTAL	2645	1400	334	1869	6248

TOTAL NEW LUEs					
DEVELOPMENT / YEAR	Sedona South	Highlander	Fleming Farms	Rattler Ridge	TOTAL LUEs
2024	0	0	0	0	0
2025	200	0	160	120	480
2026	240	150	160	240	790
2027	250	180	14	240	684
2028	300	200	0	240	740
2029	350	225	0	240	815
2030	350	225	0	240	815
2031	350	225	0	240	815
2032	350	195	0	240	785
2033	255	0	0	69	324
TOTAL	2645	1400	334	1869	6248

EXHIBIT "E"

PAYMENT SCHEDULE

DEVELOPMENT / YEAR	Sedona South	Highlander	Fleming Farms	Rattler Ridge	TOTAL LUE's
2024	$ -	$ -	$ -	$ -	$ -
2025	$ 1,510,000	$ -	$ 1,328,000	$ 996,000	$ 3,834,000
2026	$ 1,812,000	$ 1,245,000	$ 1,328,000	$ 1,992,000	$ 6,377,000
2027	$ 1,887,500	$ 1,494,000	$ 116,200	$ 1,992,000	$ 5,489,700
2028	$ 2,265,000	$ 1,660,000	$ -	$ 1,992,000	$ 5,917,000
2029	$ 2,642,500	$ 1,867,500	$ -	$ 1,992,000	$ 6,502,000
2030	$ 2,642,500	$ 1,867,500	$ -	$ 1,992,000	$ 6,502,000
2031	$ 2,642,500	$ 1,867,500	$ -	$ 1,992,000	$ 6,502,000
2032	$ 2,642,500	$ 1,618,500	$ -	$ 1,992,000	$ 6,253,000
2033	$ 1,925,250	$ -	$ -	$ 572,700	$ 2,497,950
TOTAL	$ 19,969,750	$ 11,620,000	$ 2,772,200	$ 15,512,700	$ 49,874,650

EXHIBIT "F"

DEVELOPER PROPORTIONAL SHARING

Special Consideration @ 20% of $2,500,000		
Fleming Farms	$	26,729
Highlander	$	112,036
Rattler Ridge	$	149,568
Sedona South	$	211,668

EXHIBIT "G"

REQUIRED STATUTORY PROVISIONS ADDENDUM

This Required Statutory Provisions Addendum (this "Addendum") is attached to and incorporated into that certain Regional Wastewater Services and Facilities Agreement (the "Agreement") entered into by and among the City of San Marcos, Texas, a home rule municipality (the "City"); Clint Jones ("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"); upon its joinder, Guadalupe County Municipal Utility District No. 9, a conservation and reclamation district and body politic and governmental agency of the State of Texas ("GC MUD 9"); upon its joinder, Sedona South Municipal Utility District(s), each a conservation and reclamation district and body politic and governmental agency of the State of Texas ("Sedona South MUD"); and, upon its joinder, Hays-Guadalupe County Municipal Utility District No. 1, a conservation and reclamation district and body politic and governmental agency of the State of Texas ("HGC MUD 1"); dated effective _____, 2024. For purposes of this Addendum, Jones, Rattler, JLBC and Highlander are collectively referred to herein as "Contractor" and the City, GC MUD 9, Sedona South MUD and HGC MUD 1 are collectively referred to as the "Governmental Entities". If there is any conflict between the terms of the attached Agreement and this Addendum, the terms of this Addendum will control.

1. Interested Parties. Contractor acknowledges that Texas Government Code Section 2252.908 (as amended, "Section 2252.908") requires disclosure of certain matters by contractors entering into a contract with a local government entity such as the Governmental Entities. Contractor confirms that it has reviewed Section 2252.908 and, if required to do so, will (1) complete a Form 1295, using the unique identification number specified on page 1 of the Contract, and electronically file it with the Texas Ethics Commission ("TEC"); and (2) submit the signed Form 1295, including the certification of filing number of the Form 1295 with the TEC, to the Governmental Entities at the same time Contractor executes and submits the Agreement to the Governmental Entities. Form 1295s are available on the TEC's website at https://www.ethics.state.tx.us/filinginfo/1295/. The Agreement is not effective until the requirements listed above are satisfied and any approval or award of the Agreement by the Governmental Entities is expressly made contingent upon Contractor's compliance with these requirements. The signed Form 1295 may be submitted to the Governmental Entities in an electronic format.

2. Conflicts of Interest. Contractor acknowledges that Texas Local Government Code Chapter 176 (as amended, "Chapter 176") requires the disclosure of certain matters by contractors doing business with or proposing to do business with local government entities such as the Governmental Entities. Contractor confirms that it has

reviewed Chapter 176 and, if required to do so, will complete and return Form CIQ promulgated by the TEC, which is available on the TEC's website at https://www.ethics.state.tx.us/forms/conflict/, within seven days of the date of submitting the Agreement to the Governmental Entities or within seven days of becoming aware of a matter that requires disclosure under Chapter 176, whichever is applicable.

3. Verification Under Chapter 2271, Texas Government Code. If required under Chapter 2271 of the Texas Government Code (as amended, "Chapter 2271"), Contractor represents and warrants that, at the time of execution and delivery of the Agreement, neither Contractor, nor any wholly- or majority-owned subsidiary, parent company, or affiliate of Contractor that exists to make a profit, boycotts Israel or will boycott Israel during the term of the Agreement. The foregoing verification is made solely to comply with Chapter 2271, to the extent such Chapter does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Contractor understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with Contractor.

4. Verification Under Subchapter F, Chapter 2252, Texas Government Code. For purposes of Subchapter F of Chapter 2252 of the Texas Government Code (as amended, "Subchapter F"), Contractor represents and warrants that, neither Contractor, nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of Contractor that exists to make a profit, are companies identified on a list prepared and maintained by the Texas Comptroller of Public Accounts (the "Comptroller") described within Subchapter F and posted on the Comptroller's internet website at:

https://comptroller.texas.gov/purchasing/publications/divestment.php.

The foregoing representation is made solely to comply with Subchapter F, to the extent such subchapter does not contravene applicable Federal law, and excludes companies that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan, Iran, or a foreign terrorist organization. Contractor understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with Contractor.

5. Verification Under Chapter 2274, Texas Government Code, Relating to Contracts with Companies that Discriminate Against the Firearm and Ammunition Industries. If required under Chapter 2274 of the Texas Government Code (as amended, "Chapter 2274"), Contractor represents and warrants that, at the time of execution and

delivery of the Agreement, neither Contractor, nor any wholly- or majority-owned subsidiary, parent company, or affiliate of Contractor that exists to make a profit, has a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association or will discriminate during the term of the Agreement against a firearm entity or firearm trade association. The foregoing verification is made solely to comply with Chapter 2274. As used in the foregoing verification, the terms "discriminate against a firearm entity," "firearm entity," and "firearm trade association" have the meanings ascribed to them in Section 2274.001 of the Texas Government Code.

6. Verification Under Chapter 2276, Texas Government Code, Relating to Contracts With Companies Boycotting Certain Energy Companies. If required under Chapter 2276 of the Texas Government Code (as amended, "Chapter 2276"), Contractor represents and warrants that, at the time of execution and delivery of the Agreement, neither Contractor, nor any wholly- or majority-owned subsidiary, parent company, or affiliate of Contractor that exists to make a profit, boycotts energy companies or will boycott energy companies during the term of the Agreement. The foregoing verification is made solely to comply with Chapter 2276. As used in the foregoing verification, "boycott energy companies" means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (1) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law or (2) does business with a company described in the preceding section (1).

EXHIBIT "H"

COTTONWOOD 4 CONNECTION