

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Agreement") is entered to resolve issues regarding approximately 1,786.06 acres of land out of the William Pettus Survey, Abstract No. 21, and the Thomas Maxwell Survey, Abstract No. 188, in Caldwell County, Texas (the "Property"). The parties to this Agreement are the City of San Marcos, Texas ("City"); Walton Texas LP, a Texas limited partnership ("Walton Texas"); Walton TX Martindale LP, an Alberta limited partnership ("Walton TX Martindale"); Walton TX Martindale LP 2, an Alberta limited partnership ("Walton TX Martindale 2"); and David Tuckfield, attorney at law ("Tuckfield"). Collectively, Walton Texas, Walton TX Martindale and Walton TX Martindale 2 are referred to herein as "Walton." The City and Walton collectively are referred to herein as "Parties."

RECITALS

WHEREAS, Walton filed Petitions to Amend the City's Sewer Certificate of Convenience and Necessity ("CCN") No. 20116 in Caldwell County by Streamlined Expedited Release ("Petition") pursuant to Texas Water Code ("TWC") §13.2541 and 16 TAC §24.245(h);

WHEREAS, Walton's Petitions were assigned Dockets No. 58423, 58424, 58425, 58426, 58427, 58428, 58429, 58430, 58431, 58432 and 58657 by the Public Utility Commission of Texas ("PUC");

WHEREAS, Walton and the City desire to resolve these and other issues amicably and without the need for litigation or unnecessary administrative processes;

WHEREAS, Walton has deposited \$280,000.00 in the IOLTA account of the Law Offices of David J. Tuckfield to be held in trust by David Tuckfield for payment to the City in accordance with this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the benefits to be received by the Parties, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

I. WALTON'S AND TUCKFIELD'S OBLIGATIONS

- 1.01 Within 5 business days of the Completion Date, defined below, Tuckfield will pay the City \$280,00.00 ("Payment Amount") that is currently being held in trust. This payment is consideration for the settlement provisions set forth in Section 4 of this Agreement and includes the compensation specified in Section 2.02 for the compensation for the release of property identified in Dockets No. 58423, 58424, 58425, 58426, 58427, 58428, 58429, 58430, 58431, 58432, and 58657. Payment will be made by check payable to the City of San Marcos, sent to the following address: City of San Marcos, 630 E Hopkins, San Marcos, TX 78666.
- 1.02 Walton understands and agrees that the City is under no obligation to serve the land described in this Agreement that is sought to be decertified with sewer service.
- 1.03 Except for the initial filing specified in Section 2.01 of this Agreement, the attorneys for Walton will draft documents needed for filing with the PUC and will obtain approval from the City's attorney prior to filing. The City will not be responsible for the attorney's fees incurred by Walton.
- 1.04 Walton will work in good faith with the City to effectuate the purpose of this Agreement and will execute any documents and file any documents needed to effectuate the purpose of this Agreement.

II. THE CITY'S OBLIGATIONS

- 2.01 Upon execution of this Agreement, the City shall prepare and place on the next available San Marcos City Council agenda, but in no event later than sixty (60) days after the Effective Date: (i) a termination of that certain Amended and Restated Cotton Center Development Agreement between the City and Walton Texas, effective as of June 7, 2024 and recorded as Document No. 24033937 in the Official Public Records of Hays County, Texas, as amended (the "Development Agreement"), which shall fully terminate the Development Agreement and be in recordable form; and (ii) a termination of that certain Consent Agreement between the City and Walton Texas, effective December 11, 2014 and recorded as Document No. 2014-006144 in the Official Public Records of Caldwell County, Texas, as amended (the "Consent Agreement"), which shall fully terminate the Consent Agreement and be in recordable form (together, the "Terminations"). The San Marcos City Council shall approve the Terminations, authorize the Mayor or other presiding office to execute the Terminations, and cause the Terminations to be recorded in the Official Public Records of Caldwell County, Texas. The date that all of such actions are completed shall be called the "Completion Date" herein.
- 2.02 Within 5 business days of the Completion Date, the City will file with the PUC a pleading stating that it has reached an agreement with Walton, that it no longer opposes / does not oppose the decertification, that the parties have reached an agreement on compensation in PUC Dockets No. 58423, 58424, 58425, 58426, 58427, 58428, 58429, 58430, 58431, 58432, and 58657 in the amount of \$0.00, and that it does not seek any additional

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compensation in PUC Dockets No. 58423, 58424, 58425, 58426, 58427, 58428, 58429, 58430, 58431, 58432, and 58657 identified in .

- 2.03 The City will cooperate in filing a Joint Motion for Informal Disposition (pursuant to 16 Tex. Admin. Code § 22.35(a)), requesting that the requested area be decertified, and requesting that the PUC issue an order regarding compensation, and acknowledging that such compensation has already been paid. To the extent that the PUC may require additional filings, the City will cooperate in such filings to effectuate the purposes of this Agreement. To the extent that the PUC requires a different filing or proceeding to release the property identified in PUC Dockets No. 58423, 58424, 58425, 58426, 58427, 58428, 58429, 58430, 58431, 58432, and 58657, the City will cooperate to have such property released without any additional compensation than that which is specified by the Agreement.
- 2.04 After the filing specified in Sections 2.02 and 2.03 above, although Walton will have the primary responsibility for drafting additional documents needed for filing with the PUC, the City will have its attorneys cooperate in the review of such documents and, where appropriate, to cooperate in filing such documents as joint filings. Upon issuance of the final Order from the PUC, if required by that Order, the City will require its attorney to file with Caldwell County the documents required to be filed under Tex. Water Code § 13.257(r) as well as proof of such filing with the PUC.
- 2.05 Walton will not be responsible for any attorney's fees incurred by the City in effectuating the purposes of this Agreement or incurred from PUC Dockets No. 58423, 58424, 58425, 58426, 58427, 58428, 58429, 58430, 58431, 58432, and 58657.
- 2.06 The City will work in good faith with Walton to effectuate the purpose of this Agreement and will execute any documents and file any documents needed to effectuate the purpose of this Agreement.

III. JOINT OBLIGATIONS

- 3.01 The Parties agrees to delay PUC Dockets No. 58423, 58424, 58425, 58426, 58427, 58428, 58429, 58430, 58431, 58432, and 58657 until the City considers the Terminations as described in Section 2.01 above.

IV. SETTLEMENT

- 4.01 **Settlement of Claims.** The Parties recognize and acknowledge that the funds specified herein are paid to settle claims and work amicably together. They are not to be relied upon as setting any precedent for the valuation of decertification.
- 4.02 The City accepts the compensation set-forth herein as full, final, and adequate compensation for decertification of the Property identified in PUC Dockets No. 58423, 58424, 58425, 58426, 58427, 58428, 58429, 58430, 58431, 58432, and 58657. The Payment Amount constitutes payment for both the Terminations and the compensation for the release of property identified in PUC Dockets No. 58423, 58424, 58425, 58426, 58427, 58428, 58429, 58430, 58431, 58432, and 58657.

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- 4.03 **Termination of Development Agreement Obligations.** The Parties agree that upon the Completion Date the rights and obligations under the Development Agreement are hereby terminated, and neither the City nor Walton have any further rights or obligations thereunder. Not in limitation of Section 2.01 above or the generality of Section 5.02 below, the Parties agree to execute, together with any required third parties, and deliver such recordable document(s) as may be necessary to memorialize the termination of the Development Agreement and remove same from title to the Property.
- 4.04 **Termination of Consent Agreement Obligations.** The Parties agree that upon the Completion Date the rights and obligations under the Consent Agreement are hereby terminated as to the Property, and neither the City nor Walton have any further rights or obligations thereunder with respect to the Property. Not in limitation of Section 2.01 above or the generality of Section 5.02 below, the Parties agree to execute, together with any required third parties, and deliver such recordable document(s) as may be necessary to memorialize the termination of the Consent Agreement and remove same from title to the Property.

V. REMEDIES

- 5.01 **Remedies.** If any Party fails to comply with its obligations under this Agreement or fails to correct any default after a 30-day notice and opportunity to cure, the other Party or Parties may exercise any remedy authorized at law or in equity, including filing suit in a court of competent jurisdiction to seek any available remedy, including by way of example only, injunctive relief, specific performance and/or monetary damages. To the extent allowed by law, the prevailing Party or Parties to the litigation may recover costs of court, attorney's fees and expert consultant and witness fees incurred in enforcing or defending a claim under this Agreement.
- 5.02 **Equitable Remedies.** It is not intended hereby to specify (and this Agreement will not be considered as specifying) an exclusive remedy for any default, but all remedies existing at law or in equity may be availed of by any party hereto and will be cumulative of the remedies provided herein. Recognizing however, that the failure in the performance of the Parties' obligations hereunder could not be adequately compensated in money damages alone, the Parties agree, in the event of any default on its part, that the other parties will have available to them equitable remedies, including specific performance, in addition to any other legal or equitable remedies which may also be available.

VI. GENERAL PROVISIONS

- 6.01 **Good Faith.** The Parties agree to cooperate with each other and act in good faith in the performance of this Agreement.
- 6.02 **Provision of Further Documents.** The Parties will execute and deliver such other and further requested legal documents or instruments as are reasonably necessary to effectuate the purposes and intent of this Agreement.
- 6.03 **Severability.** Except as specifically set forth in this Agreement, the provisions of this Agreement are severable, and if any word, phrase, clause, sentence, paragraph, section, or

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other part of this Agreement or the application thereof to any person or circumstances is ever 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 word, phrase, clause, sentence, paragraph, section, or other part of this Agreement to other persons or circumstances will not be affected thereby and this Agreement will be construed as if such invalid or unconstitutional portion had never been contained herein.

- 6.04 **Entire Agreement.** This Agreement, including all Exhibits attached hereto, which are expressly made a part hereof by reference for all purposes, constitutes the entire agreement between the Parties relative to the subject matter of this Agreement and supersedes all prior or contemporaneous agreements, representations, covenants or warranties, whether oral or in writing, respecting the subject matter hereof.
- 6.05 **Amendment.** No amendment of this Agreement is effective unless and until it is duly approved by each party and reduced to a writing signed by the Authorized Representatives of all of the Parties.
- 6.06 **Governing Law.** This Agreement will be construed under the laws of the State of Texas.
- 6.07 **Counterparts.** This Agreement may be executed in counterparts and may be delivered electronically.
- 6.08 **Representations/Warranties.** Each Party represents and warrants that the signatory below who has signed for that Party has the power and authority to enter into this Agreement on its behalf and that each Party has the authority to execute this Agreement.

Executed in multiple counterparts, each to be considered an original, to be effective upon execution by all Parties (the "Effective Date"):

Settlement Agreement

AGREED:

THE CITY OF SAN MARCOS


By: _____

Title:

Date signed: 10/28/2025

Settlement Agreement

DAVID J. TUCKFIELD, ATTORNEY AT LAW

DAJ. Tuckfield
David J. Tuckfield

Date signed: 10/14/25

Settlement Agreement

WALTON TX MARTINDALE LP,
an Alberta limited partnership

By: Walton TX Martindale Corporation,
an Alberta corporation,
its General Partner

By: _____
Name: Robert Nixon
Title: Authorized Signatory

By: _____
Name: Paul Bae
Title: Authorized Signatory

Date signed: 10/20/2025

WALTON TX MARTINDALE LP 2,
an Alberta limited partnership

By: Walton TX Martindale 2 Corporation,
an Alberta corporation,
its General Partner

By: _____
Name: Robert Nixon
Title: Authorized Signatory

By: _____
Name: Paul Bae
Title: Authorized Signatory

Date signed: 10/20/2025

WALTON TEXAS, LP,
a Texas limited partnership, on behalf of itself in its capacity as an
owner and on behalf of all other Unit owners of undivided tenancy-
in-common interests in the Property pursuant to those certain
Declarations of Covenants, Conditions and Restrictions and that
certain Restrictive Covenant regarding the Property, in its capacity
as manager, operator, or agent, as applicable

By: Walton Texas GP, LLC,
a Texas limited liability company,
its General Partner

By: Walton International Group, Inc.,
a Nevada corporation,
its Manager

By: _____
Name: Robert Nixon
Title: Authorized Signatory

Date signed: 10/20/2025