

AGREEMENT CONCERNING PAYMENT OF SHL COSTS

SENNA HILLS MUNICIPAL UTILITY DISTRICT ("MUD") and SENNA HILLS, LTD. ("SHL") (collectively the "Parties") enter into this Agreement Concerning Payment of SHL Costs ("Agreement") under the First Amended and Restated Contract between the Parties and Senna Hills Homeowner Association, Inc. and The Senna Hills Trust effective May 23, 2018 and amended by that certain First Amendment to First Amended and Restated Contract effective April 30, 2020 and that certain Mediated Settlement Agreement dated August 24, 2021 ("Contract") as follows:

1. Section VII of the Contract provides for SHL to pay to the MUD what are described as the "SHL Costs", being the estimated costs necessary for making changes to MUD's systems necessary to comply with the MUD's amended Texas Land Application Permit from the TCEQ.
2. Attached hereto is a Memorandum dated September 22, 2022 containing the MUD's engineer's estimate of the SHL Costs.
3. SHL agrees to pay to the MUD, to be held in a dedicated account, certain of the SHL Costs (being all costs except for Overseeding for 10 Years and Mowing and Maintenance in the attached Memorandum), totaling \$211,751.00, within 10 business days of receipt of all of the following (i) the final, approved Texas Land Application Permit from the TCEQ, (ii) the MUD's approval of SHL's City of Austin Site Development Permit allowing construction of the office buildings on the Subject Tract (as defined in the Contract) and (iii) all signatures required by the MUD and its engineer in connection with the City of Austin Site Development Permit. The funds may be used solely for payment of actual SHL Costs. The MUD shall comply with all applicable State of Texas law bidding requirements. In the event the actual SHL Costs for such items exceed the amount paid by SHL, the MUD will invoice SHL for those additional costs and SHL shall pay such invoice(s) within thirty (30) days of the date of mailing or emailing of the invoices. Upon completion of such items, if the amount paid by SHL exceeds the actual costs incurred by the MUD, the MUD shall refund the difference to SHL within thirty (30) days of completion of the work.
4. The other SHL Costs (being the costs for Overseeding for 10 Years and Mowing and Maintenance in the attached Memorandum) are to be incurred over ten years and are estimated to total


\$172,000.00. Subject to satisfaction of conditions (i) through (iii) in paragraph 3, above, SHL shall pay those costs on an annual basis in ten equal annual installments of \$17,200.00 each with such payments being due starting on January 1, 2023, and on such date each year thereafter for a total of ten years. The funds may be used solely for payment of actual SHL Costs. The MUD shall comply with all applicable State of Texas law bidding requirements; however, the Parties acknowledge and agree that as of the date of this Agreement, Texas law does not require bids for these services. In the event the actual SHL Costs for such items exceed the amount paid by SHL, the MUD will invoice SHL for those additional costs and SHL shall pay such invoice(s) within thirty (30) days of the date of mailing or emailing of the invoices. Each year, if the amount paid by SHL exceeds the actual costs incurred by the MUD for the annual Overseeding, Mowing and Maintenance, the MUD shall refund the difference to SHL by December 31 of the year in which it was paid. In the event SHL's failure to make a payment within ten (10) business days of receipt of invoices from the MUD, the MUD may terminate water service to the office buildings until such payment is made. The MUD, in addition, may pursue any and all other legal remedies for collection of amounts due under this Agreement and should the MUD prevail in such actions, the MUD will also be entitled to recover from SHL, the MUD's reasonable attorney's fees and court costs. SHL agrees that the MUD may include the annual charge and termination of water service for failure to pay in the MUD's Rate Order. The obligations under this Section 4 shall also bind and be enforceable against any subsequent owner of the office buildings and all service account holders for MUD service to the office buildings. SHL agrees to notify any future owner of the office buildings and future service account holders of this requirement and to obtain their written agreement thereto. Unless released by the MUD, SHL shall also continue to be responsible for timely payment of all amounts due in this Section 4. Notwithstanding the foregoing, SHL may prepay such amounts at any time.

5. To the extent there is a conflict between the Contract and this Agreement, this Agreement shall prevail.

SIGNED to be effective October 31, 2022.

SENNA HILLS MUNICIPAL
UTILITY DISTRICT

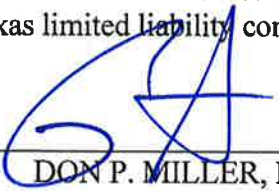
Dated: Oct. 28, 2022

By: 
Chet Palesko, President,
Board of Directors

SENNA HILLS, LTD.
a Texas limited partnership

By: SH DEVELOPMENT, LLC,
a Texas limited liability company

Dated: 10-28, 2022

By: 
DON P. MILLER, II, President

MURFEE ENGINEERING COMPANY, INC.

Texas Registered Firm No. F-353
1101 Capital of Texas Highway South
Building D, Suite 110
Austin, Texas 78746
(512) 327-9204

M E M O R A N D U M

DATE: September 22, 2022

TO: Bill Flickinger, Willatt & Flickinger, Attorneys at Law

FROM: Jason Baze, P.E. *JB*

CC: Robert Ferguson, P.E., Anand Patel, E.I.T.

RE: Senna Hills, Ltd. preliminary costs related to Senna Hills WWTP TLAP Major Amendment
MEC Project No.: 11033.78

Murfee Engineering Company (MEC) submitted a TLAP major amendment application to the TCEQ in February 2022 on behalf of the Senna Hills Municipal Utility District (the District) and the co-permittee, Senna Hills, Ltd. The amendment included removing two previously approved effluent irrigation tracts as Senna Hills, Ltd. has proposed the construction of office space on those tracts. To accommodate this change, the TCEQ approved the District's request to add a new effluent irrigation tract and increase the effluent application rate. The draft permit issued by the TCEQ includes mandatory special provisions which are requirements for the District to follow to comply with the regulations. The associated costs for implementing these provisions are discussed in this memo. No modifications to the District's wastewater treatment plant or lift stations are required. However, there are costs related to the irrigation system, cropping and vegetation, and maintenance.

Irrigation System Costs:

The District will need to extend its existing irrigation system to the newly approved irrigation areas. The new area is adjacent to and along Senna Hills Drive (west) near the effluent pond. The District will also need to increase the coverage of median irrigation at the Senna Hills Drive section near the proposed office space. MEC proposes a dual main feed that would loop around Senna Hills Drive from the wastewater treatment plant. These costs include installing an additional irrigation system in the new irrigation areas, including an irrigation pump system with controls.

Cropping and Vegetation Costs:

In order to accommodate a higher effluent application rate, the TCEQ requires that the District utilize a cropping plan with Bermuda grass and Ryegrass over the irrigation areas. Bermuda grass is for warm-season irrigation and Ryegrass is for cool-season irrigation. The irrigation areas currently have native grass and live oak trees. Native grass will need to be amended with Bermuda grass and Rye grass. We have consulted with the District's operator and determined that the overseeding of new grass will be over 17 acres within different irrigation areas. The TCEQ permit expires 10 years from the approval date; therefore, we have included overseeding costs for the next 10 years in this preliminary estimate. The permit also states that the District will be required to add additional nutrients to the soil if the treated effluent does not contain enough nutrients to support the healthy growth of Bermuda grass and Ryegrass. The TCEQ has also requested the District to preserve live oak trees located within the irrigation areas. Therefore, costs related to cropping and vegetation include overseeding for 10 years, an agronomist consulting cost for overseeding rate and application, potential soil amendment with additional nutrients, and an arborist consultation to preserve the live oak trees on the property.

Maintenance Costs:

Maintenance Costs include regular mowing and maintenance of the new grass. The TCEQ permit states that the grass must be regularly maintained which is typically done by regular mowing. The District also needs to install signage that alerts residents to not drink the water that is used for effluent irrigation.

The following table includes cost estimates for the items discussed above.

Item Description	Cost Estimate
Pond Entrance, Frontage, and Median Irrigation	\$ 68,050.00
Dual Main Feed from WWTP	\$ 49,500.00
Overseeding for 10 years (\$600/Acre for 17 Acres)	\$ 102,000.00
Agronomist Recommendation (Overseeding Rate and Application)	\$ 7,000.00
Soil Amendment (Nutrients Only)	\$ 15,000.00
Tree Specialist	\$ 7,000.00
Mowing and Maintenance	\$ 70,000.00
Signage	\$ 3,000.00
Subtotal	\$ 314,550.00
Design, Administration, and Contingency (22%)	\$ 69,201.00
Total Cost	\$ 383,751.00

Please note that these estimates are preliminary and do not represent the final cost related to the TLAP major amendment application.