

SETTLEMENT AGREEMENT

The Parties to this Settlement Agreement are Clancy Utility Holdings, LLC (“Applicant” or “Clancy”) and the Mirasol Springs Municipal Utility District (“Mirasol MUD”), collectively “the Applicants”, joined by Mirasol Springs, LLC and Mirasol Lodge, LLC on the one hand, and, on the other hand, the “Protestants”, which are as follows: Save Our Springs (S.O.S.) Alliance, Inc. (“SOS”), Save the Pedernales (“STP”), Lew Adams, Zilla Adams, Jo Ellen Askins, Annie Borden, Sunyong Chung, Andrea McCartney,¹ Tom Smith, James Scott, and Karen Hadden. Collectively Applicant and Protestants are the “Parties”.

RECITALS

1. On May 1, 2023, Clancy submitted an application to the TCEQ for a new permit, Proposed TCEQ Permit No. WQ0016335001 (hereinafter the “TLAP Permit”) to authorize the disposal of treated domestic wastewater at a daily average flow not to exceed 0.039 million gallons per day (“MGD”) via public access subsurface area drip dispersal system (“SADDS”) with a minimum area of 16.20 acres. The proposed wastewater treatment facility and disposal site will be located approximately 0.8 miles southwest of the intersection of Hamilton Pool Road and Stagecoach Ranch Road, in Hays County, Texas 78620, and will serve Mirasol Springs.²

2. SOS, STP, Lew Adams, Zilla Adams, Jo Ellen Askins, Annie Borden, Sunyong Chung, Andrea McCartney, Tom Smith, James Scott, and Karen Hadden opposed Clancy’s application for the Permit. Through a direct referral, a contested case hearing on the Permit was convened at the State Office of Administrative Hearings (“SOAH”), docketed as SOAH Docket No. 582-25-00462 (“TLAP SOAH Proceeding”).

3. Protestants opposed Clancy’s application for the TLAP Permit.

4. The Parties acknowledge that the TLAP SOAH Proceeding reflects bona fide disputes and controversies between the Parties concerning the issues relating to Clancy’s application for the TLAP Permits.

5. The Parties desire to avoid further annoyance, cost, delay, and uncertainty associated with the TLAP SOAH Proceeding and have accordingly entered into this Settlement Agreement to fully settle all issues concerning Clancy’s application for the TLAP Permit. Therefore, in order to fully and finally compromise and settle all claims that have been or could have been asserted in the TLAP SOAH Proceeding, the Parties hereby enter into this Settlement Agreement.

¹ Andrea McCartney is mistakenly identified as “Andrew McCartney” in *Order No. 1 Memorializing Preliminary Hearing, Setting Hearing on the Merits, Establishing Procedural Schedule, and Referring Case to Mediation, In Re: Application of Clancy Utility Holdings LLC for Issuance of New TCEQ Permit No. WQ0016335001*, SOAH Docket No. 582-25-00462, TCEQ Docket No. 2024-0726-MWD.

² Mirasol Springs means the approximately 1400 acre-tract located partially in Travis County and partially in Hays County that is the direct subject of the HTGCD Groundwater Permit Application, the SWTCGCD Groundwater Permit Application, the TCEQ Section 11.121 water rights diversion permit on the Pedernales River to implement the 2020 LCRA Firm Water Contract, and the TCEQ Texas Land Application Permit or “TLAP Permit,” each filed by Clancy Utility Holdings, LLC.

TERMS OF AGREEMENT

In consideration of the mutual promises and agreements contained in this Settlement Agreement, and for other consideration, the sufficiency of which is agreed to be sufficient, the Parties agree as follows:

1. Protestants agree to the following:
 - a. Within three (3) business days following the effective date of this Settlement Agreement, each of the Protestants will formally withdraw from the TLAP SOAH Proceedings with prejudice.
 - b. Each of the Protestants agree not to contest or oppose the TLAP SOAH Proceeding or appeal the issuance of the TLAP Permit to any administrative or judicial tribunal.
 - c. Protestants accept the extension of a West Travis County Public Utility Agency (“WTCPUA”) pipeline necessary to serve the Mirasol Springs and Mirasol Lodge³ developments provided that the water pipeline is limited in its size and LUE service to the terms in agreements between (1) Mirasol Springs, LLC, and the PUA and (2) Mirasol Springs, LLC, Mirasol Lodge, LLC, Applicant, Mirasol MUD and Travis County, Texas, and to meet only existing PUA commitments to serve Peacock Ranch and potentially the East/Geyser Group development subject to the existing Travis County Conservation Easement. To the extent the pipeline extends west of the Peacock Ranch, such service west of the Peacock Ranch shall be limited to serving only the Mirasol Springs and Mirasol Lodge developments. Protestants also accept the extension of service to eliminate or greatly reduce pumping at the West Cypress Hills development and to serve the Lake Travis ISD tract with sufficient water to support a school or schools. However, Protestants reserve the right to advocate that any amendment to the Peacock East Travis County Conservation Easement, and/or Travis County grants of Hamilton Pool Road or other county property use for the PUA pipeline be narrowly tailored and restricted with similar terms and do not allow for a larger pipeline than necessary to provide these water services or would accommodate future pipeline expansions.
 - d. Protestants agree not to oppose utilities crossing the road known as Roy Creek Trail (which divides Mirasol Springs and Mirasol Lodge) that are needed to serve Mirasol Springs or Mirasol Lodge.
 - e. Unless agreed to by the landowners, Clancy and the Mirasol MUD agree to not place or seek to place utilities of any kind on private Roy Creek Canyon fee-owned property currently owned by in whole or part by Lew Adams, Zilla Adams, or Jody Askins.

³ Mirasol Lodge means the approximate 448 acre-tract that is immediately adjacent to Mirasol Springs and located entirely in Hays County that is sometimes referred to as “Phase II,” but is not included in any of Clancy Utility Holdings, LLC’s applications relating to Mirasol Springs.

- f. Protestants will not oppose Applicants' requests to each of the HTGCD and SWTCGCD for temporary permit authorizations to use groundwater to be produced from the Middle Trinity Aquifer from wells located within the boundaries of Mirasol Springs and Mirasol Lodge for Construction Purposes; provided that the requests for production of up to 15 acre feet for 1 year, and up to 30 acre feet in the second year to each groundwater district include a request for a special condition that (i) groundwater production will be reported monthly to both HTGCD and SWTCGCD, and (ii) the cumulative groundwater production pursuant to the two separate authorizations in any given 12 month period will not exceed 15 acre feet for 1 year, and up to 30 acre feet in the second year. Protestants will also not oppose Clancy's requests to the TCEQ to seek temporary rights to divert Pedernales River flows under higher flow conditions to substitute for, but not increase, this temporary groundwater pumping for construction purposes. Such temporary pumping of ground and/or surface water shall cease upon delivery of WTCPUA water from the referenced pipeline. Applicants shall take reasonable steps to conserve and minimize construction water use during the interim period and shall comply with applicable HTGCD, SWTGCD, and TCEQ rules. Notwithstanding the foregoing, if Clancy is unable to obtain water from the WTCPUA on a permanent basis, Protestants reserve the right to protest requests by Clancy to the HTGCD and SWTCGCD for the non-temporary use of groundwater.
- g. Each Protestant agrees that, in relation to the TLAP SOAH Proceeding and any appeals of the TLAP SOAH Proceeding, unless ordered to do so pursuant to subpoena or court order, no Protestant nor any of its employees or contractors will provide financial or technical support to any person or entity that is a party to the TLAP SOAH Proceeding, nor will it or any of its employees or contractors provide financial or technical support to any person or entity that indirectly or directly opposes the issuance of the TLAP Permit, nor will it or any of its employees or contractors provide financial or technical support to any person or entity that seeks to appeal the issuance of the TLAP Permit.
- h. Within 10 days of the Execution of this Settlement Agreement, SOS will share with Clancy the following information that its expert, Nico M. Hauwert has gathered: photos of Elder Creek, Roy Creek flow monitoring data, Deadman's Hole flood measurement, City of Austin Roy Creek report, Roy Creek water quality data, - Deadman's Hole water quality data.

2. Clancy agrees to the following:

- a. Clancy agrees that each zone of its TLAP drip field will have at least one soil moisture lysimeter or equivalent device for each soil type. The devices will be placed 12-inches below the depth of the drip lines and will be utilized to automatically shut off irrigation to that zone when the lysimeter is activated. The devices will be located within the irrigation zone at a location and design capable of detecting the presence of effluent on the downgradient side of each zone.
- b. Clancy agrees to create and maintain a 300-foot setback of its TLAP drip field operations from any caves, sinkholes, faults, fractures or features of karst permeability

that are identified during construction of the drip fields or at any other time. Clancy also agrees to create and maintain a 300-foot setback of its TLAP drip field operations from Roy Creek.

- c. Clancy agrees to maintain a 100-foot buffer of its TLAP drip fields from the stream centerline as identified by a reputable ground survey (a current ground survey is attached as Exhibit A).
- d. Clancy agrees that if soil is imported to construct or maintain its TLAP drip fields, it will ensure that such soil is suitable to support required infiltration and vegetation growth by confirming such suitability with a soil scientist or other qualified professional. Imported soil will not have any compost or sludge added to the imported soil.
- e. In addition to the monitoring required by the TLAP Permit, Clancy agrees after construction and the initial operation of the TLAP facility subject of the TLAP Permit to supplement that monitoring as follows: After construction and the initial operation of the TLAP facility that is the subject of the TLAP Permit, Clancy will conduct on an annual basis two monitoring events of Elder Spring #1 for (1) nutrients (orthophosphorus, total phosphorus, ammonia nitrogen, total Kjeldahl nitrogen, nitrate, and nitrite), (2) E. coli, (3) fecal coliform bacteria, (4) total dissolved solids, (5) sodium, (6) chloride, and (7) sulfate. Testing will be conducted by a NELAP accredited laboratory. The two monitoring events specified by this paragraph shall occur in the months of February and December while the TLAP Permit is in effect. Clancy will make the results of these two monitoring events available to any Protestant who, after the monitoring event occurs, requests the results of the monitoring specified by the paragraph (up to five years after such monitoring event occurs). Clancy shall have no obligation to maintain monitoring data required by this paragraph for more than five years after the monitoring event. During the time that Clancy is the holder of the TLAP Permit, any request made pursuant to this paragraph can be made to Clancy by email at: jtruitt@mirasolcapital.com. After the TLAP Permit is transferred to Mirasol Springs Municipal Utility District, the request can be made to the official address on file with the TCEQ as shown by TCEQ's Water District Database (WDD).
- f. Clancy will make the seep or spring data and any reports that are required by the TLAP Permit and/or the TLAP Permit's Springs/Seeps Monitoring Plan available to designated Protestant representative who, after the seep or spring data and/or reports are submitted to TCEQ in September of each year, requests the seep or spring data (up to five years after such report is prepared) and/or the annual report. Clancy shall have no obligation to maintain seep or spring data or reports for more than five years after the report is prepared. During the time that Clancy is the holder of the TLAP Permit, any request made pursuant to this paragraph can be made to Clancy by email at: jtruitt@mirasolcapital.com. After the TLAP Permit is transferred to Mirasol Springs Municipal Utility District, the request can be made to the official address on file with the TCEQ as shown by TCEQ's Water District Database (WDD).

- g. Clancy has commissioned a study to provide a baseline for Elder Springs. This study will include data on (1) flow measurements, and (2) the presence of TP, TN, PO4-P, NO2-NO3_N, TKN NH4-N, E. Coli, Cond, and Chl a. Within 30 days of receiving the results of that study (which is expected in August of 2025), Clancy will share the results of that study with the Protestants.
- h. Within 10 days of the Effective Date of this Settlement Agreement, Clancy will request that TCEQ allow it to eliminate any planting or cropping of any invasive grasses, including Bermuda Grass on its TLAP drip fields for its TLAP Permit. If such request is not granted prior to the issuance of the TLAP Permit, Clancy will ask again within 30 days of the issuance of the TLAP Permit.
- i. Clancy has requested and TCEQ has agreed to include in its TLAP Permit the following 30-day average effluent limit concentrations (which are sometimes referred to as a “5-5-1-1 Permit”):

- (1) 5-mg/L 5-day Biochemical Oxygen Demand,
- (2) 5-mg/L Total Suspended Solids,
- (3) 1-mg/L Ammonia Nitrogen,
- (4) 1-mg/L Total Phosphorus;

Clancy will file a motion with SOAH to request that such terms be incorporated into the TLAP Permit.

- A. Irrespective of whether SOAH or TCEQ ultimately incorporates the additional treatment standards and the Other Requirements into the TLAP Permit, Clancy shall commit to cause the Treatment Plant to be designed, constructed and operated to achieve treatment levels consistent with the water quality treatment standards that the TCEQ requires or a “5-5-1-1 Permit.”
- j. Clancy agrees to treat its effluent to Type 1 beneficial reuse standards.
- k. Not later than 90 days following the delivery of West Travis County Public Utility Agency (“WTCPUA”) water to the Mirasol Springs property in the volume of LUEs agreed upon in Clancy’s agreement with the WTCPUA, Clancy will surrender its LCRA Contract. By transferring the same to the WTCPUA with the condition that the point of diversion be moved to Lake Austin, in a manner acceptable to LCRA and consistent with this Settlement Agreement.
- l. Clancy will agree to put the wastewater force main that crosses Roy Creek inside a secondary containment pipe with a liquid sensor connected to an automated telemetry alarm. Secondary containment of the pipe will extend a minimum of 50 feet beyond any Roy Creek bank or canyon wall. Clancy will also install back-up power to provide power to the sensors in the double-walled pipe that will cross Roy Creek in the event of a power outage. In the event the sensors are triggered, indicating a leak in the wastewater force main, the operating system shall contain automated programming to

lock-out the pumping of raw sewage into the wastewater force main.

- m. Clancy will not apply beneficial reuse treated effluent under Chapter 210 of TCEQ's rules within 150 feet of Hammetts Spring #1, Cypress Seep, Travertine Seep, Elder Spring #1 Elder Spring #2, the rim of Roy Creek Canyon, Roy Creek and its tributaries as shown on USGS maps as shown by the dark blue lines at Attachment A, and Elder Creek. In addition, Clancy will not apply beneficial reuse treated effluent under Chapter 210 of TCEQ's rules within 50 feet of the edge of the cliff that parallels the Pedernales River.
- n. With respect to any zone of the TLAP drip fields that may drain into the Roy Creek watershed, Clancy will construct and maintain berms or swales, or other engineering controls to prevent or divert stormwater away from Roy Creek.
- o. Any berm constructed for the TLAP fields shall be constructed and maintained in accordance with LCRA specifications and TCEQ criteria. Such berms will be inspected within 48 hours after any 1-inch 24-hour rain event (as measured at the wastewater treatment plant constructed on the Mirasol Springs property). In addition, any berm constructed for TLAP fields will be designed to minimize the potential for flooding across any road over which any Protestant has a valid easement to access that Protestant's property.
- p. Clancy will make available to a designated Protestant representative upon request (but no more than once per quarter) the records of the amount of treated effluent it applies to the drip fields (up to five years after such information is recorded). Protestants shall inform Clancy or its successor in writing of their designated representative. Clancy shall have no obligation to maintain such information for more than five years after the information is recorded. During the time that Clancy is the holder of the TLAP Permit, any request made pursuant to this paragraph can be made to Clancy by email at: jtruitt@mirasolcapital.com. After the TLAP Permit is transferred to Mirasol Springs Municipal Utility District, the request can be made to the official address on file with the TCEQ as shown by TCEQ's Water District Database (WDD).
- q. As long as the property is not receiving potable water from the West Travis County Public Utility Agency, Clancy will limit pumping for farm irrigation to 1000 GPD (based on an annual average) with a 3,000 GPD daily maximum. The farm shall not be irrigated via groundwater once the development receives water from the WTCPUA.
- r. With respect to non-farm water well use before water is obtained from the WTCPUA (Interim water use), Clancy agrees to the following:
 - (1) Clancy will to the extent feasible (1) prioritize the use of wells located farthest from Hamilton Pool and distribute our pumping spatially to reduce risk, in order of priority, to Hamilton Pool springflow, Roy Creek and Elder Creek, (2) establish a monitoring well network, including monitor wells adjacent to pumping wells, to monitor and manage drawdown trends to minimize any

observed impacts, and (3) continue its springflow monitoring to track any observed trends; and

(2) Not later than 24 months following the granting of production permit authorization by Hays Trinity Groundwater Conservation District (HTGCD) or the Southwest Travis County Groundwater Conservation District (SWTCGCD), as applicable, authorizing production of a cumulative total volume of up to 15 acre feet during the first 12 months of Project development, and up to 30 acre feet during the second 12-month period of Project development during the Interim Period,⁴ or of TCEQ authorization for temporary use of surface water for Construction Purposes during the interim period prior to delivery of water to the Mirasol Springs property by the WTCPUA, Clancy will withdraw and dismiss its applications in both of the SOAH groundwater Dockets and pending before the groundwater conservation districts; PROVIDED, HOWEVER, that Clancy reserves the right both to delay the dismissal of its applications and to seek additional groundwater production authorization if the WTCPUA is not able to complete construction of the pipeline extension to the Mirasol Springs property and deliver water to the Mirasol Springs property within the above described 24 month period. If Clancy delays the dismissal or seeks additional groundwater production authorization, then Applicants will explore and develop the use of (I) the Lower Trinity Aquifer and/or (2) surface water diversions to supplement or replace the Interim Water supplied from the Middle Trinity Aquifer.

s. Upon the opening of the resort located on Mirasol Springs to guests, Clancy, or an affiliate, will reasonably identify its property lines to resort guests including by designating the private property (1) owned in whole or in part by Lew Adams, Zilla Adams, Jody Askins and (2) the La Tierra HOA beach on any maps provided to guests. Clancy will cooperate with its neighbors to enable them to post no trespassing signs on their property lines. Nothing in this Settlement Agreement should be construed to impose liability for trespass on Clancy, Mirasol MUD, or their affiliates for trespass by its guests or third parties.

3. The obligations agreed to by Applicants under paragraphs 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), 2(i)(A), 2(j), 2(k), 2(l), 2(m), 2(n), 2(o), and 2(p) of this Settlement Agreement apply upon the final issuance of the TLAP Permit (after any appeal period has passed) and survive for so long as the TLAP Permit is effective. Otherwise, all obligations agreed to herein become effective on the Effective Date.

⁴ “Interim Period” means the time period commencing with the effective date of the Non-Standard Service Agreement with the West Travis County Public Utility Agency (WTCPUA) and the longer of (i) the date the WTCPUA is physically capable of delivering the agreed upon volumes of potable water to Mirasol at Mirasol Springs through the proposed 3-inch line extension, or (ii) Mirasol Springs, LLC completes the construction and revegetation at Mirasol Springs. Mirasol Springs, LLC will not intentionally delay construction or revegetation and extend the Interim Period to prolong the use of groundwater once the PUA is physically capable of delivering water. Mirasol Springs, LLC's use of water is limited to Construction Purposes during the Interim Period.

4. This Settlement Agreement is solely for the benefit of the Parties hereto. There are no third-party beneficiaries of this Settlement Agreement. This Settlement Agreement is a compromise of disputed claims. Nothing in this Settlement Agreement constitutes an admission on any issue by any party.

5. The Parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Settlement Agreement.

6. If any Party fails to comply with its obligations under this Settlement Agreement and fails to correct, or fails to diligently pursue correction of 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 and/or specific performance. Any such enforcement action shall be filed in Travis County District Court and subject to the laws of the State of Texas.

7. The Parties recognize that this Settlement Agreement is made to avoid the burdens and expense of additional and protracted litigation and to achieve the Parties respective objectives.

8. The Parties acknowledge that they have been advised to consult with an attorney before signing this Settlement Agreement and that they have consulted with and been represented by their attorneys. The Parties further acknowledge that they: (i) have carefully read this Settlement Agreement in its entirety and have had an opportunity to consider fully the terms of this Settlement Agreement for a reasonable amount of time; (ii) fully understand the significance of all the terms and conditions of this Settlement Agreement; (iii) are signing it voluntarily and of their own free will; (iv) assent to all of the terms and conditions contained herein; and (v) are not relying on any representations or promises not set forth herein in signing this Settlement Agreement, but solely upon their own investigations.

9. The Parties represent and warrant that they are authorized and entitled to sign this Settlement Agreement.

10. This Settlement Agreement represents the only agreement between the Parties concerning the Mirasol Permits and the pending Mirasol SOAH Proceedings and supersedes all prior agreements, whether written or oral, relating thereto. This Settlement Agreement is a complete and fully integrated agreement and may not be modified except by a subsequently executed document signed by all the Parties.

11. Any waiver of any term or condition of this Settlement Agreement shall not operate as a waiver of any other term or condition, nor shall any failure to enforce a provision of this Settlement Agreement operate as a waiver of such provision or of any other provision of this Settlement Agreement.

12. Should any provision of this Settlement Agreement, or its application, to any extent be held invalid or unenforceable, the remainder of this Settlement Agreement, and its application,

excluding such invalid or unenforceable provisions, shall not be affected by such exclusion and shall continue to be valid and enforceable to the fullest extent permitted by law or equity.

13. This Settlement Agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties are expressly deemed performable in Hays and Travis County, Texas.

14. Venue for any suit arising hereunder shall be in Travis County, Texas.

15. This Settlement Agreement shall be binding on and shall inure to the benefit of the heirs, successors, and assigns of the Parties.

16. This Settlement Agreement is effective upon the last date signed by all Parties.

17. If this Settlement Agreement is not fully executed and delivered by June 16, 2025, it shall be null and void and of no effect.

18. Effective Date: June 11, 2025 (however, the Settlement Agreement is not enforceable until executed by all Parties).

19. This Settlement Agreement may be executed in counterparts and may be executed and delivered electronically.

[REMAINDER OF PAGE BLANK – SIGNATURE PAGE FOLLOWS]

AGREED:

Clancy Utility Holdings, LLC

By: Shaun Miller Date: 6-11-25
Name: Shaun Miller
Title: President

AGREED:

Mirasol Springs, LLC

By: Shaun Miller Date: 6-11-25
Name: Shaun Miller
Title: President

AGREED:

Mirasol Lodge, LLC

By: Shaun Miller Date: 6-11-25
Name: Shaun Miller
Title: President

AGREED:

Mirasol Springs Municipal Utility District

By:  Date: 6/11/2025
Name: Lynn Sherman
Title: President

AGREED:

Save Our Springs (S.O.S.) Alliance, Inc.

By: Bill Bunch Date: 6/11/25
Name: Bill Bunch
Title: Save Our Springs Alliance Executive Director

AGREED:

Save the Pedernales

Thomas Smith

By: Thomas E "Smitty" Smith Date: ____ June 11th 2025

Name:

Title: Organizer


AGREED:

Lew Adams

By: *Lew Adams* Date: *June 11, 2025*
Lew Adams

AGREED:

Zilla Adams

By:  Digitally signed by Zilla K. Adams
Date: 2025.06.10 21:29:49 -05'00'

Zilla Adams

Date: _____

AGREED:

Jo Ellen Askins

By: *Jo Askins* Date: June 10, 2025
Jo Ellen Askins

AGREED:


Annie Borden

By: *[Signature]* Date: *10 June 2025*
Annie Borden

AGREED:

Sunyong Chung

By: _____


Sunyong Chung

Date: _____

6-11-2025

AGREED:

Andrea McCartney

By: *Andrea McCartney* date: 6/11/2025
Andrea McCartney

AGREED:

Tom Smith

Thomas Smith

By: Thomas E "Smitty" Smith Date: June 11th
2025 Tom Smith

AGREED:

James Scott

A handwritten signature in black ink, appearing to read 'J. Scott', with a large, sweeping initial 'J' and a stylized 'S'.

By: James Scott

Date: June 10, 2025

AGREED:

Karen Hadden

Karen Hadden

By: Karen D Hadden Date: 6-11-25

Attachment A

