



Belvedere Residents and Landowners,

As you may be aware the Belvedere HOA and MUD were surprised in late October to hear that the developer of Preservation Ranch subdivision (PRLT) planned to lay a 12" water pipeline in Belvedere Lot 61 and connect it to Belvedere's water system under Flagler Dr. They said the project would begin in a couple of days.

The HOA and MUD immediately sought to engage the West Travis County Public Utility Authority (WTCPUA) and PRLT in a meaningful exchange of information regarding the approval of the project and its impact on our community. These efforts and requests to delay the construction were rebuffed. Construction began in early November, which forced the HOA and the MUD to file suit to seek a temporary restraining order (TRO). A stay agreement to halt construction prior to connecting to the waterline under Flagler Dr. was reached obviating the need for a TRO hearing.

During the time of this stay agreement, with the help of our legal team and engineering consultants, the HOA and MUD Boards have gained meaningful information, which indicates that the impact of this connection to our water system and water availability in the short term should be minimal. We also have learned that the connection into our 8" waterline will loop our system with Preservation Ranch and Madrone Ranch communities, with some greater benefits to our Belvedere Community. Looping our system will gain these benefits:

- With looping the system between the three communities, water will flow from multiple directions
 - Should there be a break in the system somewhere, you can still feed more homes
 - Better water quality because there will be no dead-end lines in the system where water may become stagnant
- Better water quality because it will be easier to maintain chlorine residuals

Accordingly, our goal was to find a cost-effective resolution that would minimize impacts to the community and prevent future surprises. After exploring all the options for Preservation Ranch to obtain their water through the WTCPUA, the MUD and HOA boards feel this option of tying into our 8" water line coupled with this settlement best serves the interests of the Belvedere community than any other option.

As a result, all parties have agreed to a settlement of the lawsuit, which in summary provides:

- PRLT and WTCPUA will connect to the water line under Flagler Dr at Lot 61 after giving a minimum of 48 hours' notice. We will provide additional information regarding this activity in the very near future. In doing this work, PRLT and its contractors will:
 - Comply with Belvedere days and hours for construction.



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- Ensure the safety of all persons within Belvedere by complying with all safety guidelines.
- Restore the vegetation on Lot 61 and the pavement on Flagler Dr. in accordance with certain specified terms.
- Belvedere MUD will convey its interest in the 16" waterline located in Belvedere to WTCPUA.
- WTCPUA has represented that (i) it will comply with all applicable regulations governing its provision of potable water service and (ii) it is not currently aware of and does not anticipate granting, future significant water service extensions until additional facilities required to provide such service are constructed. It will provide prompt notification to the HOA and the MUD of any future water line projects within Belvedere.

Note that nothing in the settlement agreement alters the terms of the water system lease between the MUD and the WTCPUA.

This settlement, like all settlements, is a compromise. We strongly believe this agreement is the best outcome for Belvedere balancing the minimal impact with addition gains from the proposed connection against the uncertainties and costs of protracted litigation.

We plan to hold a Q&A session at the Amenity Center on Tuesday, January 9th at 7:00 PM so please feel free to come by and pose any questions that you might have.

HOA Board and MUD Board

BELVEDERE MUD – PRESERVATION RANCH SUBDIVISION

INTRODUCTION

DGRA, Inc. was engaged by BMUD to provide an engineering evaluation of the potential hydraulic impact on BMUD water customers that may result from the construction of Preservation Ranch subdivision's interconnection with BMUD's existing water distribution system.

BACKGROUND

Preservation Ranch subdivision originally intended to obtain its water supply from WTCPUA's Hamilton Pool Road System via a connection to an existing WTCPUA 6-inch diameter water main located along Madrone Ranch Drive. However, based on a review of available records and verbal communications with Preservation Ranch engineers (i.e., LJA Engineering), the 6-inch diameter interconnection with the Madrone Ranch Drive water main would not provide the minimum fire flows required by Travis County ESD No. 6. As a result, WTCPUA authorized Preservation Ranch to construct a 12-inch diameter interconnection across Belvedere HOA's Lot 61 to connect to an existing BMUD 8-inch diameter water main located along Flager Drive.

POTENTIAL IMPACT ON BMUD WATER CUSTOMERS

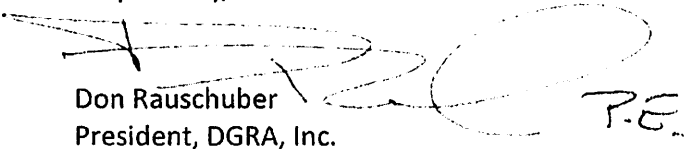
Since Preservation Ranch will have only 33 single family residential customers, the impact of the Lot 61 interconnection should be minimal in terms of water pressure and flow within BMUD's water distribution system. This is due in part because BMUD's internal water distribution system connects directly to the WTCPUA's 16-inch diameter water transmission main that is supplied water from WTCPUA's Hamilton Pool Road Pump Station and the recently installed Provance Elevated Storage Tank (collectively the "HPR System"). However, this "minimal impact" assumes that the WTCPUA can provide sufficient water flow and pressure to and within their Hamilton Pool Road System, as a whole.

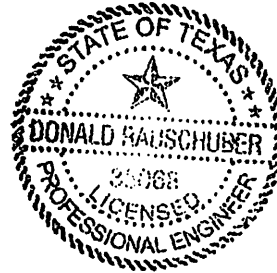
In recent years, BMUD water customers have experienced low pressure and "no-water" events, especially during high lawn irrigation months. Based on review of available information, it appears that the WTCPUA is not able to meet HPR System water demands due to water treatment plant issues and to high summer water demands. It is estimated that the WTCPUA has approximately 1,500+ existing water customers that are located along Hamilton Pool Road between its intersection with Highway 71 and RR 12. These customers are supplied water via one (1) 16-inch water transmission main that cannot supply the amount of water and pressure to meet high summer demands, thus resulting in "low pressure" events. The good news is that the WTCPUA is working with Travis County MUD No.22 (i.e., the Provance Subdivision) to install a second 16-inch water transmission main that will increase water flow/availability and eliminate low pressure events. The sad news is that this second water transmission is probably several years away before it becomes operational.

The addition of Presentation Ranch's 33 customers may minimally exacerbate the low-pressure events, but this is mitigated since the 12-inch Lot 61 interconnection creates a "loop" water

system that can provide water to BMUD from two different directions (i.e., from the existing 16-inch diameter water main and from the 6-inch diameter Madrone Ranch water line). This created "loop" water system may also benefit BMUD and Madrone Ranch water customers from a water quality prospective since water may continually flow in the loop system as opposed to a "dead-end" system where water movement may become stagnant thus resulting in lower water quality.

Respectfully,


Don Rauschuber
President, DGRA, Inc.



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