

**ADDENDUM TO AGREEMENT
BETWEEN DECKER LAKE GOLF, LLC AND THE CITY OF AUSTIN
FOR THE DEVELOPMENT, OPERATION AND MAINTENANCE OF PUBLIC GOLF
FACILITIES AT WALTER E. LONG PARK**

This Addendum ("Addendum") to the agreement by and between the City of Austin, a Texas home rule municipal corporation ("City"), and Decker Lake Golf, LLC ("Developer"), for the development, operation and maintenance of public golf facilities at Walter E. Long Park ("Agreement"), addresses concerns raised at the City of Austin City Council meeting on November 20, 2014. This Addendum is fully incorporated into, and forms part of, the Agreement and is effective as of the Effective Date of the Agreement.

To the extent that any of the terms or conditions contained in this Addendum contradict or conflict with any of the terms or conditions of the Agreement, it is expressly understood and agreed that the specific terms of this Addendum shall take precedence. Defined terms and capitalized terms used in this Addendum that are not otherwise defined herein shall have the meaning given in the Agreement

**1.0 CITY'S USE OF WALTER E. LONG LAKE AND THE AUSTIN WATER
RESOURCE PLANNING TASK FORCE**

1.1 For the purposes this Addendum, Lake Walter E. Long is referred to as the "Lake" or "Reservoir" and any reference to the Lake or Reservoir also includes adjacent and surrounding City-owned assets. The Lake is currently operated by Austin Energy as a cooling reservoir for the City's Decker Power Station. Currently, in addition to water flowing into the lake from Decker Creek watershed, water from the Colorado River is diverted to provide makeup water for evaporation to maintain the lake level for steam-electric cooling purposes.

In response to prolonged and unprecedented drought, and the effects on the City's back-up water supply in Lakes Travis and Buchanan, the Austin City Council by resolution formed a citizen task force in 2014 to make recommendations on additional water supply and demand strategies. In its July 2014 report, the Austin Water Resource Planning Task Force (Task Force), among other things, recommended as key water supply strategies the modified use and operation of Lake Walter E. Long. The Task Force also recommended that the City evaluate Aquifer Storage and Recovery (ASR) - including in the Trinity Aquifer and groundwater desalination. Subsequently, City Council passed a resolution directing the City Manager to report back to Council by September 25, 2014 with a proposed schedule, proposed plan, and proposed budget for implementing key recommendations from the Task Force report. The September 25th report was prepared by Austin Water with input from Watershed Protection and Austin Energy and includes the enhanced off-channel storage at Walter E.

Long Lake (Decker Lake) strategy along with the other key Task Force recommendations.

Projects recommended by the Task Force include, but are not limited to, the following:

- Increased use of the Lake storage by operating the Reservoir with an increased lake level fluctuation while the Decker Power Station is on-line. This operational modification is to save more water in lakes Travis and Buchanan through strategic lake refill operations coordination with LCRA in wetter local conditions.
- Enhanced operations of Lake storage by operating the Lake essentially as an off-channel reservoir with an increased lake level fluctuation while the Decker Power Station is off-line. For this use the City intends to operate the Lake with a lake level as much as 25 feet or more below historical operating levels. This project will require making improvements, including but not limited to, pumping improvements to increase ability to refill lake by increasing pumping capacity at Colorado River pump station and by building a reclaimed water main from Walnut Creek WWTP to Lake Walter E. Long.

Additionally, the City is continuing to evaluate and may develop other water supply projects, including but not limited to, ASR in underground aquifer(s) below the Lake or in the Lake's vicinity and/or use of area groundwater.

The City cannot predict with certainty the full scope or nature of its use or operations of the Lake. Further, because of the historic drought conditions in the area, it would not be advisable for the City to confer to the Developer or any related parties rights that might interfere with any uses of the Lake that may be deemed by the City to be necessary or advisable.

As evidenced in the Agreement, the Developer intends to design and operate the Courses in an environmentally appropriate way and to be a model steward of the City's water resources.

In light of the shared goals of the City and the Developer with respect to maintaining and promoting the most responsible use of the Lake, this Addendum, which is incorporated fully and without exception or reservation, into the agreement as of the Effective Date of the agreement, memorializes the Developer's acknowledgement and agreement that nothing in the Agreement shall be construed as a prohibition or limitation on the City's use of the Lake for any and all purposes which the City now, or may in the future, deem as necessary or advisable.

1.2 Specific Terms. Specifically, the City and the Developer, in addition to Section 2.12 of the Agreement which addresses water to be used for Course irrigation and Section 21.25 which addresses fluctuating level of Walter E. Long Lake, hereby agree:

1.2.1 Nothing in this Agreement and Addendum confers on the Developer entitlements, privileges, permits, rights, or expectations in water or the use of water in any form, including water in or from Lake Walter E. Long, or any groundwater beneath the Courses and the Park.

1.2.2 The City shall consult with the Developer and shall at all times provide reasonable notice, to the fullest extent possible, to the Developer of any anticipated changes in the City's use or operation of the Lake, including as to any reasonably foreseeable changes in the lake elevations.

1.2.3 Developer or its agents, subsidiaries, affiliates or any other related entities (collectively "Developer Party," or "Developer Parties," as indicated by context), in the construction and operation of the Golf Courses, shall not in any manner or at any time impair or interfere with the City's use and operation of Lake Walter E. Long.

1.2.4 The City may use and operate Lake Walter E. Long for any purpose that it deems necessary or advisable and that the City may seek to amend its water right permits in Lake Walter E. Long in any manner it deems necessary or desirable. The Developer will not formally protest any such permit application or amendment by the City.

1.2.5 The City has no obligation to the Developer or any Developer Party to maintain Walter E. Long Lake at any particular elevation and the City's use and operation of Lake Walter E. Long may include the significant and regular drawdown of the lake level for extended periods of time that may have negative aesthetic impacts on the lake appearance.

1.2.6 The City, as property owner, maintains fully all of its rights in any groundwater beneath the Golf Courses and Walter E. Long Park. The City maintains fully all of its rights to store and withdraw water in any form in any aquifer beneath the Golf Courses and Walter E. Long Park.

2.0 NEUTRAL IRRIGATION USAGE

In addition to Section 2.12 of the Agreement, which addresses water to be used for Course irrigation, the Developer also agrees to neutral irrigation usage stated in this section. For the purposes of this Agreement, the term "Neutral Irrigation Usage," means that the reduction in the amount of water used for irrigation at the City's municipal golf courses that is achieved by the methods described herein will be equal to, or greater than, the amount of water used for the irrigation of the Courses. The Developer and the City of Austin are committed to reducing water for irrigation on golf courses. This concerted action is intended to result in a neutral impact to overall water use for the irrigation of the existing City of Austin public golf courses based on current usage and the newly developed Courses at Walter E. Long Park.

2.1 The Developer and the City of Austin Golf Division shall partner to utilize technology to study player patterns and course usage with the goal of reducing irrigation at the City of Austin's existing municipal golf courses.

2.2 The Developer shall ensure that water usage for irrigation at the new Walter E. Long Park Courses does not exceed the combined reduction in water usage for irrigation at the City's existing municipal golf courses.

2.3 Before the City issues a Notice to Proceed, the Developer shall provide the City with a written estimate of water usage for irrigation during the Course's first year of operation.

2.4 Within six months of the opening of the First Course for public use, the Developer shall report to the City its actual water usage for irrigation and shall continue to provide the City with written updates on irrigation on a quarterly basis thereafter.

2.5 The Developer shall work with the City to achieve Neutral Irrigation Usage reduction within three years of opening of the First Course for public use, if not sooner, and to maintain Neutral Irrigation Usage throughout the term of this Agreement.

3.0 WATERSHED PROTECTION

In addition to the natural resource management requirements described in Section 17.14, the Developer shall also:

3.1 Establish a 150 foot development buffer ("Buffer) from the shoreline of the Lake, measured horizontally inland. Within this Buffer, development shall be prohibited. Development encroachment within this Buffer, if deemed necessary by the Developer, must be approved by the City's Watershed Protection and Planning Development and Review Departments as if it was an administrative variance meeting the required findings as described in City Code 25-8-42 and following existing administrative variance procedures.

3.2 Develop an Integrated Pest Management (IPM) plan based on current scientific principles that minimize potential environmental impacts of pesticide use on the Premises. The Developer shall obtain approval of the Integrated Pest Management plan from the City's Watershed Protection Department; and

3.3 Seek early consultation during the design process from the City's Watershed Protection Department in the completion of the Environmental Resource Inventory required by City Code. The City's Watershed Protection Department will provide suggestions for critical environmental feature buffers and wetland mitigation where needed, which may help reduce the number of site plan revisions required for permitting.

4.0 SUSTAINABILITY

4.1 Sustainable Design and Construction of Golf Course. Developer shall design and construct the Golf Course to meet GEO Certified® standards and will achieve GEO Certification no later than two years after the City provides Certificate of Occupancy (open for business.) This requirement utilizes the international nonprofit Golf Environment Organization's program guidance document, "Sustainable Golf Development: Creating a Positive Legacy". GEO Certified® is an Eco-Label program specifically for golf, and is intended to showcase the creative and responsible planning, design and construction of a unique, resource efficient and ecologically rich golf environment.

4.2 Sustainable Design and Construction of Clubhouse. Developer shall design and construct the Clubhouse and any future buildings of over 2000 Square Feet to achieve a minimum 2 Star Rating in Austin Energy's Green Building Program or achieve U.S. Green Building Council Silver LEED® Certification, with the goal of achieving higher levels of green building certification, and including leveraging all available incentives. Rating or Certification shall be achieved no longer than two years after the City provides Certificate of Occupancy.

4.3 Sustainable Operations and Maintenance. Developer shall obtain recertification every two years after the first certification using the Audubon Cooperative Sanctuary Program for Golf Courses, as mentioned in Article 4 of the Agreement. The Developer is also encouraged to utilize the GEO Certification process to certify future tournaments.

5.0 ADDITIONAL COMMUNITY BENEFITS

In addition to the Community Benefits described in Article 8 of the Agreement, the Developer also agrees to the following:

5.1 Employment Recruitment. The Developer agrees to hold job recruitment fairs as needed within City Council District 1 ("District 1") for the purposes of hiring local community members for job openings during the construction of the project as well as with operations and maintenance of the Development. All job applicants from District 1 who both meet the minimum qualifications and preferred qualifications (if any) will be granted an initial interview for any open position.

5.2 The first sentence of Section 8.2 of the Agreement is deleted and replaced with: Developer shall charge a surcharge of no less than \$5 to users of the Courses who do not reside within the City ("Non-Resident Surcharge").

5.3 Developer shall deposit 25% of the Non-Resident Surcharge in a separate account for the purpose of park improvements to the parks within District 1 ("District 1 Park Improvement Fund"). District 1 Park Improvement Fund will be administered by the tax exempt non-profit corporation referenced in Section 8.2 of the Agreement. The remainder of the Non-Resident Surcharge, 75%, shall be used to benefit the Short Course.

5.4 The Developer shall also include a description of Employment Recruitment activities and District 1 park improvement activities in the Community Benefits Report described in Section 8.6 of the Agreement.

6.0 DEVELOPER'S RIGHT TO TERMINATE

In addition to the Developer's termination right described in Section 1.2 of the Agreement, the Developer also reserves the right to terminate the Agreement without penalty if a tour event commitment from the PGA is not secured prior to the City's issuance of a Notice to Proceed.

IN WITNESS HEREOF, the City and Developer have made and executed this Addendum, effective as of the date executed by the City.

DECKER LAKE GOLF, LLC

CITY OF AUSTIN

Printed Name of Authorized Person

Printed Name of Authorized Person

Signature

Signature

Title:

Title:

Date:

Date: