

October 16, 2019

via CMRRR #7016 0600 0000 3333 2073
& E-mail: manager2@haysgroundwater.com

Rick Broun, General Manager
Hays Trinity Groundwater Conservation District
P.O. Box 1648
Dripping Springs, Texas 78620

RE: "Project" known as "Mark Black Wedding Venue" located at 130 West
Concord Circle, Driftwood, Texas

Dear Mr. Broun:

We represent Black Market Investments, LLC ("BMI"), owner of the Project, and on its behalf, we are delivering this notice letter to Hays Trinity Groundwater Conservation District ("HTGCD") in connection with the recent announcements by HTGCD of proposed additions and amendments to its existing Rules 2, 10 and 13, and the proposed adoption of new Rules 15 and 16.

On April 11, 2018 the City of Dripping Springs approved a site development application initially filed by BMI on June 2, 2017 allowing for the development and construction of the Project. Pursuant to a site development permit issued by the City of Dripping Springs shortly thereafter, BMI began and has continued to perform approved development and construction work, and in connection with such activities, has applied for and obtained other licenses, certificates, approvals, registrations, consents, permits, contracts or other agreements for construction-related or other forms of authorization required by law, rule, regulation, order, or ordinance to initiate, continue, and complete the Project. These include (but are not limited to) respectively, a New Operating Permit Application to HTGCD dated September 25, 2017 and associated permit(s) from HTGCD. As you know, BMI has completed construction of agricultural and public water system wells on the site of the Project, in accordance with all permits or authorizations it has received to do so. Indeed, HTGCD has issued one or more Well Construction Notification Confirmations, following inspections of the completed wells at the Project site.

Vested legal, property and constitutional rights to which BMI is entitled under Chapter 245 of the Texas Local Government Code, Section 36.002 of the Texas Water Code, as held by the Texas Supreme Court in *EAA v. Day*, 369 S.W.3d 814 (Tex. 2012), and otherwise under Texas or federal law, and/or under the Texas and United States Constitutions via the aforementioned application for and/or receipt of this series of permits accrued upon the filing of the original application or plan for development or plat application described above. More particularly and as

HTGCD is aware, because the foregoing comprise a series of licenses, certificates, approvals, registrations, consents, permits, contracts or other agreements for construction-related or other forms of authorization required by law, rule, regulation, order, or ordinance to initiate, continue, and complete the Project, the orders, regulations, ordinances, rules, expiration dates, or other properly adopted requirements in effect at the time the original application for the first permit in that series was filed shall be the sole basis for consideration of all subsequent permits required by BMI in connection with the Project. All such rights will remain vested notwithstanding the proposed rule-making activity discussed in this letter, none have been waived, and to the extent necessary, they are expressly reserved herein for all purposes.

HTGCD has been fairly notified in the past of the Project and nature of the permits BMI has applied for and obtained, including permits or other authorizations obtained from HTGCD. Having inspected the Project's completed wells recently, HTGCD is fully aware that BMI has commenced and continued its development and construction activities in connection with the Project in full reliance upon the orders, regulations, ordinances, rules, expiration dates, or other properly adopted requirements in effect at the time the original application for the first permit in that series was filed. Again, all accrued rights are vested, none have been waived and to the extent necessary, they are expressly reserved herein for all purposes.

BMI is concerned about HTGCD's proposed additions and amendments to its existing Rules 2, 10 and 13, and the proposed adoption of new Rules 15 and 16. BMI is particularly concerned about the potential adverse impacts any or all of the same will have upon the Project and/or BMI's ability to use the Project for its permitted and intended purposes and/or upon BMI's vested legal rights, property rights, and/or Constitutional rights, including but not limited the right to be free from a taking without just compensation on a temporary or permanent basis. Many of BMI's specific concerns about these rules will be raised in part, via separate communication, including but not limited to timely filed comments to and about the aforementioned Rules.

At this time, however, if only to avoid the allegation of any waivers of rights, BMI gives you notice of its concern that one or more of the proposed amendments or additions to Rules 2, 10 and 13, or the addition of proposed new Rules 15 and 16 are intended to adversely affect BMI's vested legal rights, including but not limited to its vested development rights, and its ability to use its property and the Project, for its intended and permitted purposes. In this regard, we trust you are aware of the extensive, aggressive and very active neighborhood opposition to the Project both before the series of applications and permits described above were filed and issued, respectively, and since the same has occurred. This unusually active and aggressive opposition from objecting neighbors to thwart both the completion of construction of the Project, and its intended uses has included some focus on water rights and water quality issues. We believe you are aware of such opposition, and of the aggressive opposition activities of The Friendship Alliance in particular, given that Holly Fults—one of your current Board members-- has been and remains a member of The Friendship Alliance's so-called "technical team" that has actively reviewed and complained about the Project and its intended uses. Indeed, and as we know HTGCD is aware, some of those opposition actions have: a) included a frivolous legal action against BMI by members of The Friendship Alliance; and b) other action that has led to temporary work stoppage orders improperly issued by the City of Dripping Springs to appease The Friendship Alliance.

Given the clear connection between these opposition activities, and the apparent efforts of HTGCD to impact BMI's use of the Project via implementation adoption or implementation of its recent proposed rule-making or rule modification activities, in addition the reservations of rights stated above, this letter expressly reserves all rights and if necessary, claims or causes of action against HTGCD and its individual Board Members.

Please do not hesitate to contact me if you have any questions or concerns about the foregoing.

Very truly yours,



Kenneth B. Chaiken

cc: via CMRRR #7016 0600 0000 3333 2196
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