RESOLUTION NO. 20-2018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A DEVELOPMENT AGREEMENT WITH CADG KAUFMAN 146, LLC, AND KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 5, REGARDING APPROXIMATELY 146.746 ACRES OF LAND GENERALLY LOCATED SOUTH OF INTERSTATE HIGHWAY 20, EAST OF FM 741 AND NORTH OF HEARTLAND PARKWAY IN KAUFMAN COUNTY, TEXAS, LOCATED WITHIN THE EXTRATERRITORIAL JURISDICTION OF THE CITY AND BEING COMMONLY REFERRED TO AS "HEARTLAND TOWN CENTER" AND AUTHORIZING THE CITY MANAGER TO ADMINISTER THE AGREEMENT ON BEHALF OF THE CITY; AND PROVIDING A REPEALER CLAUSE AND SPECIFICALLY REPEALING RESOLUTION NO. 72-2017.

WHEREAS, Section 212.171 *et seq* of the Texas Local Government Code authorizes municipalities to enter into agreements governing the development of land in the municipality's extraterritorial jurisdiction; and

WHEREAS, the City Council has been presented with a proposed development agreement between CADG Kaufman 146, LLC, and Kaufman County Fresh Water Supply District No. 5, regarding approximately 146.746 acres of land generally located South of Interstate Highway 20, East of FM 741 and North of Heartland Parkway in Kaufman County, Texas, located within the extraterritorial jurisdiction of the City of Mesquite, Texas ("City"), and being commonly referred to as "Heartland Town Center," a copy of said agreement being attached hereto as Exhibit "A" and incorporated herein by reference (the "Agreement"); and

WHEREAS, upon full review and consideration of the Agreement and all matters attendant and related thereto, the City Council is of the opinion that the Agreement is in the best interest of the City and will benefit the City and its citizens.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS:

SECTION 1. That the City Council finds that the terms and provisions of the proposed Agreement between the City, CADG Kaufman 146, LLC, and Kaufman County Fresh Water Supply District No. 5, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, is in the best interest of the City and will benefit the City and its citizens.

SECTION 2. That the City Council hereby approves the Agreement and hereby authorizes the City Manager to execute the Agreement and all other documents necessary to consummate the transactions contemplated by the Agreement.

SECTION 3. That the City Manager is further hereby authorized to administer the Agreement on behalf of the City including, without limitation, the City Manager shall have the authority to: (i) provide any notices and estoppels required or permitted by the Agreement; (ii) approve amendments to the Agreement provided such amendments, together with all previous

amendments approved by the City Manager, do not increase City expenditures under the Agreement in excess of $50,000; (iii) consent to the assignment of the Agreement under the terms and pursuant to Section 16.1(b) and/or Section 16.3(b) of the Agreement; (iv) approve or deny any matter in the Agreement that requires the consent of the City provided, however, notwithstanding the foregoing, any provision of the Agreement that requires the consent of the City Council pursuant to the terms of the Agreement shall require the approval of the City Council; (v) approve or deny the waiver of performance of any covenant, duty, agreement, term or condition of the Agreement; (vi) exercise any rights and remedies available to the City under the Agreement; and (vii) execute any notices, amendments, approvals, consents, denials and waivers authorized by this Section 3.

SECTION 4. That Resolution No. 72-2017 is hereby repealed in its entirety as of the date of this resolution. If any other resolutions or portions thereof of the City contain provisions in conflict with this resolution, the portions in conflict are hereby repealed and the portions not in conflict herewith shall remain in full force and effect.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 2nd day of April, 2018.

Stan Pickett
Mayor

ATTEST:

Sonja Land
City Secretary

APPROVED:

B. J. Smith
City Attorney

APPROVED BY CITY COUNCIL
DATE 4.2.2018
AGENDA ITEM NO. 8

HEARTLAND TOWN CENTER DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is executed among **CADG Kaufman 146, LLC**, a Texas limited liability company ("Developer"), **Kaufman County Fresh Water Supply District No. 5** (the "District") and the **City of Mesquite, Texas**, a Texas home-rule municipality (the "City") to be effective April 2, 2018 (the "Effective Date").

ARTICLE I
RECITALS

WHEREAS, certain terms used in these recitals are defined in Article II; and

WHEREAS, Developer, the District and the City are sometimes individually referred to as a "Party" and collectively as the "Parties"; and

WHEREAS, Developer is a Texas limited liability company; and

WHEREAS, the District is the Kaufman County Fresh Water Supply District No. 5; and

WHEREAS, Developer is the owner of approximately 146.746 acres of real property located in Kaufman County, Texas (the "County") and depicted on **Exhibit A** and described by metes and bounds on **Exhibit B** (the "Property"); and

WHEREAS, approximately 121.3 acres of the Property, as depicted on **Exhibit A-1** and described by metes and bounds on **Exhibit B-1** (the "Residential Tract"), consists of approximately 450 single-family lots; and

WHEREAS, approximately 25.5 acres of the Property, as depicted on **Exhibit A-2** and described by metes and bounds on **Exhibit B-2** (the "General Retail Tract"), is for (GR) General Retail development; and

WHEREAS, the Developer plans to develop the Property as a development consisting of residential uses and general retail uses upon the execution of this Agreement and subsequent issuance of PID Bonds for the payment of certain costs for the construction and acquisition of certain public improvements and certain other associated costs to benefit the Property, and for the repayment to Developer for any costs advanced for the construction and acquisition of certain public improvements to benefit the Property as set forth in this Agreement; and

WHEREAS, water, sewer, drainage, roadway, and other public infrastructure is not currently available to serve the Parties' intended development of the Property; and

WHEREAS, the Developer desires and intends to design, construct and install and/or make financial contributions to certain on-site and/or off-site public improvements to serve the development of the Property ("Authorized Improvements"), which Authorized Improvements are generally identified in **Exhibit E** and will be the same as those described in the Service and Assessment Plan; and

WHEREAS, the Developer intends for the design, construction and installation of the Authorized Improvements to occur in a phased manner and to dedicate such Authorized Improvements to the City for use and maintenance, subject to approval of the plans and inspection of the Authorized Improvements in accordance with this Agreement and the City Regulations, as hereinafter defined, and contingent upon the partial or total financing of such Authorized Improvements; and

WHEREAS, the Developer and the City estimate that the cost of the Authorized Improvements will be $14,000,000.00 and is the maximum amount that will be financed and reimbursed to the Developer; and

WHEREAS, the City recognizes the positive impact that the Authorized Improvements and the development will bring to the City, and that the Authorized Improvements will promote state and local economic development; stimulate business and commercial activity in the municipality; promote the development and diversification of the economy of the state; promote development and expansion of commerce in the state; and promote the elimination of employment or underemployment in the state; and

WHEREAS, in consideration of the Developer's agreements contained herein, the City intends to exercise its powers under Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to make loans and grants of public money; to make a grant to the Developer as an economic incentive for the Developer to construct or cause to be constructed the Authorized Improvements subject to council approval; and

WHEREAS, to encourage the Developer to develop the Authorized Improvements on the Property, the City desires, under the terms and conditions set forth in this Agreement, to provide exemptions and rebates from certain development fees; and

WHEREAS, to accomplish the development of the Property envisioned by the Parties and to provide financing for the Authorized Improvements, the City has created a public improvement district ("PID") pursuant to Chapter 372, Texas Local Government Code, as amended ("PID Act"); and

WHEREAS, the City recognizes that financing of the Authorized Improvements confers a special benefit to the Property within the PID; and

WHEREAS, in consideration of the Developer's agreements contained herein, the City shall exercise its powers under the PID Act, to provide alternative financing arrangements that will enable the Developer to do the following in accordance with the procedures and requirements of the PID Act and this Agreement: (a) fund or be reimbursed for a specified portion of the costs of the Authorized Improvements using the proceeds of PID Bonds; or (b) obtain reimbursement for the specified portion of the costs of the Authorized Improvements, the source of which reimbursement will be installment payments from Assessments within the PID Property, provided that such reimbursements shall be subordinate to the payment of PID Bonds and Administrative Expenses; and

WHEREAS, the City, subject to the consent and approval of the City Council, and in accordance with the terms of this Agreement and all legal requirements, intends to: (i) adopt a Service and

Assessment Plan; (ii) adopt an Assessment Ordinance (to pay for a specified portion of the estimated cost of the Authorized Improvements shown on **Exhibit E** and the costs associated with the administration of the PID and issuance of the PID Bonds; and (iii) issue PID Bonds up to $14,000,000.00 in the principal amount of PID Bonds for the purpose of financing a specified portion of the costs of the Authorized Improvements and paying associated costs as described herein; and

WHEREAS, the City shall use reasonable efforts to issue PID Bonds up to a maximum principal amount of $14,000,000.00 to finance the Authorized Improvements in accordance with the Service and Assessment Plan, as may be updated or amended; and

WHEREAS, prior to the sale of the first PID Bond issue: (a) the City Council shall have approved and adopted the PID Resolution, a Service and Assessment Plan and an Assessment Ordinance (collectively, the "PID Documents"); (b) the City shall have reviewed and approved the Home Buyer Disclosure Program; (c) owners of the PID Property constituting all of the acreage in the PID shall have executed a Landowner Agreement (as defined in Article II, herein); and (d) the Developer shall have delivered a fully executed copy of the Landowner Agreement(s) to the City; and

WHEREAS, the Parties intend that the Property be developed as a master-planned development, consisting of general retail uses and a residential community including open space, and other public and private amenities that will benefit and serve the present and future citizens of the City, including the creation of substantial future tax base for the City; and

WHEREAS, the Residential Tract shall be developed pursuant to an agreed upon concept plan ("Concept Plan"), which Concept Plan is attached hereto as **Exhibit C**, and the development standards set forth in certain proposed planned development zoning standards ("Development Standards"), which Development Standards are attached hereto as **Exhibit D**; and

WHEREAS, the General Retail Tract shall be developed pursuant to the City's General Retail standards established by the Mesquite Zoning Ordinance, as amended on the Effective Date of this Agreement, subject to the deed restrictions provided in Section 10.2 and in the attached **Exhibit D-1**; and

WHEREAS, the Parties agree that the Authorized Improvements are also improvements that qualify as projects under Chapter 311 of the Texas Tax Code, as amended (the "TIF Act"); and

WHEREAS, the City has created a tax increment reinvestment zone pursuant to the TIF Act (the "TIRZ"), encompassing the Residential Tract and the General Retail Tract; and

WHEREAS, as soon as is practicable and prior to the first PID Bond issue, in consideration of the Developer's agreements contained herein, the Parties shall use best efforts to have agreed to the final form of the following documents (collectively, the "TIRZ Documents"), which will enable the Developer to be reimbursed for a specified portion of TIRZ eligible reimbursement costs: (a) a TIRZ project and finance plan for the TIRZ (the "TIRZ Project and Finance Plan"); (b) ordinance creating the TIRZ (the "TIRZ Ordinance"); and (c) ordinance approving the final TIRZ Project and Finance Plan required by the TIF Act; and

WHEREAS, the City Council has approved the TIRZ Ordinance and has created the TIRZ encompassing the Property; and

WHEREAS, in consideration of the Developer's agreements contained herein, the City intends to exercise its powers under the TIF Act to adopt, approve, and execute the TIRZ Documents to (a) dedicate sixty two and one half percent (62.5%) of the City's collected *ad valorem* tax increment from the Residential Tract, based on the City's tax rate in effect on the date of the establishment of the TIRZ for a period of up to thirty-one (31) years or until the amount of TIRZ increment placed into the Residential Account of the TIRZ Fund totals $14,827,784.00, whichever comes first, to off-set or pay a portion of any Assessments levied on the Residential Tract for the costs of Authorized Improvements, paid in accordance with the TIRZ Project and Finance Plan and Service and Assessment Plan and (b) dedicate twenty-five percent (25%) of the City's collected *ad valorem* tax increment from the General Retail Tract, based on the City's tax rate in effect on the date of the establishment of the TIRZ for a period of up to thirty-one (31) years or until the amount of TIRZ increment placed into the Commercial Account of the TIRZ Fund totals $3,283,062.00, whichever comes first, to reimburse the Developer for costs of certain public improvements in the form of a Chapter 380 grant in accordance with the TIRZ Project and Finance Plan, Service and Assessment Plan, and the Economic Development Agreement; and

WHEREAS, the Property is located within certificate of convenience and necessity ("CCN") No. 13087 issued by the Texas Commission on Environmental Quality or its predecessor (the "TCEQ") for the provision of retail water service held by Kaufman County Municipal Utility District No. 12 ("Kaufman MUD"); and

WHEREAS, the Property is located within CCN No. 20982 issued by the TCEQ for the provision of retail wastewater service held by Kaufman MUD; and

WHEREAS, the Parties intend that the City will provide wholesale treated water and wholesale wastewater services to serve the Property; and

WHEREAS, to facilitate the Parties' intended development of the Property in a cost-effective and market-competitive manner, the Developer submitted a written petition to the City Council dated June 1, 2010, requesting that the City Council consent to the creation of Kaufman County Fresh Water Supply District No. 5 (the "District") that will include all of the Property; and

WHEREAS, the City Council adopted Resolution No. 25-2010 dated June 7, 2010, consenting to the creation of the District; and

WHEREAS, the Parties intend that Developer will design, construct and install the public infrastructure: (i) at no cost or expense to the City; (ii) in accordance with the Concept Plan and Development Standards, and (iii) in accordance with the applicable requirements of the Texas Water Code and the rules, regulations and policies of the TCEQ and the NTMWD; and

WHEREAS, the Parties intend that the retail water and wastewater service to the Property will be provided by Kaufman MUD; and

WHEREAS, the Parties desire to have the Property annexed into the City, the City intends to annex the Property, and the Parties intend for the Property to be developed inside the City's corporate limits; and

WHEREAS, the Parties intend for the Property to be annexed into the city limits of the City once PID Bonds have been issued by the City or the Reimbursement Agreement has been executed and final forms of the TIRZ Documents have been approved by the City; and

WHEREAS, prior to the annexation of the Property, the Parties shall have agreed to the final form of a verified and sworn acknowledgement from the District acknowledging that the District has no debt or obligations that the City will assume by annexation of the Property and dissolution of the District (the "District Acknowledgement"); and

WHEREAS, following the closing of the first PID Bond issue or the execution of the Reimbursement Agreement, and the Parties' approval of the final form of the TIRZ Documents, and the District's delivery of the District Acknowledgement to the City Manager, the Property will be annexed into the City's corporate limits through request and petition of the Developer; and

WHEREAS, upon annexation of the Property, the District shall be dissolved as provided by law and the terms of this Agreement; and

WHEREAS, immediately following annexation of the Property, the City intends to consider zoning (i) the General Retail Tract as (GR) General Retail and (ii) the Residential Tract as a planned development district consistent with the Concept Plan and Development Standards, attached to this Agreement, and the Parties acknowledge that the Property may be developed and used in accordance with this Agreement notwithstanding any zoning of the Property in conflict with this Agreement; and

WHEREAS, as the Property is within the City's ETJ on the Effective Date, the Parties have the authority to enter into this Agreement pursuant to Section 212.171 *et seq* of the Texas Local Government Code; and

WHEREAS, the Parties intend that this Agreement is a development agreement as provided for by state law in Section 212.171 *et seq* of the Texas Local Government Code; and

WHEREAS, the Parties agree that this Agreement constitutes a "permit" within the meaning of Chapter 245, Texas Local Government Code; and

WHEREAS, the City and Developer's predecessor, 269 Kaufman Partners, Ltd. executed that certain Heartland Town Center Development Agreement effective June 7, 2010 (the "2010 Development Agreement"); and

WHEREAS, the Parties intend that this Agreement replace and supersede in whole the previous 2010 Development Agreement, and accordingly, the 2010 Development Agreement shall be terminated effective as of the Effective Date of this Agreement; and

WHEREAS, the Developer has proposed a schedule as detailed in **Exhibit G**; and

WHEREAS, the City recognizes the positive impact that the construction and installation of the Authorized Improvements for the PID will bring to the City and will promote state and local economic development; to stimulate business and commercial activity in the municipality; for the development and diversification of the economy of the state; development and expansion of commerce in the state; and elimination of employment or underemployment in the state; and

NOW THEREFORE, for and in consideration of the mutual covenants of the Parties set forth in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are acknowledged and agreed by the Parties, the Parties agree as follows:

ARTICLE II
DEFINITIONS

Unless the context requires otherwise, the following terms shall have the meanings hereinafter set forth:

Affiliates of CADG Kaufman 146, LLC means any other person directly or indirectly controlling, directly or indirectly controlled by or under direct or indirect common control with Mehrdad Moayedi. As used in this definition, the term "control", "controlling" or "controlled by" shall mean the possession, directly or indirectly, of the power either to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of Mehrdad Moayedi or (b) direct or cause the direction of management or policies of Mehrdad Moayedi, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of Mehrdad Moayedi or any affiliate of such lender.

Agreement means this Heartland Town Center Development Agreement.

Administrative Expenses shall have the meaning assigned in Section 3.11 of this Agreement.

Assessment means a special assessment levied by the City within the PID pursuant to Chapter 372, Texas Local Government Code, pursuant to an Assessment Ordinance, to pay for a specific portion of the Budgeted Cost, which shall be Authorized Improvement Costs.

Assessment Ordinance means an ordinance adopted by the City Council which levies assessments on the PID Property in accordance with the PID Act to pay for a specified portion of the costs of certain Authorized Improvements and interest thereon set forth in the Service and Assessment Plan as well as the costs associated with the issuance of the PID Bonds that provide a special benefit to the PID Property.

Assessment Roll means an Assessment Roll attached to the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an annual update to the Service and Assessment Plan, showing the total amount of the Assessment against each parcel assessed under the Service and Assessment Plan related to the Authorized Improvements.

Authorized Improvements means generally water, sewer, drainage, and roadway infrastructure and facilities needed to serve and fully develop the Property and to be constructed by the Developer

or by or on behalf of the City, including but not limited to the improvements identified on **Exhibit E**.

Authorized Improvement Costs means the design, engineering, construction, and inspection costs of the Authorized Improvements.

Bond Indenture means a trust indenture by and between the issuer of PID Bonds and a trustee bank under which PID Bonds are issued and funds disbursed.

Budgeted Cost with respect to any given Authorized Improvement means the estimated cost of such improvement as set forth in **Exhibit E**.

City Administrator means the current or acting City Administrator or City Manager of the City of Mesquite or a person designated to act on behalf of that individual if the designation is in writing and signed by the current or acting City Administrator.

City means the City of Mesquite, Texas.

City Code means the Code of Ordinances, City of Mesquite, Texas.

City Council means the City Council of the City.

City Inspector means an inspector authorized by the City.

City Manager means the current or acting City Manager of the City of Mesquite, or a person designated to act on behalf of that individual if the designation is in writing and signed by the current or acting City Manager.

City Regulations mean City Code provisions, ordinances, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, which shall be applied to the Development whether or not the Development is within the corporate boundaries of the City, subject to the Development Standards attached as **Exhibit D** and subject to the provisions of Section 11.5.

Developer Cash Contribution means that portion of the Authorized Improvements Cost that the Developer is contributing to initially fund the Authorized Improvements and for which no reimbursement to Developer is anticipated.

Developer Continuing Disclosure Agreement means any continuing disclosure agreement of the Developer executed contemporaneously with the issuance and sale of PID Bonds.

Developer Improvement Account means the construction fund account created under the Bond Indenture, funded by the Developer, and used to pay for portions of the acquisition, design, and construction of the PID Projects.

Development means the new development on the Property that is the subject of this Agreement.

Director means the Director of Planning and Development Services for the City of Mesquite, Texas, his designee, or his successor-in-title.

Economic Development Agreement means the agreement between the Developer and City in which the City agrees to reimburse the Developer for a portion of the costs of public improvements in the form of a Chapter 380 grant.

Effective Date means the effective date of this Agreement, which shall be the date upon which all parties have fully executed and delivered this Agreement.

Eminent Domain Fees shall have the meaning assigned in Section 11.4 hereof.

End Buyer means any Developer, homebuilder, tenant, user, or owner of a Fully Developed and Improved Lot.

Franchise Utilities mean electric and gas utilities.

Fully Developed and Improved Lot means any lot in the Property, regardless of proposed use, intended to be served by the Authorized Improvements and for which a final plat has been approved by the City and recorded in the Real Property Records of Kaufman County, Texas.

(GR) General Retail means the nonresidential district as defined in Section 3-101 of the Mesquite Zoning Ordinance, as amended, on the Effective Date of this Agreement.

Home Buyer Disclosure Program means the disclosure program, administered by the PID Administrator as set forth in a document in the form of **Exhibit F** that establishes a mechanism to disclose to each End Buyer the terms and conditions under which their lot is burdened by the PID.

Impact Fees mean all roadway, water, and wastewater impact fees relating to the Authorized Improvements in each case assessed, imposed and/or collected by the City in accordance with City Regulations adopted by the City or hereinafter adopted and/or amended.

Impositions shall mean all taxes, assessments (excluding the Assessments), use and occupancy taxes, sales taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on the Developer, any Affiliates or any property or any business owned by the Developer or any Affiliates within City.

Interlocal Agreement means an agreement entered into between the City and Kaufman MUD for the maintenance and operation of the Water Facilities (as defined in Section 13.1) and the Sewer Facilities (as defined in Section 13.2).

Landowner Agreement means an agreement of all of the owners of the PID Property consenting to the form and terms of the PID Documents.

Notice means any notice required or contemplated by this Agreement (or otherwise given in connection with this Agreement).

PID means a public improvement district created by the City for the benefit of the PID Property pursuant to Chapter 372, Texas Local Government Code, to be known as the Heartland Public Improvement District.

PID Act means Chapter 372, Texas Local Government Code, as amended.

PID Administrator means a company, entity, employee, or designee of the City, who is experienced in public improvement districts and assessment administration and who shall have the responsibilities provided in the Service and Assessment Plan or any other agreement or document approved by the City related to the duties and responsibilities for the administration of the PID.

PID Bond Financing Date means the date in which the City approves the issuance of PID Bonds or approves a Reimbursement Agreement, which date is not later than July 3, 2018.

PID Bonds means special assessment revenue bonds issued by the City through the PID.

PID Bond Proceeds means the funds generated from the sale of the PID Bonds

PID Projects means all water, sewer, drainage and roadway infrastructure necessary to serve the full development of the PID Property.

PID Property means the real property described by metes and bounds in **Exhibit B-1** and depicted on **Exhibit A-1**.

Project means a general retail development and residential community including parkland, open space, and other public and private amenities that will benefit and serve the present and future citizens of the City and contemplated by this Agreement.

Property means the real property described by metes and bounds in **Exhibit B** and depicted on **Exhibit A**.

Real Property Records of Kaufman County means the official land recordings of the Kaufman County Clerk's Office.

Reimbursement Agreement means the agreement between the City and the Developer in which Developer agrees to fund certain costs of the PID Projects and the City agrees to reimburse Developer for a portion of such costs of the PID Projects funded by Developer with interest with the proceeds of Assessments as permitted by the PID Act.

Service and Assessment Plan or SAP means the PID Service and Assessment Plan adopted by the City Council, as may be updated, supplemented, and amended annually, if needed, by the City Council pursuant to the PID Act for the purpose of assessing allocated costs against property located within the boundaries of the PID having terms, provisions and findings approved by the City, as required by this Agreement.

TIRZ Fund(s) means the fund(s) set up by the City in order to receive the TIRZ funds in accordance with this Agreement and the TIRZ Documents.

ARTICLE III
PUBLIC IMPROVEMENT DISTRICT

3.1 Creation. The Developer has requested the creation of a PID encompassing the PID Property by submitting a petition to the City that contains a list of the PID Projects to be funded or acquired with the PID Bond Proceeds and the estimated or actual costs of such PID Projects. Upon the request of the Developer, the City scheduled a public hearing to consider the creation of a public improvement district in accordance with the PID Act. The PID was created, at the City's discretion, after the public hearing. Developer acknowledges that the City may require at any time a professional services agreement that obligates Developer to fund the costs of the City's professionals relating to the preparation for and issuance of PID Bonds, which amount shall be agreed to by the Parties and considered a cost payable from such PID Bond Proceeds.

3.2 Issuance of PID Bonds. The issuance of each series of PID Bonds and all terms with respect thereto, are subject to the following conditions, as applicable pursuant to the discretion of the City Council, and subject to Section 3.3 below:

(a) the adoption or amendment of the Service and Assessment Plan and an Assessment Ordinance levying assessments on all or any portion of the PID Property benefitted by such PID Projects in amounts sufficient to pay all costs related to such PID Bonds;

(b) the aggregate principal amount of all PID Bonds issued and to be issued for the PID shall not exceed Fourteen Million Dollars ($14,000,000.00);

(c) when combined with any Developer Cash Contribution for the respective phase of development, each series of PID Bonds shall be in an amount estimated to be sufficient to fund the PID Projects for which such PID Bonds are being issued;

(d) delivery by the Developer to the City of a certification or other evidence from an independent appraiser, or other professional acceptable to the City, confirming that the special benefits conferred on the properties being assessed for the PID Projects increase the value of the PID Property by an amount at least equal to the amount assessed against such PID Property;

(e) approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas;

(f) the Developer is current on all taxes, assessments, fees and obligations to the City;

(g) the Developer is not in default under this Agreement or, with respect to the Property, any other agreement to which Developer and the City are parties;

(h) no outstanding PID Bonds requested by the Developer are in default and no reserve funds have been drawn upon that have not been replenished;

(i) the PID Administrator has certified that the specified portions of the costs of the PID Projects to be paid from PID Bond Proceeds are eligible to be paid therewith;

(j) the PID Projects to be financed by the PID Bonds have been or will be constructed according to the Development Standards attached to this Agreement;

(k) the City Council determines that there will be no negative impact on the City's creditworthiness, bond rating, access to or cost of capital, or potential for liability, and that the PID Bonds are structured and marketed appropriately, meet all regulatory and legal requirements, and are marketable under financially reasonable terms and conditions;

(l) the City has determined that the amount of proposed Assessments and the structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the PID Projects cost to be financed and the degree of development activity within the PID, and that there is sufficient security for the PID Bonds to be creditworthy;

(m) the maximum maturity for PID Bonds shall not exceed 30 years from the date of delivery thereof;

(n) the final maturity for any PID Bonds shall be not later than 45 years from the Effective Date;

(o) the PID Bonds shall be offered and sold and may be transferred or assigned only: (1) upon compliance with applicable securities laws; and (2) unless otherwise agreed to by the City, (i) to qualified institutional buyers, investors or accredited investors as such buyers/investors are defined in compliance with applicable securities laws, and (ii) in minimum denominations of $100,000.00 and integral multiples of $5,000.00 in excess thereof;

(p) no information regarding the City, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the City;

(q) at least two (2) business days prior to pricing any PID Bonds issue, the Developer shall provide evidence satisfactory to the City that the Developer has access to the requisite capital to make any required Developer Cash Contribution; in the event the Developer does not fund the escrow at or prior to the closing of any PID Bond issue as required by this Section, the City may withhold PID Bond Proceeds until the Developer makes the required Developer Cash Contribution;

(r) the Developer agrees to provide periodic information and notices of material events regarding the Developer and the Developer's development of the Property within the PID in accordance with Securities and Exchange Commission Rule 15c2-12 and any Developer Continuing Disclosure Agreement;

(s) the Developer is not in default under an Developer Continuing Disclosure Agreement;

(t) the maximum tax equivalent assessment rate for the assessment levy shall not exceed $0.961 per $100.00 taxable assessed valuation, without prior, written consent of the City, in its sole discretion; rate limit applies on an aggregate basis for the entire property and on an individual assessed parcel basis;

(u) the tax rate equivalent for each assessed parcel shall not exceed the Kaufman County Municipal Utility District No. 12 tax rate;

(v) minimum value to lien ratio of at least 3:1 for major improvement area PID Bonds and 2:1 for phased improvement area PID Bonds; provided that any receivables due under any Reimbursement Agreement may be sold or assigned to a private party in accordance with Section 17.1 of this Agreement; such value shall be confirmed by appraisal from licensed MAI appraiser based on the assumption that development of property only includes the public improvements in place and to be constructed with the PID Bond Proceeds and Developer Cash Contribution deposited with trustee and finished lots (without vertical construction) for a phased improvement area;

(w) annual assessment installments will be substantially equal to or less than the amount of the annual installment for the immediately prior year;

(x) the City's engineer or the City's designated consulting engineer determines that the PID Projects cost shown on **Exhibit E,** as updated and amended pursuant to Section 4.1 of this Agreement, are reasonable and within the scope of the Service and Assessment Plan;

(y) if required, the Developer has deposited the pro-rata share of the Developer Cash Contribution into the Developer Improvement Account pursuant to Section 3.3 below; and

(z) the Developer has completed and the City has accepted the PID Projects for the previous phase, other than the first phase of the Development.

3.3 Developer Cash Contribution. At closing on any series of PID Bonds intended to fund construction of PID Projects that have not already been constructed by the Developer, Developer shall deposit into the Developer Improvement Account a pro-rata amount of the Developer Cash Contribution. If the PID Projects within the applicable phase(s) of the Development have already been constructed and the applicable series of PID Bonds is intended to acquire the PID Projects, then Developer shall not be required to deposit the Developer Cash Contribution as provided in this paragraph. The amount of the Developer Cash Contribution for each applicable phase(s) of the Development shall be equal to the difference between the costs of the PID Projects and the PID Bonds Proceeds available to fund such costs of the PID Projects related to such phase(s).

3.4 Disclosure Information. Prior to the issuance of PID Bonds by the City, the Developer agrees to provide all relevant information, including financial information, that is reasonably necessary in order to provide potential bond investors with a true and accurate offering document for any PID Bonds. The Developer agrees, represents, and warrants that any information provided by the Developer for inclusion in a disclosure document for an issue of PID Bonds will not contain any untrue statement of a material fact or omit any statement of material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, are not misleading, and the Developer further agrees that it will provide a certification to such effect as of the date of the closing of any PID Bonds by the City.

3.5 Third Party Bond Issuer. Upon the request of the Developer, the City shall provide its consent to third-party financing based upon the Developer's assignment of its right to

receive monies under the terms of a Reimbursement Agreement. Subject to the discretion of the City Manager, which consent shall not be unreasonably withheld, the City agrees to such actions and provide such documentation as the Developer may reasonably request to facilitate any such third-party financing, including providing acknowledgements, certificates, continuing disclosure agreements and materials, and written descriptions and explanations of the composition of any payments provided by the City pursuant to a Reimbursement Agreement (e.g. detail on which portions of a payment are Assessments, foreclosure proceeds, and prepayments, etc.) provided that all costs of any third-party financing shall not be incurred by the City.

3.6 Qualified Tax-Exempt Status.

(a) Generally. In any calendar year in which PID Bonds are issued, the Developer agrees to pay the City its actual additional costs ("Additional Costs") the City may incur in the issuance of City obligations (the "City Obligations"), as described in this Section, if the City Obligations are deemed not to qualify for the designation of qualified tax-exempt obligations ("QTEO"), as defined in section 265(b)(3) of the Internal Revenue Code ("IRC") as amended, as a result of the issuance of PID Bonds by the City in any given year. The City agrees to deposit all funds for the payment of such Additional Costs received under this Section into a segregated account of the City, and such funds shall remain separate and apart from all other funds and accounts of the City until December 31 of the calendar year in which the PID Bonds are issued, at which time the City is authorized to utilize such funds for any purpose permitted by law. On or before January 15th of the following calendar year, the final Additional Costs shall be calculated. By January 31st of such year, any funds in excess of the final Additional Costs that remain in such segregated account on December 31st of the preceding calendar year shall be refunded to the developers or owners (including the Developer, as applicable) and any deficiencies in the estimated Additional Costs paid to the City by any developer or owner (including the Developer, as applicable) shall be remitted to the City by the respective developer or owner (including the Developer, as applicable).

(b) Issuance of PID Bonds prior to City Obligations.

(1) In the event the City issues PID Bonds prior to the issuance of City Obligations, the City, with assistance from its financial advisor ("Financial Advisor"), shall calculate the estimated Additional Costs based on the market conditions as they exist approximately 30 days prior to the date of the pricing of the PID Bonds (the "Estimated Costs"). The Estimated Costs are an estimate of the increased cost to the City to issue its City Obligations as non-QTEO. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to Developer in an amount equal to the Estimated Costs. The Developer, in turn, shall remunerate to the City the amount shown on said invoice on or before the earlier of: (i) 15 business days after the date of said invoice, or (ii) 5 business days prior to pricing the PID Bonds. The City shall not be required to price or sell any series of PID Bonds until the Developer has paid the invoice related to the PID Bonds then being issued.

(2) Upon the City's approval of the City Obligations, the Financial Advisor shall calculate the actual Additional Costs to the City of issuing its City Obligations as non-QTEO. The City will, within 5 business days of the issuance of the City Obligations, provide written notice to the Developer of the amount of the Additional Costs. In the event the Additional Costs are less

than the Estimated Costs, the City will refund to the Developer the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's notice to the Developer required under this paragraph. If the Additional Costs are more than the Estimated Costs, the Developer will pay to the City the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's notice required under this paragraph. If the Developer does not pay the City the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's notice required under this paragraph, the Developer shall not be paid any reimbursement amounts under any PID reimbursement agreement(s) related to the Development until such payment of Additional Costs is made in full.

(c) Issuance of City Obligations prior to PID Bonds.

(1) In the event the City issues City Obligations prior to the issuance of PID Bonds, the City, with assistance from the Financial Advisor, shall calculate the Estimated Costs based on the market conditions as they exist approximately 20 days prior to the date of the pricing of the City Obligations. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to the Developer: (1) in an amount equal to the Estimated Costs, and (2) that includes the pricing date for such City Obligations. The Developer, in turn, shall remunerate to the City the amount shown on said invoice at least 1 day prior to the pricing date indicated on the invoice. If the Developer fails to pay the Estimated Costs as required under this paragraph, the City, at its option, may elect to designate the City Obligations as QTEO, and the City may direct the Trustee to withhold any reimbursements from the Project Fund due to the Developer until the Developer funds the Estimated Costs.

(2) Upon the City's approval of the City Obligations, the Financial Advisor shall calculate the actual Additional Costs to the City of issuing non-QTEO City Obligations. The City will, within 5 business days of the issuance of the City Obligations, provide written notice to the Developer of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the City will refund to the Developer the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's notice to the Developer. If the Additional Costs are more than the Estimated Costs, the Developer will pay to the City the difference between the Additional Costs and the Estimated Costs within 15 business days of the date of the City's notice. If the Developer does not pay to the City the difference between the Additional Costs and the Estimated Costs as required under this paragraph, then the Developer shall not be paid any reimbursement amounts under any PID Reimbursement Agreement(s) related to the Development until such payment of Additional Costs is made in full.

(d) To the extent any developer(s) or property owner(s) (including the Developer, as applicable) has (have) paid Additional Costs for any particular calendar year, any such Additional Costs paid subsequently by a developer or property owner(s) (including the Developer, as applicable) to the City applicable to the same calendar year shall be reimbursed by the City to the developer(s) or property owner(s)(including the Developer, as applicable) as necessary so as to put all developers and property owner(s) (including the Developer, if applicable) so paying for the same calendar year in the proportion set forth in subsection (e), below, said reimbursement to be made by the City within 15 business days after its receipt of such subsequent payments of such Additional Costs.

(e) The City shall charge Additional Costs attributable to any other developer or property owner on whose behalf the City has issued debt in the same manner as described in this Section, and the Developer shall only be liable for its portion of the Additional Costs under this provision, and if any Additional Costs in excess of Developer's portion has already been paid to the City under this provision, then such excess of Additional Costs shall be reimbursed to the Developer. The portion owed by the Developer shall be determined by dividing the total proceeds from any debt issued on behalf of the Developer in such calendar year by the total proceeds from any debt issued by the City for the benefit of all developers (including the Developer) in such calendar year.

3.7 Tax Certificate. If, in connection with the issuance of the PID Bonds, the City is required to deliver a certificate as to tax exemption (a "Tax Certificate") to satisfy requirements of the IRC, the Developer agrees to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Developer represents that such facts and estimates will be based on its reasonable expectations on the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of the Developer providing such facts and estimates, true, correct and complete as of such date. To the extent that it exercises control or direction over the use or investment of the PID Bond Proceeds, including, but not limited to, the use of the Authorized Improvements, the Developer further agrees that it will not knowingly make, or permit to be made, any use or investment of such funds that would cause any of the covenants or agreements of the City contained in a Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

3.8 Levy of Assessments. The Developer, the City, and the PID Administrator shall prepare a SAP providing for the levy of the Assessments on the PID Property. Promptly following preparation and approval of a SAP acceptable to the Developer and the City and subject to the City Council making findings that the Authorized Improvements confer a special benefit on the PID Property, the City Council shall consider an Assessment Ordinance. Concurrently with the Assessment Ordinance, the City shall consider the approval and execution of a construction, funding, and acquisition agreement and a reimbursement agreement, if needed. The City shall use its best efforts to initiate and approve all necessary documents and ordinances required to effectuate this Agreement, to create the PID, and to levy the Assessments. The Developer shall develop the PID Property consistent with the terms of this Agreement. Nothing contained in this Agreement, however, shall be construed as creating a contractual obligation that controls, waives, or supplants the City Council's legislative discretion.

3.9 Acceptance of Assessments and Recordation of Covenants Running with the Land. Concurrently with the levy of the Assessment, the Developer shall: (1) approve and accept in writing the levy of the Assessment(s) on all land owned or controlled by the Developer; (2) approve and accept in writing the Home Buyer Disclosure Program; and (3) cause to be recorded against the PID Property covenants running with the land that will bind any and all current and successor Developer or Developers and owners of any of the PID Property to pay the Assessment and any subsequent Assessments, with applicable interest and penalties thereon, as and when due and payable hereunder and to take their title to their Property subject to and expressly accepting and assuming the terms and provisions of such Assessments and the liens created thereby.

3.10 PID Powers and Authority. The City may finance all or a portion of the Authorized Improvements as authorized by Chapter 372, Texas Local Government Code. The Authorized Improvements shall be designed, constructed, installed, and acquired using (a) funds advanced by Developer ("Developer Advances"), if any, (b) revenues from Assessments levied by the City Council against benefitted property within the PID, or (c) the proceeds of PID Bonds. The City shall be authorized to reimburse Developer Advances, together with interest, from Assessments and the proceeds of PID Bonds.

3.11 PID Administrative Costs. As set forth in the Service and Assessment Plan, the Parties intend that all costs and expenses paid or incurred in connection with the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including engineering fees, legal fees and consultant fees, (ii) annual costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the PID, (ii) preparing the annual service plan update, (iv) computing, levying, billing and collecting Assessments or the installments thereof, (v) maintaining the record of installments of the Assessments and the system of registration and transfer of the PID Bonds, (vi) fees and expenses relating to PID Bonds, (vii) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors and (viii) administering the construction of the Authorized Improvements (collectively the "Administrative Expenses") shall be payable from Assessments. Administrative Expenses do not include payment of the principal of, redemption premium, if any, and interest on PID Bonds.

3.12 Payment of Costs. The Parties agree that the City may require a professional services agreement that obligates the Developer to fund the costs of the City's professionals relating to the creation of the PID, the levy of assessments and preparation for and issuance of PID Bonds, which amount shall be agreed to by the Parties and considered a cost payable from Assessments or PID Bonds.

3.13 Legislative Discretion. The City shall use its best efforts to initiate and approve all necessary documents and ordinances required to effectuate this Agreement including, but not limited to, the creation of the PID, the levying of Assessments, the issuance of bonds, the creation of the TIRZ, and the annexation of the Property. Nothing contained in this Agreement, however, shall be construed as creating a contractual obligation that controls, waives, or supplants the City Council's legislative discretion.

ARTICLE IV
AUTHORIZED IMPROVEMENTS

4.1 Authorized Improvements. The Budgeted Costs, including Authorized Improvements, are subject to change and shall be updated by the City consistent with the Service and Assessment Plan, as may be updated and amended, and the PID Act, and shall be included on each approved final plat(s) for the Property as each final plat for each phase of the Property is approved by the City Council. The Developer may include an updated **Exhibit E** with each final plat application which shall be submitted to the City Council for consideration and approval concurrently with the submission of each final plat provided that such updated **Exhibit E** is within the scope and parameters of the Service and Assessment Plan. Upon approval by the City Council

of an updated **Exhibit E**, this Agreement shall be deemed amended to include such approved updated **Exhibit E**. The Authorized Improvement Costs and the timetable for installation of the Authorized Improvements will be reviewed annually by the Parties in an annual update of the Service and Assessment Plan adopted and approved by the City.

4.2 Construction, Ownership, and Transfer of Authorized Improvements.

(a) Construction Plans. The Developer shall prepare, or cause to be prepared, plans and specifications for each of the Authorized Improvements and have them submitted to the City for approval in accordance with this section. Construction and/or engineering plans may be submitted to the City without a landscape plan and/or a hardscape plan and the City agrees not to require the submittal of a landscape plan and/or a hardscape plan in conjunction with the submittal of construction or engineering plans. The City shall have 30 business days from its receipt of the first submittal of construction and/or engineering plans to approve or deny the plans or to provide comments back to the submitter of the plans. If any approved construction and/or engineering plans are amended or supplemented, the City shall have 30 business days from its receipt of such amended or supplemented plans to approve or deny the plans or to provide comments back to the submitter of the plans. Any written City approval or denial must be based on compliance with applicable rules and regulations. If the City does not specifically approve or deny submitted plans within the above-described time periods, the plans shall be deemed approved. If any provision in this paragraph conflicts with any other provision in this Agreement, this paragraph controls.

(b) Contract Award. The contracts for construction of Authorized Improvements shall be let in the name of the Developer. The Developer's engineers shall prepare, or cause the preparation of, and provide all contract specifications and necessary related documents. The Developer shall reasonably attempt to provide all construction documents shall acknowledge that the City has no obligations and liabilities thereunder and the Developer shall reasonably attempt to include a provision in the construction documents that the contractor will indemnify the City and its officers and employees against any costs or liabilities thereunder. The Developer shall administer the contracts. The Budgeted Costs, which are estimated on **Exhibit E**, shall be paid by the Developer or caused to be paid by the Developer, or the Developer's assignee, and reimbursed from the proceeds of PID Bonds in accordance with the Bond Indenture, or reimbursed by the collected Assessments levied pursuant to the terms of a Reimbursement Agreement.

(c) Construction Standards and Inspection. The Authorized Improvements will be installed within the public right-of-way or in easements granted to the City. The Authorized Improvements shall be constructed and inspected in accordance with applicable state law, City ordinances, building codes, development requirements, and in accordance with Kaufman MUD standards, as applicable (including those imposed by the City within its corporate boundaries whether or not the Authorized Improvements are within the boundaries of the City), including those imposed by any other governing body or entity with jurisdiction over the Authorized Improvements, and this Agreement, provided, however, that if there is any conflict, the regulations of the governing body or entity with jurisdiction over the Authorized Improvement being constructed shall control.

(d) Competitive Bidding. This Agreement and construction of the Authorized Improvements, including the TIRZ projects, are anticipated to be exempt from competitive bidding pursuant to Sections 252.022(a)(9) and 252.022(a)(11) of the Texas Local Government Code based upon current cost estimates. However, in the event that the actual costs for the Authorized Improvements do not meet the parameters for exemption from the competitive bid requirement, then either competitive bid or alternative delivery methods that may be used by the City as allowed by law shall be used. The Developer agrees to provide the City with notice of the contractors or bidders prior to entering into a contract for construction of the Authorized Improvements.

(e) Ownership. All of the Authorized Improvements shall be owned by the City or Kaufman MUD upon acceptance of them by the City or Kaufman MUD pursuant to the terms of the Interlocal Agreement. The Developer agrees to take any action reasonably required by the City where applicable to transfer or otherwise dedicate easements for the Authorized Improvements to the City and the public.

(f) Authorized Improvements to be Owned by the City – Title Evidence. The Developer shall furnish to the City a preliminary title report for land with respect to the Authorized Improvements, including any related rights-of-way, easements, and open spaces if any, to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City, for review and approval at least 30 calendar days prior to the transfer of title of an Authorized Improvement to the City. The City Manager shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City Manager does not approve the preliminary title report, the City shall not be obligated to accept title to the Authorized Improvement until the Developer has cured such objections to title to the satisfaction of the City Manager.

(g) Authorized Improvement Constructed on City Land or the Property. If the Authorized Improvement is on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Authorized Improvement. If the Authorized Improvement is on land owned by the Developer, the Developer shall dedicate easements by plat or shall execute and deliver to the City such access and maintenance easements as the City may reasonably require in recordable form, and the Developer hereby grants to the City a permanent access and maintenance easement to enter upon such land for purposes related to inspection and maintenance of the Authorized Improvement. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Authorized Improvement as required by this Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Authorized Improvement. The provisions for inspection and acceptance of such Authorized Improvement otherwise provided herein shall apply.

4.3 Operation and Maintenance.

(a) Upon inspection, approval, and acceptance of part or all of the water and sewer Authorized Improvements, Kaufman MUD shall maintain and operate the accepted water and

wastewater infrastructure and provide water and wastewater service to the Property served by the accepted water and/or wastewater infrastructure pursuant to the terms of the Interlocal Agreement.

(b) Upon inspection, approval, and acceptance of part or all of the roadway and storm water Authorized Improvements, the City shall maintain and operate the accepted roadways and storm water infrastructure.

(c) The Developer will create an HOA, which HOA shall maintain and operate the open spaces, common areas, right-of-way irrigation systems, raised medians, right-of-way landscaping, screening walls, drainage areas, detention areas, parks, trails, and any other common improvements or appurtenances not maintained and operated by the City.

ARTICLE V
ADDITIONAL DEVELOPER OBLIGATIONS

Mandatory Homeowners Association. The Developer will create a mandatory homeowner association ("HOA"), which HOA shall be required to assess and collect from home owners annual fees in an amount calculated to maintain the open spaces, common areas, right-of-way irrigation systems, raised medians and other right-of-way landscaping, detention areas, drainage areas, screening walls, parks, trails, and any other common improvements or appurtenances not maintained and operated by the City within the PID (the "HOA Maintained Improvements"). Common areas, including but not limited to all landscaped entrances to the PID and right-of-way landscaping, and all other HOA Maintained Improvements shall be maintained solely by the HOA. Maintenance of public rights-of-way by the HOA shall comply with City Regulations and shall be subject to oversight by the City.

ARTICLE VI
PID BONDS

Subject to the requirements of Article III of this Agreement, the City intends to issue PID Bonds, in one or more series, solely for the purposes of financing the costs of the Authorized Improvements and related costs (excluding Administrative Expenses, except the costs for creating and organizing the PID, including the engineering fees, legal fees and consultant fees as listed in Section 3.11(i), which costs will be included as PID Project costs) and paying issuance costs and the cost of funding all reserves, accounts, and funds required by the applicable Bond Ordinance (including a capitalized interest account, a debt service reserve fund, and the project fund). The City and the Developer have determined and hereby agree that the maximum aggregate principal amount of PID Bonds will be $14,000,000.00. The City staff will, from time to time, submit to the City Council agenda items to approve the issuance of PID Bonds by the City (in one issue or in a series of issues over the years) in an amount up to, but not to exceed, the maximum aggregate principal PID Bond amount of $14,000,000.00. Notwithstanding the foregoing, the City's obligation to approve the issuance of PID Bonds is at the discretion of the City and is subject to the City's review and confirmation that the Assessments are reasonable relative to the market as determined by the City Council, and that the bond issuance is in conformity with the requirements of Article III of this Agreement.

ARTICLE VII

INSPECTION AND PERMITTING

7.1 Inspections. The City shall have a right to inspect, as required by City Regulations, the construction of all structures, Authorized Improvements, and any infrastructure improvements necessary to support the proposed development within the Property, including water, wastewater, drainage, streets, park facilities, electrical, and street lights and signs. The City's inspections shall not release the Developer from its responsibility to construct, or ensure the construction of, adequate Authorized Improvements and infrastructure in accordance with approved engineering plans, construction plans, and other approved plans related to development of the Property. The City shall be the beneficiary of the required two-year maintenance bond the Developer shall provide for all Authorized Improvements. If the City finds that such improvements have been completed in accordance with the final plats and specifications approved by the City (or any modifications thereof approved by the City), and in accordance with all other applicable laws and City Regulations, the City shall accept the same whereupon ownership of such improvements shall be transferred to the City and be operated and maintained by the City at its sole expense other than those improvements that the HOA is obligated to maintain as set forth in Article V of this Agreement.

7.2 Franchise Utilities. Installation of Franchise Utilities may be a requirement for acceptance, except that the City shall release up to 50 percent of the building permits for the lots within a plat without the completion of such installation if the Developer indemnifies the City for any damage to the accepted improvements that result from the franchise utility provider installing such Franchise Utilities after acceptance by the City. The City may withhold any of the remaining 50 percent of the building permits and all of the certificates of occupancies for the lots within a plat until the Franchise Utilities are installed. Installation of landscaping, hardscape, and amenity improvements shall not be a requirement for acceptance of a subdivision or the recording of the final approved plat in the property records of Kaufman County.

ARTICLE VIII
PAYMENT OF AUTHORIZED IMPROVEMENTS

8.1 Improvement Account of the Project Fund. On the date of issuance of any PID Bonds, the City shall establish the Improvement Account of the Project Fund in accordance with the applicable Bond Indenture. Any Improvement Account of the Project Fund shall be maintained as provided in the Bond Indenture and shall not be commingled with any other funds of the City. Any Improvement Account of the Project Fund shall be administered and controlled (including signatory authority) by the City, or the trustee bank for the PID Bonds, and funds in the Improvement Account of the Project Fund shall be deposited and disbursed in accordance with the terms of the Bond Indenture. In the event of any conflict between the terms of this Agreement and the terms of the Bond Indenture relative to deposit and/or disbursement, the terms of the Bond Indenture shall control.

8.2 Cost Overrun. In advance of letting a contract for the Authorized Improvements, the City may confirm that the cost for construction of such Authorized Improvements is generally consistent with the estimated cost provided on **Exhibit E**, as amended from time to time pursuant to Sections 4.1 or 20.15 of this Agreement. If the total cost of the Authorized Improvements in the aggregate exceeds the total amount of monies on deposit in the Improvement Account of the

Project Fund (a "Cost Overrun"), the Developer shall be solely responsible for the remainder of the costs of the Authorized Improvements, except as provided for in Section 8.3 below.

8.3 Cost Underrun. Upon the final acceptance by the City of an Authorized Improvement (or each segment or a portion thereof) and payment of all outstanding invoices by the Developer for such Authorized Improvement (or each segment or a portion thereof), if the actual cost of such Authorized Improvement is less than the Budgeted Cost (a "Cost Underrun"), any remaining Budgeted Cost will be available to pay Cost Overruns on any other Authorized Improvement. The City shall promptly confirm to the Developer that such remaining amounts are available to pay such Cost Overruns, and the Developer and the City will agree how to use such moneys to secure the payment and performance of the work for other Authorized Improvements.

8.4 Remainder of Funds in the Improvement Account of the Project Fund. If funds remain in the Improvement Account of the Project Fund created under the Bond Indenture after the completion of all Authorized Improvements and the payment of all Authorized Improvement Costs as provided for in the Bond Indenture, then such funds thereafter be the exclusive property of the City and shall be used by the City as provided for in the Services and Assessment Plan, or any other applicable use to the Property as provided by law.

ARTICLE IX
TIRZ AND AGRICULTURAL EXEMPTION

9.1 Tax Increment Reinvestment Zone. The City has exercised its powers under the TIF Act and created the TIRZ encompassing the Property and intends to adopt, approve, and execute the TIRZ Documents to (a) dedicate sixty two and one half percent (62.5%) of the City's collected *ad valorem* tax increment, from the Residential Tract, based on the City's tax rate in effect on the date of the establishment of the TIRZ for a period of up to thirty-one (31) years or until the amount of TIRZ increment placed into the residential account (the "Residential Account") of the TIRZ Fund totals $14,827,784.00, whichever comes first, to off-set or pay a portion of any Assessments levied on the Residential Tract for the costs of Authorized Improvements, paid in accordance with the TIRZ Project and Finance Plan and Service and Assessment Plan and (b) dedicate twenty-five percent (25%) of the City's collected *ad valorem* tax increment from the General Retail Tract, based on the City's tax rate in effect on the date of the establishment of the TIRZ for a period of up to thirty-one (31) years or until the amount of TIRZ increment placed into the commercial account (the "Commercial Account") of the TIRZ Fund totals $3,283,602.00, whichever comes first, to reimburse the Developer for costs of public improvements in the form of a Chapter 380 grant pursuant to the provisions of the Economic Development Agreement and in accordance with the TIRZ Project and Finance Plan and Service and Assessment Plan.

9.2 TIRZ Fund. In accordance with the TIRZ Project and Finance Plan, the tax increment obtained from the respective Residential Tract and the General Retail Tract, shall be placed into the Residential Account and Commercial Account, respectively of the TIRZ Fund upon adoption of the TIRZ Project and Finance Plan. It is anticipated that the monies in the Commercial Account of the TIRZ Fund shall pay or reimburse the Developer for the costs of certain public improvements in the form of a Chapter 380 grant pursuant to the provisions of the Economic Development Agreement. It is anticipated that the monies in the Residential Account of the TIRZ Fund shall be distributed in accordance with the TIRZ Project and Finance Plan, to off-set or pay

a portion of any Assessments levied on the Residential Tract for the costs of Authorized Improvements to serve the Residential Tract.

9.3 Agricultural Exemption. The City acknowledges that some or all of the Property may now have or may in the future have an agricultural, timber, or wildlife management use tax classification, and the City may not request removal of any such tax classification until PID Bonds secured by the Property are issued to pay for the costs of the Authorized Improvements and related costs, notwithstanding any waiver of such exemption for other political subdivisions or public entities. However, to the extent that the City might otherwise be required under Section 23.41 et seq. of the Texas Tax Code or other applicable law, including but not limited to Section 43.035 of the Texas Local Government Code, or offers to enter into a development agreement with a landowner containing other such restrictions, this Agreement shall be deemed to have satisfied any such requirement.

ARTICLE X
DEED RESTRICTIONS, ANNEXATION AND POST-ANNEXATION MATTERS

10.1 Annexation. The Developer agrees to execute and submit to the City a petition for voluntary annexation of the Property into the City, with such annexation to occur after the following conditions precedent to the annexation of the Property have been satisfied: (a) the City issues the first series of PID Bonds or approves a Reimbursement Agreement; (b) the Parties agree to the final form of the TIRZ Documents and a TIRZ has been created by the City encompassing the Property; and (c) the District has delivered the District Acknowledgement to the City Manager. Through such petition for annexation, the Developer will agree to the provision of services by the City consistent with the terms of this Agreement and as set forth in the City's annexation service plan, which service plan shall be considered a binding, and mutually agreed upon, contractual obligation between the City and the Developer.

10.2 Deed Restrictions. Before the issuance of any PID Bonds and prior to the conveyance of the General Retail Tract by the Developer to any person or entity, the Developer agrees to impress the General Retail Tract with deed restrictions ("the Restrictions"), approved by the city attorney of the City and filed in the Deed Records of Kaufman County, Texas at the Developer's expense. The Restrictions shall prohibit the uses provided in **Exhibit D-1** on the General Retail Tract.

The Restrictions shall declare that (1) they are covenants running with the land and are fully binding on all successors, heirs, and assigns of the Developer who acquire any right, title, or interest in or to the General Retail Tract, or any part thereof, and that any person who acquires any right, title, or interest in or to the General Retail Tract, or any part thereof, thereby agrees and covenants to abide by the Restrictions; (2) the Developer, including successors, heirs, and assigns, agree that the Restrictions inure to the benefit of the City; (3) the Restrictions shall continue in full force and effect for a period of 20 years from the date of execution, and shall automatically be extended for additional periods of 10 years unless amended or terminated in the manner specified (4) the Restrictions may be amended or terminated only after approval by the City Council of the City and the amending or terminating instrument must be approved as to form by the city attorney of the City; (5) if the City Council approves an amendment or termination of these restrictions, the property owner must then file the amending or terminating instrument in the Deed Records of the

county or counties where the General Retail Tract is located at his or her sole cost and expense before the amendment or termination becomes effective; (6) the Developer, including successors, heirs, and assigns, grant to the City the right to enforce the Restrictions by any lawful means, including filing an action in a court of competent jurisdiction, at law or in equity, against the person violating or attempting to violate the Restrictions, either to prevent the violation or to require its correction; (7) if the City substantially prevails in a legal proceeding to enforce these restrictions, the Developer, including successors, heirs, and assigns, agree that the City shall be entitled to recover damages, reasonable attorney's fees, and court costs; (8) for further remedy, the Developer, including successors, heirs, and assigns, agree that the City may withhold any certificate of occupancy or final inspection necessary for the lawful use of the General Retail Tract until these restrictions are complied with; (9) the right of the City to enforce these restrictions shall not be waived, expressly or otherwise; (10) **the Developer, including successors, heirs, and assigns, agree to defend, indemnify, and hold harmless the City from and against all claims or liabilities arising out of or in connection with the Restrictions or enforcement thereof**; (11) these restrictions are not intended to restrict the right of the City Council of the City to exercise its legislative duties and powers insofar as zoning of the General Retail Tract is concerned.

10.3 Zoning of Property. The City shall contemporaneously with, or as soon as is practicable after, the annexation of the Property, consider zoning (i) the General Retail Tract as (GR) General Retail, consistent with the Mesquite Zoning Ordinance in effect on the Effective Date of this Agreement, and (ii) the Residential Tract as a planned development district consistent with the Concept Plan and Development Standards attached to this Agreement. Through this Agreement, the Developer expressly consents and agrees to the zoning of the Property as contemplated by this Section 10.3.

10.4 Dissolution of the District. Upon annexation of Property into the City, levy of Assessments, approval of a Reimbursement Agreement, if any, (or alternatively the sale of PID Bonds) and zoning of the Property consistent with Section 10.3 of this Agreement, the Developer or the District shall cause the dissolution of the District.

ARTICLE XI
DEVELOPMENT

11.1 Full Compliance with City Standards.

(a) When not in conflict with the terms and conditions of this Agreement, the development of the Property shall be subject to the City Regulations in effect on the Effective Date of this Agreement.

(b) Development and use of the Property, including, without limitation, the construction, installation, maintenance, repair, and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the Development Standards, the Concept Plan, both as attached in **Exhibit D** and

Exhibit C and applicable City Regulations in effect on the Effective Date of this Agreement, and as they may from time to time be amended by a final plat.

11.2 Replat. The Developer may submit a replat for all or any portion of the Property. Any replat shall be in general conformance with the Concept Plan.

11.3 Vested Rights. This Agreement shall constitute a "permit" under Chapter 245 of the Texas Local Government Code that is deemed filed with the City on the Effective Date. The Developer does not, by entering into this Agreement, waive any rights or obligations arising under Chapter 245 of the Texas Local Government Code, and the City does not waive any defenses that it may have under Chapter 245, 212, or 43 of the Texas Local Government Code, or under any other provision at law.

11.4 Property Acquisition. The Parties acknowledge that the Developer is responsible for the acquisition of certain off-site property rights and interests to allow certain public infrastructure to be constructed to serve the Property. Developer shall use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, needed to construct the off-site improvements. The Developer shall provide evidence of costs, maps, locations and size of infrastructure to the City and obtain the City's prior written consent prior to such acquisition of third-party rights-of-way, consents, or easements needed to construct the off-site improvements. If, however, Developer is unable to obtain such third-party rights-of-way, consents, or easements within 90 days of commencing efforts to obtain the needed rights-of-way, consents, or easements, then, as a condition to requiring the Developer to construct off-site improvements, the City may take reasonable steps to secure same through the use of the City's power of eminent domain. If the City takes such eminent domain action, the Developer shall fund all reasonable and necessary legal proceeding/litigation costs, compensation awards by courts or negotiated amounts for the condemned property interest, attorneys' fees, appraiser and expert witness fees, interest, court costs, mediation fees, deposition costs, copy charges, courier fees, postage and taxable court costs (collectively, "Eminent Domain Fees") paid or incurred by the City in the exercise of its eminent domain powers that for any reason are not funded by the proceeds of PID Bonds, if PID Bonds are issued, or Assessments and shall escrow with a mutually agreed upon escrow agent the City's reasonably estimated Eminent Domain Fees both in advance of the initiations of each eminent domain proceeding and as funds are needed by the City. If the escrow fund remains appropriately funded in accordance with this Agreement and in accordance with the City's discretionary governmental powers, the City will use all reasonable efforts to expedite such condemnation procedures so that the Authorized Improvements can be constructed as soon as reasonably practicable. If the City's Eminent Domain Fees exceed the amount of funds escrowed in accordance with this paragraph, Developer shall deposit additional funds as requested by the City into the escrow account within 10 days after written Notice from the City. Any unused escrow funds will be refunded to Developer within 30 days after any condemnation award or settlement becomes final and non-appealable. Nothing in this subsection is intended to constitute a delegation of the police powers or governmental authority of the City, and the City reserves the right, at all times, to control its proceedings in eminent domain.

11.5 Conflicts. In the event of any conflict between this Agreement and any City Regulation, this Agreement, including any exhibit or attachment, shall control.

ARTICLE XII
DEVELOPMENT PROCESS AND CHARGES

12.1 Plat Review Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges applicable to the City's preliminary and final plat review and approval process (the "Plat Review Fees") according to the fee schedule adopted by the City Council and in effect at the time of platting. The fee schedule applicable to the Property shall be uniformly applicable to all development within the corporate limits of the City.

12.2 Plan Review and Permit Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges applicable to the City's review of plans and specifications and issuance of permits (including building permits) for construction of the Authorized Improvements (the "Plan Review and Permit Fees") according to the fee schedule adopted by the City Council at the time of plan review and permit issuance. The fee schedule applicable to the Property shall be uniformly applicable to all development within the corporate limits of the City.

12.3 Inspection Fees. Development of the Property shall be subject to the payment to the City of inspection fees (the "Inspection Fees"), according to the fee schedule adopted by the City Council at the time of inspection.

12.4 Exclusive Fees and Waiver of Impact Fees. The City waives, relinquishes, and releases any right it might have under a current or future City Regulation or state law to: (1) assess, levy, or collect fees for park, recreation, and open space facilities and purposes in connection with the development of the Property; (2) require one or more dedications of land for such purposes in lieu of assessing, levying, and collecting such fees for park recreation, and open space facilities; and (3) assess and collect water, and wastewater Impact Fees in compliance with Chapter 395 of the Texas Local Government Code.

12.5 INDEMNIFICATION AND HOLD HARMLESS. THE DEVELOPER AND EACH SUCCESSOR AND ASSIGNEE OF ANY DEVELOPER (THE "INDEMNITOR", WHETHER ONE OR MORE) HEREBY AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE CITY AND ITS ELECTED OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (EACH AN "INDEMNITEE") FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, LOSSES, DAMAGES, LAWSUITS, JUDGMENTS, FINES, PENALTIES, AND LIABILITIES OF EVERY KIND INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEY'S FEES, COURT COSTS AND EXPENSES OF LITIGATION, FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM FOR WHICH RECOVERY OF DAMAGES, FINES OR PENALTIES IS SOUGHT OR IS SUFFERED BY ANY PERSON OR ENTITY THAT MAY ARISE OUT OF OR BE OCCASIONED BY: (i) THE INDEMNITOR'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT; (ii) THE VIOLATION BY THE INDEMNITOR OR THE INDEMNITOR'S OFFICERS, AGENTS OR EMPLOYEES OF ANY STATE, FEDERAL OR LOCAL LAW OR REGULATION IN THE PERFORMANCE OF THIS AGREEMENT; AND/OR (iii) ANY NEGLIGENT, INTENTIONAL, OR STRICTLY LIABLE ACT OR OMISSION OF THE INDEMNITOR, THE INDEMNITOR'S OFFICERS,

AGENTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS AND THEIR RESPECTIVE OFFICERS, AGENTS OR EMPLOYEES IN THE PERFORMANCE OF THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONSTRUCTION OF ANY INFRASTRUCTURE, STRUCTURES OR OTHER FACILITIES OR IMPROVEMENTS THAT ARE REQUIRED OR PERMITTED TO BE DESIGNED AND/OR CONSTRUCTED BY THE INDEMNITOR PURSUANT TO THIS AGREEMENT, THE CITY REGULATIONS OR ANY OTHER GOVERNING REGULATIONS AND THAT ARE DEDICATED OR OTHERWISE CONVEYED TO THE CITY; EXCEPT THAT THE INDEMNITY PROVIDED FOR IN THIS SECTION 12.5 SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE GROSS NEGLIGENCE, INTENTIONAL MISCONDUCT OR SOLE NEGLIGENCE OF AN INDEMNITEE. NOTHING CONTAINED IN THIS SECTION 12.5 SHALL CONSTITUTE A WAIVER OF ANY GOVERNMENTAL IMMUNITY OR DEFENSE AVAILABLE TO ANY INDEMNITEE UNDER TEXAS LAW. THE PROVISIONS OF THIS SECTION 12.5 ARE NOT TO BE STRICTLY CONSTRUED, ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. IF ANY PART OF THIS INDEMNITY IS DETERMINTED BY A COURT OF COMPETENT JURISDICTION TO BE INVALID OR UNENFORCEABLE FOR ANY REASON, THE REMAINING PORTION OF THIS INDEMNITY SHALL CONTINUE IN FULL FORCE AND EFFECT. THE PROVISIONS OF THIS SECTION 12.5 SHALL EXPRESSLY SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

ARTICLE XIII
WATER AND WASTEWATER SERVICE AND ROADWAY IMPROVEMENTS

13.1 Water Facilities. The Developer shall have full responsibility at its sole cost for designing and constructing the on-site and off-site water facilities (together with and including the acquisition, at its sole cost, subject to Section 11.4, of any and all easements in or fee simple title to land to provide for and to accommodate such water facilities) that will serve the Property (the "Water Facilities"). The Water Facilities shall be owned by Kaufman MUD pursuant to the terms of the Interlocal Agreement. The Developer must design and construct the Water Facilities in compliance with all statutory and regulatory requirements, including design and construction criteria and specifications of the City and the North Texas Municipal Water District (including without limitation permitting requirements for the construction, expansion, extension or enlargement of the Water Facilities), and in compliance with this Agreement. The Water Facilities may be constructed in phases, but shall be adequate to meet City standards for each phase and be built in a manner compliant with the requirements of the PID Act (if applicable) relating to special benefit conferred to each assessed property.

13.2 Sanitary Sewer Facilities. The Developer shall have full responsibility at its sole cost for designing and constructing the on-site and off-site sewer facilities (together with and including the acquisition, at its sole cost, subject to Section 11.4, of any and all easements in or fee simple title to land to provide for and to accommodate such sewer facilities) that will serve the Property (the "Sewer Facilities"). The Sewer Facilities shall be owned by the Kaufman MUD pursuant to the terms of the Interlocal Agreement. The Developer must design and construct the

Sewer Facilities including: all sewer transmission and distribution system(s) necessary to provide continuous and adequate service to customers in the Property in compliance with all statutory and regulatory requirements, including design and construction criteria and specifications of the City and the North Texas Municipal Water District, and in compliance with this Agreement. The Sewer Facilities may be constructed in phases but shall be adequate to meet City standards for each phase and be built in a manner compliant with the requirements of the PID Act (if applicable) relating to special benefit conferred to each assessed property. The Developer shall not be required to design or construct (or pay for designing or constructing) sewer facilities that exceed the capacity needed to serve the Property without the Developer's written agreement.

13.3 Roadway Improvements. The Developer shall have full responsibility at its sole cost for designing and constructing the roadway improvements (together with and including the acquisition, at its sole cost, subject to Section 11.4, of any and all easements in or fee simple title to land to provide for and to accommodate such roadway improvements) that will serve the Property (the "Roadway Improvements"). The Developer must design and construct the Roadway Improvements in compliance with all statutory and regulatory requirements, including design and construction criteria and specifications of the City, and in compliance with this Agreement. The Roadway Improvements may be constructed in phases, but shall be adequate to meet City standards for each phase and be built in a manner compliant with the requirements of the PID Act (if applicable) relating to special benefit conferred to each assessed property. The Developer shall convey the Roadway Improvements to the City at no cost to the City upon written acceptance of the Roadway Improvements by the City in the form of the Certificate for Payment as shown in the Indenture or the Reimbursement Agreement, as applicable.

13.4 Water and Wastewater Service. The Parties intend that Kaufman MUD will provide retail water and wastewater services to customers within the District. It is anticipated that the Kaufman MUD will obtain treated water from the City and that the City will treat Kaufman MUD's wastewater.

ARTICLE XIV
TERM

The term of this Agreement shall be 36 years after the Effective Date unless terminated by mutual written agreement of Developer and the City, or terminated by either Party pursuant to a right to terminate expressly set forth in this Agreement (the "Term"). The Term may be extended by mutual written agreement of Developer and the City. The Term shall not be affected by any full purpose annexation pursuant to Article X. This Agreement shall terminate upon either (i) a termination event in Sections 15.8 and 15.9, (ii) an Event of Default resulting in termination of this Agreement, (ii) the date on which the City and the Developer discharge all of their obligations hereunder, including (a) the City has accepted the Authorized Improvements, (b) the PID Bond Proceeds have been expended for the construction of all of the Authorized Improvements, (c) the Developer Cash Contribution and all Cost Overruns, subject to Section 8.3, have been fully funded by the Developer, and (d) all obligations under a Reimbursement Agreement, if any, have been satisfied by all Parties.

ARTICLE XV

DORMANCY; SUSPENSION; EVENTS OF DEFAULT; TERMINATION REMEDIES

15.1 Expiration of Permits.

(a) Any permit secured pursuant to this Agreement shall expire two years from the date it is issued if no progress has been made toward completion of the Project as defined by Chapter 245 of the Local Government Code. In the event the permit expires, neither the Developer nor any person authorized by the Developer shall perform any work for which the permit was originally issued without filing a new permit application and complying with the City Regulations in effect on the date of application as permitted by law.

(b) The Project shall expire five years from the Effective Date if no progress has been made towards completion of the Project as defined by Chapter 245 of the Local Government Code. In the event the Project expires, neither the Developer nor any person authorized by the Developer shall perform any work on the Project without filing a new permit application and complying with the City Regulations in effect on the date of application as permitted by law.

15.2 Temporary Suspension of Certain Development Rights.

(a) The Parties have entered into this Agreement with the expectation that the Developer will diligently and faithfully develop the Project as shown on the Concept Plan in **Exhibit C** in a timely manner so that the Property shall become a future asset to the City of Mesquite and so that the Project provides an impetus for further development within the City's municipal limits in Kaufman County. In addition to the remedies for and with respect to the expiration of permits provided in Section 15.1 and the other remedies of this Article XV, the Developer's rights to develop the Project shall be temporarily suspended, subject to restoration, if any of the following events occur:

(1) The Developer fails or refuses, on or before the second anniversary of the Effective Date, to make a good-faith effort to provide complete submittal to the City for a preliminary plat for Phase I of the Residential Tract as shown on the Concept Plan attached as **Exhibit C** in accordance with the City Regulations; or

(2) The Developer fails or refuses, no later than 24 months after the Planning and Zoning Commission approves a preliminary plat, to make a good-faith attempt to file with the City a complete application for a permit necessary to begin the installation of infrastructure facilities designed to serve Phase I of the Residential Tract as depicted on the Concept Plan attached as **Exhibit C**; or

(3) At any time, the Project expires pursuant to City Code Section 1-17, et seq. and Chapter 245 of the Local Government Code, because the Developer fails or refuses to make progress toward completion of the Project as defined by Chapter 245 of the Local Government Code.

(b) Upon the occurrence of any of the events in this Section 15.2, the Developer's rights to further develop the Property shall be temporarily suspended, and parts of the Property that have not been developed in accordance with this Agreement may not be used or further developed for any purpose except for agricultural uses unless the Developer's development rights for those parts of the Property are reinstated as follows:

(1) The Developer may submit a written petition to the Director or the City Manager to reinstate the Developer's rights to further develop and use the Property in accordance with the last-approved Concept Plan. With the petition, the Developer may, but is not required, to propose a new or modified Concept Plan, along with any proposed changes to this Agreement. Within fifteen (15) calendar days of receipt of the petition, the Director or the City Manager shall transmit the Developer's petition for reinstatement, with recommendation, to the City Council for action at its next meeting.

(2) The City Council may, in its sole discretion, either (i) restore in full the Developer's rights under this Agreement for those parts of the Property that have not been developed, subject only to conditions to ensure timely performance; or (ii) approve or approve with modifications the Developer's petition that includes a new or modified Concept Plan or any other proposed changes to the Agreement, subject to and with the consent of the Developer to any other conditions that the City Council deems appropriate; or (iii) deny the petition.

(c) If the City Council fails to act upon the petition within one hundred twenty (120) days following the City's receipt of the petition, the Developer may terminate this Agreement. The Parties may extend the time for City Council action by mutual agreement.

(d) In the event the Developer fails or refuses to file a petition for reinstatement of rights within six months after the occurrence of any of the events enumerated in Subsection (a) of this Section and Notice to the Developer that details the specific occurrence of an event enumerated in Subsection (a) of this Section, the City, on its own volition, may notify the Developer in writing that the City Council shall hold a hearing to determine whether, in its sole discretion, the development rights of the Developer shall be restored in accordance with this Section 15.2, and that if such rights are not restored, that the Developer may terminate this Agreement.

15.3 Developer Default. Each of the following events shall be an "Event of Default" by the Developer under this Agreement:

(a) The Developer shall fail to pay to the City any monetary sum hereby required of it as and when the same shall become due and payable and shall not cure such default within sixty (60) days after the later of the date on which written notice thereof is given by the City to the Developer notwithstanding any other provision in this Agreement that allows greater than sixty (60) days to pay any required monetary sum;

(b) The Developer shall fail to comply in any material respect with any term, provision or covenant of this Agreement (other than the payment of money to the City), and shall not cure

such failure within ninety (90) days after written notice thereof is given by the City to the Developer;

(c) Any Event of Default under the Reimbursement Agreement and the Developer shall not cure such failure within ninety (90) days after written notice thereof is given by the City to the Developer;

(d) The filing by the Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors, rights;

(e) The consent by the Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;

(f) The entering of an order for relief against the Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property of the Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days;

(g) The failure by the Developer to pay Assessments on property owned by the Developer within the PID if the Developer does not pay such Assessments within thirty (30) days after written notice thereof is given by the City to the Developer; and

(h) The failure by the Developer to pay Impositions on property owned by the Developer within the PID if the Developer does not pay such Impositions within six (6) months after written notice thereof is given by the City to the Developer; and

(i) Any representation or warranty confirmed or made in this Agreement by the Developer was untrue in any material respect as of the Effective Date.

15.4 City Default. Each of the following events shall be an Event of Default by the City under this Agreement:

(a) So long as the Developer has complied with the terms and provisions of this Agreement, the City shall fail to pay to the Developer any monetary sum hereby required of it subject to the cure rights set forth in this Agreement.

(b) The City shall fail to comply in any material respect with any term, provision or covenant of this Agreement, other than the payment of money subject to the cure rights set forth in this Agreement.

15.5 Notice of Default. No Party shall be in default under this Agreement until Notice of the alleged failure of such Party to perform has been given in writing (which Notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has been given a reasonable time to cure the alleged failure (such reasonable time to be determined in the sole discretion of the City based on the nature of the alleged failure, but in no event more than 90 days after written Notice of the alleged failure has been given). Notwithstanding the foregoing, no Party shall be in default under this Agreement if, within the applicable cure period, the Party to whom the Notice was given begins performance and thereafter diligently and continuously pursues

performance until the alleged failure has been cured. Notwithstanding the foregoing, however, a Party shall be in default of its obligation to make any payment required under this Agreement if such payment is not made within 90 days after it is due.

15.6 City Remedies. With respect to the occurrence of an Event of Default the City may pursue the following remedies:

(a) The City may pursue any legal or equitable remedy or remedies, including, without limitation, specific performance, damages, and termination of this Agreement; provided, however that the City shall have no right to terminate this Agreement unless the City delivers to the Developer a second notice which expressly provides that the City will terminate within thirty (30) days if the default is not addressed as herein provided. Termination or non-termination of this Agreement upon an Developer Event of Default shall not prevent the City from suing the Developer for specific performance, damages, actual damages, excluding punitive, special and consequential damages, injunctive relief or other available remedies with respect to obligations that expressly survive termination. Upon termination by the City, the Developer shall assign to the City any of its contracts and agreements related to the Authorized Improvements requested by the City to be so assigned. In the event the Developer fails to pay any of the expenses or amounts or perform any obligation specified in this Agreement, then to the extent such failure constitutes an Event of Default hereunder, the City may, but shall not be obligated to do so, pay any such amount or perform any such obligations and the amount so paid and the reasonable out of pocket costs incurred by the City in said performance shall be due and payable by the Developer to the City within thirty (30) days after the Developer's receipt of an itemized list of such costs.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(d) The City shall not be entitled to recover attorney's fees.

15.7 Developer's Remedies.

(a) Upon the occurrence of any Event of Default by the City, the Developer may pursue any legal or equitable remedy or remedies, including, without limitation, specific performance, and termination of this Agreement; provided, however, that the Developer shall have no right to terminate this Agreement unless the Developer delivers to the City a second notice which expressly provides that the Developer will terminate within thirty (30) days if the default is not addressed as herein provided. Termination or non-termination of this Agreement upon an Event of Default by the City shall not prevent the Developer from suing the City for specific performance, actual damages in an amount not to exceed the balance due and owed by the City under this Agreement or a Reimbursement Agreement, if any, and is due and payable solely from Assessment revenues,

excluding punitive, special and consequential damages, injunctive relief or other available remedies with respect to obligations that expressly survive termination.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(d) The Developer shall not be entitled to recover attorney's fees.

15.8 Developer Termination Events.

The Developer may terminate this Agreement if the City does not sell PID Bonds or enter into a Reimbursement Agreement by the PID Bond Financing Date subject to notice and cure rights as set forth herein.

15.9 City Termination Events.

The City may terminate this Agreement if the Developer does not fund the Developer Cash Contribution or Cost Overruns, subject to Section 8.3, subsequent to notice and cure rights as set forth herein.

15.10 Termination Procedure.

If either Party determines that it wishes to terminate this Agreement pursuant to this Article, such Party must deliver a written notice to the other party to the effect that the notifying party thereby terminates this Agreement. Upon such a termination, the Parties hereto shall have no duty or obligation one to the other under this Agreement, including the reimbursement of any of the Developer's costs that were previously advanced or incurred (excluding those previously reimbursed or due for payment for reimbursement pursuant to the terms of this Agreement and any Reimbursement Agreement), and except for those Authorized Improvements already constructed and accepted by the City.

15.11 City Actions Upon Termination.

In the event of termination of this Agreement, the City may (i) use remaining PID Bond Proceeds to redeem PID Bonds pursuant to the provisions of the Indenture or (ii) construct or cause to construct the remaining Authorized Improvements, payable from PID Bond Proceeds. Upon termination, the Developer shall have no claim or right to any further payments for Authorized Improvement Costs pursuant to this Agreement for any Authorized Improvements that have not reached completion and been accepted by the City.

15.12 Cessation of Compliance. As a matter of law, a city by contract cannot bind its current or future city councils in the exercise of the council's legislative discretion or the performance of its legislative functions, which include the zoning of property, the establishment of the PID and the TIRZ, the levying of assessments, and the issuance of bonds. Nonetheless, the

Developer has spent a substantial sum to negotiate, implement, and comply with this Agreement and Developer expects and relies on the City to take appropriate actions to zone the Property, create the PID and TIRZ, levy the Assessments, and subsequently issue PID Bonds that are described in this Agreement. If the current or a future City Council of the City does not zone the Property as described in this Agreement, does not establish or operate the PID or the TIRZ as described in this Agreement, does not levy the Assessments, or issue PID Bonds as described in this Agreement, then Developer shall have no further obligation to comply with any of the terms of this Agreement, other than Section 20.12, until such time as the City Council takes appropriate actions to have the City resume compliance with its obligations under this Agreement. If the City resumes its compliance with its obligations under this Agreement, the Developer shall have up to 90 days to resume its compliance with this Agreement. Notwithstanding the provisions of this Section 15.12, the Developer shall continue to be obligated to comply with all Developer Continuing Disclosure Agreement, Landowner Agreements, reimbursement agreements and any other agreements to which the Developer is a party.

ARTICLE XVI
REPRESENTATIONS, WARRANTIES AND COVENANTS

16.1 Representations and Warranties of the City. The City hereby represents and warrants that the following statement is true as of the date hereof.

(a) Due Authority; No Conflict. The City has all requisite power and authority to execute this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the City and constitute legal, valid and binding obligations enforceable against the City in accordance with the terms subject to principles of governmental immunity and the enforcement of equitable rights. The consummation by the City of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any of the terms of any agreement or instrument to which the City is a party, or by which the City is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, arbitrator or governmental authority.

(b) Due Authority; No Litigation. No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the construction of the private improvements or the Authorized Improvements or the City's reimbursement obligations under this Agreement, or otherwise contesting the powers of the City or the authorization of this Agreement or any agreements contemplated herein.

16.2 Developer's Representations and Warranties. The Developer represents and warrants to the City that the following statements, representations and warranties are true as of the Effective Date.

(a) Due Organization and Ownership. The Developer is a limited liability company validly existing under the laws of the State of Texas and is duly qualified to do business in the State of Texas; and that the person executing this Agreement on behalf of is authorized to enter into this Agreement.

(b) Due Authority: No Conflict. The Developer has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the Developer and constitute the Developer's legal, valid and binding obligations enforceable against the Developer in accordance with their terms. The consummation by the Developer of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any term or provision of the organizational documents of the Developer, or any of the terms of any agreement or instrument to which the Developer is a Party, or by which the Developer is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, arbitrator or governmental authority.

(c) Consents. No consent, approval, order or authorization of, or declaration or filing with any governmental authority is required on the part of the Developer in connection with the execution and delivery of this Agreement or for the performance of the transactions herein contemplated by the respective Parties hereto, except the Developer will assist the City in securing any approvals from Kaufman MUD to accept the applicable Authorized Improvements per the Interlocal Agreement.

(d) Litigation. To the best knowledge of the Developer, after reasonable inquiry, there are no pending or, to the best knowledge of the Developer, threatened, judicial, municipal or administrative proceedings, consent decree or, judgments which might affect the Developer's ability to consummate the transaction contemplated hereby.

(e) Legal Proceedings. To the best knowledge of the Developer, after reasonable inquiry, no preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and no statute, rule, regulation, or executive order promulgated to enacted by a governmental entity, shall be in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the knowledge of the Developer, threatened against or affecting the Developer, any of the principals of the Developer and any key person or their respective Affiliates and representatives which the outcome of which would (a) materially and adversely affect the validity or enforceability of, or the authority or ability of the Developer under, this Agreement to perform its obligations under this Agreement, or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Developer or on the ability of the Developer to conduct its business as presently conducted or as proposed or contemplated to be conducted.

ARTICLE XVII
ASSIGNMENT AND ENCUMBRANCE

17.1 Assignment. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. The Developer and any Assignee have the right (from time

to time) to assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of the Developer under this Agreement to any person or entity (an "Assignee") (a) without City consent, but with Notice to the City, if the Assignee is a lienholder or an Affiliate or related entity of Developer; or (b) with the City Manager's prior written consent (which consent shall not be unreasonably withheld if the Assignee demonstrates financial ability to perform to the City Manager's reasonable satisfaction), if to any other person or entity. If the City Manager fails to provide the Developer or Assignee with a written objection to an assignment request within thirty (30) days of receiving a request pursuant to clause (b), then the assignment shall be automatically deemed approved by the City. Any receivables due under this Agreement, any construction funding agreement, any reimbursement agreement (pursuant to Section 372.023(d-1) of the Texas Local Government Code), or any TIRZ agreement may be assigned by Developer without the consent of, but upon written Notice to the City in accordance with Section 20.2 of this Agreement and as allowed. Developer may also collaterally assign the PID and or TIRZ receivables as collateral for any development loan, and Developer may execute such documents and contracts as necessary to effectuate such loans or financings, without the consent, but with Notice, to the City. An Assignee shall be considered a "Party" for the purposes of this Agreement. From and after such assignment, the City agrees to look solely to the Assignee for the performance of all obligations assigned to the Assignee and agrees that Developer shall be released from subsequently performing the assigned obligations and from any liability that results from the Assignee's failure to perform the assigned obligations. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the City approves the release in writing. Developer shall maintain written records of all assignments made by Developer to Assignee, including a copy of each executed assignment and the Assignee's notice information as required by this Agreement, and, upon written request from the City, any Party or Assignee, shall provide a copy of such records to the requesting person or entity.

17.2 Assignment by the City. The City shall not assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of the City under this Agreement, without the prior written approval of Developer.

17.3 Encumbrance by Developer and Assignees. Developer and Assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of (a) their respective lenders without the consent of, but with prompt written notice to, the City, and (b) to any person or entity with the City Manager's prior written consent (which consent shall not be unreasonably withheld, conditioned, or delayed). If the City Manager fails to provide the Developer or Assignee with a reasonable written objection to a collateral assignment request within thirty (30) days of receiving such request, then the collateral assignment shall be automatically deemed approved by the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender's interest, including Notice information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement and shall be given a reasonable time, but no more than 180 days, to do so in addition to the cure periods otherwise provided to the defaulting Party by this Agreement; and the City agrees to accept a cure,

not to be unreasonably withheld, offered by the lender as if offered by the defaulting Party. A lender is not a party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured.

17.4 Encumbrance by City. The City shall not collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of its rights, title, or interest under this Agreement without Developer's prior written consent.

17.5 No Third-Party Beneficiaries. This Agreement only inures to the benefit of, and may only be enforced by, the Parties. No other person or entity shall have any right, title, or interest under this Agreement or otherwise be deemed to be a third-party beneficiary of this Agreement.

17.6 Notice of Assignment. Notwithstanding anything to the contrary in this Agreement, the following requirements shall apply in the event that the Developer sells, assigns, transfers, or otherwise conveys the Property or any part thereof and/or any of its rights or benefits under this Agreement:

(a) within 30 days after the effective date of any such sale, assignment, transfer, or other conveyance, the Developer must provide written Notice of same to the City;

(b) the Notice must describe the extent to which any rights or benefits under this Agreement have been sold, assigned, transferred, or otherwise conveyed;

(c) the Notice must state the name, mailing address, and telephone contact information of the person(s) acquiring any rights or benefits as a result of any such sale, assignment, transfer, or other conveyance;

(d) the Notice must be signed by a duly authorized person representing the Developer.

ARTICLE XVIII
RECORDATION AND ESTOPPEL CERTIFICATES

18.1 Binding Obligations. This Agreement and all amendments hereto and assignments hereof shall be recorded in the deed records of Kaufman County. This Agreement binds and constitutes a covenant running with the Property. Upon the Effective Date, this Agreement shall be binding upon the Parties and their successors and assigns permitted by this Agreement and forms a part of any other requirements for development within the Property. This Agreement, when recorded, shall be binding upon the Parties and their successors and assigns as permitted by this Agreement and upon the Property; however, this Agreement shall not be binding upon, and shall

not constitute any encumbrance to title as to, any End-Buyer of a Fully Developed and Improved Lot except for land use and development regulations that apply to such lots.

18.2 Estoppel Certificates. From time to time upon written request of the Developer or any future owner, and upon the payment of a $100.00 fee to the City, the City Manager, or his/her designee will, in his official capacity and to his reasonable knowledge and belief, execute a written estoppel certificate identifying any obligations of an owner under this Agreement that are in default.

ARTICLE XIX
AUTHORIZED IMPROVEMENTS REIMBURSEMENT

19.1 Authorized Improvements Reimbursement from Assessment Fund In the Event of a Non-Issuance of PID Bonds.

(a) In the Event that the City does not issue the PID Bonds by the PID Bond Financing Date, the reimbursement for costs of the Authorized Improvements set forth in Exhibit E and in the Service and Assessments Plan shall be made on an annual basis from Assessments levied by the City for the Authorized Improvements pursuant to Chapter 372, Texas Local Government Code, as amended and pursuant to any Reimbursement Agreement. Such reimbursement shall be made pursuant to the terms and provisions of a Reimbursement Agreement. Such Reimbursement Agreement shall set forth the terms of the annual reimbursement for the costs of the Authorized Improvements and shall provide for the application of the funds in the Residential Account of the TIRZ Fund to offset or provide a credit for the Assessments in each year.

(b) Reimbursement for the costs of the Authorized Improvements shall only be made from the levy of Assessments within the PID.

(c) The term, manner and place of payment or reimbursement to the Developer under this Section shall be set forth in the Reimbursement Agreement. Such payments shall be made upon the City's approval of a Certificate of Payment for the costs of the Authorized Improvements for which payment or reimbursement is sought by the Developer.

(d) Reimbursement shall be made only for the costs of the Authorized Improvements as set forth in this Agreement, the TIRZ Documents, the Service and Assessment Plan and in the Reimbursement Agreement, as approved by the City. Any additional public improvements constructed by the Developer and dedicated to the City shall not be subject to reimbursement under the terms of this Agreement.

19.2 Remaining Funds after Completion of an Authorized Improvement. Upon the completion of construction of an Authorized Improvement (or segment or stage thereof) and payment of all outstanding invoices for such Authorized Improvement, if the actual cost(s) of such Authorized Improvement is less than the budgeted cost(s) as set forth in the Service and Assessment Plan (a "Cost Underrun"), any remaining budgeted cost(s) will be available to pay Cost Overruns on any other Authorized Improvement upon approval by the City Manager or designee. Any cost underrun for any Authorized Improvement is available to pay Cost Overruns on any other Authorized Improvement, and may be added to the amount approved for payment in any Certificate for Payment, as agreed to by the City Manager or designee.

19.3 Reimbursement Process for Authorized Improvements. The reimbursement of the costs of the Authorized Improvements shall not commence until the Developer has submitted and the City has approved a certificate of payment for the Authorized Improvement Costs for which payment or reimbursement is sought by the Developer (a "Certificate for Payment"). The reimbursement to the Developer for the costs of the Authorized Improvements shall be pursuant to the terms of the Reimbursement Agreement. The Developer shall submit a Certificate for Payment to the City for costs of the Authorized Improvements. The form of the Certificate for Payment shall be attached to the Reimbursement Agreement or the Indenture. The City shall review the sufficiency of each Certificate for Payment with respect to compliance with this Agreement, compliance with the City Regulations, and compliance with the Plans and Specifications. The Reimbursement Agreement shall contain terms and provisions relating to the City's review of the Certificate for Payment and the timing of reimbursement.

ARTICLE XX
ADDITIONAL PROVISIONS

20.1 Recitals. The recitals contained in this Agreement: (a) are true and correct as of the Effective Date; (b) form the basis upon which the Parties negotiated and entered into this Agreement; (c) are legislative findings of the City Council of the City; and (d) reflect the final intent of the Parties with regard to the subject matter of this Agreement. In the event it becomes necessary to interpret any provision of this Agreement, the intent of the Parties, as evidenced by the recitals, shall be taken into consideration and, to the maximum extent possible, given full effect. The Parties have relied upon the recitals as part of the consideration for entering into this Agreement and, but for the intent of the Parties reflected by the recitals, would not have entered into this Agreement.

20.2 Notices. All notices required or contemplated by this Agreement (or otherwise given in connection with this Agreement) (a "Notice") shall be in writing, shall be signed by or on behalf of the Party giving the Notice, and shall be effective and considered as having been properly given as follows: (a) on or after the 3rd business day after being deposited with the United States mail service, Certified Mail, Return Receipt Requested in a postage paid envelope addressed to the intended recipient at the address set forth below (or at such address as hereafter changed as provided for below); (b) on the day delivered by a private delivery or private messenger service (such as FedEx or UPS) as evidenced by a receipt signed by any person at the delivery address (whether or not such person is the person to whom the Notice is addressed); or (c) otherwise on the day actually received by the person to whom the Notice is addressed, including, but not limited to, delivery in person provided such delivery is evidenced by a receipt signed by the person to whom the Notice is addressed. For purposes of giving Notice, the addresses of the Parties shall be as set forth below; provided, however, that any Party shall have the right to change such Party's address for notice purposes by giving the other Parties at least fifteen (15) days prior written notice of such change of address in the manner set forth in this Section 20.2:

To the City: Attn: Cliff Keheley
Mesquite City Manager
PO Box 850137
Mesquite, TX 75185-0137

With a copy to: Attn: City Attorney
Mesquite City Attorney
PO Box 850137
Mesquite, TX 75185-0137

To the Developer: Attn: Mehrdad Moayedi
CADG Kaufman 146, L.L.C.
1800 Valley View Lane
Suite 300
Farmers Branch, Texas 75234

With a copy to: Attn: Travis Boghetich
Boghetich Law, PLLC
Suite 300
Farmers Branch, Texas 75234
E-mail: travis.boghetich@gmail.com

To the District: Attn: Ross Martin
Winstead PC
500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201

Any party may change its address or addresses for delivery of Notice by delivering written Notice of such change of address to the other party.

20.3 Interpretation. The Parties acknowledge that each has been actively involved in negotiating this Agreement. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting Party will not apply to interpreting this Agreement. In the event of any dispute over the meaning or application of any provision of this Agreement, the provision will be interpreted fairly and reasonably and neither more strongly for nor against any Party, regardless of which Party originally drafted the provision.

20.4 Time. In this Agreement, time is of the essence and compliance with the times for performance herein is required.

20.5 Entire Agreement. This Agreement, including its exhibits and documents executed in accordance with the Agreement, constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, covering the subject matter of this Agreement. This Agreement, including all Exhibits to this Agreement, except as provided in Section 4.1 and **Exhibit F**, shall not be modified or amended except in writing signed by the Parties.

20.6 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the parties, be rewritten to be enforceable and to give effect to the

intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

20.7 Applicable Law; Venue. This Agreement is entered into pursuant to and is to be construed and enforced in accordance with, the laws of the State of Texas, and all obligations of the Parties are performable in Kaufman County. Exclusive venue for any action to enforce or construe this Agreement shall be in the Kaufman County District Court.

20.8 Non-Waiver. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

20.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

20.10 Further Documents. The Parties agree that at any time after execution of this Agreement, they will, upon request of another Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request in order to effectuate the terms of this Agreement. This provision shall not be construed as limiting or otherwise hindering the legislative discretion of the City Council seated at the time that this Agreement is executed or any future City Council.

20.11 Exhibits. The following Exhibits are attached to this Agreement and are incorporated herein for all purposes:

Exhibit A	Depiction of the Property
Exhibit A-1	Depiction of the Residential Tract
Exhibit A-2	Depiction of the General Retail Tract
Exhibit B	Metes and Bounds Description of the Property
Exhibit B-1	Metes and Bounds Description of the Residential Tract
Exhibit B-2	Metes and Bounds Description of the General Retail Tract
Exhibit C	Concept Plan
Exhibit D	Development Standards
Exhibit D-1	Deed Restrictions
Exhibit E	Authorized Improvements
Exhibit F	Home Buyer Disclosure Program
Exhibit G	Developer Proposed Schedule

20.12 Home Buyer Disclosures. The Developer shall comply with the Home Buyer Disclosure Program and shall deed restrict the Property by recording the deed restrictions in the

real property records of Kaufman County, which provides notifies owners of Property of the obligations set forth in the Home Buyer Disclosure Program.

20.13 Governmental Powers; Waivers of Immunity. By its execution of this Agreement, the City does not waive or surrender any of its respective governmental powers, immunities, or rights except as provided in this section. The Parties acknowledge that the City waives its sovereign immunity as to suit solely for the purpose of adjudicating a claim under this Agreement. This is an agreement for the provision of goods or services to the City under Section 271.151 et seq. of the Texas Local Government Code.

20.14 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within three business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance, shall give Notice to all the Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The term "force majeure" shall include events or circumstances that are not within the reasonable control of the Party whose performance is suspended and that could not have been avoided by such Party with the good faith exercise of good faith, due diligence and reasonable care. Notwithstanding the foregoing, a force majeure does not include any financial or economic hardship, changes in market or economic conditions, or insufficiency of funds.

20.15 Amendments. This Agreement cannot be modified, amended, or otherwise varied, except in writing signed by the City and Developer expressly amending the terms of this Agreement.

20.16 Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is hereby acknowledged.

20.17 Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the Parties hereto or by any third party to create the relationship of principal and agent, or of partnership, joint venture or any association whatsoever between any one or more of the Parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or acts of the Parties hereto shall be deemed to create any relationship between the Parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement.

20.18 Captions. The descriptive captions of this Agreement are for convenience of reference only and shall in no way define, describe, limit, expand or affect the scope, terms, conditions, or intent of this Agreement.

20.19 Number and Gender. Whenever used herein, unless the context otherwise provides, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all other genders.

20.20 Proportionality.

(a) The Parties agree that the dedication or construction of public improvements, and/or the contributions of development fees, provided for in this Agreement are roughly proportional to the nature and extent of the proposed development of the Property on the City's public facilities systems. Developer further agrees that the City may expressly rely upon the provisions of this Section 20.20 in any certification under Texas Local Government Code Section 212.904, and that a court in determining rough proportionality may consider all of the Property.

(b) DEVELOPER HEREBY COVENANTS NOT TO SUE the City for any claim, or assert any cause of action against the City at law or in equity, or otherwise consent to participate in any action against the City, arising from any claim by the Developer or by its Affiliates, alleging that application of the construction, dedication or fee requirements set forth in this Agreement to the development of the Property, or the imposition of conditions to a plat application for a portion of the Property that are consistent with the existing requirements of the City Regulations, are not roughly proportional to the impacts of the development depicted in the Concept Plan, including but not limited to any action premised upon Texas Local Government Code Chapter 212.904, as amended, or any successor statute, or that such application of the construction, dedication or fee requirements violate Texas Local Gov't Code Chapter 395, as amended, or any successor statute. Such covenant not to sue touches and concerns the Property, and is a covenant running with the land such that it binds successors in interest and assigns of Developer.

(c) Should Developer or any Affiliate, successor-in-interest, or assign of Developer violate the covenant not to sue contained in this Section 20.20, the City may enforce the covenant not to sue, subject to Section 15.6 of this Agreement, by any remedy available at law or in equity including, without limitation, an action under the Uniform Declaratory Judgment Act, specific performance, mandamus and injunctive relief and/or the City may enforce the indemnity by Developer and its Affiliates, successors-in-interest, and assigns more fully set forth in Section 20.20(d) below, such remedies being expressly made cumulative. Should a court declare the covenant not to sue unenforceable in whole or in part, Developer and its Affiliates, successors-in-interest, and assigns agree that the City may enforce the indemnity by Developer and its Affiliates, successors-in-interest, and assigns more fully set forth in Section 20.20(d) below.

(d) Should Developer or any Affiliate, successor-in-interest, or assign of Developer assert in a court of competent jurisdiction any of the claims set forth in Section 20.20(b) in violation of this Section 20.20, with respect to development of any portion of the Property, **the party asserting such claim shall indemnify, hold harmless and reimburse the City, its agents, employees, successors, and assigns against all costs, damages, expenses, attorney's fees or other liabilities resulting from claims arising out of any breach of this Section 20.20, including but not limited to claims asserting that the City's application of the standards and provisions of this Agreement requiring dedication, construction or contribution of fees for public facilities and services is not roughly proportional to the impacts of development of the Property or any part thereof, including expressly any claims premised on Texas Local Government Code Section 212.904, as amended, or any successor statute, or any claims brought pursuant to Texas Local Government Chapter 395, as amended, or any successor statute.**

(e) The covenants, terms, provisions and agreements of the Developer and its Affiliates, successors-in-interest, and assigns contained in Section 20.20 of this Agreement shall expressly survive the expiration, termination or dormancy of this Agreement, subject to Section 15.6.

Executed by the Developer, the District and the City to be effective on the Effective Date.

ATTEST:

Sonja Land

Name: Sonja Land
Title: City Secretary

CITY OF MESQUITE, TEXAS

By: _____

Name: Cliff Keheley
Title: City Manager
Date: 5-24-18

APPROVED AS TO FORM

Paula Anderson

City Attorney or his Designee

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 24th day of May, 2018 by Cliff Keheley, the City Manager of the City of Mesquite, Texas, a home-rule municipality, on behalf of said home rule municipality.

Brenda J. Hood

Notary Public, State of Texas

BRENDA J. HOOD
Notary Public-State of Texas
Notary ID #10684583
Commission Exp. NOV. 04, 2020

Developer:

CADG Kaufman 146, LLC
a Texas limited liability company

By: CADG Holdings, LLC,
a Texas limited liability company
Its Sole Member

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayedi
Its: Manager

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 10 day of May, 2018, by Mehrdad Moayedi, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of CADG Holdings, LLC, as Sole Member of CADG Kaufman 146, LLC, a Texas limited liability company on behalf of said company.

NATALY ELBERG
Notary Public, State of Texas
Comm. Expires 10-18-2021
Notary ID 131320257

_____
Notary Public, State of Texas

Kaufman County Fresh Water Supply District No. 5,

By: _____
Name: Kenneth D Rogers
Title: VP
Date: 5/7/18

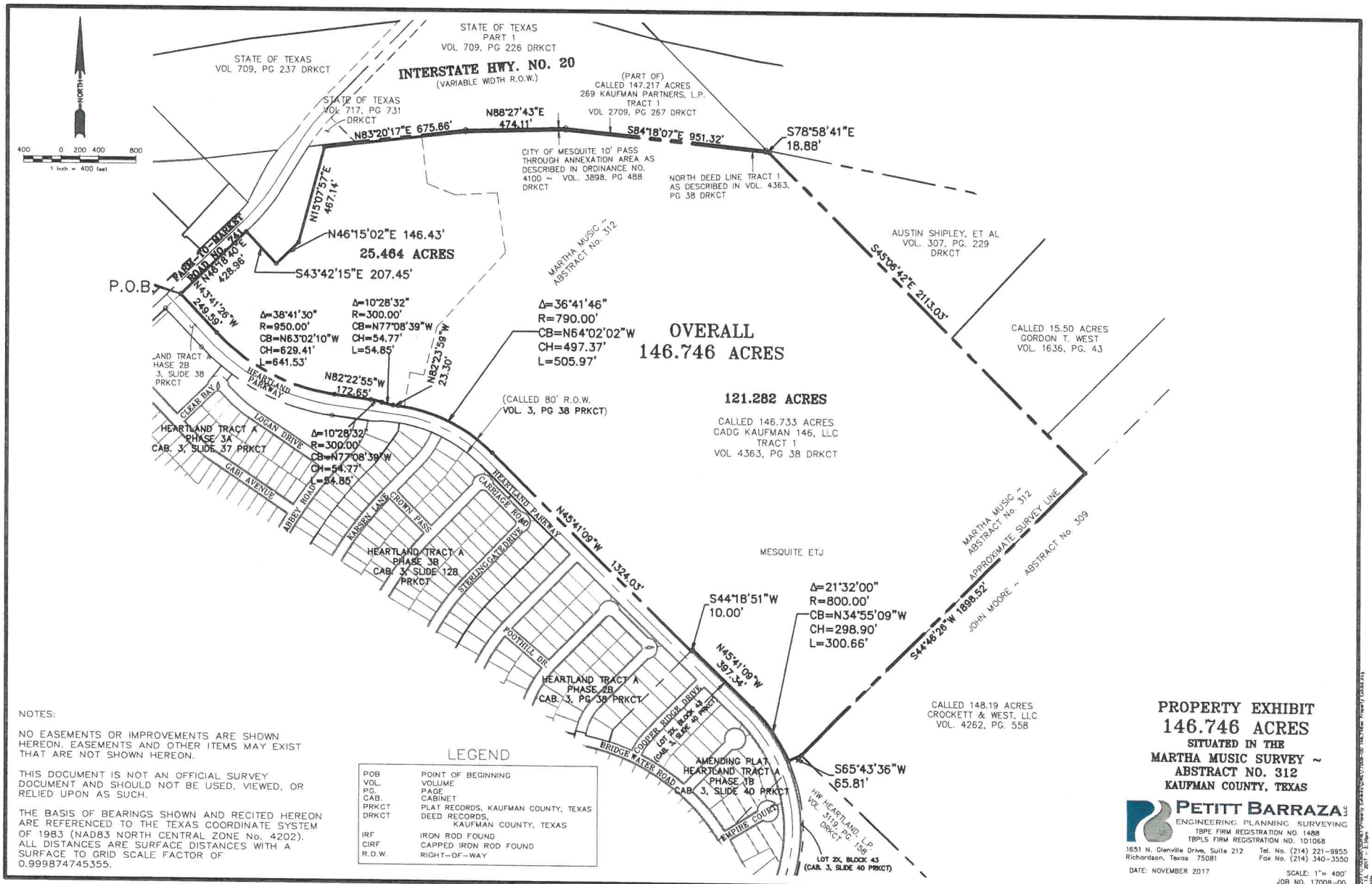
STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 7th day of May, 2018 by Kenneth Rogers of Kaufman County Fresh Water Supply District No. 5 of Kaufman County, a political subdivision, on behalf of said entity.

Darla K. Brown
Notary Public, State of Texas

DARLA KAY BROWN
Notary Public, State of Texas
Comm. Expires 09-19-2018
Notary ID 2585875

Exhibit A
Depiction of the Development



NOTES:

NO EASEMENTS OR IMPROVEMENTS ARE SHOWN HEREON. EASEMENTS AND OTHER ITEMS MAY EXIST THAT ARE NOT SHOWN HEREON.

THIS DOCUMENT IS NOT AN OFFICIAL SURVEY DOCUMENT AND SHOULD NOT BE USED, VIEWED, OR RELIED UPON AS SUCH.

THE BASIS OF BEARINGS SHOWN AND RECITED HEREON ARE REFERENCED TO THE TEXAS COORDINATE SYSTEM OF 1983 (NAD83 NORTH CENTRAL ZONE No. 4202). ALL DISTANCES ARE SURFACE DISTANCES WITH A SURFACE TO GRID SCALE FACTOR OF 0.999874745355.

LEGEND

POB	POINT OF BEGINNING
VOL.	VOLUME
PG.	PAGE
CAB.	CABINET
PRKCT	PLAT RECORDS, KAUFMAN COUNTY, TEXAS
DRKCT	DEED RECORDS, KAUFMAN COUNTY, TEXAS
IRF	IRON ROD FOUND
CIRF	CAPPED IRON ROD FOUND
R.O.W.	RIGHT-OF-WAY

PROPERTY EXHIBIT
146.746 ACRES
SITUATED IN THE MARTHA MUSIC SURVEY ~ ABSTRACT NO. 312 KAUFMAN COUNTY, TEXAS

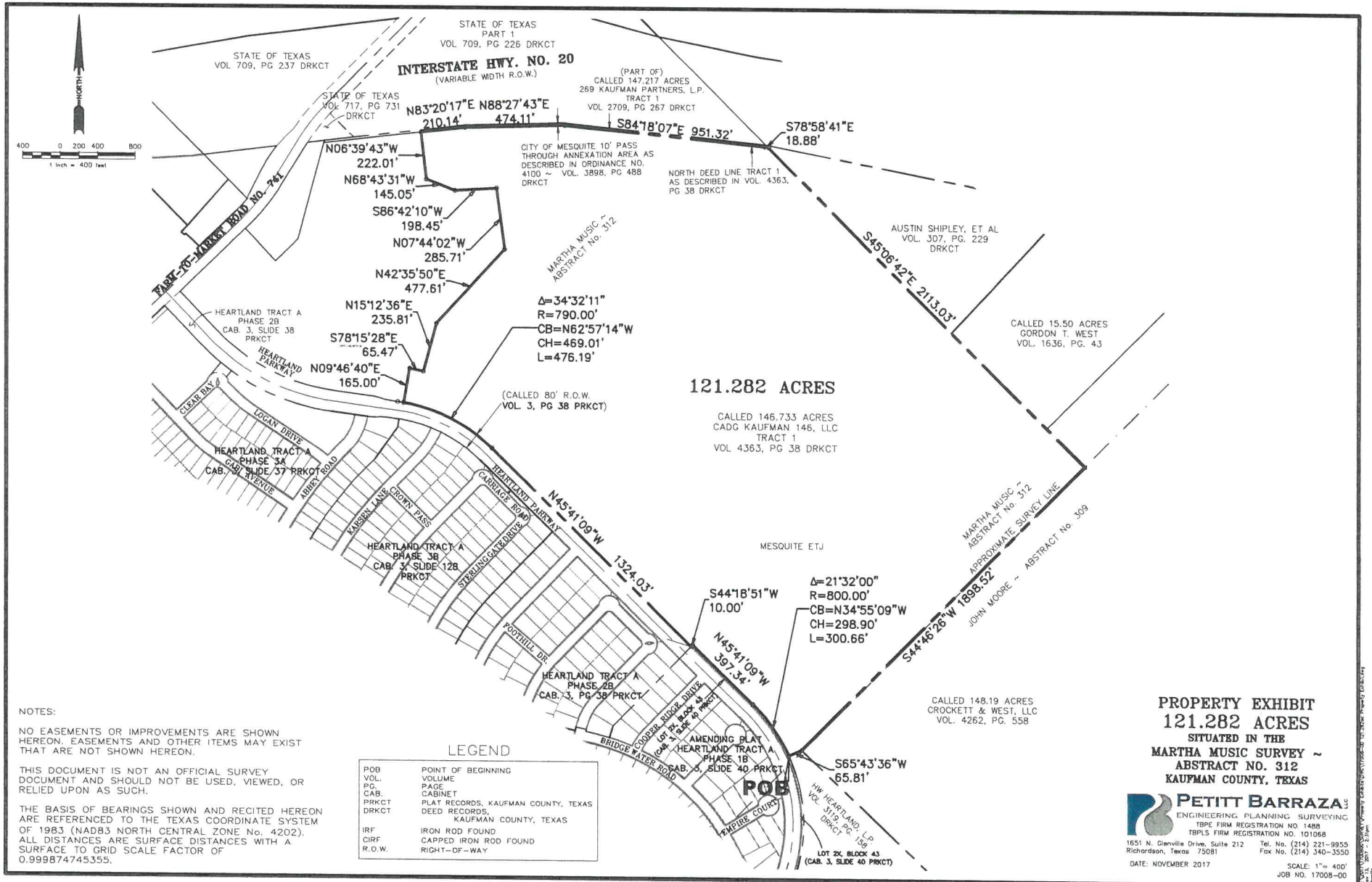
PETITT BARRAZA LLC
ENGINEERING PLANNING SURVEYING
TBPE FIRM REGISTRATION NO. 1488
TBPLS FIRM REGISTRATION NO. 101068
1651 N. Glenville Drive, Suite 212
Richardson, Texas 75081
Tel. No. (214) 221-9955
Fax No. (214) 340-3550

DATE: NOVEMBER 2017

SCALE: 1"= 400'

JOB NO. 17008-00

Exhibit A-1
Depiction of the Residential Tract



NOTES:

NO EASEMENTS OR IMPROVEMENTS ARE SHOWN HEREON. EASEMENTS AND OTHER ITEMS MAY EXIST THAT ARE NOT SHOWN HEREON.

THIS DOCUMENT IS NOT AN OFFICIAL SURVEY DOCUMENT AND SHOULD NOT BE USED, VIEWED, OR RELIED UPON AS SUCH.

THE BASIS OF BEARINGS SHOWN AND RECITED HEREON ARE REFERENCED TO THE TEXAS COORDINATE SYSTEM OF 1983 (NAD83 NORTH CENTRAL ZONE No. 4202). ALL DISTANCES ARE SURFACE DISTANCES WITH A SURFACE TO GRID SCALE FACTOR OF 0.999874745355.

LEGEND

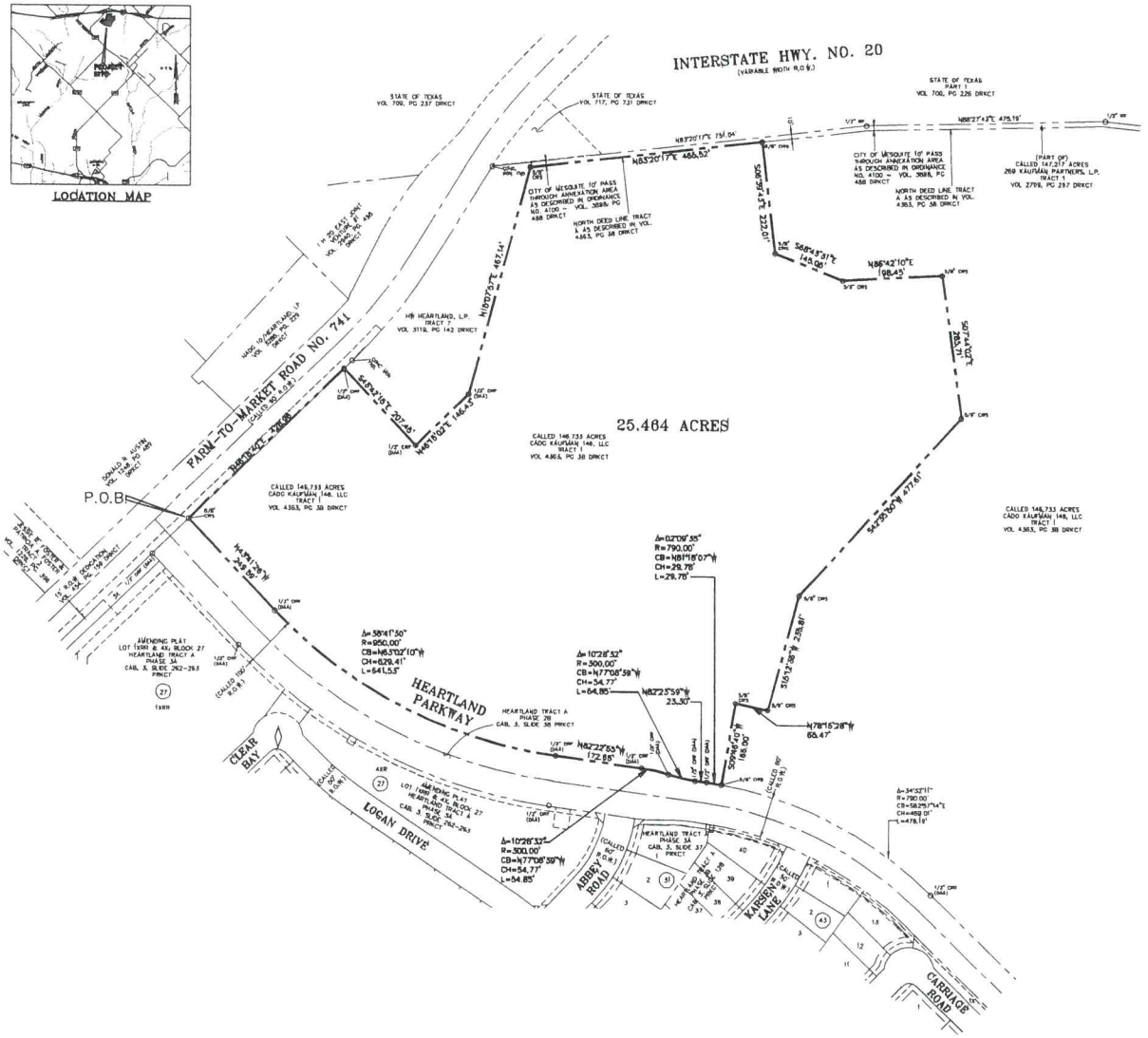
POB	POINT OF BEGINNING
VOL.	VOLUME
PG.	PAGE
CAB.	CABINET
PRKCT	PLAT RECORDS, KAUFMAN COUNTY, TEXAS
DRKCT	DEED RECORDS, KAUFMAN COUNTY, TEXAS
IRF	IRON ROD FOUND
CIRF	CAPPED IRON ROD FOUND
R.O.W.	RIGHT-OF-WAY

PROPERTY EXHIBIT
121.282 ACRES
SITUATED IN THE MARTHA MUSIC SURVEY ~ ABSTRACT NO. 312 KAUFMAN COUNTY, TEXAS

PETITT BARRAZA LLC
ENGINEERING PLANNING SURVEYING
TBPE FIRM REGISTRATION NO. 1488
TBPLS FIRM REGISTRATION NO. 101068
1651 N. Glenville Drive, Suite 212
Richardson, Texas 75081
Tel. No. (214) 221-9955
Fax No. (214) 340-3550

DATE: NOVEMBER 2017
SCALE: 1"= 400'
JOB NO. 17008-00

Exhibit A-2
Depiction of the General Retail Tract



NOTES:

NO EASEMENTS OR IMPROVEMENTS ARE SHOWN HEREON. EASEMENTS AND OTHER ITEMS MAY EXIST THAT ARE NOT SHOWN HEREON.

THIS DOCUMENT IS NOT AN OFFICIAL SURVEY DOCUMENT AND SHOULD NOT BE USED, VIEWED, OR RELIED UPON AS SUCH.

THE BASIS OF BEARINGS SHOWN AND RECITED HEREON ARE REFERENCED TO THE TEXAS COORDINATE SYSTEM OF 1983 (NAD83) NORTH CENTRAL ZONE No. 4202). ALL DISTANCES ARE SURFACE DISTANCES WITH A SURFACE TO GRID SCALE FACTOR OF 0.99987474000S.

LEGEND

POB	POINT OF BEGINNING
VOL.	VOLUME
PG.	PAGE
DRKCT	DEED RECORDS, KAUFMAN COUNTY, TEXAS
PRKCT	PLAT RECORDS, KAUFMAN COUNTY, TEXAS
DRCT	DEED RECORDS, KAUFMAN COUNTY, TEXAS
IRF	IRON ROD FOUND
CIRF	CAPPED IRON ROD FOUND
K.R.S.	"KRS" SET

PROPERTY EXHIBIT
25.464 ACRES
SITUATED IN THE
MARTHA MUSIC SURVEY ~ ABSTRACT NO. 312
KAUFMAN COUNTY, TEXAS

PETITT BARRAZA
ENGINEERING PLANNING SURVEYING
TBPE FIRM REGISTRATION NO. 1488
1651 N. Glenville Drive, Suite 212
Richardson, Texas 75081
Tel. No. (214) 221-9955
Fax No. (214) 340-3550

DATE: NOVEMBER 2017
SCALE: 1"= 100'
JOB NO. 17008-00
SHEET 3 OF 3

Exhibit B
Legal Description of the Development

LEGAL DESCRIPTION
146.746 ACRES

BEING that certain tract of land situated in the Martha Music Survey, Abstract No. 312, in Kaufman County, Texas, and being that certain tract of land described as Tract 1 in deed to CADG Kaufman 146, LLC, recorded in Volume 4363, Page 38, of the Deed Records of Kaufman County, Texas (DRKCT), and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set at the intersection of the southeast right-of-way line of Farm to Market Road No. 741 (called 90 foot R.O.W. at this point), and the northeasterly right-of-way line of Heartland Parkway (called 100 foot R.O.W. at this point), and being the west corner of said CADG Kaufman 146,LLC tract;

THENCE North 46°18'40" East, with said southeast right-of-way line of Farm to Market Road No. 741, said southeast right-of-way line according to Deed to the State of Texas recorded in Volume 454, Page 159, DRKCT, a distance of 428.96 feet to a 1/2 inch iron rod with cap stamped "DAA" found for corner at the west corner of that certain tract of land described as Tract 7 in deed to HW Heartland, L.P. recorded in Volume 3119, Page 142, DRKCT;

THENCE leaving said southeast right-of-way line of Farm to Market Road No. 741, and with the southwest and southeast lines of said Tract 7, the following bearings and distances to 1/2 inch iron rods with cap stamped "DAA" found for corner:

South 43°42'15" East, a distance of 207.45 feet;

And North 46°15'02" East, a distance of 146.43 feet;

THENCE North 15°07'57" East, continuing with said southeast line of Tract 7, a distance of 467.14 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 83°20'17" East, leaving said southeast line of Tract 7, and with the north line of said CADG Kaufman 146, LLC tract, a distance of 675.66 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 88°27'43" East, with a north line of said CADG Kaufman 146, LLC tract, a distance of 474.11 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 84°18'07" East, with a north line of said CADG Kaufman 146, LLC tract, a distance of 951.32 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 78°58'41" East, with a north line of said CADG Kaufman 146, LLC tract, a distance of 18.88 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner at a northeast corner of said CADG Kaufman 146, LLC tract;

THENCE South 45°06'42" East, with the northeasterly line of said CADG Kaufman 146, LLC tract, a distance of 2113.03 feet to a 3/4 inch iron pipe found for corner at the easternmost corner of said CADG Kaufman County 146, LLC tract;

THENCE South 44°46'26" West, with a southeasterly line of said CADG Kaufman 146, LLC tract, a distance of 1898.52 feet to a 1/2 inch iron rod with cap marked "DAA" found for corner;

THENCE South 65°43'36" West, with a southeasterly line of said CADG Kaufman 146, LLC tract, a distance of 65.81 feet to a 1/2 inch iron rod with cap marked "DAA" found for corner at the southernmost corner of said CADG Kaufman 146, LLC tract, and being located on the northeasterly line of Lot 2X, Block 43, of Heartland Tract A, Phase 1B, an addition to Kaufman County, Texas according to the Amending Plat recorded in Cabinet 3, Slide 20, of

the Plat Records of Kaufman County, Texas (PRKCT), said iron rod also being located at the beginning of a non-tangent curve to the left;

THENCE Northwesterly with said northeasterly line of Lot 2X and with said curve to the left which has a central angle of 21°32'00", a radius of 800.00 feet, a chord which bears North 34°55'09" West, a chord distance of 298.90 feet, for an arc distance of 300.66 feet to the end of said curve, a 1/2 inch iron rod with cap marked "DAA" found for corner;

THENCE North 45°41'09" West, continuing with the northeasterly line of Lot 2X, a distance of 397.34 feet to a 1/2 inch iron rod with cap marked "DAA" found for corner at the northernmost corner of said Lot 2X, Block 43, also being the northernmost corner of said Heartland Tract A, Phase 1B;

THENCE South 44°18'51" West, with the northwest line of said Lot 2X, Block 43, a distance of 10.00 feet to a 1/2 inch iron rod with cap marked "DAA" found for corner at the easternmost corner of Heartland Tract A Phase 2B, an addition to Kaufman County, Texas, according to the Final Plat recorded in Cabinet 3, Slide 100, PRKCT, said iron rod also being located on the northeasterly right-of-way line of Heartland Parkway (called 80 foot right-of-way at this point), according to said Final Plat of Heartland Tract A Phase 2B;

THENCE North 45°41'09" West, with said northeasterly right-of-way line of Heartland Parkway, a distance of 1324.03 feet to a 1/2 inch iron rod with cap marked "DAA" found for corner at the beginning of a tangent curve to the left;

THENCE Northwesterly, continuing with said northeasterly right-of-way line of Heartland Parkway, and with said curve having a central angle of 36°41'46", a radius of 790.00 feet, a chord which bears North 64°02'02" West, a chord distance of 497.37 feet, for an arc distance of 505.97 feet to the end of said curve, a 1/2 inch iron rod with cap stamped "DAA" found for corner;

THENCE North 82°23'59" West, continuing with said northeasterly right-of-way line of Heartland Parkway, a distance of 23.30 feet to a 1/2 inch iron rod with cap stamped "DAA" found for corner, and being the beginning of a tangent curve to the right;

THENCE continuing with said northeasterly right-of-way line of Heartland Parkway, and with said curve having a central angle of 10°28'32", a radius of 300.00 feet, a chord which bears North 77°08'39" West, a chord distance of 54.77 feet, for an arc distance of 54.85 feet to the end of said curve, a 1/2 inch iron rod with cap stamped "DAA" found for corner, and being the beginning of a tangent reverse curve to the left;

THENCE continuing with said northeasterly right-of-way line of Heartland Parkway, and with said curve having a central angle of 10°28'32", a radius of 300.00 feet, a chord which bears North 77°08'39" West, a chord distance of 54.77 feet, for an arc distance of 54.85 feet to the end of said curve, a 1/2 inch iron rod with cap stamped "DAA" found for corner (called 100 foot R.O.W. at this point);

THENCE North 82°22'55" West, continuing with said northeasterly right-of-way line of Heartland Parkway, a distance of 172.65 feet to a 1/2 inch iron rod with cap stamped "DAA" found for corner, and being the beginning of a tangent curve to the right;

THENCE continuing with said northeasterly right-of-way line of Heartland Parkway, and with said curve having a central angle of 38°41'30", a radius of 950.00 feet, a chord which bears North 63°02'10" West, a chord distance of 629.41 feet, for an arc distance of 641.53 feet to the end of said curve, a 1/2 inch iron rod with cap stamped "DAA" found for corner;

THENCE North 43°41'26" West, continuing with said northeasterly right-of-way line of Heartland Parkway, a distance of 249.59 feet to the POINT OF BEGINNING of herein described tract, containing 146.746 acres of land.

Exhibit B-1
Legal Description of the Residential Tract

LEGAL DESCRIPTION
121.282 ACRES

BEING that certain tract of land situated in the MARTHA MUSIC SURVEY, ABSTRACT NUMBER 312, in Kaufman County, Texas, and being part of that certain called 146.733 acre tract of land described in deed to CADG Kaufman 146, LLC, recorded in Volume 4363, Page 38, of the Deed Records of Kaufman County, Texas (DRKCT), and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod with cap marked "DAA" found at the southernmost corner of said CADG Kaufman 146, LLC tract, and being located on the northeasterly line of Lot 2X, Block 43, of Heartland Tract A, Phase 1B, an addition to Kaufman County, Texas according to the Amending Plat recorded in Cabinet 3, Slide 20, of the Plat Records of Kaufman County, Texas (PRKCT), said iron rod also being located at the beginning of a non-tangent curve to the left;

THENCE Northwesterly with said northeasterly line of Lot 2X and with said curve to the left which has a central angle of 21°32'00", a radius of 800.00 feet, a chord which bears North 34°55'09" West, a chord distance of 298.90 feet, for an arc distance of 300.66 feet to the end of said curve, a 1/2 inch iron rod with cap marked "DAA" found for corner;

THENCE North 45°41'09" West, continuing with the northeasterly line of Lot 2X, a distance of 397.34 feet to a 1/2 inch iron rod with cap marked "DAA" found for corner at the northernmost corner of said Lot 2X, Block 43, also being the northernmost corner of said Heartland Tract A, Phase 1B;

THENCE South 44°18'51" West, with the northwest line of said Lot 2X, Block 43, a distance of 10.00 feet to a 1/2 inch iron rod with cap marked "DAA" found for corner at the easternmost corner of Heartland Tract A Phase 2B, an addition to Kaufman County, Texas, according to the Final Plat recorded in Cabinet 3, Slide 100, PRKCT, said iron rod also being located on the northeasterly right-of-way line of Heartland Parkway (called 80 foot right-of-way at this point), according to said Final Plat of Heartland Tract A Phase 2B;

THENCE North 45°41'09" West, with said northeasterly right-of-way line of Heartland Parkway, a distance of 1324.03 feet to a 1/2 inch iron rod with cap marked "DAA" found for corner at the beginning of a tangent curve to the left;

THENCE Northwesterly, continuing with said northeasterly right-of-way line of Heartland Parkway, and with said curve having a central angle of 34°32'11", a radius of 790.00 feet, a chord which bears North 62°57'14" West, a chord distance of 469.01 feet, for an arc distance of 476.19 feet to the end of said curve, a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" found for corner, from which a 1/2 inch iron rod with cap marked "DAA" found is located northwesterly along said curve at an arc distance of 29.78 feet;

THENCE leaving said northeasterly right-of-way line of Heartland Parkway, and over and across said CADG Kaufman 146, LLC tract, the following courses to 5/8 inch iron rods with caps marked "PETITT-RPLS 4087" found for corners:

North 09°46'40" East, a distance of 165.00 feet;

South 78°15'28" East, a distance of 65.47 feet;

North 15°12'36" East, a distance of 235.81 feet;

North 42°35'50" East, a distance of 477.61 feet;

North 07°44'02" West, a distance of 285.71 feet;

South 86°42'10" West, a distance of 198.45 feet;

North 68°43'31" West, a distance of 145.05 feet;

And North 06°39'43" West, a distance of 222.01 feet, said iron rod being located on the north line of said CADG Kaufman 146, LLC tract;

THENCE North 83°20'17" East, with a north line of said CADG Kaufman 146, LLC tract, a distance of 210.14 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 88°27'43" East, with a north line of said CADG Kaufman 146, LLC tract, a distance of 474.11 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 84°18'07" East, with a north line of said CADG Kaufman 146, LLC tract, a distance of 951.32 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 78°58'41" East, with a north line of said CADG Kaufman 146, LLC tract, a distance of 18.88 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner at a northeast corner of said CADG Kaufman 146, LLC tract;

THENCE South 45°06'42" East, with the northeasterly line of said CADG Kaufman 146, LLC tract, a distance of 2113.03 feet to a 3/4 inch iron pipe found at the easternmost corner of said CADG Kaufman County 146, LLC tract;

THENCE South 44°46'26" West, with a southeasterly line of said CADG Kaufman 146, LLC tract, a distance of 1898.52 feet to a 1/2 inch iron rod with cap marked "DAA" found for corner;

THENCE South 65°43'36" West, with a southeasterly line of said CADG Kaufman 146, LLC tract, a distance of 65.81 feet to the POINT OF BEGINNING of herein described tract, containing a calculated area of 121.282 acres of land.

Exhibit B-2
Legal Description of the General Retail Tract

LEGAL DESCRIPTION
25.464 ACRES

BEING that certain tract of land situated in the Martha Music Survey, Abstract No. 312, in Kaufman County, Texas, and being part of that certain tract of land described in deed to CADG Kaufman 146, LLC, recorded in Volume 4363, Page 38, of the Deed Records of Kaufman County, Texas (DRKCT), and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set at the intersection of the southeast right-of-way line of Farm to Market Road No. 741 (called 90 foot R.O.W. at this point), and the northeasterly right-of-way line of Heartland Parkway (called 100 foot R.O.W. at this point), and being the west corner of said CADG Kaufman 146, LLC tract;

THENCE North 46°18'40" East, with said southeast right-of-way line of Farm to Market Road No. 741, said southeast right-of-way line according to Deed to the State of Texas recorded in Volume 454, Page 159, DRKCT, a distance of 428.96 feet to a 1/2 inch iron rod with cap stamped "DAA" found for corner at the west corner of that certain tract of land described as Tract 7 in deed to HW Heartland, L.P. recorded in Volume 3119, Page 142, DRKCT;

THENCE leaving said southeast right-of-way line of Farm to Market Road No. 741, and with the southwest and southeast lines of said Tract 7, the following bearings and distances to 1/2 inch iron rods with cap stamped "DAA" found for corner:

South 43°42'15" East, a distance of 207.45 feet;

And North 46°15'02" East, a distance of 146.43 feet;

THENCE North 15°07'57" East, continuing with said southeast line of Tract 7, a distance of 467.14 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 83°20'17" East, leaving said northwest line of Tract 7, and with the northerly line of said CADG Kaufman 146, LLC tract, a distance of 465.52 feet to a 5/8 inch iron rod with cap marked "PETITT-RPLS 4087" set for corner;

THENCE over and across said CADG Kaufman 146, LLC tract, the following bearings and distances to 5/8 inch iron rods with cap marked "PETITT-RPLS 4087" set for corner:

South 06°39'43" East, a distance of 222.01 feet;

South 68°43'31" East, a distance of 145.05 feet;

North 86°42'10" East, a distance of 198.45 feet;

South 07°44'02" East, a distance of 285.71 feet;

South 42°35'50" West, a distance of 477.61 feet;

South 15°12'36" West, a distance of 235.81 feet;

North 78°15'28" West, a distance of 65.47 feet;

And South 09°46'40" West, a distance of 165.00 feet, said iron rod being located on said northeasterly right-of-way line of Heartland Parkway (variable width R.O.W. at this point), and being the beginning of a non-tangent curve to the left;

THENCE with said northeasterly right-of-way line of Heartland Parkway, said right-of-way dedicated by Final Plat of Heartland Tract A, Phase 2B, recorded in Cabinet 3, Slide 38, of the Plat Records of Kaufman County, Texas, and with said curve having a central angle of 02°09'35", a radius of 790.00 feet, a chord which bears North 81°18'07" West, a chord distance of 29.78 feet, for an arc distance of 29.78 feet to the end of said curve, a 1/2 inch iron rod with cap stamped "DAA" found for corner;

THENCE North 82°23'59" West, continuing with said northeasterly right-of-way line of Heartland Parkway, a distance of 23.30 feet to a 1/2 inch iron rod with cap stamped "DAA" found for corner, and being the beginning of a tangent curve to the right;

THENCE continuing with said northeasterly right-of-way line of Heartland Parkway, and with said curve having a central angle of 10°28'32", a radius of 300.00 feet, a chord which bears North 77°08'39" West, a chord distance of 54.77 feet, for an arc distance of 54.85 feet to the end of said curve, a 1/2 inch iron rod with cap stamped "DAA" found for corner, and being the beginning of a tangent reverse curve to the left;

THENCE continuing with said northeasterly right-of-way line of Heartland Parkway, and with said curve having a central angle of 10°28'32", a radius of 300.00 feet, a chord which bears North 77°08'39" West, a chord distance of 54.77 feet, for an arc distance of 54.85 feet to the end of said curve, a 1/2 inch iron rod with cap stamped "DAA" found for corner (called 100 foot R.O.W. at this point);

THENCE North 82°22'55" West, continuing with said northeasterly right-of-way line of Heartland Parkway, a distance of 172.65 feet to a 1/2 inch iron rod with cap stamped "DAA" found for corner, and being the beginning of a tangent curve to the right;

THENCE continuing with said northeasterly right-of-way line of Heartland Parkway, and with said curve having a central angle of 38°41'30", a radius of 950.00 feet, a chord which bears North 63°02'10" West, a chord distance of 629.41 feet, for an arc distance of 641.53 feet to the end of said curve, a 1/2 inch iron rod with cap stamped "DAA" found for corner;

THENCE North 43°41'26" West, continuing with said northeasterly right-of-way line of Heartland Parkway, a distance of 249.59 feet to the POINT OF BEGINNING of herein described tract, containing 25.464 acres of land.

Exhibit C
Concept Plan

F:\2017\1700800\EXHIBIT\1700800 Heartland North Concept Plan 05 July52017.dwg Sep 11,2017 - 10:58 am chancock

EXHIBIT D
Development Standards

1.0 General Regulations

1.1 A property owners association shall be established and shall be the owner and responsible for the maintenance of all open space areas.

1.2 All single-family detached and attached residences may be front-entry and have garage access from a dedicated public street and shall be subject to setbacks outlined in section 3.0 Area Regulations of these Standards.

2.0 Use Regulations

2.1 Permitted Uses. Except as otherwise provided herein, the permitted uses within the Property shall be those uses permitted in the R Single-Family Residential district, as established by the City of Mesquite Zoning Ordinance as of the Effective Date (the "Zoning Ordinance"). The following, additional uses shall be permitted:

- Agricultural Uses. Agricultural uses whose products are grown primarily for home consumption, such as domestic gardening, berry or bush crops, tree crops, flower, and gardening.
- Community Facility Uses. The following community facility/civic uses shall be permitted:
    - Amenity centers
    - Public and private parks
    - Recreational and open space including but not limited to playgrounds, parkways, greenbelts, ponds and lakes, botanical gardens, pedestrian paths, bicycle paths, equestrian bridle trails, nature centers, bird and wildlife sanctuaries
    - Schools, pre-k through 12 (public or private)
- Temporary structures. Temporary structures for the storage of building materials and equipment used for initial residential construction, when on the same or adjoining lot, for a period not to exceed the duration of the construction shall be permitted. This shall include temporary trailers for construction and sales activity. Building material storage will be allowed adjacent to temporary trailers or in a lot designated for storage.

2.2 Prohibited Uses. The following uses shall be prohibited within the Property:

- Manufactured and/or modular homes.
- Accessory dwellings.

3.0 Area Regulations

3.1 General Area Regulations. Single-family residential lots must comply with the following area standards:

(a) Lot Type A:

Minimum Lot Area: The minimum lot area shall be five-thousand five-hundred (5,500) square feet.

Minimum Lot Width: The minimum lot width shall be fifty (50) feet.

Minimum Lot Depth: The minimum lot depth shall be one-hundred ten (110) feet.

Minimum Front Yard: The minimum depth of the front yard shall be twenty (20) feet. Covered front porches may extend over the front building setback line up to five (5) feet, but the garage door must remain at or behind the front facade in all instances.

Minimum Rear Yard: The minimum depth of the rear yard shall be twenty (20) feet.

Minimum Side Yard: The minimum side yard shall be five (5) feet and the minimum side yard for a corner lot shall be fifteen (15) feet.

Building Coverage: Maximum sixty percent (60%) of the total lot area shall be covered by the main house and accessory structures.

Garage Orientation: May face the street.

(b) Lot Type B:

Minimum Lot Area: The minimum lot area shall be four-thousand four-hundred (4,400) square feet.

Minimum Lot Width: The minimum lot width shall be forty (40) feet.

Minimum Lot Depth: The minimum lot depth shall be one-hundred ten (110) feet.

Minimum Front Yard: The minimum depth of the front yard shall be twenty (20) feet. Covered front porches may extend over the front building setback line up to five (5) feet, but the garage door must remain at or behind the front facade in all instances.

Minimum Rear Yard: The minimum depth of the rear yard shall be twenty (20) feet.

Minimum Side Yard: The minimum side yard shall be five (5) feet and the minimum side yard for a corner lot shall be fifteen (15) feet.

Building Coverage: Maximum sixty percent (60%) of the total lot area shall be covered by the main house and accessory structures.

Garage Orientation: May face the street.

3.2 Special Area Regulations. Lot widths shall be measured along the arc of the primary structure setback line. For cul-de-sacs and eye-brows/elbows, the minimum lot width measured at the building line may be reduced by a maximum of five (5) feet; the minimum lot width measured at the right-of-way line shall be thirty-five (35) feet.

3.3 Lot Mix. The relative lot mix shall be consistent with the Concept Plan.

4.0 Parking Regulations

4.1 Residential. For residential uses, a minimum of two (2) enclosed off-street parking spaces located behind the front building line shall be provided for each dwelling unit.

4.2 Other Uses. Required off-street parking for all other permitted uses shall in be accordance with the City of Mesquite Zoning Ordinance, as of the Effective Date.

5.0 Landscape & Irrigation Regulations

5.1 Except as otherwise provided herein, the landscape and irrigation requirements for all uses shall conform to the landscaping regulations described in Section 1A-200, Landscape Requirements, of the City of Mesquite Zoning Ordinance, as of the Effective Date.

5.2 For single-family lots, and prior to any occupancy of the dwelling, a minimum of two (2) trees with a minimum caliper of three inches (3"), measured at a point six inches (6") above ground level shall be required for all lots and shall be located in the front yard on all lots.

5.3 Tree species shall comply with Section 1A-500, Tree Schedule, of the City of Mesquite Zoning Ordinance, as of the Effective Date, and the following:

- *Tree*
  - Caddo Maple
  - Golden Raintree
- *Other Shrubs*
  - Knockout Rose
  - Purple Pixie Loropetalum
  - Golden Dot Euonymus
  - Red Yucca
  - Smoke Tree
  - Butterfly Bush
  - Coral Drift Rose
  - Pink Skull Cap
- *Ground Cover*
  - Little Bluestem
  - Weeping Love Grass
  - Mexican Feather Grass

6.0 Open Space Regulations

6.1 Generally. Open Space may consist of any pervious areas, including without limitation, landscape reserves; publically accessible detention/ drainage facilities and easements; and natural open space areas including floodplain, and public or private parks and plazas. Any detention areas counted towards the open space requirement shall be landscaped and amenitized on a minimum of three (3) sides. All proposed (wet) lakes shall be equipped with a water fountain or aerator devices. Open space must be maintained through a property ownership association.

6.2 Open Space Requirements. No less than five percent (5%) of the Property must be set aside as dedicated open space, as general depicted on the Concept Plan.

7.0 Screening and Fencing Regulations

7.1 Residential Screening. For any portion of a single-family subdivision adjacent to an arterial street, a minimum three feet (3') landscape strip and a minimum six-foot (6') solid masonry wall shall be provided to screen the residential lots from the arterial street. A minimum eight-foot (8') solid masonry wall shall be provided to screen the residential lots from Interstate Highway 20. The landscaping shall be irrigated, installed on the street side of the wall and located to cover fifty (50) percent of the landscaped area when matured.

7.2 Residential Fencing. Fencing for all other residential lots shall be a minimum of six feet (6') and maximum of eight feet (8'), board-on-board, pre-stained spruce or better fence with steel posts mounted on the inside so as not to be visible from street. All lots adjacent to any greenbelt area, open space, or park shall require a standard height of five feet (5') ornamental metal fencing, other than on the lots demarcated with an X on the exhibit below. Gates in residential fencing to public spaces shall be prohibited.

8.0 Building Regulations

8.1 Building Materials. To meet the standards as set forth in this Agreement, at least two (2) types of masonry and/or masonry accents such as quoins, rowlocks, or keystones shall be required for single-family dwellings.

8.2 Roofs. Roof Pitch for single-family dwellings shall have a minimum slope of 8/12. Shingles shall have a minimum 30-year rating and a minimum weight of 220 pounds per square (100 square feet).

8.3 Elevations. Single-family dwelling units with the same elevation on the same side of the street shall be separated by a minimum of three (3) lots. Dwelling units with the same floor plan and same elevation located on the opposite side of the street shall not be constructed directly or diagonally across from each other.

8.4 Gifts to Street. All single-family dwellings shall contain at least three (3) of any one of the following, gifts to the street:

(a) Gables
(b) Divided-light windows
(c) Minimum three-foot (3') deep recessed entry
(d) Shutters
(e) Covered front porch
(f) Hardware on garage doors
(g) Two types of masonry and/or masonry accents, such as: Quoins, Rowlocks, or Keystones

The Declaration and its Design Guidelines shall set forth these requirements as part of the Design Guidelines for the Heartland Subdivision.

9.0 Entry Monuments

9.1 The Main Entrance to the Property from Heartland Parkway shall include a Neighborhood Designation monument sign or equivalent and appropriately scaled monuments. Secondary entrances shall have the option to add Neighborhood Designation monuments.

10.0 Streets

10.1 All streets within the development shall in be accordance with the City of Mesquite Subdivision Ordinance, as of the Effective Date

11.0 Trails

11.1 All major trails shall in be a minimum of eight feet (8') wide and complimentary or secondary trails shall in be a minimum of six feet (6') wide. On single loaded streets where a trail is provided on the side of the street that doesn't have houses, the side of the street with houses does not require sidewalks.

12.0 Variances

12.1 The City Manager may authorize a variance from these regulations when undue hardship will result from requiring strict compliance or it may be appealed to the City Council.

EXHIBIT D-1
Deed Restrictions

PROHIBITED USES TO BE INCLUDED IN THE DEED RESTRICTIONS

1. Any use contrary to law or which violates the terms of this Declaration.
2. Any use that emits a noxious odor, excessive noise, waste, environmental pollution, or an offensive activity that may be or become an annoyance or nuisance to the ordinary use of neighboring properties.
3. Cemetery, mortuary, or other place of internment of people or animals, or any premises where deceased bodies or body parts (human or animal) are removed, examined, stored, or processed, such as a taxidermist.
4. Prison, jail, detention or correctional facility.
5. Sexually-oriented business, including businesses that sell sexually-oriented attire, accessories, etc.... (such as Sara's Secrets, Condom Sense, etc....).
6. "Adult Entertainment Uses," which includes (for the purposes of this Declaration) any theater or other establishment which shows, previews, displays, advertises, or conspicuously promotes for sale or rental movies, films, videos, magazines, books, or other medium (whether now or hereafter developed) that are designated for "Adults Only" or rated "X" by the movie production industry (or any successor rating established by the movie production industry).
7. Tattoo parlors, body piercing shops, and shops offering or promoting illegal drug paraphernalia.
8. Bars, nightclubs, or other establishments whose reasonably projected annual gross revenues from the sale of alcoholic beverages for on-premises consumption exceeds 60 percent of the gross revenues. This prohibition does not apply to a full-service restaurant serving alcoholic beverages as part of its food service operation, such as Chili's, which is primarily viewed by the public as a restaurant, but which may derive a substantial portion of its sales from alcoholic beverages - even more than 60 percent of gross sales. Convenience stores that sell beer and/or wine are exempt from this requirement.
9. Slaughter houses or packing plants.
10. Gun club, gun range, shooting range, or any weaponry range that emits loud noises. This prohibition does not apply to archery ranges that do not emit loud noises or to family entertainment centers with toy weapons.
11. Manufacturing processes that discharge dust, gas, fumes, chemicals, or waste, or that involve loud and offensive noise that can be heard outside the building.
12. Outdoor storage, wholesale storage, self-storage facilities, warehousing, or wholesale distribution, such as (without limitation) a landfill, junk yard, scrap metal yard, salvage yard, or storage facility for vehicles, trailers, watercraft, or aircraft. This prohibition does not preclude a limited amount of outdoor storage that is directly necessary for an adjunct business, provided the storage is screened from public view.
13. Self-service laundry or self-service dry cleaner.
14. Sale, storage, or rental of motor vehicles, manufactured homes, mobile homes, trailers, recreation vehicles, trucks, or buses, new or used.
15. Sale, storage, or rental of heavy machinery, used commercial equipment, used commercial machinery, used appliances, used vehicle parts.
16. Repair of vehicles, engines, or motors. This also includes boat repair shops and collision repair, vehicle body shops, and hail repair facilities. This prohibition does not apply to new car dealerships or vehicle repair services in connection with an automobile service station or a new car dealership.

PROHIBITED USES TO BE INCLUDED IN THE DEED RESTRICTIONS

17. Exploration, mining, refining, processing, or sale operations pertaining to oil, gas, minerals, sand, gravel or rocks and all related activities.
18. Dumping, storage, disposal, incineration, treatment, processing, or reduction of garbage, or refuse of any nature, other than handling or reducing waste produced on the premises from authorized uses in a clean and sanitary manner.
19. Pawn shops, flea markets, salvage businesses, or thrift stores - such as Salvation Army - whose principal business is selling discounted and used merchandise. This prohibition does not preclude the resale of high quality merchandise, such as sold by Plato's Closet, Clothes Circuit, and/or Clotheshorse Anonymous, or periodic events, such as craft fairs.
20. Mini-warehouses, warehouse/distribution centers, motor and freight terminals, truck terminals, transit centers, and truck stop-type facilities.
21. Any facility for the dyeing and finishing of textiles, the production of fabricated metal products, the storage and refining of petroleum, or commercial dry cleaners.
22. Electric power generator plant.
23. Kennels and any use involving outdoor animal pens, such as a commercial stable. Veterinary offices with indoor boarding facilities and/or independent indoor animal boarding facilities are permitted.
24. Airport.
25. Drive-in theater.
26. Facilities, businesses, or agencies that provide services to people who are indigent, homeless, unemployed, temporarily employed, or seeking a job change, if the people served come in person to the property.
27. Any government office that provides services to the public, in person, by appointment or on a walk-in basis.
28. Any residential uses, including, but not limited to: single-family homes, apartment units, condominium units, duplex dwellings, tri-plex dwellings, townhomes and any other attached or detached residential dwelling.
29. Pay Day Lending.
30. Dollar Stores may not be a single tenant in a freestanding building. Any dollar store must be located as a tenant in the main retail strip.

EXHIBIT E
Authorized Improvements

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	92	NO. OF LOTS:	450
SUMMARY:	FULL DEVELOPMENT	CREATED:	9/11/2017	BY	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	18,215
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

TOTAL ON-SITE IMPROVEMENTS SUMMARY		BY LOT	BY CATEGORY
A. SITE PREPARATION		$ 5,020	$ 2,258,847
B. RETAINING WALLS		$ 1,536	$ 691,400
C. WATER DISTRIBUTION SYSTEM		$ 2,627	$ 1,182,335
D. SANITARY SEWER SYSTEM		$ 2,531	$ 1,139,160
E. STORM SEWER SYSTEM		$ 2,617	$ 1,177,800
F. ROADWAY IMPROVEMENTS		$ 6,427	$ 2,891,930
G. FRANCHISE UTILITIES & STREET LIGHTING		$ 3,207	$ 1,443,000
H. PROFESSIONAL & MISCELLANEOUS FEES		$ 2,538	$ 1,142,074
SUB-TOTAL ON-SITE CONSTRUCTION COSTS		$ 26,503	$ 11,926,545
CONTINGENCIES	10%	$ 2,650.34	$ 1,192,654.50
SUB-TOTAL ON SITE CONSTRUCTION COSTS W/CONTINGENCIES		***$ 29,154***	***$ 13,119,199***

TOTAL OFF-SITE IMPROVEMENTS SUMMARY		BY LOT	BY CATEGORY
A. MAJOR WATER DISTRIBUTION SYSTEM IMPROVEMENTS		$ 376	$ 169,360
B. MAJOR SANITARY SEWER SYSTEM IMPROVEMENTS		$ 108	$ 48,700
C. STORM DRAINAGE SYSTEM		$ 833	$ 374,625
D. MAJOR IMPROVEMENTS PROFESSIONAL & MISCELLANEOUS FEES		$ 224	$ 100,756
E. MI HEARTLAND MUD BUY IN		$ 1,600	$ 719,840
F. MI CONNECTION CHARGES HMUD		$ 1,498	$ 674,100
G. DISTRICT CREATION COST		$ 795	$ 357,740
SUB-TOTAL OFF-SITE CONSTRUCTION COSTS		$ 5,434	$ 2,445,121
CONTINGENCIES	10%	$ 132	$ 59,268.50
SUB-TOTAL OFF SITE CONSTRUCTION COSTS W/CONTINGENCIES		***$ 5,565***	***$ 2,504,390***

		BY LOT	BY CATEGORY
TOTAL CONSTRUCTION COSTS		**$ 31,937**	**$14,371,666**
CONTINGENCIES	10%	$ 2,782	$ 1,251,923
TOTAL CONSTRUCTION COSTS WITH CONTINGENCIES		***$ 34,719***	***$ 15,623,589***

NOTES:

1. DEVELOPMENT COST DOES NOT INCLUDE: CITY/DISTRICT/COUNTY FEES, BONDS, & PERMITS, ROCK EXCAVATION, LANDSCAPING, IRRIGATION, MONUMENTS, OR COMMON AREA AMENITIES.
2. PROFESSIONAL FEES DO NOT INCLUDE: LAND ENTITLEMENTS, FEASIBILITY, BOUNDARY SURVEY, TOPOGRAPHIC SURVEY, FLOOD STUDIES, GEOTECHNICAL, ENVIRONMENTAL, WETLANDS, SWPPP ADMINISTRATION, OR TRAFFIC STUDIES.

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	40	NO. OF LOTS:	215
ON-SITE FACILITIES:	PHASE 1	CREATED:	9/11/2017	BY:	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	9,050
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

SUMMARY	**BY ACRE**	**BY LOT**	**BY CATEGORY**
A. SITE PREPARATION	$ 26,785	$ 4,983	$ 1,071,403
B. RETAINING WALLS	$ 7,660	$ 1,425	$ 306,400
C. WATER DISTRIBUTION SYSTEM	$ 14,873	$ 2,767	$ 594,925
D. SANITARY SEWER SYSTEM	$ 14,445	$ 2,687	$ 577,803
E. STORM SEWER SYSTEM	$ 16,118	$ 2,999	$ 644,718
F. ROADWAY IMPROVEMENTS	$ 36,231	$ 6,741	$ 1,449,234
G. FRANCHISE UTILITIES & STREET LIGHTING	$ 17,256	$ 3,210	$ 690,250
H. PROFESSIONAL & MISCELLANEOUS FEES	$ 13,868	$ 2,580	$ 554,724
TOTAL CONSTRUCTION COSTS	**$ 147,236**	**$ 27,393**	**$ 5,889,457**
CONTINGENCIES 10%	$ 14,724	$ 2,739	$ 588,945.75
TOTAL CONSTRUCTION COSTS WITH CONTINGENCIES	***$ 161,960***	***$ 30,132***	***$ 6,478,403***

NOTES:

1. DEVELOPMENT COST DOES NOT INCLUDE: CITY/DISTRICT/COUNTY FEES, BONDS, & PERMITS, ROCK EXCAVATION, LANDSCAPING, IRRIGATION, MONUMENTS, OR COMMON AREA AMENITIES.
2. PROFESSIONAL FEES DO NOT INCLUDE: LAND ENTITLEMENTS, FEASIBILITY, BOUNDARY SURVEY, TOPOGRAPHIC SURVEY, FLOOD STUDIES, GEOTECHNICAL, ENVIRONMENTAL, WETLANDS, SWPPP ADMINISTRATION, OR TRAFFIC STUDIES.

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	40	NO. OF LOTS:	215
ON-SITE FACILITIES:	PHASE 1	CREATED:	9/11/2017	BY:	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	9,050
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
A. SITE PREPARATION				
CLEARING & GRUBBING (1/4 Area Heavily Treed)	ACRE	40	$ 2,000.00	$ 80,000
CONSTRUCTION ENTRANCE	EA	1	$ 2,000.00	$ 2,000
SILT FENCE	LF	6,700	$ 1.60	$ 10,720
UNCLASSIFIED EXCAVATION OF STREET R.O.W. & LOTS	CY	180,693	$ 2.50	$ 451,733
LOT GRADING (ROUGH)	LOT	215	$ 200.00	$ 43,000
MOISTURE CONDITIONING LOTS 5' BELOW FINAL GRADE	LOT	215	$ 1,500.00	$ 322,500
WRAP LOTS w/ 6 MIL PLASTIC SHEETING	LOT	215	$ 450.00	$ 96,750
LOT GRADING (FINAL)	LOT	215	$ 180.00	$ 38,700
SEED DISTURBED AREAS	ACRE	40	$ 650.00	$ 26,000
SUB - TOTAL				**$ 1,071,403**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
B. RETAINING WALLS				
RETAINING WALL (4' Top of Wall to Bottom of Wall)	LF	3,064	$ 100.00	$ 306,400
SUB - TOTAL				**$ 306,400**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
C. WATER DISTRIBUTION SYSTEM				
CONNECT TO EXIST. WATER LINE (Remove Plug & Connect)	EA	2	$ 1,000.00	$ 2,000
8" P.V.C. WATERLINE	LF	8,950	$ 24.00	$ 214,800
8" GATE VALVE & BOX	EA	37	$ 1,350.00	$ 49,950
FIRE HYDRANT ASSEMBLY (INCLUDING 6" GATE VALVE)	EA	30	$ 4,600.00	$ 138,000
1" SINGLE WATER SERVICE	EA	215	$ 600.00	$ 129,000
4" CONDUIT (SCHEDULE 40) AT INTERSECTIONS	LF	2,300	$ 16.00	$ 36,800
TRENCH SAFETY	LF	8,950	$ 0.50	$ 4,475
TESTING (EXCLUDING GEOTECH)	LF	8,950	$ 1.00	$ 8,950
2" FLUSH VALVE	EA	2	$ 2,500.00	$ 5,000
1" IRRIGATION WATER SERVICE (To Green Space)	EA	3	$ 650.00	$ 1,950
2" IRRIGATION WATER SERVICE (To Green Space)	EA	2	$ 2,000.00	$ 4,000
SUB - TOTAL				**$ 594,925**

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	40	NO. OF LOTS:	215
ON-SITE FACILITIES:	PHASE 1	CREATED:	9/11/2017	BY:	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	9,050
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
D. SANITARY SEWER SYSTEM				
CONNECT TO EXIST. MANHOLE	EA	2	$ 2,300.00	$ 4,600
8" P.V.C. PIPE (SDR 26: Over 11.5' Depth)	LF	500	$ 31.00	$ 15,500
8" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	LF	9,430	$ 25.00	$ 235,750
4' DIAMETER MANHOLE W/RAIN PANS	EA	30	$ 3,000.00	$ 88,800
5' DIAMETER MANHOLE W/RAIN PANS	EA	6	$ 5,200.00	$ 30,784
STANDARD CLEANOUTS	EA	2	$ 875.00	$ 1,750
4" SINGLE SEWER SERVICE	EA	215	$ 700.00	$ 150,500
WATER CROSSING PER TCEQ REQUIREMENTS	EA	19	$ 1,000.00	$ 19,000
TESTING (EXCLUDING GEOTECH)	LF	9,430	$ 1.50	$ 14,145
ADDITIONAL TESTING AFTER DRY UTIL INSTALL	LF	9,430	$ 1.00	$ 9,430
TRENCH SAFETY	LF	9,430	$ 0.80	$ 7,544
SUB - TOTAL				**$ 577,803**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
E. STORM DRAINAGE SYSTEM				
21" R.C.P.	LF	1,530	$ 60.00	$ 91,800
24" R.C.P.	LF	905	$ 68.00	$ 61,540
30" R.C.P.	LF	870	$ 85.00	$ 73,950
36" R.C.P.	LF	885	$ 115.00	$ 101,775
42" R.C.P.	LF	312	$ 150.00	$ 46,800
48" R.C.P.	LF	170	$ 160.00	$ 27,200
54" R.C.P.	LF	55	$ 190.00	$ 10,450
10' INLET	EA	22	$ 3,700.00	$ 81,400
12' INLET	EA	21	$ 4,200.00	$ 88,200
12" - 18" DIA. MIN. ROCK RIP-RAP	SY	99	$ 90.00	$ 8,910
21" HEADWALL	EA	2	$ 1,600.00	$ 3,200
24" HEADWALL	EA	1	$ 2,000.00	$ 2,000
36" HEADWALL	EA	2	$ 4,000.00	$ 8,000
42" HEADWALL	EA	1	$ 5,500.00	$ 5,500
48" HEADWALL	EA	1	$ 6,000.00	$ 6,000
54" HEADWALL	EA	1	$ 6,500.00	$ 6,500
STORM DRAIN TV INSPECTION	LF	4,727	$ 1.50	$ 7,091
TRENCH SAFETY	LF	4,727	$ 1.00	$ 4,727
INLET PROTECTION	EA	43	$ 225.00	$ 9,675
SUB - TOTAL				**$ 644,718**

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	Heartland North	ACREAGE:	40	NO. OF LOTS:	215
ON-SITE FACILITIES:	PHASE 1	CREATED:	9/11/2017	BY:	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	9,050
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
F. ROADWAY IMPROVEMENTS				
CONNECT TO EX. PAVEMENT	EA	2	$ 350.00	$ 700
6" LIME STABILIZED SUBGRADE PREPARATION	SY	31,172	$ 3.25	$ 101,310
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	570	$ 160.00	$ 91,200
31' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	29,161	$ 35.00	$ 1,020,642
TEMP. NON-REINFORCED CONC. PAVEMENT (5-INCH)	SY	1,845	$ 33.50	$ 61,808
PAVEMENT HEADER	LF	93	$ 10.00	$ 930
PAVEMENT BARRICADE	EA	3	$ 2,100.00	$ 6,300
36" ROCK RIP-RAP @ PAVEMENT HEADER	SY	93	$ 90.00	$ 8,370
BARRIER FREE RAMPS	EA	32	$ 1,650.00	$ 52,800
4' REINFORCED CONCRETE SIDEWALK (5-INCH)	SY	800	$ 55.00	$ 44,000
4' WIDE CURLEX EROSION CONTROL MATTING	LF	18,100	$ 0.75	$ 13,575
COMBO STREET NAME & STOP SIGN	EA	17	$ 2,800.00	$ 47,600
SUB - TOTAL				**$ 1,449,234**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
G. FRANCHISE UTILITIES & STREET LIGHTING				
ELECTRIC and GAS SERVICES	LOT	215	$ 3,000.00	$ 645,000
STREET LIGHTS (Standard Lights)	EA	18	$ 2,500.00	$ 45,250
SUB - TOTAL				**$ 690,250**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
H. PROFESSIONAL & MISCELLANEOUS FEES				
ENGINEERING & SURVEYING	LOT	215	$ 1,500	$ 322,500
CONSTRUCTION INSPECTION	%	3%	$ 4,644,483	$ 139,334
MATERIAL TESTING	%	2%	$ 4,644,483	$ 92,890
SUB - TOTAL				**$ 554,724**

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	52	NO. OF LOTS:	235
ON-SITE FACILITIES:	PHASE 2	CREATED:	9/11/2017	BY:	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	9,165
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

SUMMARY		**BY ACRE**	**BY LOT**	**BY CATEGORY**
A. SITE PREPARATION		$ 22,835	$ 5,053	$ 1,187,443
B. RETAINING WALLS		$ 7,404	$ 1,638	$ 385,000
C. WATER DISTRIBUTION SYSTEM		$ 11,296	$ 2,500	$ 587,410
D. SANITARY SEWER SYSTEM		$ 10,795	$ 2,389	$ 561,357
E. STORM SEWER SYSTEM		$ 10,252	$ 2,268	$ 533,083
F. ROADWAY IMPROVEMENTS		$ 27,744	$ 6,139	$ 1,442,695
G. FRANCHISE UTILITIES & STREET LIGHTING		$ 14,476	$ 3,203	$ 752,750
H. PROFESSIONAL & MISCELLANEOUS FEES		$ 11,295	$ 2,499	$ 587,349
TOTAL CONSTRUCTION COSTS		**$ 116,098**	**$ 25,690**	**$ 6,037,087**
CONTINGENCIES	10%	$ 11,609.78	$ 2,569	$ 603,709
TOTAL CONSTRUCTION COSTS WITH CONTINGENCIES		***$ 127,708***	***$ 28,259***	***$ 6,640,796***

NOTES:

1. DEVELOPMENT COST DOES NOT INCLUDE: CITY/DISTRICT/COUNTY FEES, BONDS, & PERMITS, ROCK EXCAVATION, LANDSCAPING, IRRIGATION, MONUMENTS, OR COMMON AREA AMENITIES.
2. PROFESSIONAL FEES DO NOT INCLUDE: LAND ENTITLEMENTS, FEASIBILITY, BOUNDARY SURVEY, TOPOGRAPHIC SURVEY, FLOOD STUDIES, GEOTECHNICAL, ENVIRONMENTAL, WETLANDS, SWPPP ADMINISTRATION, OR TRAFFIC STUDIES.

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	52	NO. OF LOTS:	235
ON-SITE FACILITIES:	PHASE 2	CREATED:	9/11/2017	BY:	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	9,165
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
A. SITE PREPARATION				
CLEARING & GRUBBING (1/4 Area Heavily Treed)	ACRE	52	$ 2,000.00	$ 104,000
CONSTRUCTION ENTRANCE	EA	1	$ 2,000.00	$ 2,000
SILT FENCE	LF	9,225	$ 1.60	$ 14,760
UNCLASSIFIED EXCAVATION OF STREET R.O.W. & LOTS	CY	209,733	$ 2.50	$ 524,333
LOT GRADING (ROUGH)	LOT	235	$ 200.00	$ 47,000
MOISTURE CONDITIONING LOTS 5' BELOW FINAL GRADE	LOT	215	$ 1,500.00	$ 322,500
WRAP LOTS w/ 6 MIL PLASTIC SHEETING	LOT	215	$ 450.00	$ 96,750
LOT GRADING (FINAL)	LOT	235	$ 180.00	$ 42,300
SEED DISTURBED AREAS	ACRE	52	$ 650.00	$ 33,800
SUB - TOTAL				**$ 1,187,443**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
B. RETAINING WALLS				
RETAINING WALL (4' Top of Wall to Bottom of Wall)	LF	3,850	$ 100.00	$ 385,000
SUB - TOTAL				**$ 385,000**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
C. WATER DISTRIBUTION SYSTEM				
CONNECT TO EXIST. WATER LINE (Remove Plug & Connect)	EA	2	$ 1,000.00	$ 2,000
8" P.V.C. WATERLINE	LF	8,800	$ 24.00	$ 211,200
8" GATE VALVE & BOX	EA	31	$ 1,350.00	$ 41,850
FIRE HYDRANT ASSEMBLY (INCLUDING 6" GATE VALVE)	EA	29	$ 4,600.00	$ 133,860
1" SINGLE WATER SERVICE	EA	235	$ 600.00	$ 141,000
4" CONDUIT (SCHEDULE 40) AT INTERSECTIONS	LF	2,200	$ 16.00	$ 35,200
TRENCH SAFETY	LF	8,800	$ 0.50	$ 4,400
TESTING (EXCLUDING GEOTECH)	LF	8,800	$ 1.00	$ 8,800
2" FLUSH VALVE	EA	1	$ 2,500.00	$ 2,500
1" IRRIGATION WATER SERVICE (To Green Space)	EA	4	$ 650.00	$ 2,600
2" IRRIGATION WATER SERVICE (To Green Space)	EA	2	$ 2,000.00	$ 4,000
SUB - TOTAL				**$ 587,410**

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	52	NO. OF LOTS:	235
ON-SITE FACILITIES:	PHASE 2	CREATED:	9/11/2017	BY:	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	9,165
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
D. SANITARY SEWER SYSTEM				
CONNECT TO EXIST. MANHOLE	EA	2	$ 2,300.00	$ 4,600
8" P.V.C. PIPE (SDR 35: 0' to 11.5' Depth)	LF	8,982	$ 25.00	$ 224,543
4' DIAMETER MANHOLE W/RAIN PANS	EA	30	$ 3,000.00	$ 90,000
5' DIAMETER MANHOLE W/RAIN PANS	EA	6	$ 5,200.00	$ 31,200
STANDARD CLEANOUTS	EA	1	$ 875.00	$ 875
4" SINGLE SEWER SERVICE	EA	235	$ 700.00	$ 164,500
WATER CROSSING PER TCEQ REQUIREMENTS	EA	16	$ 1,000.00	$ 16,000
TESTING (EXCLUDING GEOTECH)	LF	8,982	$ 1.50	$ 13,473
ADDITIONAL TESTING AFTER DRY UTIL INSTALL	LF	8,982	$ 1.00	$ 8,982
TRENCH SAFETY	LF	8,982	$ 0.80	$ 7,185
SUB - TOTAL				**$ 561,357**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
E. STORM DRAINAGE SYSTEM				
21" R.C.P.	LF	1,250	$ 60.00	$ 75,000
24" R.C.P.	LF	745	$ 68.00	$ 50,660
30" R.C.P.	LF	710	$ 85.00	$ 60,350
36" R.C.P.	LF	725	$ 115.00	$ 83,375
42" R.C.P.	LF	258	$ 150.00	$ 38,700
48" R.C.P.	LF	140	$ 160.00	$ 22,400
54" R.C.P.	LF	45	$ 190.00	$ 8,550
10' INLET	EA	18	$ 3,700.00	$ 66,600
12' INLET	EA	17	$ 4,200.00	$ 71,400
12" - 18" DIA. MIN. ROCK RIP-RAP	SY	81	$ 90.00	$ 7,290
21" HEADWALL	EA	2	$ 1,600.00	$ 3,200
24" HEADWALL	EA	1	$ 2,000.00	$ 2,000
36" HEADWALL	EA	2	$ 4,000.00	$ 8,000
42" HEADWALL	EA	1	$ 5,500.00	$ 5,500
48" HEADWALL	EA	1	$ 6,000.00	$ 6,000
54" HEADWALL	EA	1	$ 6,500.00	$ 6,500
STORM DRAIN TV INSPECTION	LF	3,873	$ 1.50	$ 5,810
TRENCH SAFETY	LF	3,873	$ 1.00	$ 3,873
INLET PROTECTION	EA	35	$ 225.00	$ 7,875
SUB - TOTAL				**$ 533,083**

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	52	NO. OF LOTS:	235
ON-SITE FACILITIES:	PHASE 2	CREATED:	9/11/2017	BY:	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	9,165
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
F. ROADWAY IMPROVEMENTS				
CONNECT TO EX. PAVEMENT	EA	2	$ 350.00	$ 700
REMOVE TEMP. NON-REINFORCED CONC. PAVEMENT	SY	1,845	$ 33.50	$ 61,808
6" LIME STABILIZED SUBGRADE PREPARATION	SY	31,568	$ 3.25	$ 102,597
LIME FOR SUBGRADE PREPARATION (36LBS/SY)	TON	570	$ 160.00	$ 91,200
31' B-B CONC. PAVEMENT (6-INCH, 3,600 PSI)	SY	29,532	$ 35.00	$ 1,033,610
BARRIER FREE RAMPS	EA	26	$ 1,650.00	$ 42,900
4' REINFORCED CONCRETE SIDEWALK (5-INCH)	SY	933	$ 55.00	$ 51,333
4' WIDE CURLEX EROSION CONTROL MATTING	LF	18,330	$ 0.75	$ 13,748
COMBO STREET NAME & STOP SIGN	EA	16	$ 2,800.00	$ 44,800
SUB - TOTAL				**$ 1,442,695**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
G. FRANCHISE UTILITIES & STREET LIGHTING				
ELECTRIC and GAS SERVICES	LOT	235	$ 3,000.00	$ 705,000
STREET LIGHTS (Standard Lights)	EA	19	$ 2,500.00	$ 47,750
SUB - TOTAL				**$ 752,750**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
H. PROFESSIONAL & MISCELLANEOUS FEES				
ENGINEERING & SURVEYING	LOT	235	$ 1,500	$ 352,500
CONSTRUCTION INSPECTION	%	3%	$ 4,696,988	$ 140,910
MATERIAL TESTING	%	2%	$ 4,696,988	$ 93,940
SUB - TOTAL				**$ 587,349**

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	92	NO. OF LOTS:	450
MAJOR IMPROVEMENTS:	PHASE 1	CREATED:	9/11/2017	BY	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	NA
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

SUMMARY		**BY LOT**		**BY CATEGORY**
A. MAJOR WATER DISTRIBUTION SYSTEM IMPROVEMENTS	$	376	$	169,360
B. MAJOR SANITARY SEWER SYSTEM IMPROVEMENTS	$	108	$	48,700
C. STORM DRAINAGE SYSTEM	$	833	$	374,625
D. MAJOR IMPROVEMENTS PROFESSIONAL & MISCELLANEOUS FEES	$	224	$	100,756
E. MI HEARTLAND MUD BUY IN	$	1,600	$	719,840
F. MI CONNECTION CHARGES HMUD	$	1,498	$	674,100
G. DISTRICT CREATION COST	$	795	$	357,740
TOTAL CONSTRUCTION COSTS	**$**	**5,434**	**$**	**2,445,121**
CONTINGENCIES 10%	$	132	$	59,268.50
TOTAL CONSTRUCTION COSTS WITH CONTINGENCIES	***$***	***5,565***	***$***	***2,504,390***

NOTES:

1. DEVELOPMENT COST DOES NOT INCLUDE: CITY/DISTRICT/COUNTY FEES, BONDS, & PERMITS, ROCK EXCAVATION, LANDSCAPING, IRRIGATION, MONUMENTS, OR COMMON AREA AMENITIES.
2. PROFESSIONAL FEES DO NOT INCLUDE: LAND ENTITLEMENTS, FEASIBILITY, BOUNDARY SURVEY, TOPOGRAPHIC SURVEY, FLOOD STUDIES, GEOTECHNICAL, ENVIRONMENTAL, WETLANDS, SWPPP ADMINISTRATION, OR TRAFFIC STUDIES.

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	92	NO. OF LOTS:	450
MAJOR IMPROVEMENTS:	PHASE 1	CREATED:	9/11/2017	BY	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	NA
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
A. MAJOR WATER DISTRIBUTION SYSTEM IMPROVEMENTS				
CONNECT TO EXIST. WATER	EA	2	$ 15,000.00	$ 30,000
10" P.V.C. WATERLINE BY BORE	LF	200	$ 200.00	$ 40,000
10" GATE VALVE & BOX	EA	4	$ 2,500.00	$ 10,000
FIRE HYDRANT ASSEMBLY (INCLUDING 6" GATE VALVE)	EA	2	$ 4,500.00	$ 9,000
TRENCH SAFETY	LF	200	$ 0.80	$ 160
TESTING (EXCLUDING GEOTECH)	LF	200	$ 1.00	$ 200
WATER METER	EA	1	$ 80,000.00	$ 80,000
SUB - TOTAL				**$ 169,360**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
B. MAJOR SANITARY SEWER SYSTEM IMPROVEMENTS				
CONNECT TO EXIST. SEWER	EA	2	$ 10,000.00	$ 20,000
12" P.V.C. PIPE (SDR 26: Over 11.5' Depth)	LF	250	$ 40.00	$ 10,000
5' DIAMETER DROP MANHOLE W/RAIN PANS	EA	3	$ 6,000.00	$ 18,000
TESTING (EXCLUDING GEOTECH)	LF	250	$ 2.00	$ 500
TRENCH SAFETY	LF	250	$ 0.80	$ 200
SUB - TOTAL				**$ 48,700**

THIS ESTIMATE HAS BEEN COMPLETED ON LIMITED INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION. PRIOR TO MAKING FINANCIAL COMMITMENTS BASED ON THIS ESTIMATE, THESE NUMBERS SHOULD BE VERIFIED BY PETITT BARRAZA LLC.

PROJECT NAME:	**Heartland North**	ACREAGE:	92	NO. OF LOTS:	450
MAJOR IMPROVEMENTS:	PHASE 1	CREATED:	9/11/2017	BY	CDH
DISTRICT:		REVISED:	2/22/2018	CHECKED:	AB
JOB NUMBER:	17008-00	REVISED:	3/7/2018	ROADWAY LF:	NA
UTIL. PROVIDER:		REVISED:	3/26/2018	FILE NAME:	CONCEPT 8

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
C. STORM DRAINAGE SYSTEM				
RETENTION POND - EXCAVATION @ 8' DEPTH	CY	42,590	$ 2.50	$ 106,475
DRAINAGE STRUCTURE	EA	1	$ 20,000.00	$ 20,000
CONCREATE DRAINAGE FLUME	LF	900	$ 150.00	$ 135,000
RETENTION POND - EXCAVATION @ 8' DEPTH	CY	34,850	$ 2.50	$ 87,125
DRAINAGE STRUCTURE	EA	1	$ 20,000.00	$ 20,000
CONCREATE DRAINAGE FLUME	LF	750	$ 150.00	$ 112,500
SUB - TOTAL				**$ 374,625**

DESCRIPTION	*UNIT*	*APPROXIMATE QUANTITY*	*UNIT PRICE*	*TOTAL AMOUNT*
D. MAJOR IMPROVEMENTS PROFESSIONAL & MISCELLANEOUS FEES				
ENGINEERING & SURVEYING	%	12%	$ 592,685	$ 71,122
CONSTRUCTION INSPECTION	%	3%	$ 592,685	$ 17,781
MATERIAL TESTING	%	2%	$ 592,685	$ 11,854
SUB - TOTAL				**$ 100,756**

EXHIBIT F
Home Buyer Disclosure Program

The PID Administrator (as defined in the Service and Assessment Plan) for the _____Public Improvement District (the "PID") shall facilitate notice to prospective homebuyers in accordance with the following minimum requirements:

1. Record notice of the PID in the appropriate land records for the Property.

2. Require homebuilders to attach the Recorded Notice of the Authorization and Establishment of the PID and the final Assessment Roll for such Assessed Parcel (or if the Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30-year payment for such Assessed Parcel) in an addendum to each residential homebuyer's contract on brightly colored paper.

3. Collect a copy of the addendum signed by each buyer from homebuilders and provide to the City.

4. Require signage indicating that the Property for sale is located in a special assessment district and require that such signage be located in conspicuous places in all model homes.

5. Prepare and provide to homebuilders an overview of the existence and effect of the PID for those homebuilders to include in each sales packet of information that it provides to prospective homebuyers.

6. Notify homebuilders who estimate monthly ownership costs of the requirement that they must include special assessments in estimated Property taxes.

7. Notify Settlement Companies through the homebuilders that they are required to include special taxes on HUD 1 forms and include in total estimated taxes for the purpose of setting up tax escrows.

8. Include notice of the PID in the homeowner association documents in conspicuous bold font.

9. The City will include announcements of the PID on the City's web site.

The Developer and the PID Administrator shall regularly monitor the implementation of this disclosure program and shall take appropriate action to require these notices to be provided when one of them discovers that any requirement is not being complied with.

EXHIBIT G
Developer Proposed Schedule

Developer to provide the City with the following:	**Date**	**City to consider approval of the following:**	**Date**
Resolution Creating PID	December 4, 2017	Resolution Creating PID	December 18, 2017
Resolution Determining Costs of Authorized Improvements with Preliminary Service and Assessment Plan	April 2, 2018	Resolution Determining Costs of Authorized Improvements with Preliminary Service and Assessment Plan	May 7, 2018
Levy and Assessment Ordinance	May 7, 2018	Levy and Assessment Ordinance	May 21, 2018
Ordinance creating TIRZ	December 4, 2017	Ordinance creating TIRZ	December 18, 2017
Preliminary TIRZ Project and Finance Plan	December 4, 2017	Preliminary TIRZ Project and Finance Plan	December 18, 2017
		Final TIRZ Project and Finance Plan	May 21, 2018
		Adopt Bond Ordinance	May 21, 2018