

RESOLUTION NO. 46-2025

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, APPROVING A REIMBURSEMENT AGREEMENT FOR IMPROVEMENT AREA A-2, A-3.1, A-3.2 AND A-4 OF THE SOLTERRA PUBLIC IMPROVEMENT DISTRICT.

WHEREAS, on April 5, 2021, the City Council of the City of Mesquite, Texas (the “City”), passed and approved a resolution creating the Solterra Public Improvement District (the “District”) covering approximately 1,424.398 acres of land described by metes and bounds in said Resolution (the “**District Property**”); and

WHEREAS, the purpose of the District is to finance public improvements (the “**Authorized Improvements**”) as provided by Chapter 372, Texas Local Government Code, as amended (the “**PID Act**”) that promote the interests of the City and confer a special benefit on the Assessed Property within the District; and

WHEREAS, the District Property is being developed in accordance with that certain “Solterra Development Agreement,” executed by and between the developer of the District Property, and the City effective October 19, 2020, that “First Amendment to Development Agreement” effective March 15, 2021, and that “Second Amendment to the Development Agreement” effective February 20, 2023 (together, the “**Development Agreement**”); and

WHEREAS, (i) certain Authorized Improvements are to be constructed solely for the benefit of certain Improvement Areas of the District being developed as “Improvement Area A-2,” “Improvement Area A-3.1,” “Improvement Area A-3.2” and “Improvement Area A-4” (the “**Improvement Area A-2 Specific Improvements**,” the “**Improvement Area A-3.1 Specific Improvements**,” the “**Improvement Area A-3.2 Specific Improvements**,” and the “**Improvement Area A-4 Specific Improvements**”), (ii) certain Authorized Improvements are to be constructed for the benefit of more than one Improvement Area and benefit larger areas of the District being developed as “Improvement Zone A,” “Improvement Zone B,” and “Improvement Zone C,” (the “**Zone Improvements**”) and (iii) certain Authorized Improvements are to be constructed for the benefit of all property in the District, (the “**Major Improvements**”); and

WHEREAS, the total costs of the Authorized Improvements allocated to Improvement Area A-2 consist of (i) the pro rata portion of the Major Improvements allocable to Improvement area A-2, (ii) the pro rata portion of the Improvement Zone Improvements within Improvement Zone A allocable to Improvement Area A-2 and (iii) the Improvement Area A-2 Specific Improvements ((i), (ii) and (iii) are collectively referred to herein as the “**Improvement Area A-2 Improvements**”; and

WHEREAS, the total costs of the Authorized Improvements allocated to Improvement Area A-3.1 consist of (i) the pro rata portion of the Major Improvements allocable to Improvement area A-3.1, (ii) the pro rata portion of the Improvement Zone Improvements within Improvement Zone A allocable to Improvement Area A-3.1 and (iii) the Improvement Area A-

Finance/Approving Reimbursement Agmt–Solterra Improvement Area A-2, A-3.1, A-3.2 & A-4
October 20, 2025

Page 2 of 4

3.1 Specific Improvements ((i), (ii) and (iii) are collectively referred to herein as the **“Improvement Area A-3.1 Improvements”**; and

WHEREAS, the total costs of the Authorized Improvements allocated to Improvement Area A-3.2 consist of (i) the pro rata portion of the Major Improvements allocable to Improvement area A-3.2, (ii) the pro rata portion of the Improvement Zone Improvements within Improvement Zone A allocable to Improvement Area A-3.2 and (iii) the Improvement Area A-3.2 Specific Improvements ((i), (ii) and (iii) are collectively referred to herein as the **“Improvement Area A-3.2 Improvements”**; and

WHEREAS, the total costs of the Authorized Improvements allocated to Improvement Area A-4 consist of (i) the pro rata portion of the Major Improvements allocable to Improvement area A-4, (ii) the pro rata portion of the Improvement Zone Improvements within Improvement Zone A allocable to Improvement Area A-4 and (iii) the Improvement Area A-4 Specific Improvements ((i), (ii) and (iii) are collectively referred to herein as the **“Improvement Area A-4 Improvements”**; and

WHEREAS, HC Solterra, LLC, a Texas limited liability company (the **“Developer”**) is the developer of the District Property; and

WHEREAS, the City Council intends to pass and approve one or more ordinances (each an **“Assessment Ordinance”**) which, among other things, will approve one or more service and assessment plans for the District and updates or amendments thereto (collectively, the **“SAP”**) that will levy special assessments on property within Improvement Area A-2, Improvement Area A-3.1, Improvement Area A-3.2 and Improvement Area A-4 (the **“Improvement Area A-2 Assessments,”** the **“Improvement Area A-3.1 Assessments,”** the **“Improvement Area A-3.2 Assessments,”** and the **“Improvement Area A-4 Assessments,”** respectively, and together the **“Assessments”**), and establish the dates upon which interest on such Assessments will begin to accrue and collection of such Assessments will begin; and

WHEREAS, the next areas of the District Property to be developed are Improvement Area A-2, A-3.1, A-3.2 and A-4 of the District, and City and the Developer wish to enter into a reimbursement agreement (the **“Reimbursement Agreement”**) as authorized by Section 372.023(d)(1) of the PID Act to evidence the City’s intention to reimburse the Developer for all or a portion of the costs of the Improvement Area A-2 Improvements, the Improvement Area A-3.1 Improvements, the Improvement Area A-3.2 Improvements and the Improvement Area A-4 Improvements from the Improvement Area A-2 Assessments, the Improvement Area A-3.1 Assessments, the Improvement Area A-3.2 Assessments, and the Improvement Area A-4 Assessments, respectively, levied on assessable property within Improvement Areas A-2, A-3.1, A-3.2 and A-4 of the District.

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

SECTION 1. The recitals set forth in the preamble of this resolution are true and correct in all material respects. The capitalized terms defined in the recitals to this Resolution are

Finance/Approving Reimbursement Agmt–Solterra Improvement Area A-2, A-3.1, A-3.2 & A-4
October 20, 2025
Page 3 of 4

hereby approved and adopted as a part of this Resolution. Capitalized terms not herein defined are defined in the Reimbursement Agreement or in the Service and Assessment Plan.

SECTION 2.: The City Council hereby approves the Solterra Public Improvement District Improvement Area A-2, A-3.1, A-3.2 and A-4 Reimbursement Agreement in substantially the form attached hereto as **Exhibit A**, with such changes as may be approved by the City Manager, and authorizes the Mayor or City Manager to execute and the City Secretary to attest such Agreement.

SECTION 3. This Resolution shall take effect immediately from and after its passage by the City Council of the City.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 20th day of October 2025.

Signed by:

Daniel Alemán, Jr.

D999585317D142B...

Daniel Alemán, Jr.
Mayor

ATTEST:

APPROVED AS TO LEGAL FORM:

DocuSigned by:

Sonja Land

C2649005073F46A...

Sonja Land
City Secretary

Signed by:

David L. Paschall

666E18801208424...

David L. Paschall
City Attorney

Finance/Approving Reimbursement Agmt–Solterra Improvement Area A-2, A-3.1, A-3.2 & A-4
October 20, 2025
Page 4 of 4

EXHIBIT A

**IMPROVEMENT AREA A-2, A-3.1, A-3.2 AND A-4
REIMBURSEMENT AGREEMENT**

**CITY OF MESQUITE, TEXAS SOLTERRA PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA A-2, A-3.1, A-3.2 AND A-4
REIMBURSEMENT AGREEMENT**

This City of Mesquite, Texas Solterra Public Improvement District Improvement Area A-2, A-3.1, A-3.2 and A-4 Reimbursement Agreement (this “Reimbursement Agreement”) is executed by and between the City of Mesquite, Texas (the “City”) and HC Solterra, LLC a Texas limited liability company, (the “Developer”) (individually referred to as a “Party” and collectively as the “Parties”) to be effective as of October 20, 2025 (the “Effective Date”). Capitalized terms not defined herein shall have the meanings ascribed thereto in the Service and Assessment Plan (defined below).

RECITALS

WHEREAS, capitalized terms used in this Reimbursement Agreement shall have the meanings given to them in this Reimbursement Agreement or in the *Amended and Restated Solterra Public Improvement District Service and Assessment Plan*, dated as of the date of its approval, as to be adopted by the City Council of the City, as the same may be amended, supplemented, and updated from time to time (the “Service and Assessment Plan”); and

WHEREAS, on April 5, 2021, after due notice, the City Council of the City (the “City Council”) opened a public hearing in the manner required by law on the advisability of the public improvements and services described in the petition as required by Section 372.009 of the PID Act and approved a resolution creating the Solterra Public Improvement District (the “District”); and,

WHEREAS, the purpose of the District is to finance public improvements within the District as provided by Chapter 372, Texas Local Government Code, as amended (the “PID Act”) that promote the interests of the City and confer a special benefit on the Assessed Property within the District; and

WHEREAS, the District is being developed in accordance with that certain “Solterra Development Agreement,” executed by and between the Developer, and the City effective October 19, 2020, that “First Amendment to Development Agreement” effective March 15, 2021, and that “Second Amendment to the Development Agreement” effective February 20, 2023 (collectively, the “Development Agreement”); and

WHEREAS, the District is being developed in phases (each an “Improvement Area”) within larger “Improvement Zones,” and special assessments for each Improvement Area have been or will be levied against the Assessed Property within such Improvement Area to pay the costs of public improvements that confer a special benefit on the Assessed Property within such Improvement Area; and

WHEREAS, (i) certain Authorized Improvements are to be constructed solely for the benefit of certain Improvement Areas of the District being developed as “Improvement Area A-2, Improvement Area A-3.1, Improvement Area A-3.2 and Improvement Area A-4” (the “Improvement Area A-2 Specific Improvements,” the “Improvement Area A-3.1 Specific Improvements,” the “Improvement Area A-3.2 Specific Improvements,” and the “Improvement

Area A-4 Specific Improvements”, respectively), (ii) certain Authorized Improvements are to be constructed for the benefit of more than one Improvement Area and benefit larger areas of the District being developed as “Improvement Zone A,” “Improvement Zone B,” and “Improvement Zone C,” (the “Zone Improvements”) and (iii) certain Authorized Improvements are to be constructed for the benefit of all property in the District, (the “Major Improvements”); and

WHEREAS, the total costs of the Authorized Improvements allocated to Improvement Area A-2 consist of (i) the pro rata portion of the Major Improvements allocable to Improvement Area A-2, (ii) the pro rata portion of the Improvement Zone Improvements within Improvement Zone A allocable to Improvement Area A-2 and (iii) the Improvement Area A-2 Specific Improvements, ((i), (ii) and (iii) together are referred to herein as the “Improvement Area A-2 Improvements”); and

WHEREAS, the total costs of the Authorized Improvements allocated to Improvement Area A-3.1 consist of (i) the pro rata portion of the Major Improvements allocable to Improvement Area A-3.1, (ii) the pro rata portion of the Improvement Zone Improvements within Improvement Zone A allocable to Improvement Area A-3.1 and (iii) the Improvement Area A-3.1 Specific Improvements, ((i), (ii) and (iii) together are referred to herein as the “Improvement Area A-3.1 Improvements”); and

WHEREAS, the total costs of the Authorized Improvements allocated to Improvement Area A-3.2 consist of (i) the pro rata portion of the Major Improvements allocable to Improvement Area A-3.2, (ii) the pro rata portion of the Improvement Zone Improvements within Improvement Zone A allocable to Improvement Area A-3.2 and (iii) the Improvement Area A-3.2 Specific Improvements, ((i), (ii) and (iii) together are referred to herein as the “Improvement Area A-3.2 Improvements”); and

WHEREAS, the total costs of the Authorized Improvements allocated to Improvement Area A-4 consist of (i) the pro rata portion of the Major Improvements allocable to Improvement Area A-4, (ii) the pro rata portion of the Improvement Zone Improvements within Improvement Zone A allocable to Improvement Area A-4 and (iii) the Improvement Area A-4 Specific Improvements, ((i), (ii) and (iii) together are referred to herein as the “Improvement Area A-4 Improvements”); and

WHEREAS, the City Council intends to pass and approve one or more ordinances (each an “Assessment Ordinance”) which, among other things, shall approve the Service and Assessment Plan and any amendments and updates thereto, (including the Improvement Area A-2 Assessment Roll, the Improvement Area A-3.1 Assessment Roll, the Improvement Area A-3.2 Assessment Roll and the Improvement Area A-4 Assessment Roll), and shall levy special assessments on property within Improvement Area A-2, Improvement Area A-3.1, Improvement Area A-3.2 and Improvement Area A-4) (the “Improvement Area A-2 Assessments,” the “Improvement Area A-3.1 Assessments,” the “Improvement Area A-3.2 Assessments,” and the “Improvement Area A-4 Assessments,” respectively, and together the “Assessments”) and shall establish the dates upon which interest on the Assessments will begin to accrue and collection of such Assessments will begin; and

WHEREAS, the Service and Assessment Plan identifies the Actual Costs of the Authorized Improvements (plus financing costs as set forth in the Service and Assessment Plan) that are assessed against the property in Improvement Area A-2, Improvement Area A-3.1, Improvement Area A-3.2 and Improvement Area A-4 (the “Improvement Area A-2 Assessed Property,” the “Improvement Area A-3.1 Assessed Property,” the “Improvement Area A-3.2 Assessed Property,” and the “Improvement Area A-4 Assessed Property,” respectively) ; and

WHEREAS, the Service and Assessment Plan shall allocate the Actual Costs of the Improvement A-2 Improvements to the Improvement Area A-2 Assessed Property, the Actual Costs of Improvement A-3.1 Improvements to the Improvement Area A-3.1 Assessed Property, the Actual Costs of Improvement A-3.2 Improvements to the Improvement Area A-3.2 Assessed Property, and the Actual Costs of Improvement A-4 Improvements to the Improvement Area A-4 Assessed Property; and

WHEREAS, the Improvement Area A-2 Assessments will be reflected on the Improvement Area A-2 Assessment Roll, the Improvement Area A-3.1 Assessments will be reflected on the Improvement Area A-3.1 Assessment Roll, the Improvement Area A-3.2 Assessments will be reflected on the Improvement Area A-3.2 Assessment Roll and the Improvement Area A-4 Assessments will be reflected on the Improvement Area A-4 Assessment Roll, all as approved by the City Council; and

WHEREAS, all revenue received and collected by the City from the collection of the Improvement Area A-2 Assessments, the Improvement Area A-3.1 Assessments, the Improvement Area A-3.2 Assessments and the A-4 Assessments (the “Improvement Area A-2 Assessment Revenue,” the “Improvement Area A-3.1 Assessment Revenue,” the Improvement Area A-3.2 Assessment Revenue,” and the “Improvement Area A-4 Assessment Revenue,” respectively and together the “Assessment Revenue”) shall be deposited first for the payment of debt service on special assessment revenue bonds issued with a pledge of such Improvement Area A-2 Assessment Revenue, Improvement Area A-3.1 Assessment Revenue, Improvement Area A-3.2 Assessment Revenue, and Improvement Area A-4 Assessment Revenue (the “Future Bonds”) in accordance with a trust indenture relating to such Future Bonds (the “Indenture”) and second, into separate funds of the City (the “Improvement Area A-2 Assessment Fund,” the “Improvement Area A-3.1 Assessment Fund,” the “Improvement Area A-3.2 Assessment Fund,” and the “Improvement Area A-4 Assessment Fund” each an “Assessment Fund”) established for the District, that is separate from all other funds of the City and

WHEREAS, the Improvement Area A-2 Assessment Revenue deposited into the Improvement Area A-2 Assessment Fund shall be used to reimburse Developer and its assigns for the costs of the Improvement Area A-2 Improvements advanced in a principal amount as set forth in the Service and Assessment Plan but not to exceed \$12,278,000; and

WHEREAS, the Improvement Area A-3.1 Assessment Revenue deposited into the Improvement Area A-3.1 Assessment Fund shall be used to reimburse Developer and its assigns

for the costs of the Improvement Area A-3.1 Improvements advanced in a principal amount as set forth in the Service and Assessment Plan but not to exceed \$11,677,000; and

WHEREAS, the Improvement Area A-3.2 Assessment Revenue deposited into the Improvement Area A-3.2 Assessment Fund shall be used to reimburse Developer and its assigns for the costs of the Improvement Area A-3.2 Improvements advanced in a principal amount as set forth in the Service and Assessment Plan but not to exceed \$1,140,000; and

WHEREAS, the Improvement Area A-4 Assessment Revenue deposited into the Improvement Area A-4 Assessment Fund shall be used to reimburse Developer and its assigns for the costs of the Improvement Area A-4 Improvements advanced in a principal amount as set forth in the Service and Assessment Plan but not to exceed \$7,582,000; and

WHEREAS, the obligations of the City to use the Improvement Area A-2 Assessments, the Improvement Area A-3.1 Assessment Revenue, the Improvement Area A-3.2 Assessment Revenue and the Improvement Area A-4 Assessment Revenue hereunder is authorized by the PID Act; and

WHEREAS, this Reimbursement Agreement is a “reimbursement agreement” authorized by Section 372.023(d)(1) of the PID Act; and

WHEREAS, at the discretion of the City and in accordance with the Development Agreement, the Developer and City may amend this Reimbursement Agreement and the Development Agreement as determined necessary by City’s bond counsel for issuance of any such bonds, for compliance with applicable law and for compliance with the obligations of the Parties under this Agreement.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS OF THE PARTIES SET FORTH IN THIS REIMBURSEMENT AGREEMENT AND FOR VALUABLE CONSIDERATION THE RECEIPT AND ADEQUACY OF WHICH ARE ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. The recitals in the “WHEREAS” clauses of this Reimbursement Agreement are true and correct, create obligations of the Parties, and are incorporated as part of this Reimbursement Agreement for all purposes.
2. Strictly subject to the terms, conditions, and requirements and solely from the revenues as herein provided and in accordance with the Development Agreement, the City agrees to pay the Developer and its assigns, and the Developer and its assigns shall be entitled to receive from the City, the amount equal to that portion of the Actual Costs of the Improvement Area A-2 Improvements, the Improvement Area A-3.1 Improvements, the Improvement Area A-3.2 Improvements and Improvement Area A-4 Improvements paid by the Developer as set forth in the Service and Assessment Plan that were within the costs

shown on the Service and Assessment Plan, plus interest on the unpaid balance as set forth below, in accordance with the terms of this Reimbursement Agreement for the term set forth herein in the principal amounts set forth below:

Improvement Area A-2: \$12,278,000

Improvement Area A-3.1: \$11,677,000

Improvement Area A-3.2: \$1,140,000

Improvement Area A-4: \$7,582,000

as such amounts may be modified by the Service and Assessment Plan (together, the “Reimbursement Amount”), plus interest accrued as provided herein and in the Service and Assessment Plan.

3. The City hereby covenants to create, concurrently with the execution of this Reimbursement Agreement, separate funds to be designated as the “Improvement Area A-2 Assessment Fund,” the “Improvement Area A-3.1 Assessment Fund,” the “Improvement Area A-3.2 Assessment Fund” and the “Improvement Area A-4 Assessment Fund.” The Reimbursement Amounts are payable from Improvement Area A-2 Assessment Revenue, Improvement Area A-3.1 Assessment Revenue, Improvement Area A-3.2 Assessment Revenue and Improvement Area A-4 Assessment Revenue, respectively, to be deposited in the respective assessment funds listed above and as described below, and in accordance with this Reimbursement Agreement and the Development Agreement.
 - a. The Reimbursement Amount for each Improvement Area is payable solely from: (i) the Assessment Revenue received and collected by the City from each respective Improvement Area and deposited into the applicable Assessment Fund; (ii) the net proceeds (after funding reserve funds, and the payment of costs of issuance, including the costs paid or incurred by the City and Annual Collection Costs) of the Future Bonds if and when issued by the City in accordance with the terms of the Development Agreement and secured by Assessment Revenue; or (iii) a combination of items (i) and (ii) immediately above.
 - b. The Assessment Revenue shall be received and collected from each Improvement Area and deposited into the applicable Assessment Fund, subject to the following limitations:
 - i. Calculation of the Assessments and the first Annual Installment for a Lot or Parcel shall begin as provided for in the Service and Assessment Plan.
 - ii. The Reimbursement Amount, plus the interest as described in the Service and Assessment Plan, are collectively, the “Unpaid Balance.”

- iii. The Developer shall only be reimbursed for Authorized Improvements that have been completed and accepted by the City and for which a Reimbursement Payment Request (defined below) has been submitted and approved.
- iv. As set forth below, annual Assessment Revenue received and collected by the City for the payment of the Unpaid Balance, and deposited into the applicable Assessment Fund in years prior to the year in which Future Bonds are issued, shall be available for reimbursement to the Developer pursuant to submittal of sufficient documentation as required by the City's PID Administrator that reflect the Actual Costs of the Authorized Improvements paid by Developer in a form requested by the City's PID Administrator (a "Reimbursement Payment Request"). Upon the later of the date of acceptance of the Authorized Improvement and approval of a Reimbursement Payment Request, such approved Actual Costs shall earn the interest charged on the Assessments and allocated to the applicable Authorized Improvement(s), in the year in which such acceptance and approval occurred and until payment of such amounts, at the rate set forth in the Service and Assessment Plan and billed in Annual Installments. Upon the issuance of Future Bonds, payment of the costs of the Authorized Improvements shall be made pursuant to a Certificate for Payment (as defined and described in the applicable Indenture relating to The Future Bonds if and when issued by the City).
- v. Within twenty (20) business days of receipt of any Reimbursement Payment Request, the City's PID Administrator shall either (i) approve and execute the Reimbursement Payment Request and forward the same to the City for Payment (solely from the funds available in the applicable Assessment Fund, or (ii) in the event the City's PID Administrator disapproves of the Reimbursement Payment Request, give written notification to the Developer of such disapproval in whole or in part of such Reimbursement Payment Request specifying the reasons for such disapproval and the additional requirement to be satisfied for approval of such Reimbursement Payment Request. If a Reimbursement Payment Request seeking reimbursement is approved only in part, the City shall specify the extent to which the Reimbursement Payment Request is approved and shall process such partially approved Reimbursement Payment Request for payment
- vi. Principal received as annual Assessment Revenue collected by the City and deposited into the applicable Assessment Fund for the payment of the Unpaid Balance in years in which Future Bonds are not issued shall reduce the Unpaid Balance and Reimbursement Amount and shall be either (i)

paid to Developer upon submittal and approval of one or more Reimbursement Payment Requests, or (ii) held for deposit to the project fund for the Future Bonds when such bonds are issued, if such submittal and approval of the applicable Reimbursement Payment Request is provided in the year in which Future Bonds are issued and were not provided prior to such year. Such principal amounts received as annual Assessment Revenue shall reduce the par amount of the Future Bonds.

- vii. Interest received as annual Assessment Revenue collected by the City and deposited into the applicable Assessment Fund for the payment of the Unpaid Balance in years in which Future Bonds are not issued shall be either (i) paid to Developer upon submittal and approval of one or more Reimbursement Payment Requests related to completed and accepted Authorized Improvements, or (ii) held for deposit to the project fund for the Future Bonds pursuant to the applicable Indenture for the Future Bonds when such bonds are issued, if such submittal and approval of the applicable Reimbursement Payment Request is provided in the year in which Future Bonds are issued and were not provided prior to such year.
- viii. Interest received as annual Assessment Revenue collected by the City and deposited into the applicable Assessment Fund for the payment of the Unpaid Balance in the year in which Future Bonds are issued shall be deposited to the debt service fund for the Future Bonds and used to pay debt service on the Future Bonds.
- ix. Principal received as annual Assessment Revenue collected by the City into the applicable Assessment Fund for the payment of the Unpaid Balance in the year in which Future Bonds are issued shall be deposited to the project fund for the Future Bonds and may be distributed to the Developer pursuant to one or more Certificates for Payment.
- x. Interest on the Reimbursement Amount accrues as reflected in the Annual Installment billed by the City and shall be calculated at the annual interest rate as set forth in the Service and Assessment Plan, which rate does not exceed the rates as set forth in Subsections 372.023(e)(1) and (e)(2) of the PID Act. Subject to the disbursements listed above, interest shall continue on the Unpaid Balance until the earlier of (i) 30 years or the time period set forth in the Service and Assessment Plan, or (ii) the issuance of any Future Bonds, or (iii) the date the Unpaid Balance is paid in full pursuant to this Reimbursement Agreement. Developer is only entitled to receive interest on the Reimbursement Amount as set forth herein and in the

Service and Assessment Plan from the applicable Assessment Fund and as allowed under this Section.

- xii. The Unpaid Balance includes only interest accruing on the Reimbursement Amount as set forth above and in the Service and Assessment Plan at the rate set forth therein. The Unpaid Balance is secured by and payable solely from Assessment Revenue received and collected by the City for that purpose and deposited into the applicable Assessment Fund, as set forth herein. No other City funds, revenue, taxes, or income of any kind shall be used to pay the Unpaid Balance, even if the Unpaid Balance is not paid in full by the maturity date of the Assessments.
4. This Reimbursement Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or a debt or other obligation of the City payable from any source other than Assessment Revenue received, collected and deposited into the applicable Assessment Fund. The City covenants that it will comply with the provisions of this Reimbursement Agreement, the Development Agreement, and the PID Act, including provisions relating to the administration of the PID and the enforcement and collection of taxes and Assessments, and all other covenants provided therein. The City will take and pursue all actions permissible under the PID Act and all other laws or statutes, rules, or regulations of the State of Texas or the United States as the same may be amended, (collectively the “Applicable Laws”) to cause the Assessments to be collected and the liens related to such be enforced continuously, in the manner and to the maximum extent permitted by the Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments for so long as an Unpaid Balance remains outstanding under this Reimbursement Agreement. Notwithstanding its collection efforts, if the City fails to receive all or any part of the Assessment Revenue and, as a result, is unable to make transfers from the applicable Assessment Fund for payments to the Developer as required under this Reimbursement Agreement, such failure and inability shall not constitute a Failure or Default by the City under this Reimbursement Agreement.
5. If Future Bonds are issued to reimburse the costs of the Authorized Improvements, the net proceeds of such Future Bonds shall be used, to pay for the Authorized Improvements,

including previously unreimbursed costs of Authorized Improvements, but only in the amount set forth in the Service and Assessment Plan.

6. Notwithstanding the foregoing, the Developer shall only be entitled to repayment of the Actual Costs of the Authorized Improvements as set forth in the Service and Assessment Plan. If the Actual Costs of the Authorized Improvements are less than the amounts set forth in Service and Assessment Plan, the Developer shall only be entitled to reimbursement of the Actual Costs expended, reviewed and approved for the Authorized Improvements; provided, however, cost underruns for any Authorized Improvement may be applied to cost overruns of another Authorized Improvement as set forth in the Master Development Agreement and the Service and Assessment Plan. The Parties acknowledge that upon the issuance of Future Bonds, the payment of bond proceeds to the Developer for reimbursement of the costs of the Authorized Improvements, and for any costs incurred in the administration and operation of the PID, shall be as set forth in and subject to the terms and provisions of the applicable Indenture relating to the Future Bonds, including the form of a certification for payment (a "Certificate for Payment") as provided in the applicable Indenture. The Parties also acknowledge that the issuance of Future Bonds maybe reduce the actual amounts paid to the Developer pursuant to this Reimbursement Agreement.
7. The Developer represents and warrants that it will not request payment with respect to any costs of the Authorized Improvements that are not part of the Authorized Improvements identified in the Service and Assessment Plan and it will follow all procedures set forth herein or in the applicable Indenture with respect to Certificate for Payment.
8. The Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with written notice to) the City, the Developer's right, title, or interest in the revenue streams identified in this Reimbursement Agreement including, but not limited to, any right, title, or interest of the Developer in and to payment of the Unpaid Balance (any of the foregoing, a "Transfer," and the person or entity to whom the Transfer is made, a "Transferee"). Notwithstanding the foregoing, however, no Transfer shall be effective until five (5) days after Developer's written notice of the Transfer is received by the City, including for each Transferee the information required by Section 31 below. The City may rely on any notice of a Transfer received from the Developer without obligation to investigate or confirm the validity or occurrence of such Transfer. No conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made by the Developer or any successor or assignee of the Developer that results in the City being an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission. The Developer waives all rights or claims against the City for any such funds provided to a third party as a result of a Transfer for which the City has received notice. The City shall not be required to make payments pursuant to this Reimbursement Agreement to more than two (2) parties. The

City shall not make any representations or execute any consent to any assignment of this Reimbursement Agreement, or any Assessment Revenues received hereunder.

9. The Developer represents that it is in compliance with all of its obligations required by the Development Agreement, and the City's ordinances and regulations.
10. The Developer represents that it has submitted, or will submit and has obtained or will obtain approval of the applicable construction plans for the Authorized Improvements from the appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. Nothing in this Reimbursement Agreement shall be construed as a grant of any development permit approval. The Developer further agrees that, subject to the terms hereof and of the Development Agreement, the Authorized Improvements constructed by the Developer have been or will be constructed in full compliance with approved construction plans and are or will be consistent with the Development Agreement and that the Developer shall supply the City with complete as-built plans upon final completion (meaning when the Authorized Improvements have been completed in accordance with the applicable City regulations and City approved plans and are ready for dedication to the City) of each Authorized Improvement constructed by the Developer.
11. The Developer shall not be relieved of its obligation to construct or cause to be constructed each Authorized Improvement and, upon completion, inspection and acceptance, convey each such Authorized Improvement to the City in accordance with the terms of this Reimbursement Agreement and the Development Agreement, even if there are insufficient funds in the Project Fund of the applicable Indenture or in an Assessment Fund to pay the costs thereof. In any event, this Reimbursement Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval which the Developer or land within the District is subject, with respect to the Authorized Improvements, required in connection with the development of the land within the PID.
12. The obligations of the City under this Reimbursement Agreement are non-recourse and payable only from the applicable Assessment Fund, as applicable, and such obligations do not create a debt or other obligation payable from any other City revenues, taxes, income, or property. None of the City or any of its elected or appointed officials or any of its officers or employees shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Reimbursement Agreement or their acts or omissions under this Reimbursement Agreement.
13. Nothing in this Reimbursement Agreement is intended to constitute a waiver by the City of any remedy the City may otherwise have outside this Reimbursement Agreement against the Developer, any Transferee, or any other person or entity involved in the design, construction or installation of the Authorized Improvements. The obligations of Developer

hereunder shall be those as a Party hereto and not solely as an owner of property in the PID. Nothing herein shall be construed, nor is intended, to affect the City's or Developer's rights and duties to perform their respective obligations under other agreements, regulations and ordinances.

14. The Developer shall furnish to the City a preliminary title report for land with respect for Authorized Improvements that are to be acquired and accepted by, but has not been previously conveyed to, the City for review and approval at least thirty (30) calendar days prior to the transfer of title of an Authorized Improvement.
15. This Reimbursement Agreement is being executed and delivered, and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement, and interpretation of this Reimbursement Agreement. In the event of a dispute involving this Reimbursement Agreement, exclusive venue for such dispute shall lie in any court of competent jurisdiction in Dallas County, Texas.
16. Any notice required or contemplated by this Reimbursement Agreement shall be signed by or on behalf of the Party giving the Notice, and shall be deemed effective as follows: (i) when delivered by a national company such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person was the named addressee; or (ii) 72 hours after the notice was deposited with the United States Postal Service, Certified Mail, Return Receipt Requested. Any Party may change its address by delivering written notice of such change in accordance with this section. All Notices given pursuant to this Section shall be addressed as follows:

To the City: Attn: Cliff Keheley
 Mesquite City Manager
 PO Box 850137
 Mesquite, TX 75185-0137
 ckeheley@cityofmesquite.com

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

To the Developer: Attn: Phillip Huffines
 8200 Douglas Avenue, Suite 300
 Dallas, Texas 75525

pwh@huffinescommunities.com

With a copy to: Attn: Misty Ventura
 Shupe Ventura, PLLC
 9406 Biscayne Boulevard
 Dallas, Texas 75218
 misty.ventura@svlandlaw.com

17. Notwithstanding anything herein to the contrary, nothing herein shall otherwise authorize or permit the use by the City of the Assessments contrary to the provisions of the PID Act.
18. Remedies:
 - a. If either Party fails to perform an obligation imposed on such Party by this Reimbursement Agreement (a “Failure”) and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a “Default.” Upon the occurrence of a Failure by a non-performing Party, the other Party shall notify the non-performing Party and all Transferees of the non-performing Party in writing specifying in reasonable detail the nature of the Failure. The non-performing Party to whom notice of a Failure is given shall have at least thirty (30) days from receipt of the notice within which to cure the Failure (unless more specifically set forth herein); however, if the Failure cannot reasonably be cured within thirty (30) days and the non-performing Party has diligently pursued a cure within such thirty (30) day period and has provided written notice to the other Party that additional time is needed, then the cure period shall be extended for an additional period of not to exceed thirty (30) days so long as the non-performing Party is diligently pursuing a cure. Any Transferee shall have the same rights as the Developer to enforce the obligations of the City under this Reimbursement Agreement and shall also have the right, but not the obligation, to cure any alleged Failure or Default by the Developer within the same time periods that are provided to the Developer. The election by a Transferee to cure a Failure or Default by the Developer shall constitute a cure by the Developer but shall not obligate the Transferee to be bound by this Reimbursement Agreement with respect to Developer obligations under this Reimbursement Agreement unless the Transferee agrees to be bound.

- b. Notwithstanding the foregoing, the following are considered a Default under this Reimbursement Agreement, subject to any notice and applicable cure period as set forth herein:
- i. The Developer shall fail to pay to the City any monetary sum hereby required of it pursuant to the Development Agreement as and when the same shall become due and payable and shall not cure such Default within thirty (30) days after the later of the date on which written notice thereof is given by the City to the Developer, as provided in this Reimbursement Agreement. The Developer shall fail in any material respect to maintain any of the insurance or bonds required by this Reimbursement Agreement or the Development Agreement;
 - ii. The Developer shall fail to comply in any material respect with any term, provision or covenant of this Reimbursement Agreement (other than the payment of money to the City), and shall not cure such failure within sixty (60) days after written notice thereof is given by the City to the Developer;
 - iii. The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's, rights;
 - iv. The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;
 - v. The entering of an order for relief against Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days;
 - vi. The failure by Developer or any Affiliate to pay any taxes or Assessments on property owned by the Developer and/or any Affiliates within the PID or in the TIRZ (as defined in the Development Agreement), if such failure is not cured within thirty (30) days
 - vii. The Developer is in default under the Development Agreement after the expiration of any applicable cure period following written notice, if such written notice is required under the terms of the Development Agreement or
 - viii. The Developer shall breach any material covenant or default in the performance of any material obligation hereunder if such breach or default is not cured within thirty (30) days, in the reasonable determination of the City.
- c. If the City is in Default, the Developer's sole and exclusive remedies shall be to:
- (1) seek a writ of mandamus to compel performance by the City; (2) seek specific

enforcement of this Reimbursement Agreement or (3) terminate the Reimbursement Agreement.

- d. If the Developer is in Default, the City may pursue (i) specific performance with respect to this Reimbursement Agreement or (ii) termination of this Reimbursement Agreement.
 - e. 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.
 - f. The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.
19. **THE DEVELOPER SHALL ASSUME THE DEFENSE OF, AND IF ANY, INDEMNIFY AND HOLD HARMLESS THE CITY'S THIRD PARTY INSPECTOR, THE CITY EMPLOYEES, OFFICIALS, OFFICERS, REPRESENTATIVE AND AGENTS OF THE CITY AND EACH OF THEM (EACH AN "INDEMNIFIED PARTY") FROM AND AGAINST, ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECT OR PUT, BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISIONS OF THIS REIMBURSEMENT AGREEMENT BY THE DEVELOPER, THE DEVELOPER'S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION OF THE AUTHORIZED IMPROVEMENTS CONSTRUCTED BY DEVELOPER, OR ANY CLAIMS BY PERSONS EMPLOYED BY THE DEVELOPER RELATING TO THE CONSTRUCTION OF SUCH PROJECTS. NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF ANY INDEMNIFIED PARTY. THE CITY DOES NOT WAIVE ITS DEFENSES AND IMMUNITIES, WHETHER GOVERNMENTAL, SOVEREIGN, OFFICIAL OR OTHERWISE AND NOTHING IN THIS REIMBURSEMENT AGREEMENT IS INTENDED TO OR SHALL CONFER ANY RIGHT OR INTEREST IN ANY PERSON NOT A PARTY HERETO.**
20. To the extent there is a conflict between this Reimbursement Agreement and an Indenture securing the Future Bonds issued to reimburse the costs of the Authorized Improvements, the Indenture securing such Future Bonds shall control as the provisions relate to the

Assessments. To the extent there is a conflict between this Reimbursement Agreement and the Development Agreement, this Reimbursement Agreement shall control.

21. The failure by a Party to insist upon the strict performance of any provision of this Reimbursement Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Reimbursement Agreement.
22. The City does not waive or surrender any of its governmental powers, immunities, or rights except to the extent permitted by law and necessary to allow the Developer to enforce its remedies under this Reimbursement Agreement.
23. Nothing in this Reimbursement Agreement, express or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer and its assigns any rights, remedies, or claims under or by reason of this Reimbursement Agreement, and all covenants, conditions, promises, and agreements in this Reimbursement Agreement shall be for the sole and exclusive benefit of the City and the Developer.
24. In this Reimbursement Agreement, time is of the essence and compliance with the times for performance herein is required.
25. The City represents and warrants that this Reimbursement Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Reimbursement Agreement on behalf of the City has been duly authorized to do so. The Developer represents and warrants that this Reimbursement Agreement has been approved by appropriate action of the Developer, and that the individual executing this Reimbursement Agreement on behalf of the Developer has been duly authorized to do so. Each Party respectively acknowledges and agrees that this Reimbursement Agreement is binding upon such Party and is enforceable against such Party, in accordance with its terms and conditions and to the extent provided by law.
26. This Reimbursement Agreement represents the entire agreement of the Parties and no other agreement, statement or promise made by any Party or any employee, officer or agent of any Party with respect to any matters covered hereby that is not in writing and signed by all the Parties to this Agreement shall be binding. This Reimbursement Agreement shall not be modified or amended except in writing signed by the Parties. If any provision of this Reimbursement 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 Reimbursement Agreement; and (b) the remainder of this Reimbursement Agreement

shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

27. This Reimbursement Agreement may be executed in any number of counterparts, each of which shall be deemed an original.
28. The term of this Reimbursement Agreement is the earlier of (i) one year following collection of the last Annual Installment of the Improvement Area A-2 Assessments, the Improvement Area A-3.1 Assessments, the Improvement Area A-3.2 Assessments, and Improvement Area A-4 Assessments, as set forth in the SAP, (ii) until the Unpaid Balance is paid in full in accordance herewith as such Unpaid Balance may have been reduced pursuant to this Agreement , (iii) the issuance of one or more series of Future Bonds and funding of the outstanding Reimbursement Obligation, as reduced by payments made pursuant to Section 3 herein, or (iv) termination pursuant to an Event of Default under this Agreement or under the Development Agreement, whichever occurs first. If a series of Future Bonds does not fully fund the Reimbursement Obligation as set forth in the Service and Assessment Plan, the remaining amount of the Reimbursement Obligation remains outstanding and subject to annual payments and/or an additional series of Future Bonds. If the Developer defaults under this Reimbursement Agreement or the Development Agreement, the Development Agreement shall not terminate with respect to the costs of the Authorized Improvements that have been previously approved by the City pursuant to a Certificate for Payment or Reimbursement Payment Request prior to the date of default.
29. Any amounts or remedies due pursuant to this Reimbursement Agreement are not subject to acceleration.
30. Employment of Undocumented Workers. During the term of the Reimbursement Agreement, the Developer agrees not to knowingly employ any undocumented workers and, if convicted of a violation under 8 U.S.C. Section 1324a(f), the Developer shall repay the incentives granted herein within 120 days after the date the Developer is notified by the City of such violation, plus interest at the rate of six percent (6%) compounded annually from the date of violation until paid. Pursuant to Section 2264.101(c), Texas Government Code, a business is not liable for a violation of Chapter 2264 by a subsidiary, affiliate, or franchises of the business, or by a person with whom the business contracts.
31. Notice of Assignment. Notwithstanding anything to the contrary in this Agreement, the following requirements shall apply in the event that the Developer effectuates a Transfer of its rights to the Unpaid Balance pursuant to Section 7 herein to a Transferee:
 - i. within 30 days after the effective date of any such Transfer, the Developer must provide written notice of same to the City;
 - ii. the notice must describe the extent to which any rights or benefits under this Agreement have been Transferred;

- iii. the notice must state the name, mailing address, and telephone contact information of the Transferee;
- iv. the notice must be signed by a duly authorized person representing the Developer.

32. Statutory Verifications. The Developer makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Reimbursement Agreement. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Reimbursement Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Reimbursement Agreement, notwithstanding anything in this Reimbursement Agreement to the contrary.

- a. *Not a Sanctioned Company.* The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- b. *No Boycott of Israel.* The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Reimbursement Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.
- c. *No Discrimination Against Firearm Entities.* The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Reimbursement Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.
- d. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Reimbursement

Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

33. Form 1295. Unless the Developer represents in writing that it is exempt from filing of such form, the Developer will provide a completed and notarized Form 1295 generated by the Texas Ethics Commission's electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the Texas Ethics Commission (a "Form 1295"), in connection with entry into this Agreement. Upon receipt of the Developer's Form 1295, the City agrees to acknowledge the Developer's Form 1295 through its electronic filing application. The Developer and the City understand and agree that, with the exception of information identifying the City and the contract identification number, the City is not responsible for the information contained in the Developer's Form 1295 and the City has not verified such information.
34. Choice of Law. This Agreement shall be governed by the laws of the State of Texas.
35. Out of State Issuer. This Agreement may not be assigned to an out-of-state issuer of debt and the City shall not participate in any third-party financing relating to the Assessment Revenues received by the Developer pursuant to this Agreement.
36. Standing Letter. If requested by the Texas Attorney General, the Developer will file a standing letter addressing the representations made in Section 26 of this Agreement in a form acceptable to the Texas Attorney General.

[SIGNATURE PAGES TO FOLLOW]

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

ATTEST:

CITY OF MESQUITE

City Secretary

Mayor

APPROVED AS TO FORM

City Attorney

Developer:

HC Solterra, LLC,
a Texas limited liability company

By: _____
Phillip Huffines, Managing Director
or
Donald Huffines, Managing Director